



# Belgacom



## Road show presentation

### Full-year results 2010

#### Group Highlights

Financials - 2  
Operationals - 8  
Strategic progress -10  
Shareholder return -12  
Guidance - 13

#### 2010 Results per segment

Consumer - 15  
Enterprise - 23  
SDE&W - 30  
S&S - 31  
BICS - 32

#### Popular discussion topics

Headcount - 34  
Regulation - 35  
Legal - 39  
Convergence & TV - 40  
Mobile Data - 44  
Network - 47  
Other - 51

# Belgacom Group Financials

*2010 ended with solid financial results*



- **Strong FY revenue of € 6,603m or +10.2% yoy**
  - Slightly exceeding full-year guidance
  - Growth trend largely results from full consolidation BICS & additional MTN business
  - Like-for-like\*, revenues -0.6% including €121m regulation (-2%)
  - Underlying business +1.4% driven by sound CBU results & organic growth BICS
- **Operating expenses of € 4,619m, up from last year driven by CoS BICS**
  - FY like-for-like\* CoS flat , including positive effect from regulatory measures
  - FY HR costs -1.6% like-for-like\* as a result of headcount decrease(-553 FTE's)
  - Q410 down 1.1% in spite of 2% wage indexation in October
  - FY non-HR costs up 1.1% like-for-like\*
- **FY EBITDA at € 1,984m (+1.5%) and margin of 30%**
  - Like-for-like\* EBITDA : € -26m or -1.3% YoY, including regulation impact of € -26m
  - Like-for-like\* margin at 32.4% vs 32.6% the year before

# Belgacom Group Financials



|                                | As reported |        |       |        |               |        |        |               |               |               |           |              | Like-for-like <sup>(2)</sup> |
|--------------------------------|-------------|--------|-------|--------|---------------|--------|--------|---------------|---------------|---------------|-----------|--------------|------------------------------|
| in mio €                       | Q109        | Q209   | Q309  | Q409   | FY09          | Q110   | Q210   | Q310          | Q410          | FY10          | VAR Q4/Q4 | VAR FY       | VAR FY                       |
| <b>Revenues <sup>(1)</sup></b> | 1,492       | 1,504  | 1,476 | 1,518  | <b>5,990</b>  | 1,641  | 1,664  | <b>1,640</b>  | <b>1,658</b>  | <b>6,603</b>  | 9.2%      | <b>10.2%</b> | <b>-0.6%</b>                 |
| <b>Total OPEX</b>              | -1,000      | -1,002 | -982  | -1,051 | <b>-4,035</b> | -1,146 | -1,161 | <b>-1,150</b> | <b>-1,163</b> | <b>-4,619</b> | 10.6%     | <b>14.5%</b> | <b>-0.3%</b>                 |
| Cost of goods sold             | -511        | -511   | -515  | -550   | -2,087        | -662   | -674   | -651          | -655          | -2,642        | 19.2%     | 26.6%        | -0.1%                        |
| HR-costs                       | -281        | -280   | -271  | -277   | -1,108        | -274   | -275   | -281          | -278          | -1,107        | 0.5%      | -0.1%        | -1.6%                        |
| Other expenses                 | -207        | -211   | -196  | -225   | -840          | -210   | -212   | -218          | -230          | -870          | 2.2%      | 3.6%         | 1.1%                         |
| <b>EBITDA <sup>(1)</sup></b>   | 492         | 502    | 494   | 467    | <b>1,955</b>  | 495    | 503    | <b>490</b>    | <b>495</b>    | <b>1,984</b>  | 6.1%      | <b>1.5%</b>  | <b>-1.3%</b>                 |
| EBITDA margin <sup>(1)</sup>   | 33.0%       | 33.4%  | 33.5% | 30.8%  | 32.6%         | 30.2%  | 30.2%  | 29.9%         | 29.9%         | 30.0%         | -0.9pp    | -2.6pp       | -0.2pp                       |
| Non-recurring items            | 0           | -62    | 0     | 74     | 12            | 436    | 1      | 0             | 8             | 444           | -         | -            |                              |
| Depreciation                   | -174        | -178   | -169  | -185   | -706          | -194   | -206   | -203          | -206          | -809          | 11.3%     | 14.6%        |                              |
| <b>EBIT</b>                    | 318         | 262    | 325   | 356    | <b>1,261</b>  | 737    | 298    | 287           | 297           | <b>1,619</b>  | -16.4%    | <b>28.4%</b> |                              |
| Financial result               | -37         | -23    | -30   | -27    | -117          | -28    | -26    | -26           | -22           | -102          | -18.1%    | -12.7%       |                              |
| Tax expense                    | -69         | -51    | -79   | -42    | -241          | -68    | -64    | -62           | -39           | -233          | -7.2%     | -3.0%        |                              |
| <b>Net income (Group)</b>      | 212         | 188    | 217   | 287    | <b>904</b>    | 638    | 203    | 195           | 230           | <b>1,266</b>  | -20.0%    | <b>40.0%</b> |                              |
| Non-controlling interest       | 0           | 0      | 0     | 0      | -1            | 2      | 4      | 4             | 7             | 17            | -         | -            |                              |
| <b>Earnings/share in €</b>     | 0.66        | 0.59   | 0.68  | 0.90   | <b>2.82</b>   | 1.99   | 0.63   | 0.61          | 0.71          | <b>3.94</b>   | -20.3%    | <b>39.7%</b> |                              |

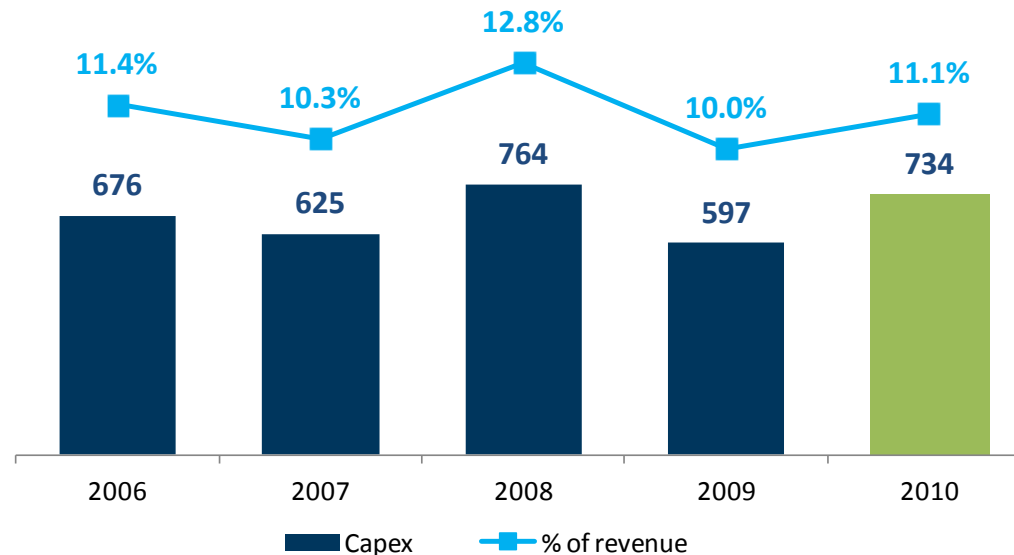
<sup>(1)</sup> before non-recurring items

<sup>(2)</sup> 2010 BICS results consolidated at 57.6%

# Group - Investments



- Belgacom invested € 734m or 11.1% of its Group revenues
  - 2010 capex was € 137m higher than 2009 driven by:
    - Renewal 2G license for the period 2010-2015 (€ 74m)
    - Renewal content rights Belgacom TV
    - Switch from leasing to buying utility cars
- Furthermore, Belgacom continued to invest in:
- Roll-out Move-to-all-IP (€ 50m)
  - Roll-out fibre-to-the-curb & installation VDSL2 (€ 32m)



- 2008 incl. exclusive Broadcasting rights Belgian soccer
- 2010 incl. renewal 2G-license

2011 capex estimated in upper-end of 10%-12% of revenue

# Group - Free cash flow

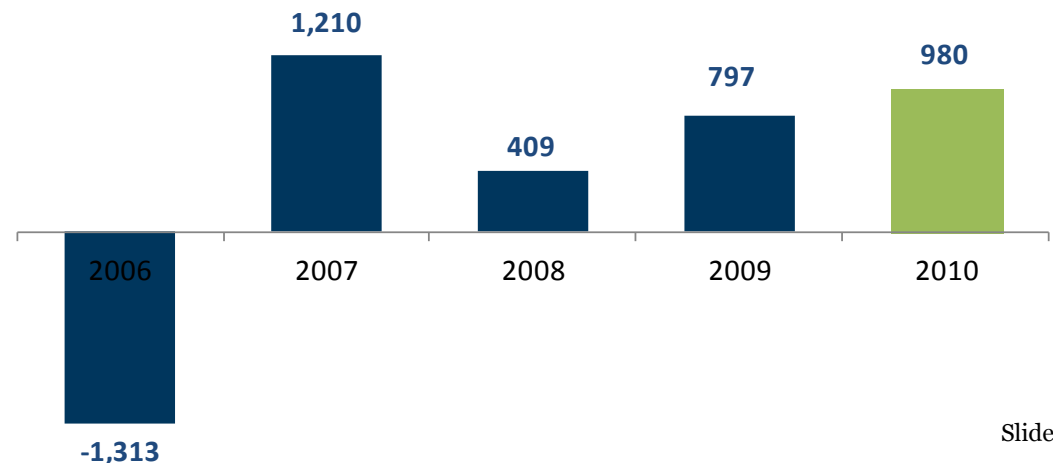
## *Sound FCF generation*



- Strong FCF of €980m, up by €183m from last year
- Positive impact from higher EBITDA, one-offs & timing differences
  - One -off cash increase in 2010 from full consolidation BICS (€ 51m) ; 2009 impacted by payment of fine (€ 66m)
  - Lower income tax payments:
    - Following legal entity merger, full use of Belgacom SA tax losses carried forward
    - Positive timing difference due to lower tax pre-payment ratio
  - Partly offset by capex increase (incl 2G license of € 74m for which € 26m paid in 2010)

### Free Cash Flow (in mio €)

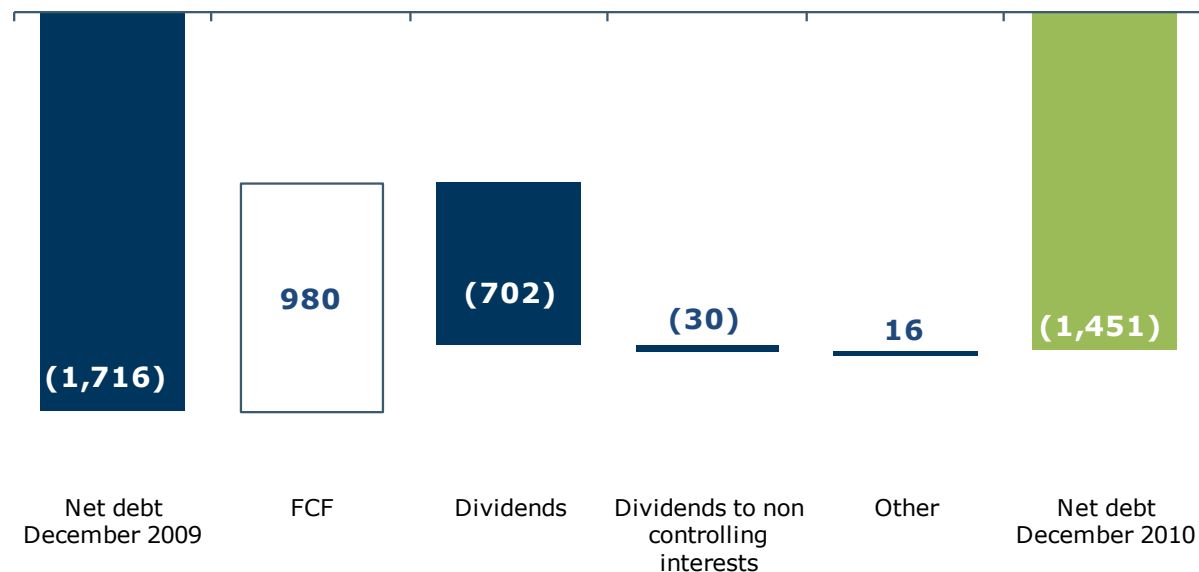
- **2006** acquisition remaining 25% of Proximus for € 2bn , acquisition Telindus for € 584m
- **2007** disposal of remaining interest in Mobistar and Eutelsal for €242m
- **2008** acquisition Tango and Scarlet for aggregated amount of € 380m



# Group - Net financial position



- Belgacom continues to have a sound financial position with net debt/EBITDA at 0.7x
  - Net financial debt decreased by € 265m to € 1,451m
  - Outstanding gross financial debt at € 2.1 billion
  - Most of the debt maturing in 2011 and 2016
  - In order to pre-finance the maturing bonds of 2011, Belgacom issued, in January 2011, a 7 year senior unsubordinated bond of € 500m with a fixed coupon at 3.875%
  - In March 2011, BGC invited the holders of the outstanding 4.125% bonds due November 2011 to tender their notes for purchase against cash
  - Credit ratings: Standard & Poor's A+ ; Moody's A1



(in million euro)

# 2010 performance versus guidance

*Guidance met on all metrics*



- Guidance slightly exceeded on revenue; met on EBITDA-margin:
  - +10.2% revenue growth or slightly ahead of guided range of 9% -10%
  - 30% EBITDA margin or fully in line with the targeted margin for 2010
  - FY capex fully complies with the guidance of 'around 10% of Group revenue, excl renewal 2G license'
- Reported results include following regulation impact:
  - Revenue: € -121m (vs guided impact of 'about € -115m')
  - EBITDA: € -26m (vs guided impact of 'less than € -30m')

| Metrics              | Outlook 2010 <sup>1</sup>     | Q110  | Q210  | Q310  | Q410  | 2010  |   |
|----------------------|-------------------------------|-------|-------|-------|-------|-------|---|
| Group revenue growth | Upper-end of range "9% - 10%" | 10.0% | 10.7% | 11.1% | 9.2%  | 10.2% | ✓ |
| Group EBITDA margin  | Targeting a margin of 30%     | 30.2% | 30.2% | 29.9% | 29.9% | 30.0% | ✓ |
| CAPEX/Revenue        | Around 10% <sup>2</sup>       | 9.4%  | 8.9%  | 8.5%  | 13.2% | 10.0% | ✓ |

<sup>1</sup> Before non-recurring items

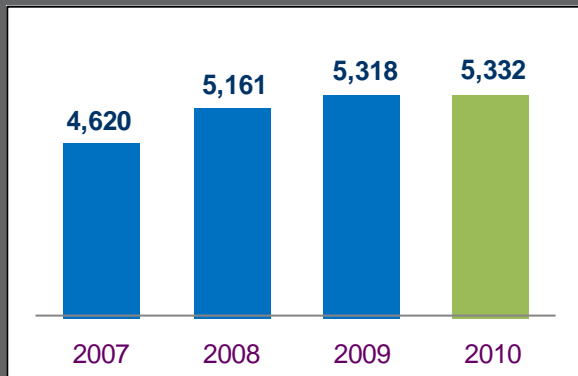
<sup>2</sup> Excl CAPEX for 2G-license renewal



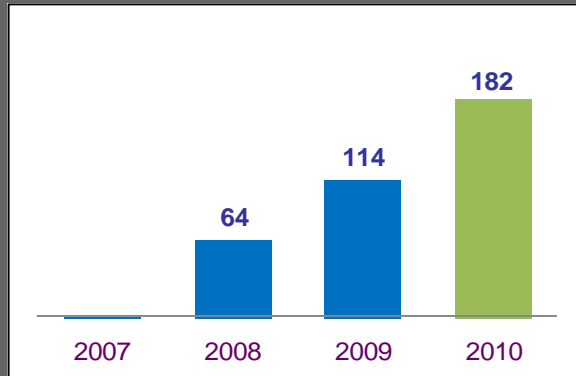
# Belgacom Group Operationals



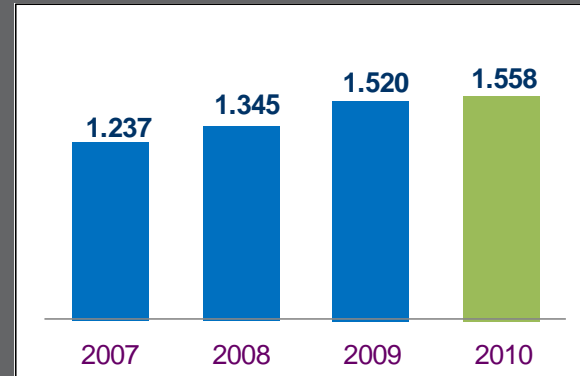
**Active mobile customers<sup>1</sup>**  
(in '000)



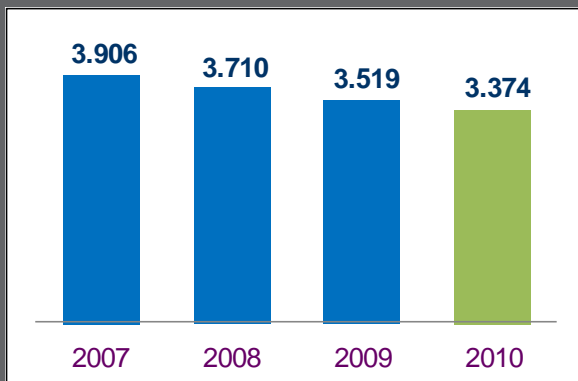
**Mobile data Cards<sup>2</sup> evolution**  
(in '000)



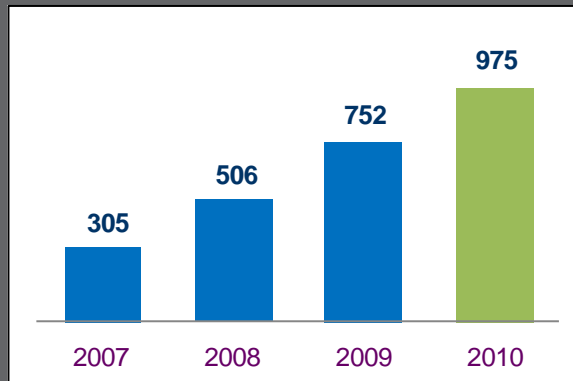
**Broadband customers**  
(in '000)



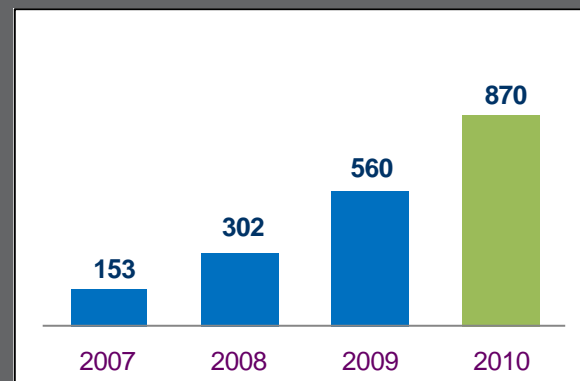
**Fixed Voice customers**  
(in '000)



**TV base<sup>3</sup>**  
(in '000)



**Number of Packs**  
(in '000)



<sup>1</sup> Including mobile customers Luxembourg as from 2008, and including mobile data cards

<sup>2</sup> Mobile internet on laptop; excluding internet on smartphone

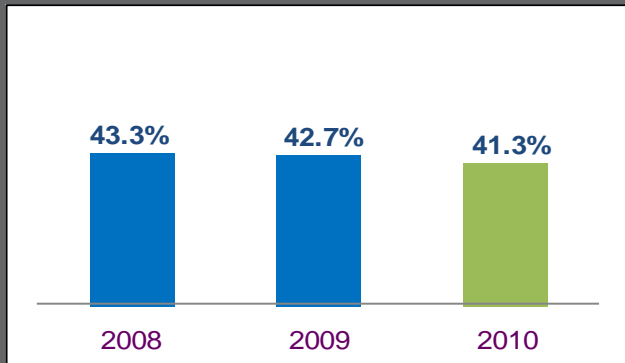
<sup>3</sup> Total number of settop-boxes



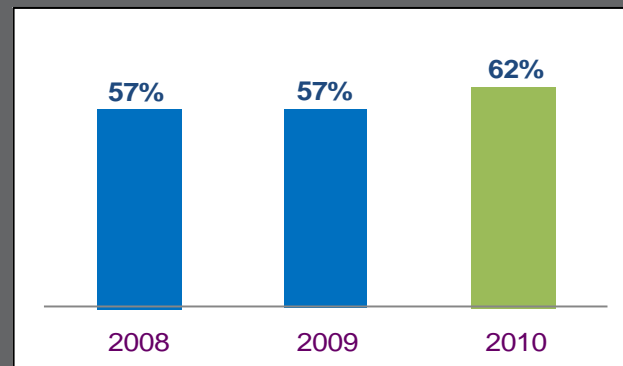
# Belgacom Group market shares



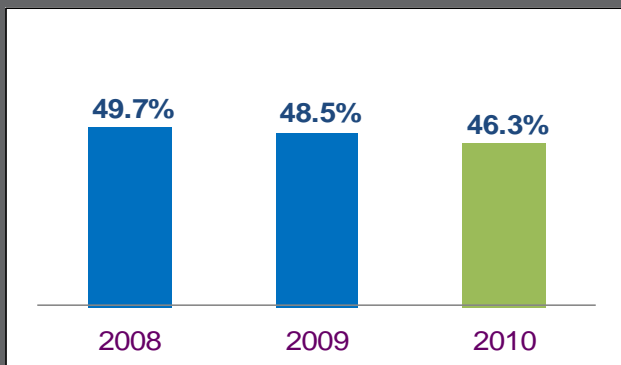
## Mobile customer market share



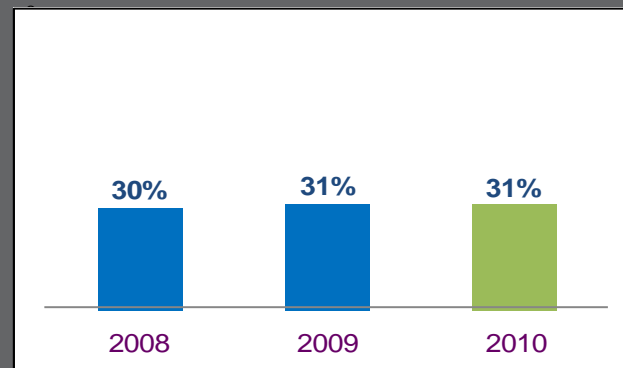
## Mobile data cards<sup>1</sup> market share



## Broadband market share



## Digital TV market share



<sup>1</sup> Mobile internet on laptop

# Strategic progress



## Growth via Cross sell

Move customers from single-play to multi-play

- ❑ 870k multi-play Packs, of which ~9% quadruple-play
- ❑ Over 45% of consumers have at least 2 products
- ❑ In 2010 increased focus on Mobile in a Pack
- ❑ Reinforcing convergence position in SME market through partnerships (e.g. Belgacom Bridging ICT)

## Operational excellence

High quality networks & platforms

- ❑ >76% fiber\* population coverage end 2010
- ❑ Targeting 85% service coverage by end 2013
- ❑ TV footprint of ~90%, ~73% in HD
- ❑ 3G outdoor coverage of ~97%, gearing up Radio Access Network with Huawei equipment to be ready for LTE

## Mobile data growth potential

Belgacom well positioned to capture growth potential

- ❑ Sharp increase in Smartphone penetration rate
- ❑ Attractive subscriptions launched leading to significant growth in number of internet on smartphone-users
- ❑ Leading position 'Mobile internet on laptop'; 182k customers, up YoY nearly 60%

## Growth via M&A

Disciplined & consistent approach

- ❑ Main focus on Belgian market
- ❑ Outside opportunities monitored in a disciplined way
- ❑ Strict valuation criteria, focus on shareholder value
- ❑ Since 2006, > € 3 billion on M&A: minority Proximus, Telindus, Tango, Scarlet,...

# Strategic progress



## International Carrier Growth

Increase value in BICS  
Leading position in consolidation

- ❑ Belgacom ICS merged with Swisscom ICS and MTN ICS
- ❑ Belgacom owns 57.6% of enlarged entity, Swisscom 22.4% and MTN 20%
- ❑ In top 4 worldwide in terms of voice traffic volume
- ❑ World leader in mobile data carrier services

## Innovation

Strengthen leadership through selective partnerships

- ❑ Address changing needs of customers
- ❑ Complement our strength with exclusive partnerships giving access to specific expertise
- ❑ In 2010: strategic partnerships to further develop Belgacom Entertainment platform (OnLive, Jinni, Softkinetic & Blinkx)

## Sustainability

CSR embedded in all operation layers

- ❑ Commitment on being socially responsible company
- ❑ Focus: “telecom access for all”, “health” & “climate change”
- ❑ Reduce Belgacom’s CO<sub>2</sub> emissions & help our customers lower their environmental impact
- ❑ Belgacom included in Ethibel Excellence Investment Register

Special focus in 2010 on **customer satisfaction** led to significant improvements  
For 2011, customer satisfaction focus maintained & concentrate on **simplification**

# Group – Shareholder return

*Committed to attractive shareholder return*



## Over result 2010:

- The BoD approved to propose to the AGM of 13 April, a **total dividend of € 2.18/share**; of which the **normal dividend of € 1.68/share to be paid in April**:

-Ex-dividend date: 26 April 2011

-Record date: 28 April 2011

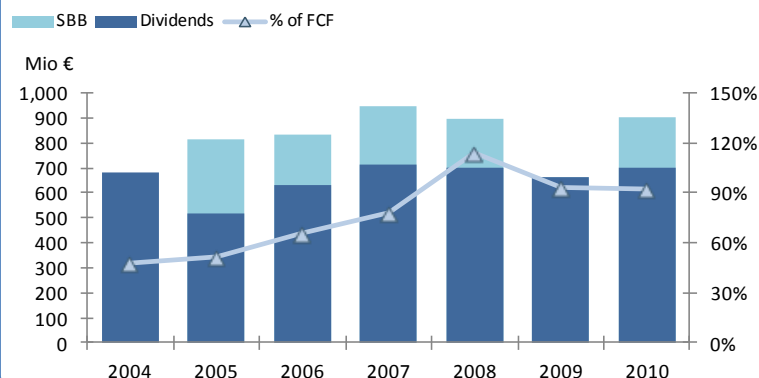
-Payment date: 29 April 2011

- In addition, the board approved a **share buyback of max. € 200m** to be carried out during 2011- 2012

## Over result 2011:

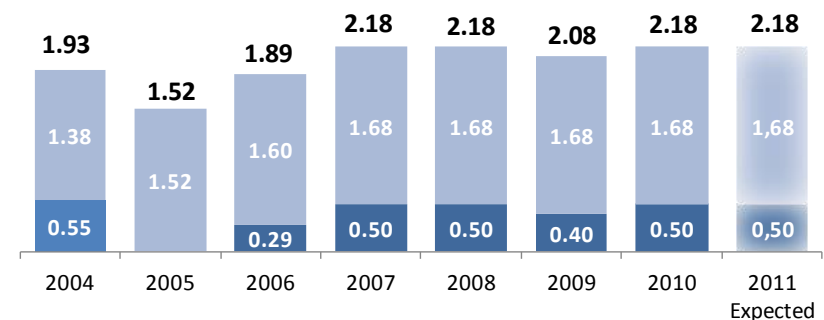
- Expected to return annual dividend of € 2.18/share

### Total shareholder remuneration



### Dividend per share

■ Interim dividend ■ Extra-ordinary dividend ■ Normal dividend



### Shareholder remuneration policy confirmed:

- Belgacom commits to an attractive shareholder remuneration policy by **returning, in principle, most of its annual free cash flow<sup>1</sup>**, to its shareholders.
- The return of free cash flow, either through dividends or 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.

<sup>1</sup> Belgacom defines free cash flow as cash flow generated by operating activities, minus capital expenditures and including other investing activities such as acquisitions or divestments.

# Group - 2011 Guidance



In 2011 Belgacom's results will feel further pressure from regulatory measures. For the full-year, the negative impact on revenue is estimated to be about EUR 115 million, while on EBITDA-level the negative impact is estimated to be less than EUR 30 million.

As a result, **Belgacom estimates its 2011 Group revenue to show a year-over-year decline of up to 1%, and its full-year EBITDA to decline up to 2% compared to last year.**

Belgacom will invest in the further development of its fixed and mobile access network, and therefore expects its **2011 full-year capex-to-sales ratio to be in the upper-end of the range 10%-12%.**



## Full-year 2010 results per business unit

- Consumer Business Unit (CBU) – slide 15
- Enterprise Business Unit (EBU) – slide 23
- Service Delivery Engine & Wholesale (SDE&W) – slide 30
- Staff and Support (S&S) – slide 31
- Belgacom International Carriers Services (BICS) – slide 32

# Consumer – Highlights

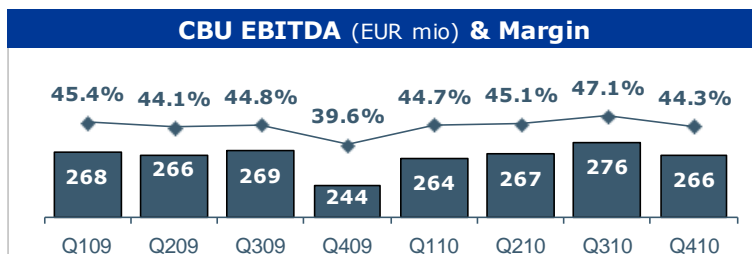
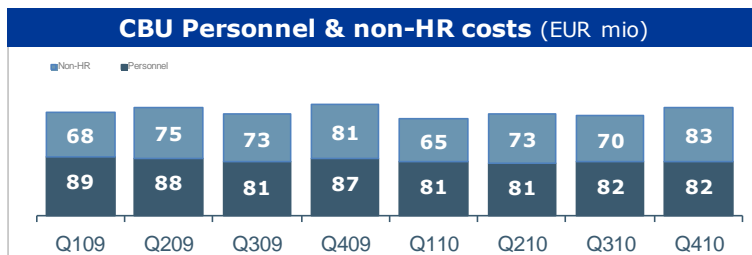
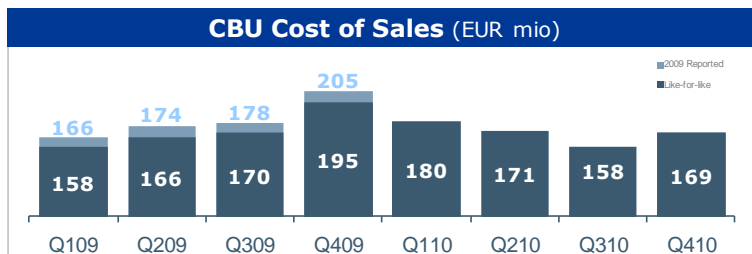
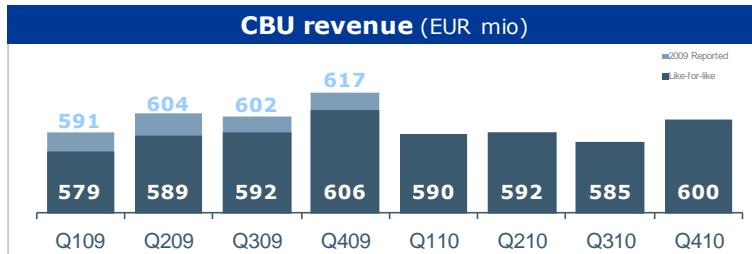


*Full-year 2010 ended with sound financial results*

- **FY revenue of € 2,368m or flat on a comparable basis\***
  - 2010 result impacted by regulation (€ -60m or -2.6%)
  - Underlying business growing 2.6% yoy driven by data, TV & Tango
- **Fixed line** revenue impacted by regulation and line loss
- **Mobile voice** impacted by regulation, positive underlying trend with higher MoU
- **Fixed internet** +4.4% yoy; customer growth impacted by fiercer competition
- **Non-SMS mobile data** revenue +11.6% when excl regulation, driven by the success of mobile data solutions
- **Belgacom TV** confirming its growth path: FY revenues +36% and customer base +30%
- **Operational results supported by the sale of Packs:** 870k sold by end 2010
- **Lower cost of sales** driven by a.o. regulation & product profitability initiatives
- **Segment result\*** +1.1% incl. € -19m regulation impact; contribution margin of 45.3%

\*2009 result adjusted for intercompany items & changes in revenue





- Q4 like-for-like\* rev -1.0% due to regulation (€ -23m)
  - MTR, Collecting model, Roaming
  - Excl regulation, underlying business +2.7%
- FY like-for-like\* revenue flat incl €60m regulation, underlying business +2.6%

- Q4 CoS -12.9% like-for-like, FY CoS -1.4% yoy
  - YoY trend improved as from Q3
  - Positive regulation impact (MTR & Collecting model)
  - Product profitability initiatives
  - Positive one-time items

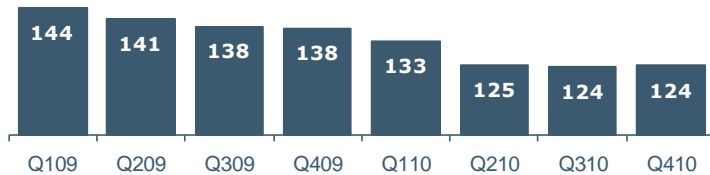
- Q4 HR costs down 6.2%, FY HR costs -5.8% yoy
  - Decreasing headcount following ongoing programs & natural attrition (-510 FTE's vs end 2009)
  - Fully offsetting wage indexation (Oct 2010)
- Q4 non-HR +1.8% due to customer centricity program, FY non-HR -2.3%

- FY segment result +1.1%\* to € 1,073m, including € -19m regulation impact
- FY segment contribution margin of 45.3%

# Consumer - Fixed voice

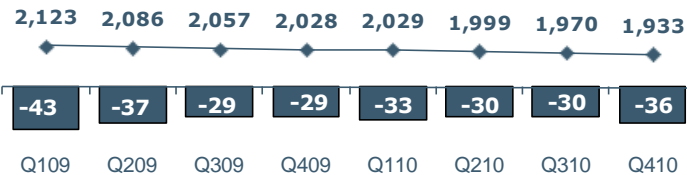
## Revenue impacted by regulation & line loss

Fixed voice revenue (EUR mio)



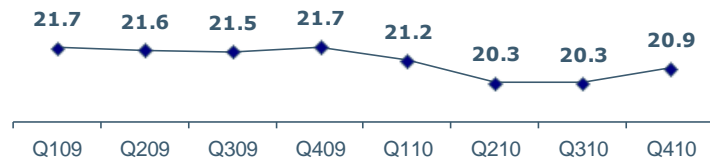
- Q4'10 fixed voice revenue of € 124m (or -9.6% yoy)
- FY '10 revenue of € 506m or -9.8% driven by:
  - Line loss
  - Regulation: Collecting model & decline F2M
  - Discounts on Packs

Voice line loss & EOP (000)



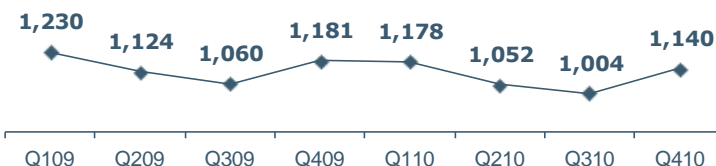
- Total line loss 2010 contained at -129k vs -138k in 2009
- -36k lines in Q4; acceleration vs previous quarters driven by competition
- Total customer base at 1,933k (incl VoIP Scarlet)

Fixed voice ARPU (EUR/month)



- Q4 ARPU at € 20.9 (-3.9% yoy); FY at € 20.7 (-4.4% yoy)
  - Regulatory measures & recurring discounts on Packs
  - Slightly tempered by price increases
  - Q4 ARPU positively impacted by seasonality

Traffic (mio min)

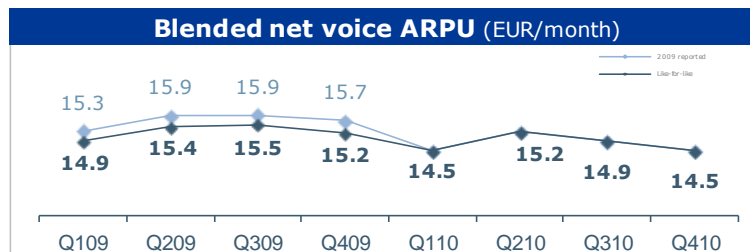
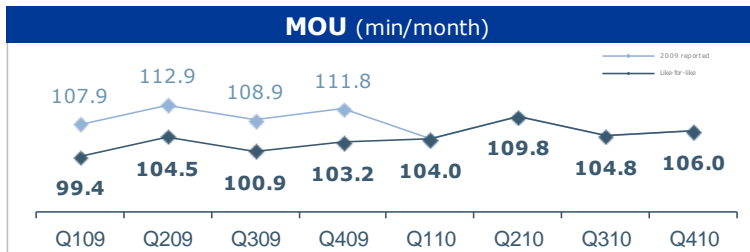
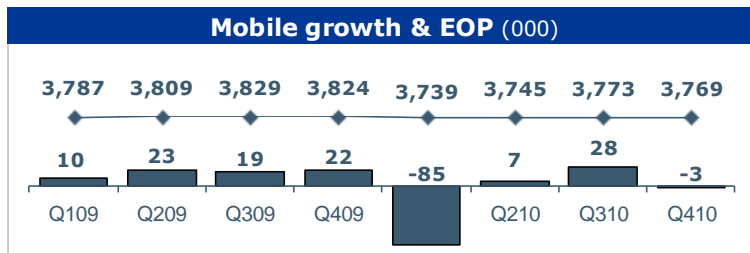
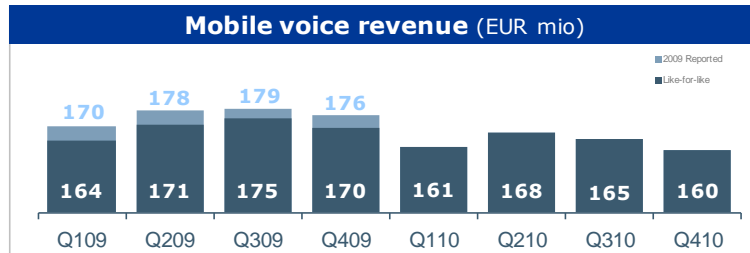


- Traffic for the FY at 4,374m minutes or -4.8% driven by line loss
- Traffic in Q4 higher due to seasonality

# Consumer - Mobile Voice



*FY like-for-like\* revenue -3.3%; excl regulation revenues slightly up*



- Q4 revenue -5.2% like for like, reported -9.3%
- FY revenue -3.3% like-for like, reported -7.2%
  - 2009 included Fix-to-Mob intercompany revenue
  - Like-for-like down due to regulation (MTR, Roaming & Collecting model), underlying trend is positive

- FY customer base at 3,769k or -54k yoy
- Q4 net adds -3k:
  - Focus on postpaid +31k, prepaid -30k, MVNO -5k
  - Push of Mobile Packs
  - Postpaid ratio increased to 42.6% (end 2009 at 40%)

- FY MoU of 106.1, i.e. +3.9% on a comparable basis
- Q4 MoU up by 2.8% YoY

- Q4 ARPU at €14.5 or -4.4% on adjusted basis
- FY ARPU down 2.8% on an adjusted basis to € 14.8
- Decline fully due to regulation

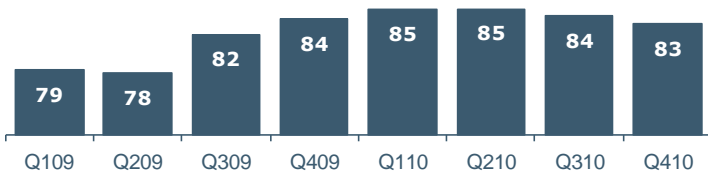
\* 2009 result adjusted for intercompany items

# Consumer - Fixed Data



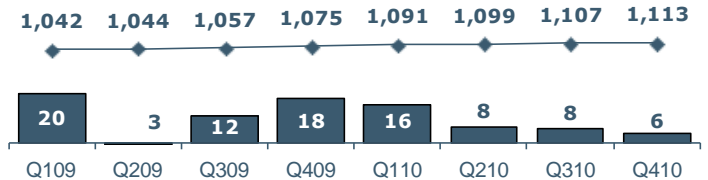
*FY revenue +4.4%; customer growth impacted by fierce competition*

**Fixed data revenue (EUR mio)**



- Q4 revenue slightly down (-0.6%) to €83m
  - Lower activation revenues fully offset impact slight price increase of revamped offer
- FY revenue +4.4% to €337m driven by growing customer base & revamped offer

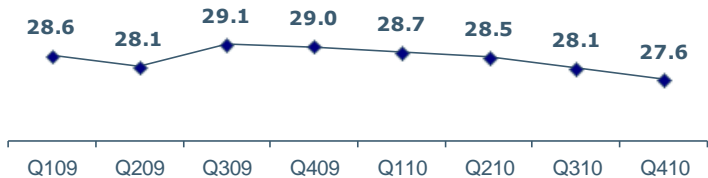
**Broadband growth & EOP (000)**



*EOP customers including Belgian residential customers of Scarlet*

- Q4 net adds (+6k) impacted by fierce competition
- FY net adds of +38k & total customer base of 1,113k
  - Supported by Packs & new internet offer
  - Impacted by increased competition

**Broadband ARPU (EUR/month)**



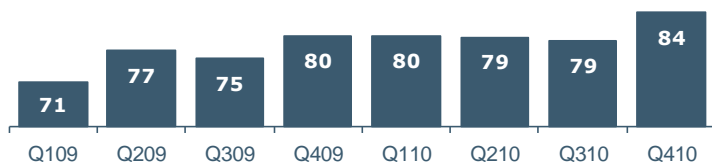
- Q4 ARPU of € 27.6, -4.9% yoy
- FY ARPU of € 28.2 or -1.7% yoy
  - More customers benefit from recurring discount on Packs
  - Offsetting positive impact of revamped offer

# Consumer - Mobile Data

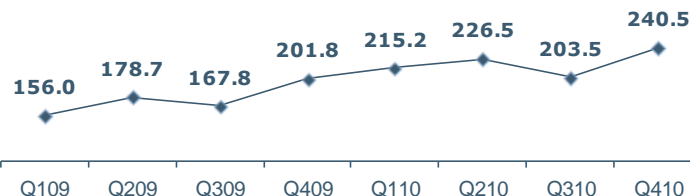
*FY revenue +6.5% yoy impacted by regulation*



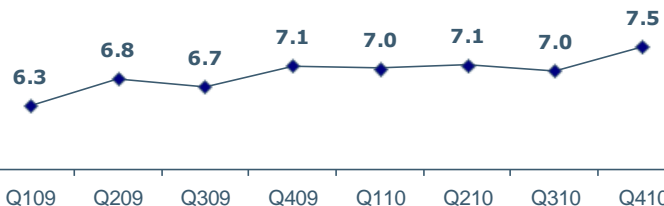
**Mobile data revenue (EUR mio)**



**SMS (units/month)**



**Blended net data ARPU (EUR/month)**



- FY revenue +6.5% to € 322m, with Q4 +6.1% yoy
  - Including change in allocation credits & discounts
  - FY SMS revenue +11%
  - Advanced data -9.4% YoY, impacted by financial collecting model

- FY SMS +25.5% to 221.6; Q4 volumes up 19.2% yoy
- Increase driven by pricing plans incl free sms

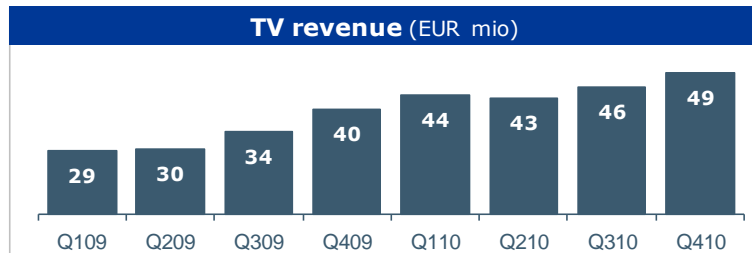
- FY ARPU € 7.1 (+6%) driven by reply effect free SMS resulting in higher inbound revenues
- Q4 ARPU of € 7.5 up vs previous quarters due to seasonality effect

- Advanced data impacted by Collecting model as from Q2 2010
- Excl collecting model adv data revenue +11.6%

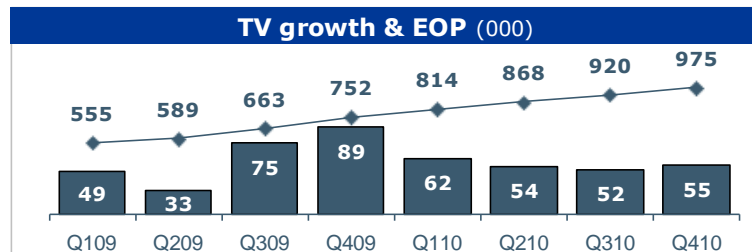
|                            | 2009*      | 2010       | VAR Adj     |
|----------------------------|------------|------------|-------------|
| <b>Mobile data revenue</b> | <b>302</b> | <b>322</b> | <b>6.5%</b> |
| SMS                        | 235        | <b>261</b> | 11.0%       |
| Advanced data              | 67         | <b>61</b>  | -9.4%       |

*\*2009 adjusted for the reallocation of credits & discounts*

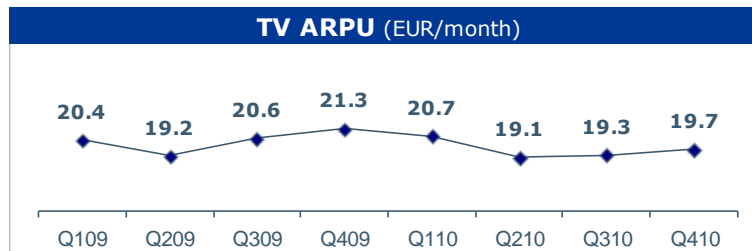
*Confirming its growth path: revenues +36% yoy, customers +30%*



- Q4 revenues +23.1% yoy ; FY revenues +35.9%
- Driven by customer growth
- TV remains one of the growth drivers for CBU

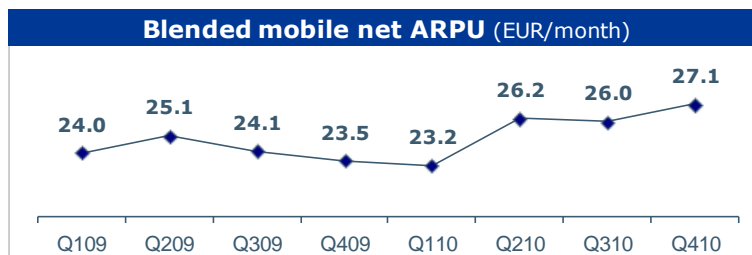
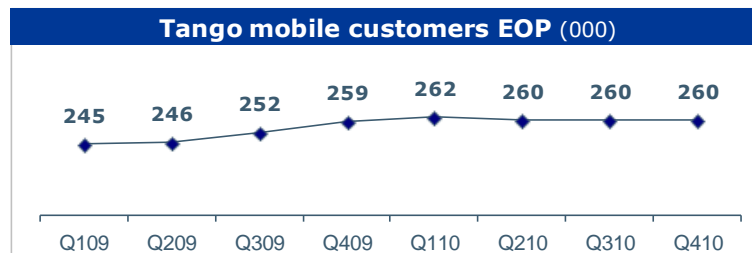
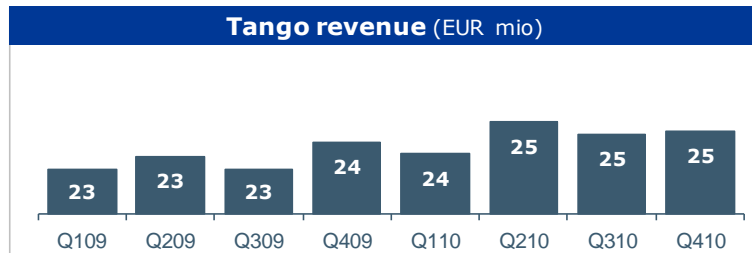


- +223k new customer in 2010 (+30% vs end 2009)
- +55k new TV customers in Q4
- Growth supported by Packs; in particular Free TV Pack
- FY customer base at 975k incl 135k 2<sup>nd</sup> streams



- ARPU in Q4 at €19.7
  - Down vs '09 as a result of lower one time revenues from activations & installation
  - Up vs previous quarters due to seasonality
- FY ARPU at €19.7 vs € 20.4 in 2009

# Tango – Mobile activities in Luxembourg



- FY revenue of €99m or +6.1% yoy
- Revenue growth driven by:
  - Succesfull launch iPhone4
  - Strong sales smartphones
  - Migration of customers from prepaid to postpaid
- FY ARPU up €2.1 (or +8.7%) to €26





# Enterprise – Highlights

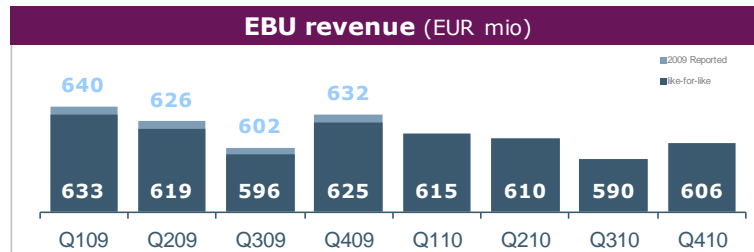
*2010 showing recovery from crisis*



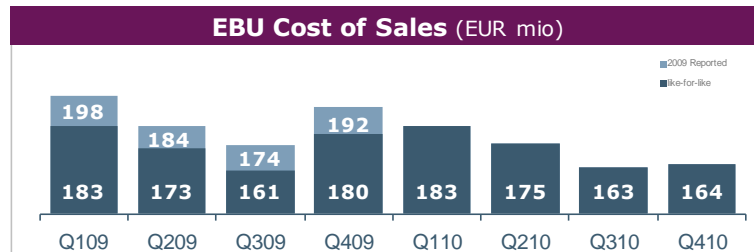
- **Crisis impact stabilized in 2010**
  - Revenue decline limited to 2.1%\* , including regulation impact of € -39m or -1.6%
  - Underlying business only down by 0.5% YoY, while this was 3.1% for 2009
  - ICT revenue growing 3.3% YoY, while down in 2009 by 2.4%
  - Mobile MoU for full-year 2010 -1.8%\*, while in 2009 down by 5.9%
- **Regulation impacting revenue by € -39m, but due to CoS decrease EBITDA impact limited to € -3m**
- **Fixed voice line erosion contained, revenue impacted by lowered F2M tariffs**
- **Mobile Voice usage improving, revenue impacted by regulation**
- **Stable Broadband customer base in highly competitive and saturated market**
- **Revenue growth in Non-SMS mobile data tempered by pricing, a.o. due to EU regulation on Data roaming, in spite of growing volumes**
- **Cost of Sales positively impacted by regulatory measures**
- **Contribution margin of 50%, slightly down on like-for-like basis**

\*2009 result adjusted for intercompany items

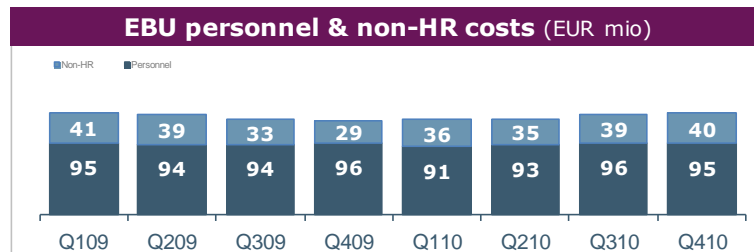
# Enterprise - P&L



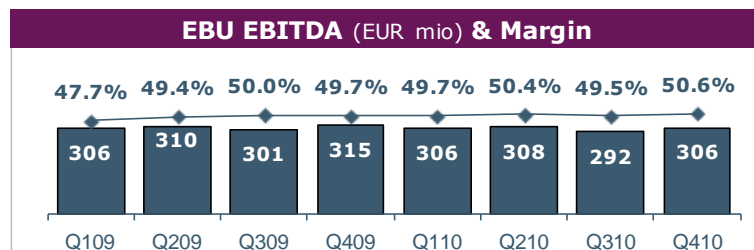
- Q4 revenue : -3.2%\*, incl. € 15m regulation impact
- FY 2010 revenue of € 2,421 million; -2.1% YoY\*
- FY regulation impact € -39m
- 2010 underlying revenue -0.5%, vs 2009 -3.1% (crisis)



- FY 2010 CoS of € 685m; -1.6% vs last year\*
- Positive effect regulation: MTR and Collecting model premium rate services



- HR-expenses FY 2010 of € 375m; -1.1% YoY
- Headcount end 2010: 5,263 FTEs, i.e. -65 FTEs YoY
- Non-HR expenses up by 5% to € 149m for FY 2010
- Q4'09 expenses included positive one-time effect

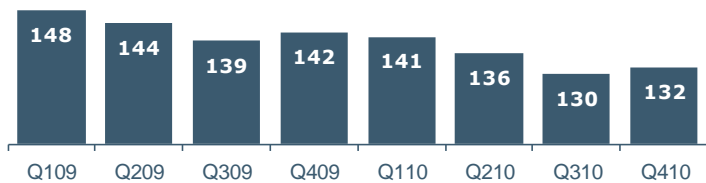


- Segment result of € 1,212m or -1.6% YoY
- Like-for-like, segment result -3.6% YoY
- FY impact regulation limited to € -3m
- FY contribution margin of 50% versus 50.8%\*

# Enterprise - Fixed Voice

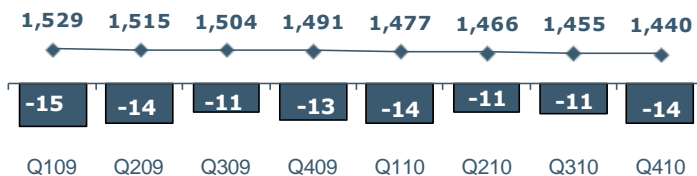
*Fixed Voice line erosion contained, revenue impacted by regulation*

**Fixed voice revenue (EUR mio)**



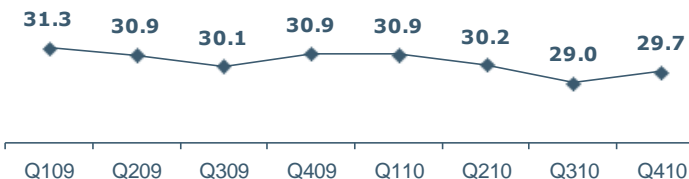
- FY 2010 revenue of € 539m, -6.1% YoY
- Impacted by:
  - lowered F2M-tariffs on 1 August 2010 (MTR-linked)
  - collecting model Premium Rate Services
  - line erosion and lower usage

**Voice line loss & EOP (000)**



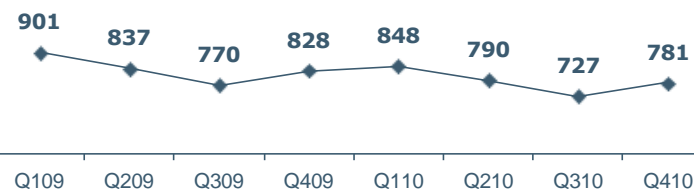
- 2010 line erosion of -51k vs -53k in 2009
- Q4 2010 line loss of 14k driven by ao. delayed effect from bankruptcies

**Fixed voice ARPU (EUR/month)**



- FY ARPU Fixed Voice of €30, i.e. -2.7% YoY
- Negative regulation impact: F2M & Collecting model
- Slightly offset by price indexation

**Traffic (mio min)**



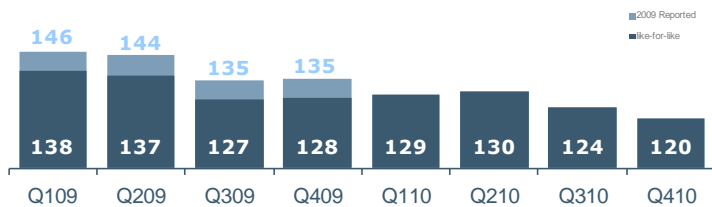
- FY 2010 Fixed Voice traffic of 3,145m min; -5.7% YoY
- Stable decline over the quarters
- Q4 traffic -5.7% YoY

# Enterprise - Mobile Voice

*Revenue impacted by regulation; usage further improved*

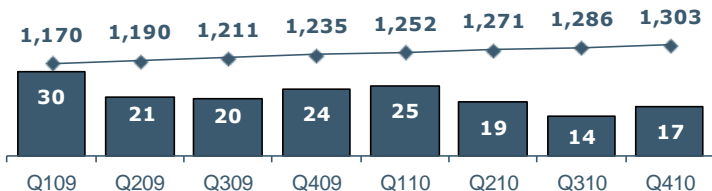


**Mobile voice revenue (EUR mio)**



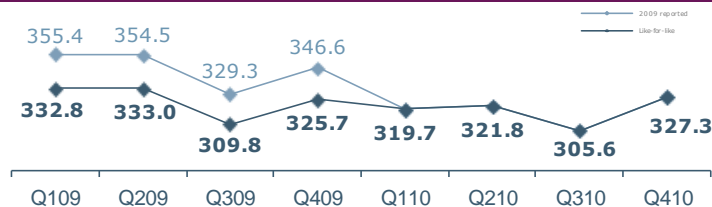
- FY 2010 Mobile Voice revenue of €502m; -5% YoY\*
- Regulation impact increased over the quarters
- Q4 2010 revenue -6.3% YoY, mainly due to MTR-cut

**Mobile growth & EOP (000)**



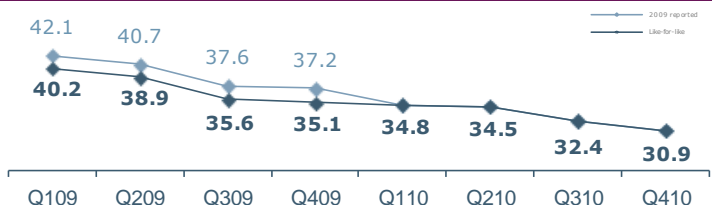
- 75k mobile customers added in 2010
- Strategic choice to focus on high-value SME customers

**MOU (min/month)**



- FY MoU of 319.2, -1.8% YoY \*
- YoY variance improving over the quarters
- Solid MoU Q4: success of pricing packages/close user groups & some seasonality

**Net voice ARPU (EUR/month)**



- FY 2010 Mobile Voice ARPU of € 33.1, -11.4% YoY\*
- Regulation: MTR, Roaming and Premium rate numbers
- Success mobile voice price plans including free calling

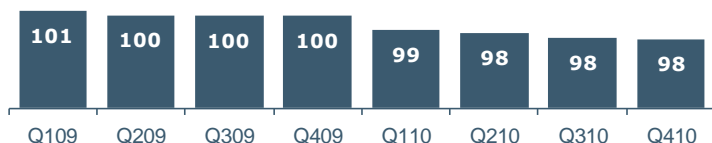
\* Like-for-like, i.e. compared to 2009 adjusted for intercompany revenue

# Enterprise - Fixed Data

*Stable Broadband customer base in saturated, competitive market*

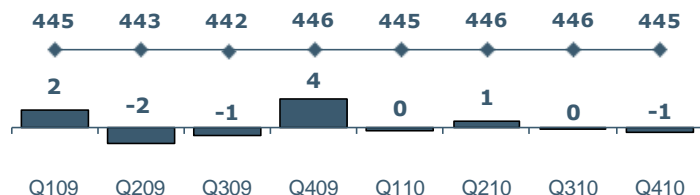


**Fixed data revenue (EUR mio)**



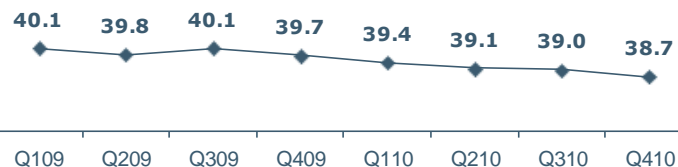
- FY 2010 revenue of € 392m, -2.3% YoY
- SME and self-employed signing up for advantageous CBU-Packs incl internet at discount

**Broadband growth & EOP (000)**



- Professional broadband customer base flat to last year:
  - Saturated market
  - Highly competitive

**Broadband ARPU (EUR/month)**



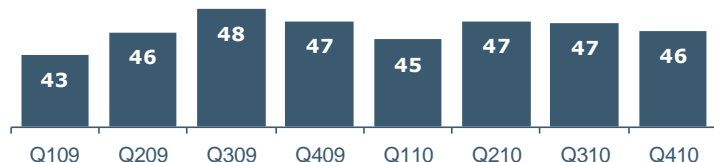
- FY 2010 ARPU of € 39.1, -2.2% YoY
  - Success of consumer Packs, incl internet at discount
  - Partly offset by “Bizz Options”

# Enterprise - Mobile Data

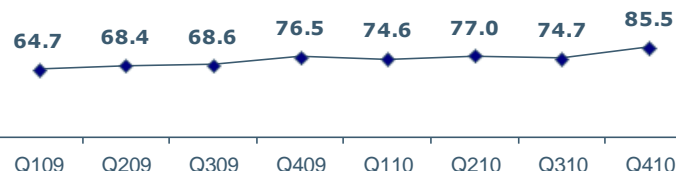
*SMS growth continued; price pressure on advanced mobile data*



**Mobile data revenue (EUR mio)**



**SMS (units/month)**



**Net data ARPU (EUR/month)**



- FY 2010 revenue of € 185m, + 2.8% YoY\*
  - SMS revenue up by 4% to € 76m
  - Advanced Data up by 2% to € 109m

- Continued increase in number SMS
- Seasonality effect in Q4

- FY ARPU of € 12.2 or 5.7% lower than 2009

- Advanced Data: revenue H2 2010 impacted by EU regulation to prevent bill shocks
- Increase in volumes offset by lower ARPU

|                            | 2009*      | 2010       | VAR Adj     |
|----------------------------|------------|------------|-------------|
| <b>Mobile data revenue</b> | <b>180</b> | <b>185</b> | <b>2.8%</b> |
| SMS                        | 73         | 76         | 4.0%        |
| Advanced data              | 107        | 109        | 2.0%        |

\*2009 adjusted for reallocation of credits & discounts and eliminated intercompany revenue

# Enterprise - ICT

*Full-year revenue up by 3.3%*

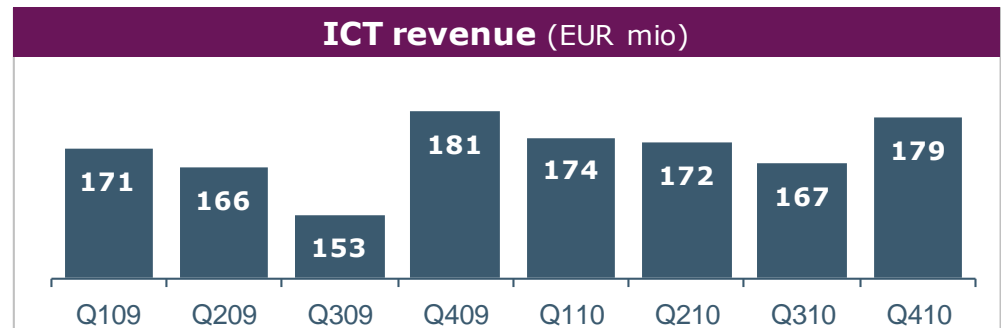


FY 2010 revenue of € 692m; + 3.3% YoY

- Solid yoy growth for first three quarters; 2009 impacted by the crisis
- Some recovery from crisis visible as of Q4 last year
- Q4 2010 flat to 2009
- Good 2010 performance of Telindus International



*together  
with*

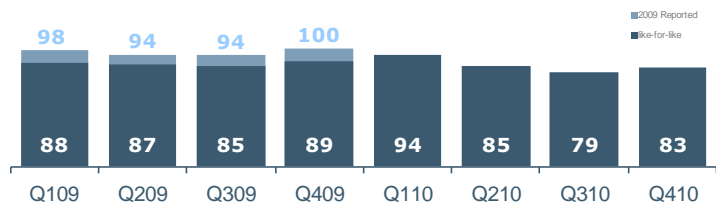




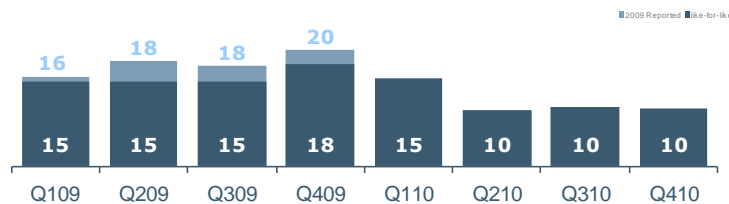
# Service Delivery & Wholesale - P&L



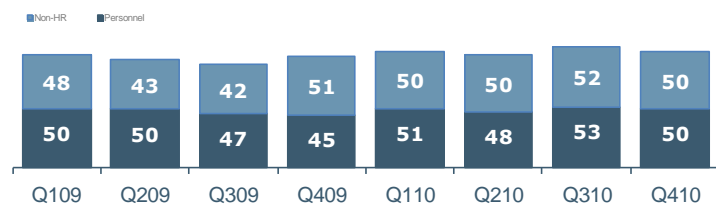
**SDE&W revenue** (EUR mio)



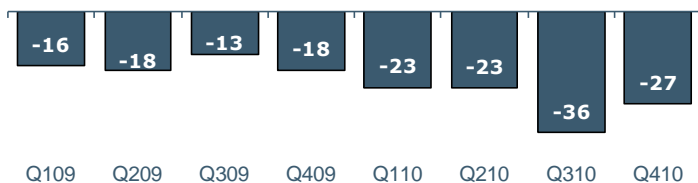
**SDE&W Cost of Sales** (EUR mio)



**SDE&W personnel & non-HR costs** (EUR mio)



**SDE&W EBITDA** (EUR mio)



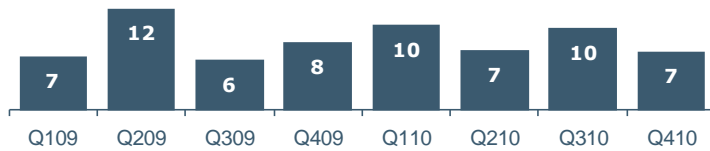
- FY revenue of € 342m, or like-for-like\* -1.7% yoy
  - Decline fully due to regulation (€ -22m)
  - Excl regulation revenue+4.7%
- Q4 like-for-like\* -6.6% incl € 9m regulation

- Like-for-like CoS down 26.2% to € 46m
- Positive impact from financial collecting model

- Q4 HR expenses +11.5%
  - Wage indexation & net increase FTE (+73 FTEs)
  - Q4'09 low due to special tax reductions
- Q4 Non-HR yoy variance no longer impacted by swap RAN to Huawei equipment as this started in Q4'09

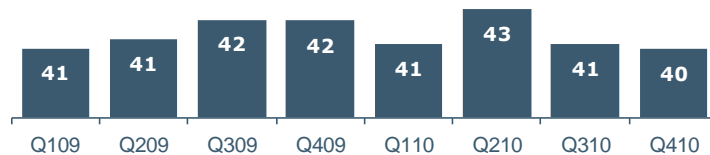
- FY EBITDA at -€109m

**S&S revenue** (EUR mio)



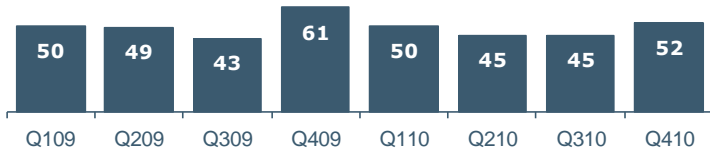
- FY revenues of € 35m, slightly up +4.6% yoy
  - a.o. driven by slightly higher capital gains realised on sale of buildings

**S&S Personnel costs** (EUR mio)



- FY personnel cost of € 165m or fairly stable vs 2009

**S&S non-HR costs** (EUR mio)

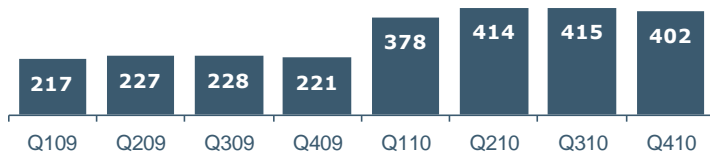


- Non-HR expenses of €192m or -6.1%, including effect of company-wide cost focus

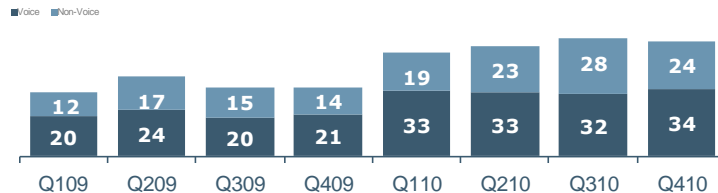
# International Carrier Services P&L



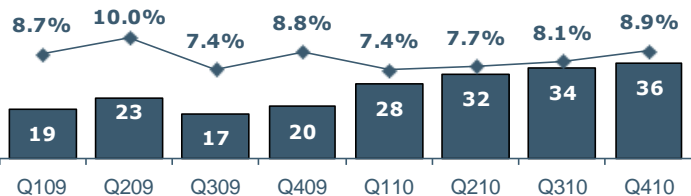
**ICS total revenue** (EUR mio)



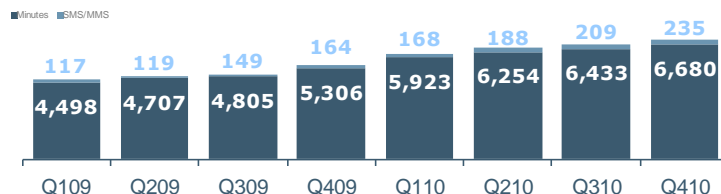
**ICS direct margin** (EUR mio)



**ICS EBITDA** (EUR mio) & **Margin**



**ICS volumes** (in mio)



- FY revenues of €1,610m; incl Q4'10 of €402m
  - Positive effect full consolidation & MTN ICS contribution
  - Organic revenue +3.9%, including +4.7% in Q4'10
- Reported FY gross margin +58.4% incl full conso effect
- Organically, Voice margin pressured by competition & exchange rate fluctuations
- Non-voice margins up, increased leadership in mobile data
- Reported EBITDA of €129m positively impacted by full conso & contribution MTN
- Lower operating expenses largely offset pressure on gross margins
- FY EBITDA margin at 8%, slightly down to 2009
- Volumes continued stable increase
  - Positive impact additional MTN business
  - Voice volumes +31%
  - Non-voice volumes +46%



## Popular discussion topics

- Headcount – slide 34
- Regulation – slide 35
- Legal – slide 39
- Convergence – slide 40
- Belgacom TV – slide 41
- Mobile Data – slide 44
- Network – slide 47
- BICS – slide 51
- Debt position Belgacom – slide 54
- Shareholder structure – slide 55
- Belgian economy – slide 56
- Customer centricity – slide 57

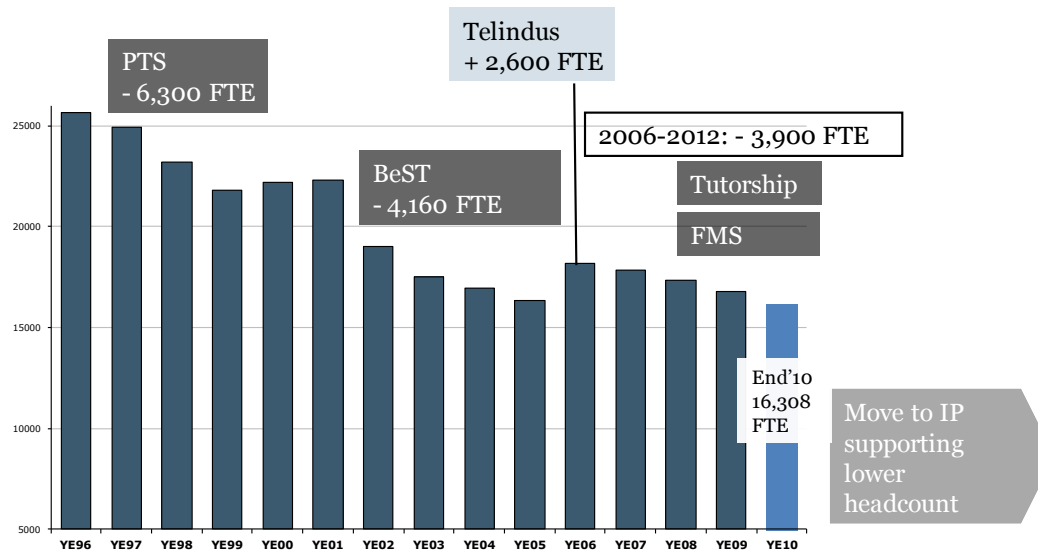
# Group - Headcount

## *Benefitting from headcount reduction programs*



- FY HR costs of € 1,107m, i.e. ~24% of Group costs & ~17% of Group revenue
- HR costs -1.6% yoy, like-for-like<sup>1</sup> driven by fewer headcount (-496 FTE's)
  - Ongoing headcount reduction programs (-571 FTE) & natural attrition (-241 FTE)
  - Partly offset by increase (+316 FTE) due to acquisitions, full consolidation BICS & recruitment business-critical functions
- Q4'10 HR costs impacted by 2% wage indexation (October 2010 – Belgacom SA)
- 2011: January non-Belgacom SA + June<sup>2</sup> Belgacom SA, additional 2% wage indexation
- In 2011, Tutorship program will continue but some business critical hiring will be done

- Belgacom decreased its headcount considerably over the years
- About 40% of headcount has civil servant status, no new civil servant contracts since 1997



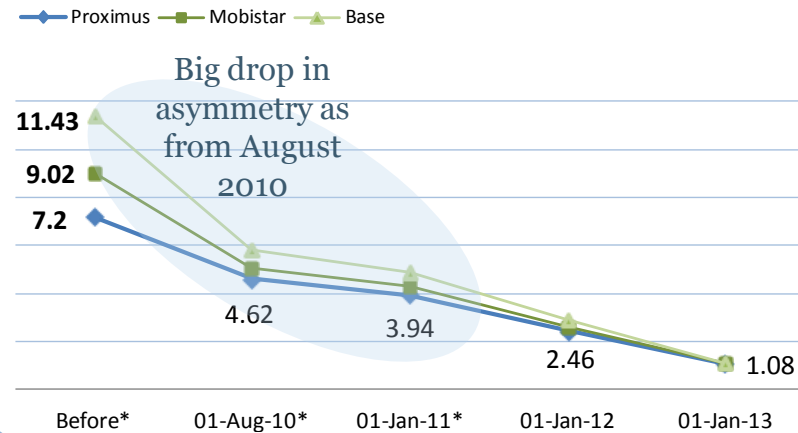
<sup>1</sup> BICS consolidated at 57.6%

<sup>2</sup> Source: Federal planning Bureau

# Regulation - 1

## Mobile Termination Rates (MTR)

### MTR-Glidepath in €ct



#### Final decision on MTR

| €ct              | Before* | 01-Aug-10* | 01-Jan-11* | 01-Jan-12 | 01-Jan-13 |
|------------------|---------|------------|------------|-----------|-----------|
| Proximus         | 7.2     | 4.62       | 3.94       | 2.46      | 1.08      |
| Mobistar         | 9.02    | 5.05       | 4.29       | 2.62      | 1.08      |
| Base             | 11.43   | 5.81       | 4.90       | 2.92      | 1.08      |
| <b>% change</b>  |         |            |            |           |           |
| Proximus         |         | -36%       | -15%       | -38%      | -56%      |
| Mobistar         |         | -44%       | -15%       | -39%      | -59%      |
| Base             |         | -49%       | -16%       | -40%      | -63%      |
| <b>Asymmetry</b> |         |            |            |           |           |
| Mobistar-Prox    | 25%     | 9%         | 9%         | 7%        | 0%        |
| Base-Prox        | 59%     | 26%        | 24%        | 19%       | 0%        |

\*excl VAT, including inflation

Rates 2012-2013 excl VAT, final rates will be corrected for inflation

- Glidepath in place since June 2010 leading to full symmetry by 2013
- Any MTR decrease reflected in F2M tariffs of BGC
- Mobistar & Base filed separate appeal against decision:
  - On 15 Feb 2011, Court took its decision in suspension procedure & rejected all the claims
  - Annulment procedure is still ongoing

### MTR regulation impact 2010

- Cut 1 Aug 2010, lowering asymmetry with Base & Mob.
- MTR impacts revenue of all mobile players; EBITDA impact limited for BGC due to reduced asymmetry
- Actual impact on 2010 financials:
  - Revenue: € -39m
  - EBITDA: € -3m

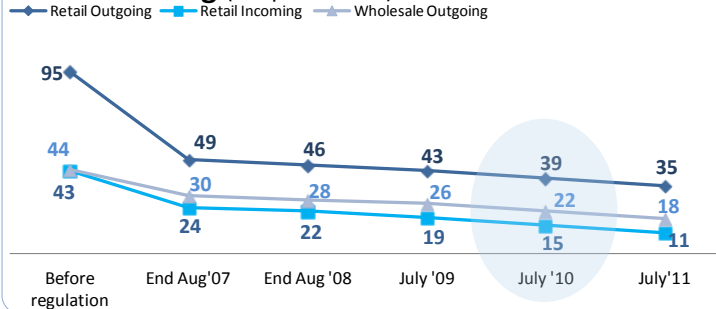
### MTR regulation impact 2011

- Carry-over impact from cut 1 Aug 2010
- 1 Jan 2011 MTR's further reduced
- Estimated impact on 2011 financials:
  - Revenue: ~ € -80m
  - EBITDA: < € -15m

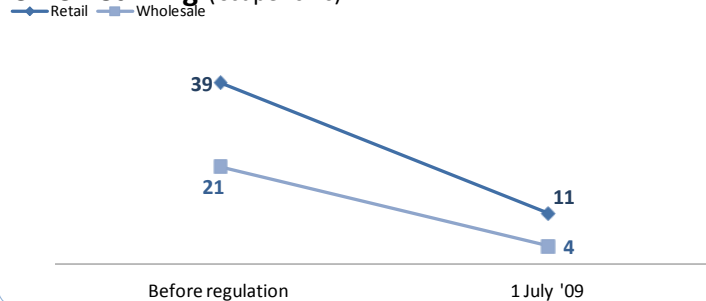
# Regulation - 2

## Mobile voice and data EU-roaming regulation

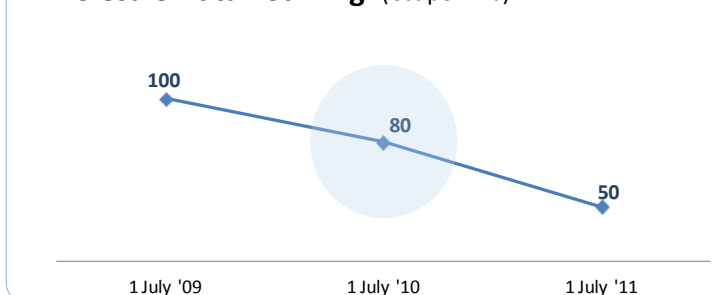
### Voice Roaming (€ct per minute)



### SMS Roaming (€ct per sms)



### Wholesale Data Roaming (€ct per Mb)



### Roaming regulation impact 2010

- 2010 was impacted Carry-over impact from lower rates on 1 July 2009
- Roaming rates voice further decreased on 1 July 2010
- Data roaming rates regulated at wholesale level, prices went down on 1 July 2010
- Actual impact on 2010 financials:
  - Revenue: € -24m
  - EBITDA: € -22m
- In addition, revenue impacted by measures taken to prevent bill shocks: financial limit of €50/m (VAT excl.)

### Roaming regulation impact 2011

- Carry-over impact from lower rates on 1 July 2010
- Voice and data roaming rates will further decrease on 1 July 2011
- Estimated impact on 2011 financials:
  - Revenue: ~€ -10m
  - EBITDA: ~€ -10m

Regulation expires on 30 June 2012. Rules to be reviewed by 30 June 2011.



# Regulation - 3

## *National directive on Premium Rate Services*



Collecting  
model for  
premium  
rate services

- As from 1 April 2010, financial collecting model for Premium Rate Services
- Following circulars issued end 2009 by Ministry of Finance concerning VAT on Premium Rate Services and Tax on chance games
- Applicable for services where Belgacom collects on behalf of a third party content provider

### **Collecting model impact 2010**

- From April revenue no longer considered as full revenue of BGC & only margin booked as revenue
- Actual impact on 2010 financials:
  - Revenue: € -56m
  - EBITDA: no impact

### **Collecting model impact 2011**

- Carry-over impact in Q1 2011
- Estimated impact on 2011 financials:
  - Revenue: ~ € -20m
  - EBITDA: no impact

# Regulation - 4

## Other regulatory measures



### Impact 2011 from other regulatory measures

- Some other regulatory measures will impact the 2011 financials: o.a. the new LLU<sup>1</sup> and bitstream prices
- Estimated impact on 2011 financials:
  - Revenue: ~ € -5m
  - EBITDA: ~ € -5m

### New LLU and Bitstream prices

| BIPT decision of 2010 |        |       |
|-----------------------|--------|-------|
| EUR                   | Before | 2010  |
| Full unbundling       | 9.29   | 7.78  |
| Shared access         | 0.85   | 0.87  |
| ATM bitstream         | 14.31  | 12.72 |
| Ethernet bitstream    | -      | 11.48 |
| VDSL2 bitstream       | -      | 13.94 |

### Zoom-in on new LLU & Bitstream prices

#### New LLU prices

- In Aug'10<sup>2</sup>, the BIPT decided to:
  - Lower monthly price for full unbundling by ~20%
  - While keeping the price for shared access stable
- New price for LLU is at the low EU end
- BGC lodged annulment procedure against the decision

#### New Bitstream prices

- In Aug'10<sup>2</sup>, the BIPT also set new prices for ATM Bitstream, and took a final decision on Ethernet Bitstream & VDSL2 bitstream
- For VDSL2, a 15% mark-up is currently applied

<sup>1</sup> LLU: Local Loop Unbundling (BRUO)

<sup>2</sup> On 10 November 2010, the BIPT has communicated an erratum to its decision of Aug, setting with retroactive effect until 15 Aug the new monthly prices

# Legal – Damage claim Base/Mobistar

## *Update on status*



### On-net case: damage claim Base/Mobistar

*Belgacom introduced motion in respect of expert panel following 2<sup>nd</sup> preliminary report*

- Damage claim filed in 2003 by KPN Group Belgium (Base) & later also by Mobistar, claiming that BGC:
  - applied **termination charges that were too high**
  - abused its dominant position by applying **too low prices for on-net calls** (Prox-to-Prox calls)
- In May 2007, the court considered it was not in a position to make a decision on the alleged existence of a price squeeze & anti-competitive network effects. Two experts were appointed to examine:
  - whether such practices existed,
  - whether they produced anti-competitive effects and
  - what damages could have been caused to the claimants
- The panel filed 2 preliminary reports (in Oct 2009 & Dec 2010) in which they considered:
  - Base & Mobistar underperformed as compared to the results and market shares they would have achieved in an efficient market (assumption: in a perfectly competitive market, **market shares are symmetrical**).
  - The 2<sup>nd</sup> report introduced new elements o.a. a **constant profitability benchmark** for the whole period based on the UK market (1999-2004) during which UK operators were in a different phase of development than the Belgian market
  - Alleged impact on Mobistar & Base could amount to € 1,840m.(2<sup>nd</sup> report)
- BGC has submit its detailed observations and criticisms. In the 2<sup>nd</sup> report, the vast majority remained unanswered & Belgacom's own expert reports were largely disregarded

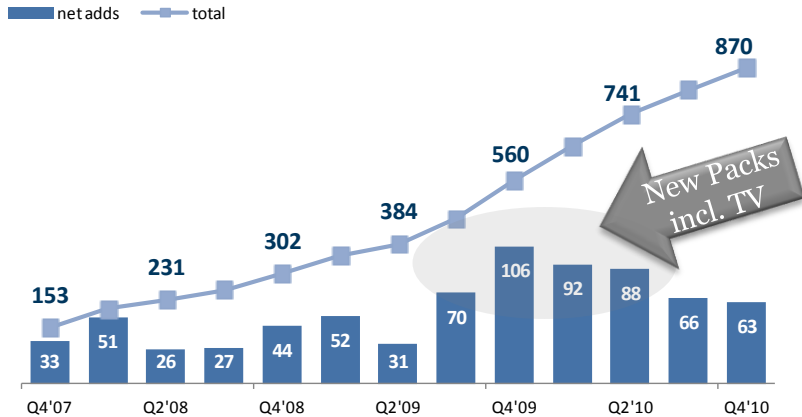
**=> BGC introduced a motion with the court in respect of the expert panel, requesting their recusal/replacement. This motion is to be dealt with by the court in the near future**

# Group - Convergence

*Execution of consistent convergence strategy paying-off*

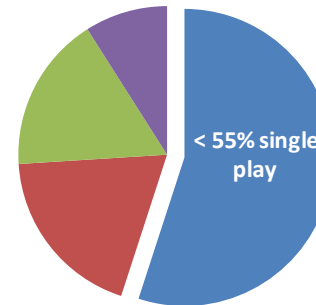


## Packs evolution since launch ('000)



## Multiplay overview residential customers

■ Single ■ double ■ Triple ■ Quadruple



> 45% of customers have ≥ 2 BGC products

Number of Quad-play customers growing steadily to 9%

Growing proportion of mobile Packs

## Example of triple-play Pack @ € 62.46/month<sup>1</sup>

- **Fixed line** with free “happy time” option – free calling to fixed lines after 5 pm & on weekends
- **Internet Favorite** – Download speed of 25Mbps, upload 3.5 Mbps, 100 GB volume
- **Belgacom TV Comfort**, renting settop-box included



➡ Customers save €18.5/month

## Example of triple-play Pack @ € 72.46/month<sup>1</sup>

- **Mobile subscription** including 55 minutes Any Time Any Network
- **Internet Favorite** – Download speed of 25Mbps, upload 3.5 Mbps, 100 GB volume
- **Belgacom TV favorite**, renting settop-box included + 2 thematic bouquets

➡ Customers save €27.5/month

<sup>1</sup> New prices as from 1 January 2011; incl VAT

# Belgacom TV

## Market overview

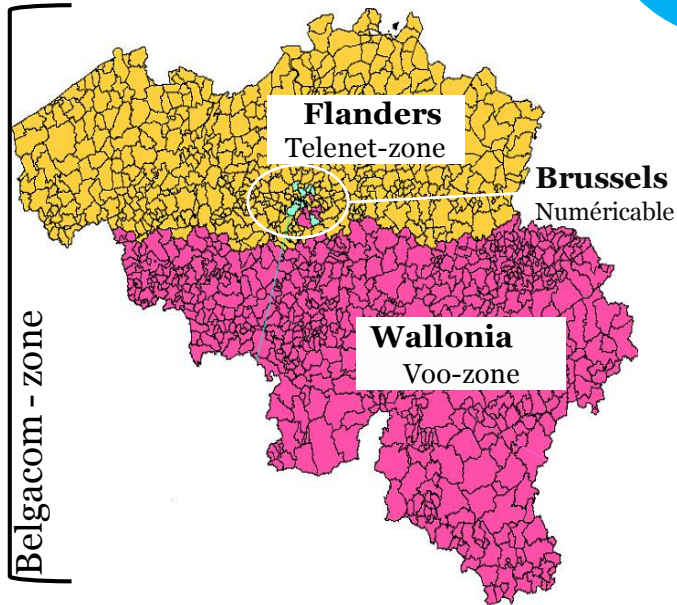
belgacom

together with

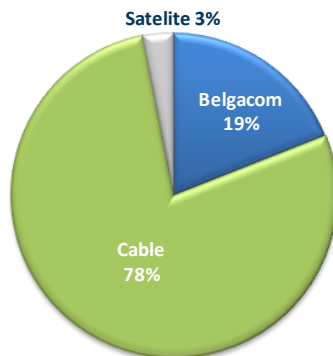


31%  
DTV market  
share

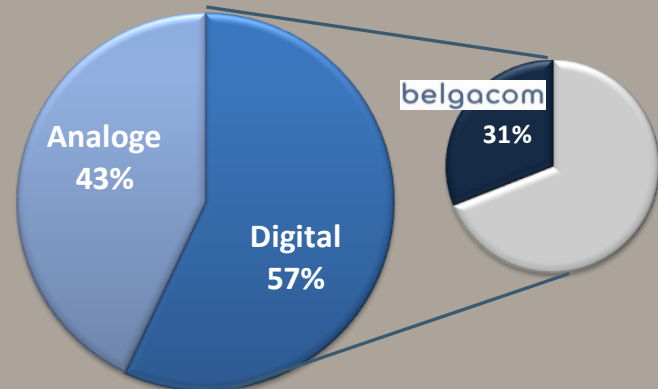
### Competitive landscape



### Belgian Total TV market - market shares



- ~ 4.7 m households in Belgium
- Digital TV penetration Belgium of ~57%\*
- Belgacom present in all regions
- Belgacom TV coverage ~90%
- Belgacom Digital TV market share of 31%
  - Share in total TV market: 19%
  - Belgacom 2nd player in DTV market
- Belgacom TV subscriber base of 975k (i.e. households + multiple streams) fairly evenly spread North/South
- Digital TV market penetration & market share Belgacom:



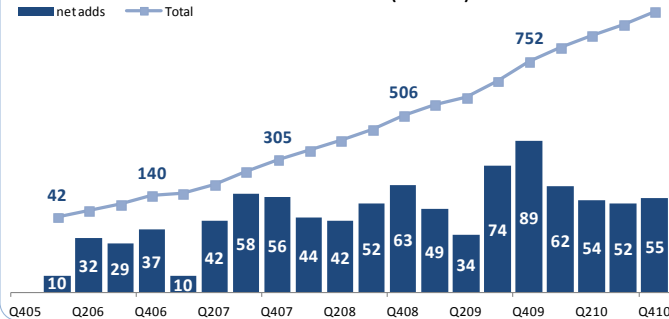
# Belgacom TV

*An international recognized success story*

+30%  
TV  
customers  
yoy

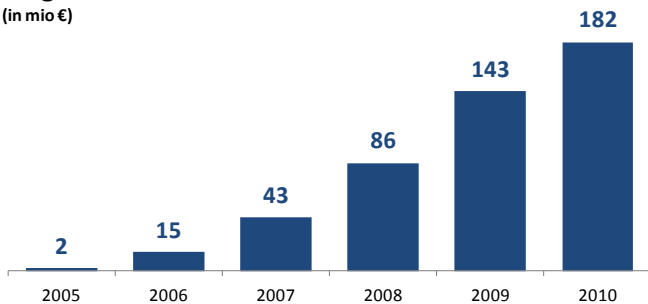


**Evolution TV base\* since launch ('000 EOP)**

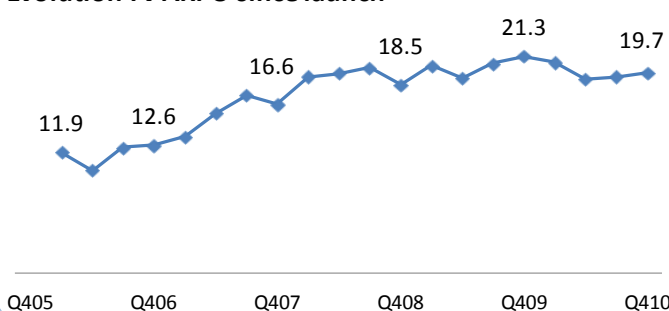


**Belgacom TV revenue evolution**

(in mio €)



**Evolution TV ARPU since launch**



- Strong customer growth since launch in June '05
  - In 5 yrs time Belgacom gained 975k\* TV subscribers, representing 839k households
  - Customer gain supported by Packs incl.TV
  - Unique market positioning with “Free TV” claim
- ~60% of CBU broadband customers have a TV subscription
- FY 2010 TV revenues amounted to €182m
  - 36% revenue increase yoy driven by the growing customer base
  - TV now represents about 8% of CBU revenues
- ARPU per household grew significantly since launch
  - Growing customer base lowers impact of promotions
  - Services (VoD, ‘bouquets’, football...) adding to ARPU

\* Corresponds to the number of Belgacom TV settop boxes



# Belgacom TV

*From TV towards entertainment*



*A complete  
& competitive  
offer*

**Rich offer: 90 channels, incl HD**

- Basic pricing of €18.5/month
- Incl. settop box (€6/month)

**Soccer**

belgacom

11

- "All Foot" €19.95/month
- "My Club" €9.95/month
- Per match €5-€10

**Bouquets**

Bouquet Nature & Discovery

Bouquet Kids

- Additional channels as from €5/month

**VOD**

>1300 movies

- Movies on demand €2-€6.5
- HD movies from €4-€7

**Advanced functionalities**

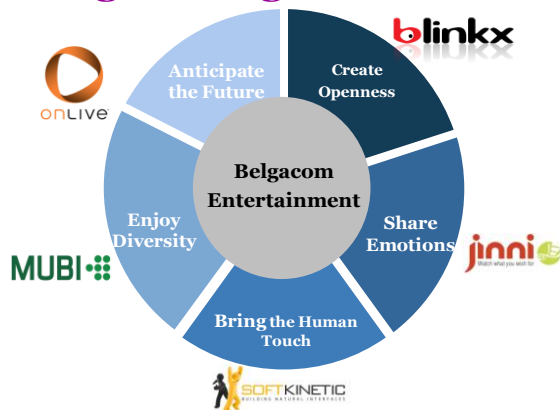
- Pause TV, recording, Instant rewind

**3D TV demo**

3D TV

- March'10 live transmission football match
- Two 3D demo channels

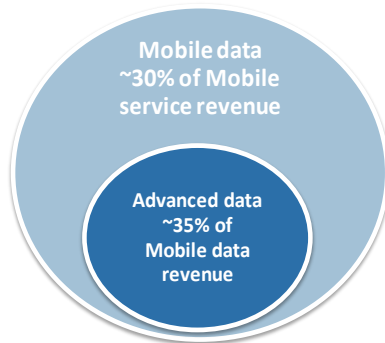
## Building a next generation TV experience, supported by selective partnerships



- Onlive: interactive entertainment, cloud computing & online gaming
- in3Depth Systems (Softkinetic): expertise in 3G gesture recognition
- Jinni: personalized search-and-recommendation engine
- blinkx: video search engine
- MUBI: Belgacom expanded its TV film catalog with 300 MUBI films (films for lovers of independent, foreign and classic films)

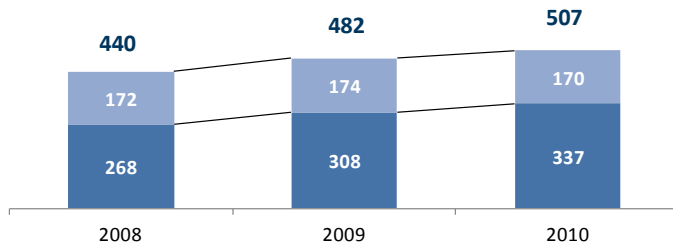
# Mobile data - 1

## Mobile data on Group level



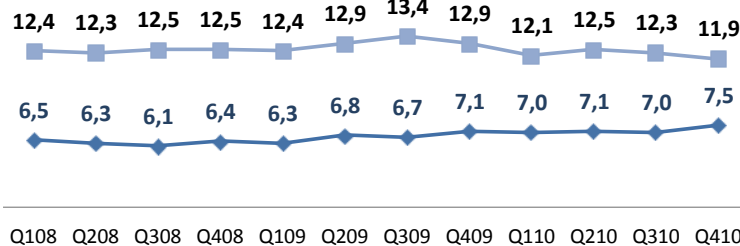
### Mobile data Group revenue evolution

(in mio €) ■ SMS ■ Non-SMS



### Mobile Data ARPU \*

◆ CBU ■ EBU



\* Mix of SMS and advanced data

- BGC Group generated € 507m revenues from mobile data; or +5.1% yoy
- Yoy variance has been impacted by regulatory measures:
  - EU-regulation on data roaming
  - Collecting model for Premium Rate Services
- Mobile data includes both SMS & non-SMS data:
  - SMS revenue increased 9.4% yoy to € 337m driven by success of pricing plans including free SMS
  - Non-SMS (i.e. advanced data) showed a decline of 2.4% yoy to € 170m driven by regulatory measures. Excl regulation, revenues increased ~7% driven by the success of Mobile internet solutions
- Reported FY Mobile data ARPU:
  - For CBU, increased 6% yoy to € 7.1
  - For EBU amounted to € 12.2 or -5.7% yoy

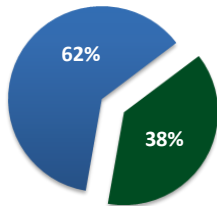


# Mobile data - 2

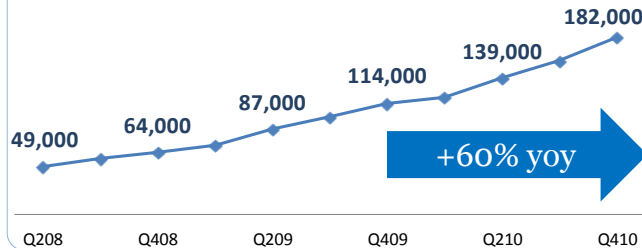
## Zoom-in “Internet on Laptop” & “Internet on Smartphone”

**Market share: Mobile Internet customers (on laptop)**

■ Belgacom ■ Mobistar



**Belgacom Mobile Internet customer base\***



\* Total subscriptions for internet on laptop

### Mobile Internet on Laptop



**For CBU:** Comfort @ €14.99/month (incl VAT)

- 1GB included
  - Extra usage: €0.03/MB
- (if no BGC internet subscription: €19.99)

**For EBU (SME):** Comfort @ €10.32/month (ex VAT)

- 15h included
- Extra usage: €2.06/hour

**Special pricing plans for iPad**

**iPad Anytime @ €24.99/month**  
incl 1.5GB

**Pay & Surf: iPad 10€**  
4 days; 500 MB



### Mobile Internet on Smartphone

Internet On GSM  
Try it!



**For CBU:**

**Option on postpaid voice:**

**Comfort @ €9.99/month (incl VAT)**

- 250MB included
- Extra usage: €0.03/MB

**Pay & Surf for prepaid voice @ €3**

- 25MB included

**For EBU (SME):**

**Internet and voice bundle:**

**Bizz Smart 35 @ €35/month (ex VAT)**

- 400 MB included
- Extra usage: €0.0248/MB
- 150 voice minutes / free to fixed lines

# Mobile data - 3

*Belgacom well positioned to capture mobile data growth*



Educating customers, increasing awareness and explain usefulness



Innovative and user friendly "internet on GSM"-devices



Simple and competitive pricing and convergence with fixed internet



Best user experience: pre-configuration, bill-shock prevention...

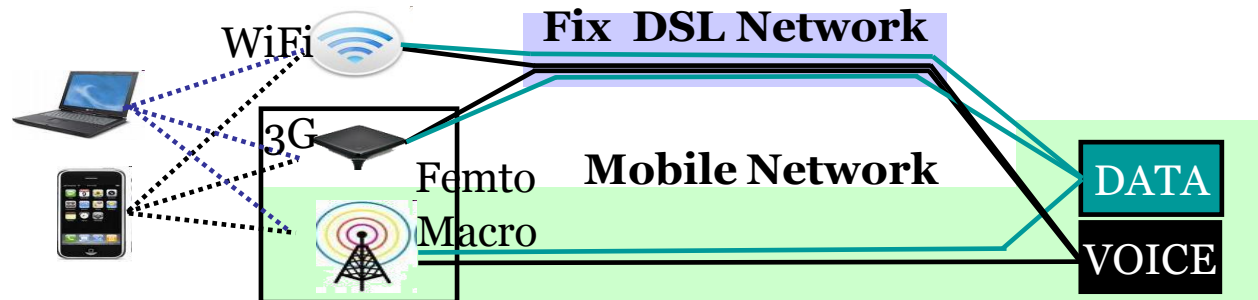


Innovative Applications: Skynet Mobile portal, leverage Vodafone relationship



High-quality 3G-network & strategic option to offload data to sustain customer experience and keep investments under control

- 55% of private mobile data is consumed at home
- Opportunity to redirect data from Mobile network to fixed network



# Fixed Network - 1

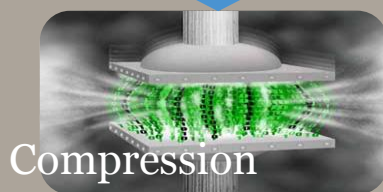
## *Nation-wide, high-quality fixed network*



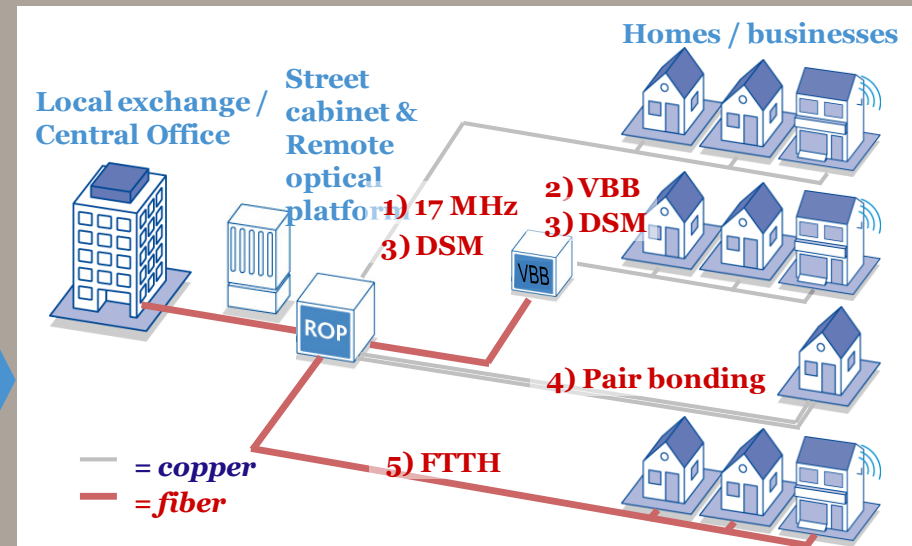
- ADSL : 99.85 % - world record
- Strategic decision end 2003 to invest in FttC\* (Broadway project)
- Enabler for organic growth and innovation, answering customer needs
- Deploying high-quality & nation-wide VDSL coverage:
  - End 2010 >76% FTTC\* population coverage ; further extended to reach 85% service coverage by end 2013
  - VDSL : up to 30 Mbps
- Quality DSL network, driving TV coverage
  - Belgacom TV ~89%
  - HDTV service coverage: 73%
- So far ~€ 550m invested in Broadway

*“Boost the  
Copper strategy”  
Reconfirmed*

Further maximise  
network efficiencies:  
Access network toolkit &  
compression techniques



Compression

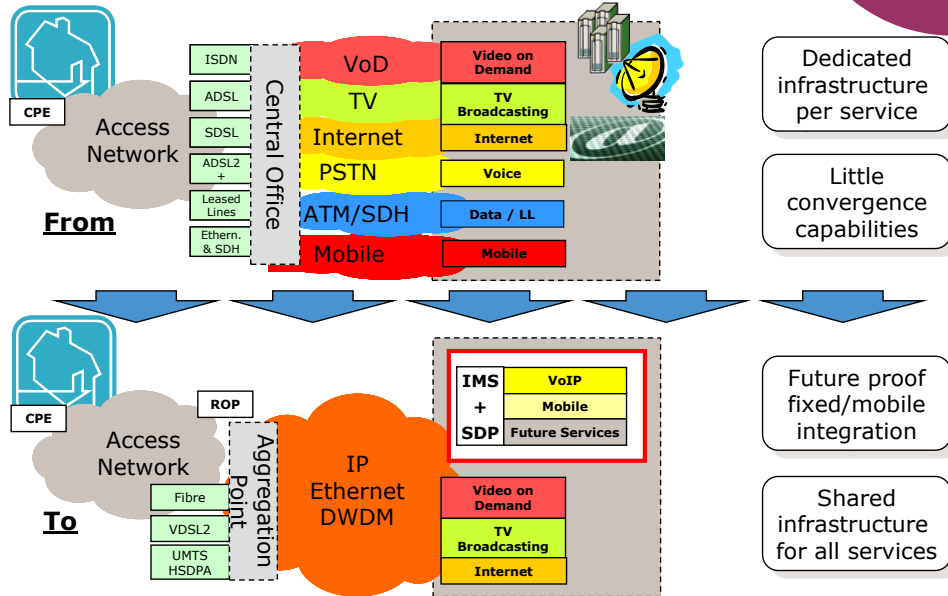


1. Increase spectrum
2. Reduce copper distance
3. Neutralize interference between copper pairs
4. Use of several pairs
5. Use of fiber end-to-end in the network

# Fixed Network - 2

## Move to all-IP program

Network  
simplification



### Objectives MaIP:

- Replace legacy technologies which become end-of-life by IP based alternatives
- Transform our IT stack to improve efficiency and reduce waste by automation, 360° view on customer, avoiding rework and automated repair analysis
- Transform the customer interaction model by more customer self management

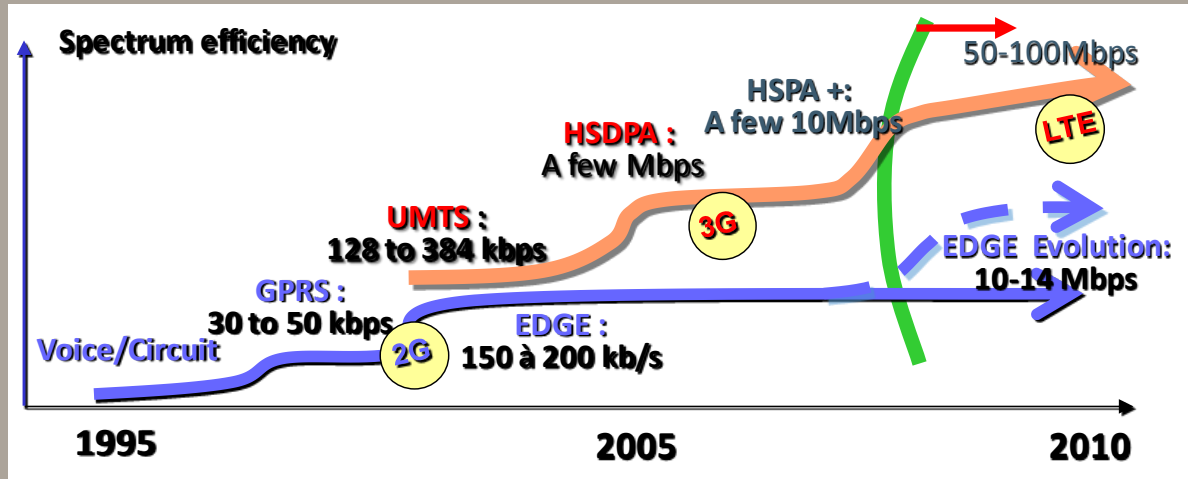
- Continued roll-out of MaIP project, a business transformation project entailing a full re-engineering of the network, IT-systems & processes
- € 101m invested since launch in 2008, of which € 50m in 2010

**Realizations 2010:** improved monitoring & diagnostic services, launch of new sales support tool for residential market & new “from quote to cash” application implemented for ICT Belgium

- Enabler for long term headcount efficiencies
- Future out phasing of ~10% of local exchanges

# Network - Mobile

*Nation-wide, high-quality mobile network*



- 2003 – strategic decision to invest in 3G
- Current Radio access network (RAN) being replaced by state-of-the-art single RAN hybrid product providing a simplified, high capacity, high performance and future proof network
  - Keep network superiority
  - Lower the cost of adding extra transport technology
  - Act swifter to strategic changes
  - Go for Long Term Evolution (LTE) reusing part of the equipment

- Leader in coverage
  - GSM sites covering 99.98% of Belgian population
  - 3G sites covering 97% of Belgian population
- Leader in speed
  - Drive tests show best data transfer speed of 3 operators
  - Best in class in upload speed

Leader  
in coverage  
& speed

### 2G spectrum

900 MHz & 1800 MHz

- Belgian operators allowed to deploy UMTS in 900 MHz spectrum (more efficient in rural areas)
- Tacit extension: BGC has to pay €74m for 2010-2015; via annual payments. BGC filed annulment procedure.

### 3G spectrum

2100 MHz

- Proximus, Mobistar & Base each have 1 UMTS license
- 3 licenses expire in 2021
- BGC paid € 150m
- BIPT intends to auction 4<sup>th</sup> license in June 2011; all reserved for 4<sup>th</sup> entrant; unless spectrum remains available

### 4G spectrum

2600 MHz

- To be assigned: auctions expected mid-October 2011
- Available spectrum:
  - 2 x 70 MHz paired spectrum
  - 1 x 45 MHz unpaired spectrum

### Digital dividend

790 MHz – 862 MHz

- Spectrum that is freed up by switching from analogue to digital terrestrial TV broadcast.
- Part of digital dividend could be used for telecom services
- No clarity on the digital dividend yet

800 MHz

72

900 MHz

**Proximus**  
2 x 12

**Mobistar**  
2 x 12

**Base**  
2 x 10.8

1800 MHz

**Proximus**  
2 x 15

**Mobistar**  
2 x 15

**Base**  
2 x 22

**2x**  
5.8

**2x**  
5,8

**Free**  
2 x 11.4

2100 MHz

**Proximus**  
2 x 15

**1x**  
5

**Mobistar**  
2 x 15

**1x5**

**Base**  
2 x 15

**1x5**

**Free**  
2 x 15

**1x5**

2600 MHz

**Will be available**  
2 x 70

**1 x 45**

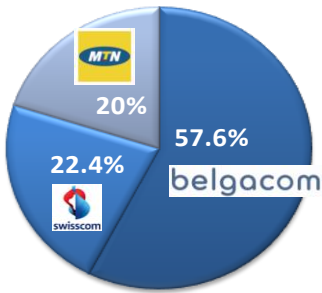


# International Carrier Services

*BICS delivers best in class global solutions*

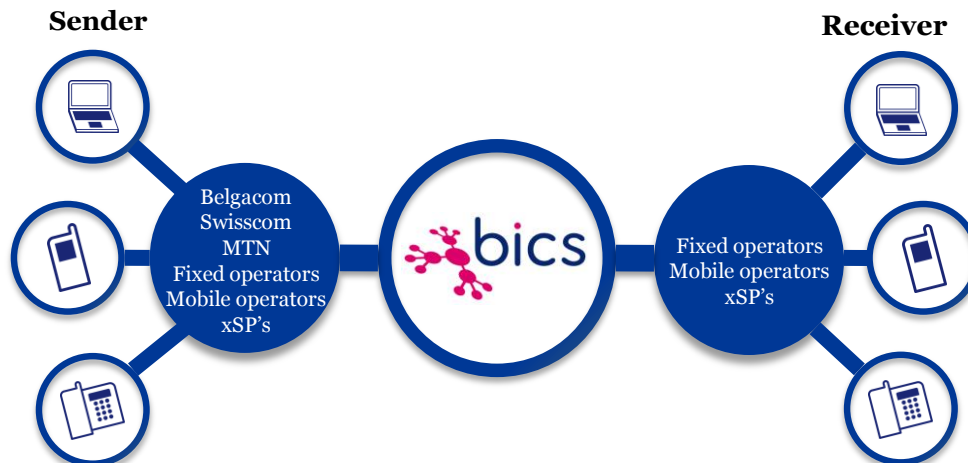


## BICS ownership



- Active in the international carrier market since 1997
- January '05: spin off of Belgacom ICS as an independent affiliate of Belgacom
- Since Dec '09 JV held by Belgacom, Swisscom & MTN
- In top 4 of largest operators worldwide in terms of voice traffic volume\*
- World leader in mobile data carrier services (SMS, MMS, GPRS Roaming, Signalling...)

- 650 customers, incl. > 250 mobile operators
- > 99 points of presence (PoPs) in 47 cities and 33 countries, 9 Metropolitan area networks
- Participations in 75 submarine cables
- Offices in Brussels, Bern, Monaco, New York, Dubai and Singapore



**VOICE:** collecting & terminating international voice traffic

**MESSAGING:** ensuring interoperability for SMS & MMs

**ROAMING:** full set of services to enable roaming traffic

**CONNECTIVITY:** transport of Signalling, roaming GPRS, IPX and the provisioning of tailored, high-quality bandwidth solutions

**MOBILE FINANCIAL SERVICES**

# International Carrier Services



## *Impact of MTN transaction on financials*

*Until year-end 2009, BICS was jointly controlled & therefore proportionally consolidated*

- In Q4'09 BGC booked a non-cash capital gain of € 74m; classified as non-recurring revenue = net result of MTN contribution at 57.6%, minus dilution BICS book value (going from 72% to 57.6%)

*As from 2010, Belgacom acquired control & BICS became fully consolidated*

- In Q1'10 BGC booked a non-cash capital gain of € 436m; classified as non-recurring revenue = re-measurement of BICS at fair value through P&L
- Financial results BICS booked at 100%: increasing Belgacom Group financials
- Group net income corrected via minority interest

July 2005: JV with Swisscom in exchange for 28% of ownership and joint control.

February 2006: Outsourcing agreement with MTN regarding MTN's international Voice & Data traffic

November 2006: Partnership between BICS and Omantel for delivering high quality traffic

May 2008: Next step in partnership of BICS with Omantel, investing jointly in the Europe – India Gateway

December 2009: MTN contributes its international carrier services to BICS

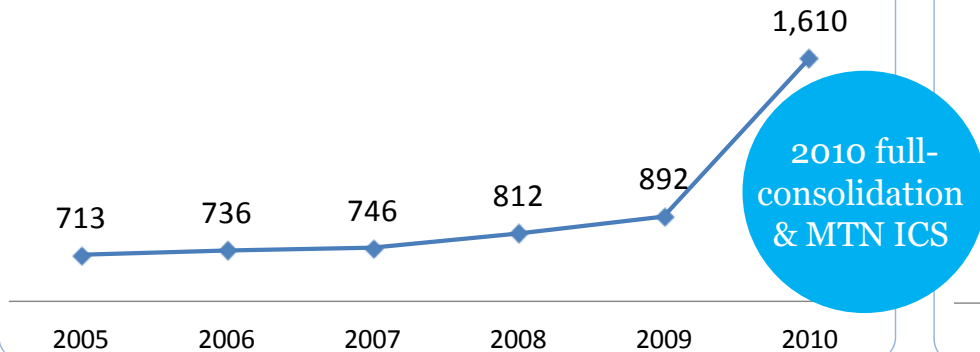


# International Carrier Services

*BICS grew significantly over the last 5 years*

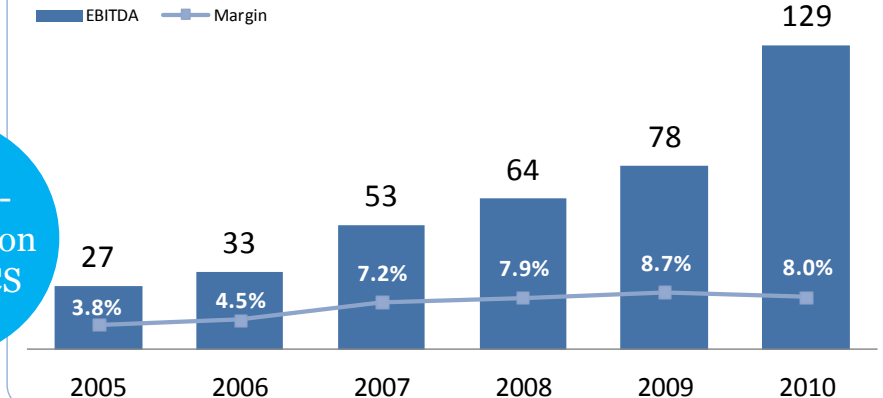


Revenue growth (in mio €)

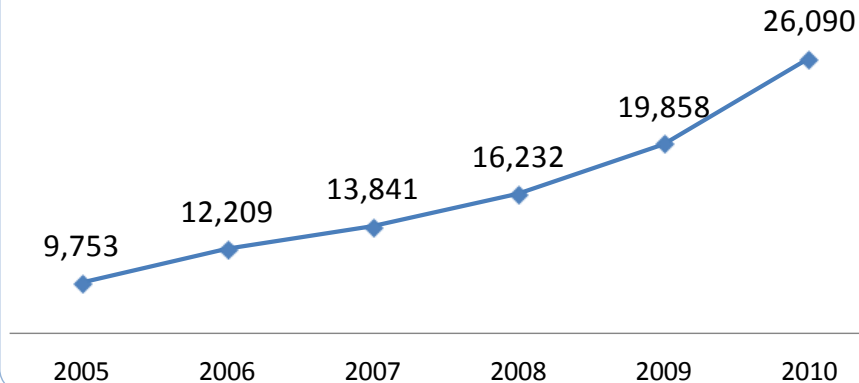


\*Proportionally consolidated until end 2009 @ 72%

Evolution EBITDA & EBITDA margin



Volume growth (in mio)



\*Total BICS volumes, i.e. @ 100%

- Strong revenue growth driven by successful partnerships, boosting volumes
- Proportion of BICS revenue in Belgacom Group revenue grew from 13% in 2005 to 24% end 2010, impacting the Belgacom Group margin
- **2010:** Growth of BICS at typical lower margin continued and is impacting the Group margin in two ways:
  - As a result of the full-consolidation as of 1 Jan '10
  - A growing organic business

# Debt position Belgacom



- Belgacom continues to have a sound financial position
- Average interest on LT loans/debt for 2010: 4.77%
- Most of the debt is maturing in 2011 & 2016
  - In order to pre-finance the maturing bonds of November 2011, BGC issued on 31 January 2011:
    - 7 year senior unsubordinated bond of €500m
    - with a fixed coupon of 3.875%
    - maturing 7 Feb 2018
  - In March 2011, BGC invited the holders of the outstanding 4.125 per cent bonds due November 2011 to tender their notes for purchase against cash: BGC will pay a cash purchase price of €51,050 for each €50,000 in nominal amount

## Non-current unsubordinated debentures as of 31 December 2010 are summarised as follows:

|  | Carrying<br>amount<br>(mio €) | Nominal<br>amount<br>(mio €) |        | Maturity<br>date | Interest rate<br>payable<br>(b) | Effective<br>interest rate |
|--|-------------------------------|------------------------------|--------|------------------|---------------------------------|----------------------------|
| Floating rate borrowings JPY (a)       | 85                            | 73                           | Dec-96 | Dec-26           | 1.21%                           | 1.21%                      |
| Fixed rate borrowings                  |                               |                              |        |                  |                                 |                            |
| EUR                                    | 745                           | 750                          | Nov-06 | Nov-16           | 4.38%                           | 4.50%                      |
| EUR                                    | 174                           | 200                          |        | Nov-16           | 4.38%                           | 7.16%                      |
| EUR                                    | 125                           | 125                          |        | Dec-13           | 6.00%                           | 6.11%                      |
| JPY (a)                                | 85                            | 73                           | Nov-95 | Nov-15           | 6.18%                           | 6.18%                      |
| JPY (a)                                | 92                            | 72                           | Dec-95 | Dec-15           | 6.21%                           | 6.21%                      |
| <b>Total unsubordinated debentures</b> | <b>1,306</b>                  | <b>1,292</b>                 |        |                  |                                 |                            |

(a) converted into a loan in EUR via currency interest rate swap

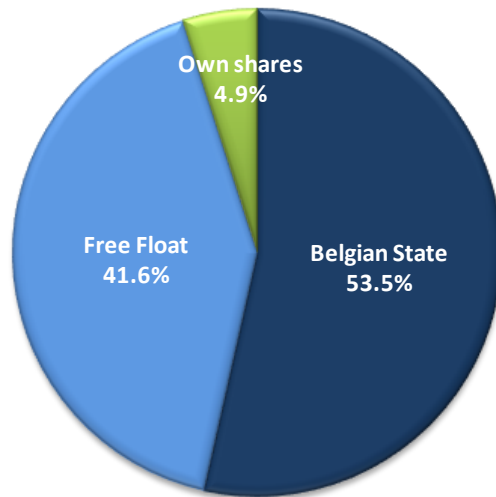
(b) for floating rate borrowings, interest rate is the one prevailing at the last repricing date before 31 December 2010

# Shareholder structure

*Belgian state owns ~ 53.5%*



338,025,135 shares,  
of which 321,482,641 Outstanding



- Limited liability company under public law
  - Belgian state main shareholder: 53.5%
  - Legal obliged threshold: 50%+1 share
  - Last elections June 2010, government formation ongoing
  - Minister of Public Companies: Inge Vervotte
  - 14 Boardmembers, 50% state-appointed
- Free float 41.6%
  - Main shareholders located in US, UK, Benelux, France & Germany
- Treasury shares 4.9%
  - Under Belgian law, companies prohibited from owning >20% of outstanding share capital
  - Part of own shares held for personnel incentives: Options and DSPP

|               | Shares      | % shares | % Voting | % Dividend |
|---------------|-------------|----------|----------|------------|
| Belgian state | 180,887,569 | 53.5%    | 56.3%    | 55.8%      |
| Free float    | 140,595,072 | 41.6%    | 43.7%    | 43.3%      |
| Own shares    | 16,542,494  | 4.9%     | -        | 0.9%       |

# Macro economic environment

## Belgium & Euro area

belgacom

together with

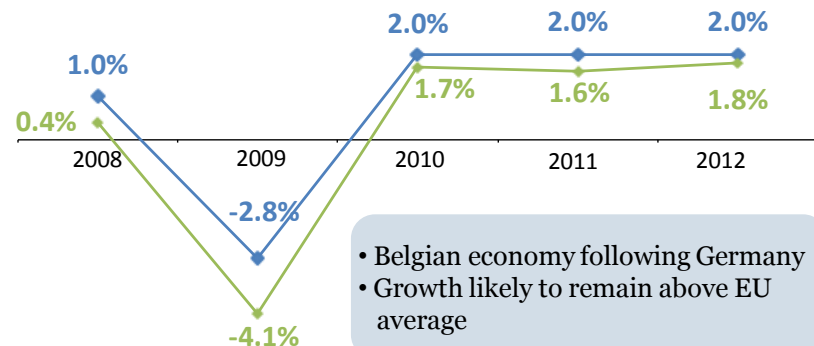
proximus

telindus

Belgium :  
Budget deficit from  
6% in '09 to 4.6% in '10  
2011 est. @ ~4.1%.  
Debt ~100% of GDP

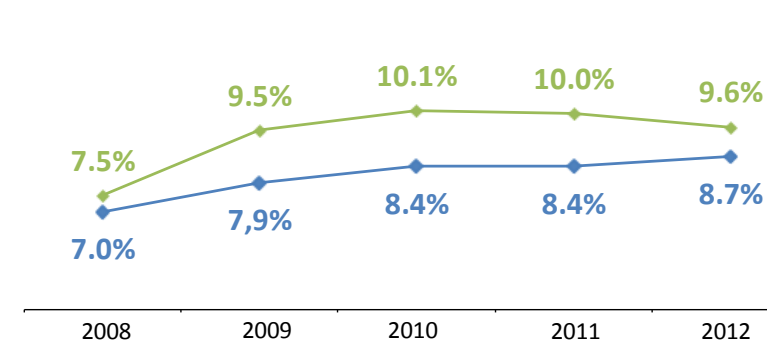
### GDP growth (%)<sup>1</sup>

— Belgium — Euro area



### Unemployment rate (%)<sup>2</sup>

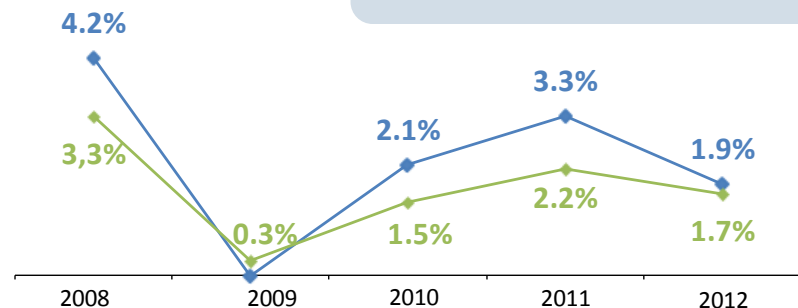
— Belgium — Euro area



### Inflation (%)<sup>3</sup>

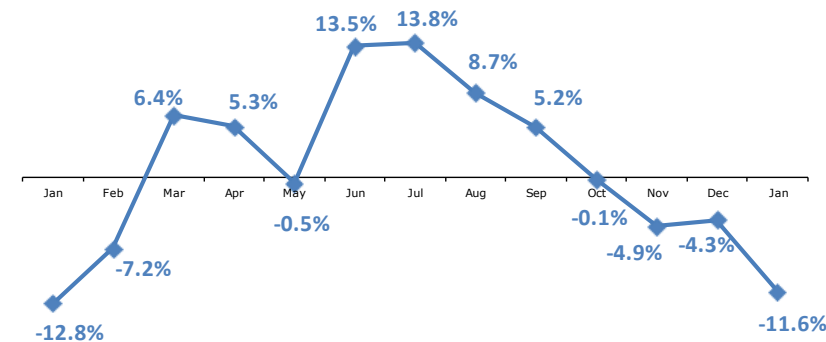
— Belgium — Euro area

Projected inflation driven by  
increasing energy prices



### Bankruptcies in Belgium (%)

Jan 2010 - Jan 2011



Source: European Economic forecasts (Autumn 2010 & interim forecast 2011) & Federal Planning Bureau

<sup>1</sup> GDP – percentage change on preceding year

<sup>2</sup> Number of unemployed as a percentage of total labour force

<sup>3</sup> Index of consumer prices – percentage change on preceding year

# Customer Centricity

*Change Customer Experience*

belgacom

together with

proximus

telindus

## Customer is King: act on 3 layers



Improve operations



Be accessible



Simplify



- Quality of execution
- New expert teams
- Evening installations and repair
- Predictive treatments



- Drastically reduce waiting times
- Call centres open until 10pm for support
- Personalized follow-up
- Confirm appointments
- New support site (EVA)



- Simplify activation costs structure
- 1st reminder for free
- Simplify product portfolio

*Become Belgian operator with **best service***

# Cautionary statement regarding forward-looking statements



“This communication might include some forward-looking statements, without limitation, regarding Belgacom’s financial or operational results, certain strategic plans or objectives, macro-economic trends, regulation, future market conditions and other risk factors. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside Belgacom’s control. Therefore the actual future results may differ materially from those expressed in or implied by the statements.

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

Belgacom disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.”

For further information:

Belgacom Investor Relations  
e-mail: [investor.relations@belgacom.be](mailto:investor.relations@belgacom.be)  
Tel: +32 2 202 82 41

<http://www.belgacom.com>