

Belgacom executing on its strategy

Morgan Stanley TMT Conference

Barcelona, 19 November 2008

Didier Bellens, CEO

belgacom

Convergence is key for long term success

Today, convergence is becoming reality;

- leveraging our nation-wide fixed & mobile network;
- putting Belgacom in unique position to offer flexible end-to-end telecom and IT solutions;
- and move consumers from single to multi-play offers through converged packages

One convergence strategy for two customer business units....

Strategy Consumer Business Unit

- Be the preferred and easy to deal with communication and entertainment provider;
- translating cutting-edge technologies into reliable and personalized solutions,
- enabling customers to manage and enjoy their life on demand
- at any place, any time, on any device

Focus on 3 strategic objectives:

Retain

- Address end-to-end customer experience
- Excel at growing and retaining our **valuable customers**

Grow

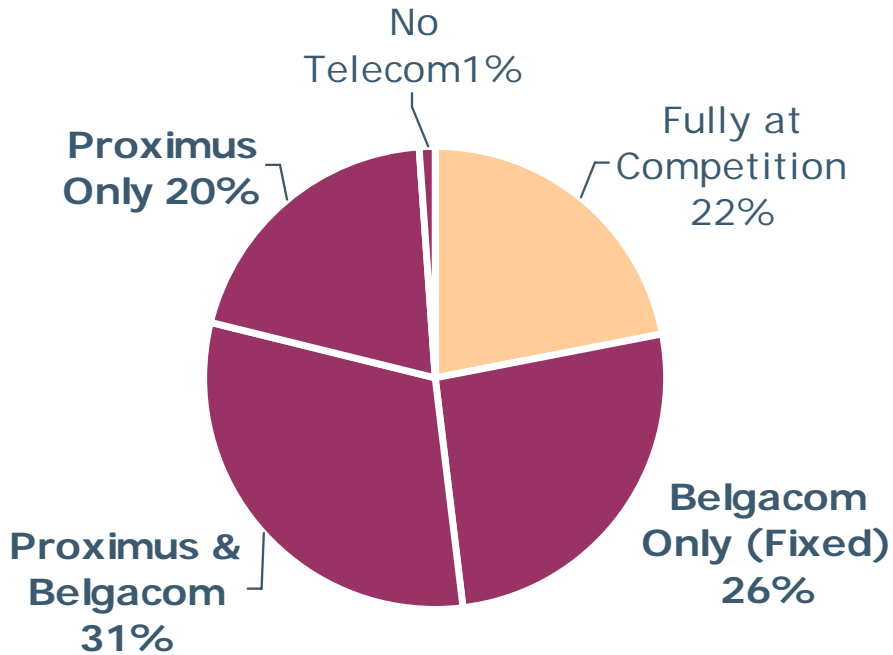
Increase **cross-selling**, with bundling of products supported by **adapted multi-channel distribution** management

Innovate

Deploy **innovative, convergent products and services**

CBU focus on multiplay

*Belgacom proposes 6-play offer nationwide
voice, internet and TV on both mobile and fixed networks*



- CBU holds a relationship with ~80% of the Belgian households
- More than 50% of CBU customers are single play (fix or mobile), creating a large opportunity for cross-selling

Strategy of Enterprise Business Unit

- aim to be the leading network centric ICT partner;
- offering end-to-end managed solutions,
- and to be a reference in its European footprint

Focus on 3 strategic objectives:

Retain

- Superior servicing
- Proximity & Sales coverage

Grow

- Cross & upselling to leverage strong market position
- Grow mobile data through focus and a mobilized value proposition
- Disciplined international approach

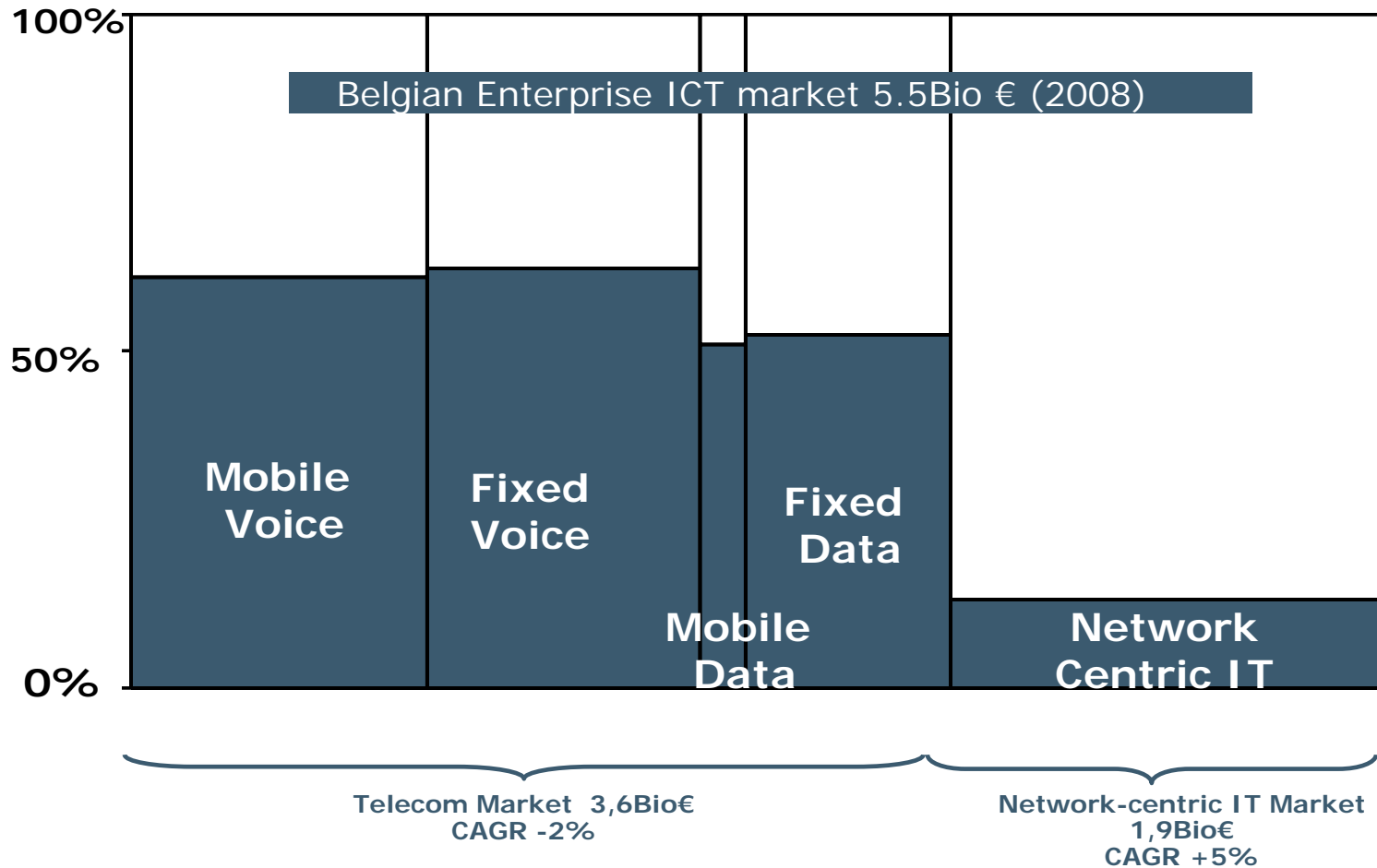
Transform

- New ICT value proposition towards network-centric ICT and more industrialised ICT solutions

**SME
&
Corporate**

EBU in Belgian ICT market

Belgacom has a strong position in declining domestic telecom market & takes position to capture growth in network-centric ICT



Source chart: Gartner and Belgacom analysis

EBU in international ICT market

The ICT domain has shown not to be immune to the economic slowdown with sales projects being reduced and decision processes taking longer. To support a profitable business, Belgacom EBU will focus on its core countries.

- ICT revenue pressure mainly in non-core countries
- To strengthen its ICT position, **EBU narrows its scope and focus on core ICT products & services** and limits its international presence:
 - Focus on 6 core countries: Belgium, the Netherlands, France, Luxembourg, Spain and UK.
 - Exit other countries:
 - Telindus sites divested so far:
Hungary (Q4'07), Thailand (Q1'08), Germany (Q3'08), Hong Kong & China (both in Q4 '08)
 - The remaining countries will be divested over the coming months.

Service Delivery Engine, strategy enabler

Belgacom continues to invests in a future proof network to meet the growing technological needs of customers and this within stable capex ratios

	Rationale	Status ¹
VDSL2 (FTTC)	<ul style="list-style-type: none">Launched end 2003. Increase capacity to answer the need for bandwidthEnable new products (eg TV)	<ul style="list-style-type: none">population coverage of 64%,will increase to 80% mid 2011€ 440m capex spent, total capex of € 600m
Mobile 3G coverage	<ul style="list-style-type: none">Increase wireless in & outdoor coverageIncrease mobile data speed	<ul style="list-style-type: none">Population coverage of 89.9%Total of € 430m capex spentDownload speed up to 7.2 Mbps
MaIP	<ul style="list-style-type: none">substantial operational efficienciesImprove customer experienceEnable true product convergence	<ul style="list-style-type: none">Start phase, capex spent very limitedTotal capex over 2008-2012 estimated at 400m, within normal capex runrate

¹ status of end September 2008

Growth through in-market acquisitions

In addition to investing in organic growth, Belgacom also seeks to grow through attractive in-market deals

Acquisitions in 2008:

- Mobile-for
 - Company specialized in mobile payments for parking services

- Scarlet
 - enter new market segment, “no frills”, under Scarlet brand
 - complement own offer of fixed & mobile voice, internet & data services
 - to residential and business customers
 - closing of deal expected for end November 2008

Disciplined stance on international M&A

Belgacom continues to monitor growth opportunities outside of Belgium but holds on to its disciplined stance

- A deal should
 - fit Belgacom's strategic rational
 - be realizable
 - create shareholder value
 - answer strict financial criteria and synergy analysis

- "Tango" as strategic fit:
 - In June, Belgacom announced the acquisition of Tele2 Luxembourg, operating under its brand "Tango"
 - Second mobile player in Luxembourg
 - Footprint extention in neighboring country
 - Leveraging Telindus' presence

International Carrier Services strategy

Be the Hub and Service enabler of choice for Telecom providers worldwide

Focus on 3 strategic objectives:

- **Increase the value from organic growth**
- **Continue to be active in the International Carrier market consolidation**
- **Move up the mobile value chain**

Morgan Stanley TMT Conference

Barcelona, 19 November 2008

Didier Bellens, CEO