

Annual results 2008

6 March 2009

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Highlights 2008

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Group financial highlights

	2007	2008	var.
Key group financials			
<i>(in EUR million)</i>			
Revenue before non recurring items	6,065	5,978	-1.4%
Revenue	6,065	5,986	-1.3%
EBITDA before non recurring items	2,077	1,990	-4.2%
EBITDA	2,031	1,905	-6.2%
EBITDA margin*	34.2%	33.3%	-2.8%
EBIT	1,256	1,161	-7.6%
Net Income	958	800	-16.5%
EPS (in EUR)	2.87	2.45	-14.5%
Capex	-625	-764	22.2%
FCF	1,210	409	-66.2%
Net debt	-1,167	-1,835	57.2%

* Before non-recurring items

	Guided	Reported
Guidance 2008		
Group Revenue	decline around 2%	-1.4%
Group EBITDA margin	between 33%-34%	33.3%
Group Capex as % of Group Revenue	around 11%	11%
Belgacom TV net adds	>166,000	201,000

<i>(in million EUR)</i>	CBU	EBU	SDE	S&S	ICS	Inter- sgmt	Group
Total YoY revenue variance	22	-79	-101	-15	66	19	-87
Roaming regulation impact	-18	-36	-18				-73
MTR regulation impact	-23	-14	-2			9	-30
Decrease of Fixed to Mobile tariffs	-13	-22					-35
One time gains				-15			-15
National transit traffic decrease			-34			22	-13
Remaining variance	77	-6	-47	0	66	-11	79

- **FY guidance met on all key metrics:**
 - Group revenue -1.4% YoY
 - EBITDA margin of 33.3%
 - Capex excl. foot broadcasting rights at 11% of Group revenue
- **Group revenue includes:**
 - Regulation impact of € -138m
 - Contribution of Scarlet and Tango for €52m
 - Revenue loss due to divestments
- **Non-recurring costs for €93m:**
 - €53m provision for restructuring programs and external mobility
 - €34m for divestment program Telindus international
 - €6m for the disposal of Win SA
- **Strong financial position:**
 - Net debt of 0.9 times EBITDA
 - Limited debt maturing in 2009 (300m in Q409)
 - Sound free cash-flow generation

Group operational highlights

	2007	2008	var.
Key group operational			
<i>in '000</i>			
Voice Access Lines*	3,906	3,710	-196
Mobile Active customers	4,620	4,916	296
Broadband lines	1,237	1,345	108
TV subscribers	305	506	201
Packs	153	302	149
<i>in %</i>			
Mobile penetration	100.3%	106.3%	+6.0pp
Mobile value MS	50.1%	49.0%	-1.1pp
Mobile churn	15.7%	17.3%	+1.6pp
FTE	17,833	17,371	-462

*including VoIP

Solid operational results:

- **2008 successful year for Belgacom TV:** +201,000 customers, exceeding customer growth of last year. Strong Q408: +63,000 net adds, brings TV customer base to 506,000 by end 2008
- **296,000 Mobile customers added** in 2008, including 237,000 postpaid customers. Strong Q408 with +96,000 mobile customers
- **Broadband customer growth: +108,000**, total customer base end 2008 of 1,345,000
- **Voice access line loss** stabilized due to VoIP offer
- Continued **success of converged product packs:** 149,000 sold in 2008, total of 302,000 end 2008
- **Strong volume growth in International Carrier Services** translated in full-year revenue growth of 8.9% with margin at 7.9%

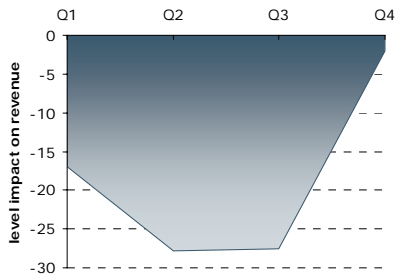
Regulation: Impact & Tariffs

2008 regulation impact:

- Revenue: € -138m
- EBITDA: € -81m

This includes regulation of Voice Roaming rates, MTR and flow through to F2M tariffs.

Voice roaming impact decreased significantly in Q408:



Estimated impact regulation on 2009 result:

- Revenue: € -83m
- EBITDA: € -57m

This includes regulation of: Voice, SMS & Data Roaming, MTR & flow through to F2M tariffs, Wholesale leased lines (Brotsoll), new transport tariffs for bitstream access

■ MTR rates excl VAT and inflation as set by the BIPT on 29/04/08

€ct	1 Nov '06	1 May '07	1 Feb '08	1 May '08	1 Jul '08
Proximus	10.13	8.09	8.02	7.48	6.56
Mobistar	12.75	10.16	8.84	9.38	8.21
Base	15.81	12.76	10.36	11.82	10.41
% Change					
Proximus	-20.0%	-20.1%	-0.9%	-6.7%	-12.3%
Mobistar	-20.2%	-20.3%	-13.0%	+6.1%	-12.5%
Base	-19.3%	-19.3%	-18.8%	+14.1%	-11.9%
Asymmetry					
Mobistar - Px	26%	26%	10%	25%	25%
Base - Px	56%	58%	29%	58%	59%

- Impact of € -65m on 2008 (decrease MTR + lowered F2M rates)
- Fixed-to-mobile tariffs lowered on: 1 May 2007, 1 April 2008, 1 July 2008
- Regulator has intention to notify new price level for 2010-2012 by end 2009

■ Roaming: Maximum voice charges in EU

€ct	Retail Outgoing	Retail Incoming	Wholesale
<i>Before regulation*</i>	<i>95 cents</i>	<i>43 cents</i>	<i>56 cents RI / 44 cents RO**</i>
End Aug/End Sep 2007	49 cents	24 cents	30 cents
End Aug 2008	46 cents	22 cents	28 cents
Begin July 2009	43 cents	19 cents	26 cents

*Indicative: Belgacom prices before regulation are average prices

** traffic invoiced by Belgacom / Traffic invoiced by foreign operator

- Lowered roaming rates reduced 2008 revenue by € -73m
- Mid 2009, regulation for SMS and Wholesale data roaming expected

2009 guidance

2009 is expected to be a challenging year with besides sharp competition and regulatory pressure an unfavorable economic climate of which the level of impact is difficult to predict.

So far, the Consumer Business Unit experienced no significant impact from the slowing economy while the Enterprise Business Unit noticed some early commercial indications.

At this point, Belgacom's best estimate for full-year 2009 is:

- Full year Group revenue decline of about -1%
- EBITDA margin between 32%-33%
- Capex levels will be managed between 10-11% of Group revenue

Shareholder return

On 5 March 2009, the Belgacom Board of Directors decided to propose to the Annual Shareholder Meeting of 8 April 2009 an **ordinary dividend of EUR 1.68 per share** (or a total amount of EUR 544 million) on top of the EUR 0.50 interim dividend paid in December 2008.

Consumer Business Unit

(CBU)

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CBU - Highlights

Financial performance

YoY CBU revenue increased 1.0% to EUR 2,253m, EBITDA declined 0.5%

- Total regulation impact for 2008 of € 55m. Excl. regulation revenue increased 3.4%
- Impact Voice roaming regulation limited as of Q4'08
- Growth in TV and data revenue and the acquisition of Tango and Scarlet fully offset regulation impact

Business performance

Solid set of 2008 operational results:

- +195k new mobile customers in 2008, including 136k postpaid customers. Strong growth in Q4 with +72k resulting from successful year-end promotion
- Strong Q4'08 for Belgacom TV with +63k net adds. End 2008, total TV customer base of 506k users with an ARPU of €17.2
- +26k new broadband customers in Q4'08 leading to a total of +85k new broadband customers for 2008, an improvement compared to the 77k net adds in 2007
- As from H2'08, deceleration in fixed line loss due to the growing number of VoIP lines. End 2008, net line loss amounted to -162k versus -170k in 2007

CBU - Subsidiaries

Belgacom further strengthened its position through non-organic growth

- Via **Tango**, the second mobile market player in Luxembourg, Belgacom will on the one hand maintain the residential mobile offer and on the other hand further penetrate the corporate segment by leveraging Telindus' presence.
- Via **Scarlet**, a no frills provider of fixed and mobile services, Belgacom will penetrate a new market segment and reinforce its multiplay offering in Belgium.

Impact on CBU 2008 result:

- **Financial** results consolidated within CBU: Tango as of August ; Scarlet as of December
 - Total revenue contribution: €52m
 - Total cost contribution: €34m
 - Total EBITDA contribution: €18m
- CBU **operational** results do not include the customers from Scarlet and Tango

CBU - Summary operational & financial result

Operational result*	2007	2008	Var.
Net adds ('000)	268	319	51
<i>Fixed Voice Access lines</i>	-170	-162	8
<i>Mobile active customers</i>	195	195	0
<i>Broadband Lines</i>	77	85	8
<i>TV Subscribers</i>	166	201	35
ARPU (EUR/month)			
<i>Fixed Voice</i>	22.0	21.6	-1.7%
<i>Blended net ARPU - Mobile</i>	25.2	23.0	-9.0%
<i>ARPU broadband - Fixed</i>	30.6	30.0	-1.7%
<i>Belgacom TV</i>	16.1	17.2	7.0%

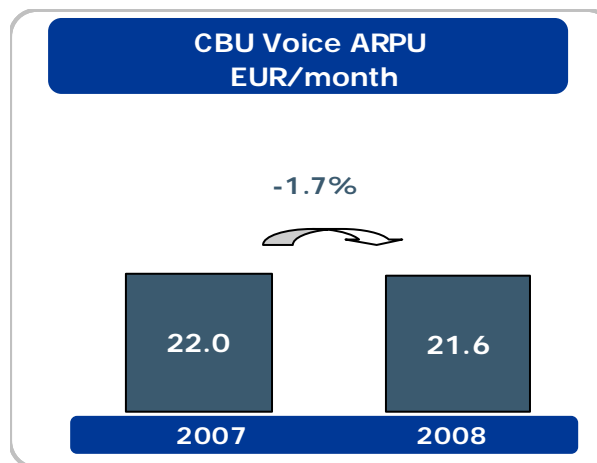
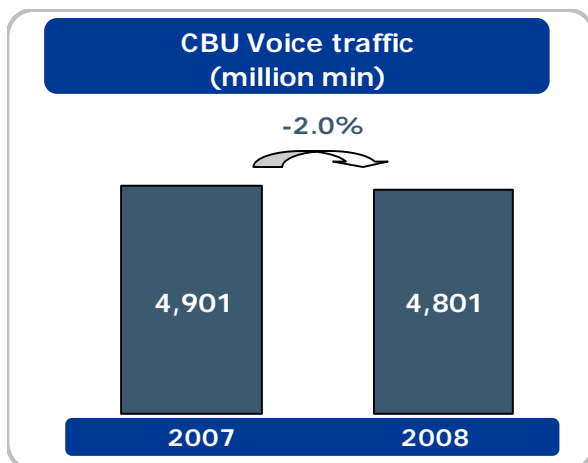
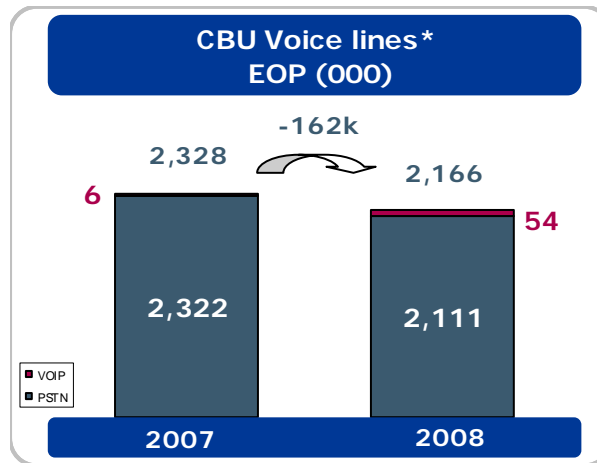
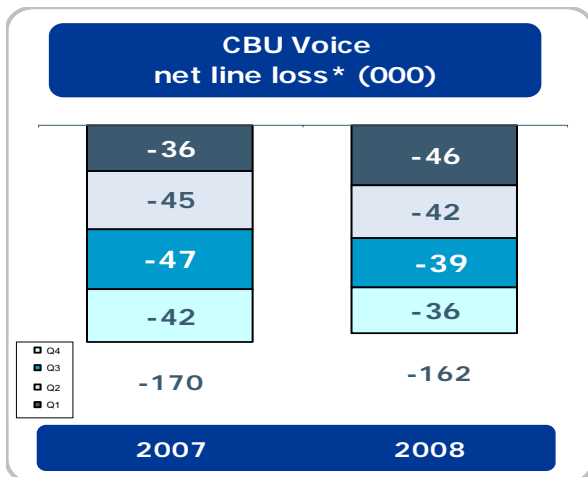
Financial result	2007	2008	Var.
Total Revenue (in million €)	2,231	2,253	1.0%
<i>Costs of materials/charges to revenue</i>	-540	-553	2.4%
<i>Personnel expenses and pensions</i>	-316	-325	2.8%
<i>Other operating expenses</i>	-277	-282	2.0%
Total OPEX	-1,133	-1,160	2.4%
Total result CBU (in million €)	1,098	1,093	-0.5%
<i>Segment contribution margin</i>	49.2%	48.5%	

*TANGO & Scarlet operationals are not included

Slide 12

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CBU - Voice - Fixed

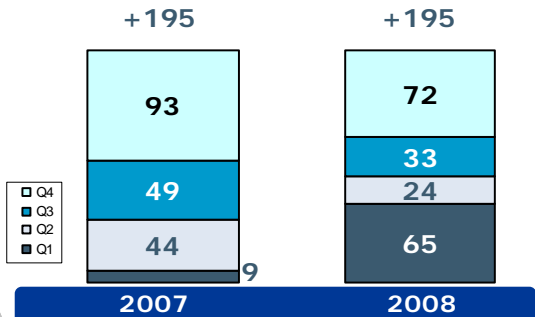


- Decelerating **voice net line loss** due to the growing number of VoIP lines (+49k in 2008)
- **Fixed Voice ARPU** -1.7% due to regulation impact (lower fixed-to-mobile tariffs) and flat rate plans. **ARPU Q4'08** increased to €22.2 due to price indexations of July and October
- **Voice Traffic** decline of 2% due to access line loss

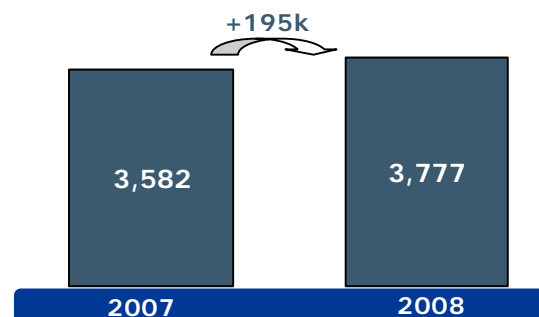
* Including VoIP lines

CBU - Voice – Mobile

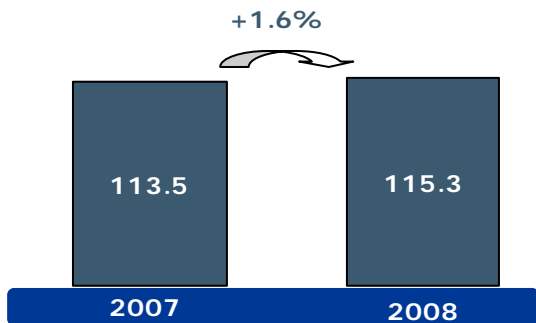
CBU mobile customer Growth (000)



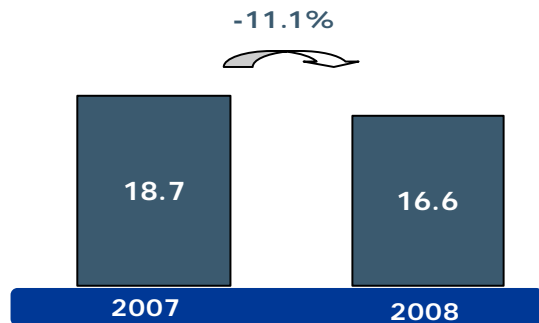
CBU mobile customers EOP (000)



CBU mobile MOU min/month



CBU Blended net voice ARPU EUR/month



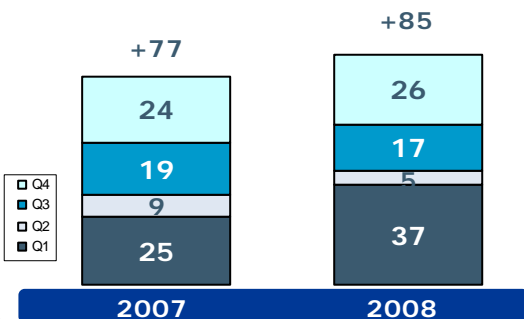
- YoY CBU added 195k **mobile customers** of which 72k in Q408. Total customer base* end 2008 at 3,777k, incl 111k MVNO customers.
- YoY **retail** churn** increased from 17.7% to 19.5% as a result of the multi-card effect
- Mobile Voice ARPU** evolved from € 18.7 to € 16.6 due to regulation impacts & migration to pricing plans with free SMS/MOU
Excluding regulation the ARPU declined 6.2%
- MoU** increased 1.6% as a result of the free minutes included in customers pricing offer.

* Excluding Tango customers
**excluding MVNO activities

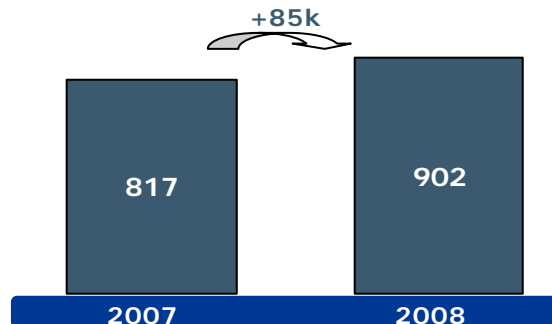
CBU - Data - Fixed

- CBU added **85k new broadband customers in 2008**, an improvement compared to the 77k of 2007
 - In Q408 CBU added 26k new broadband customers
 - End 2008, the total customer base* reached a level of 902k broadband customers
- Year-end promotions mainly on “TV+Internet” pack contributed to the strong customer growth
- YoY the **broadband ARPU** decreased 1.7% to €30.0 driven by packs including internet

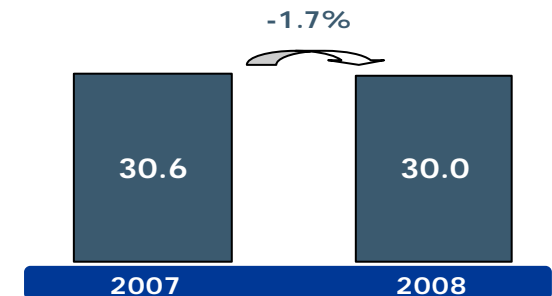
CBU Broadband Growth (000)



CBU Broadband lines EOP (000)



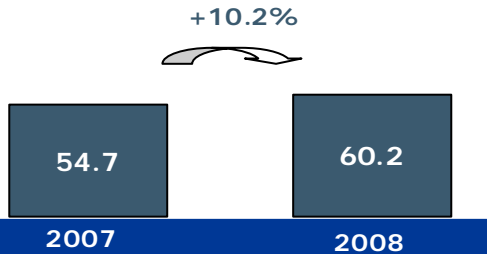
CBU Broadband ARPU EUR/month



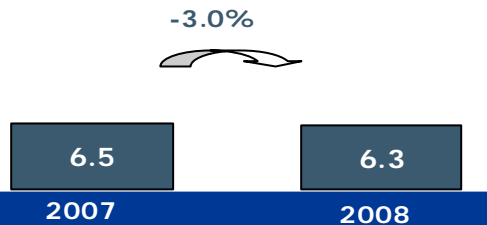
* Excluding Scarlet customers

CBU - Data - Mobile

CBU Normalized SMS* units/month



CBU Blended net data ARPU EUR/month



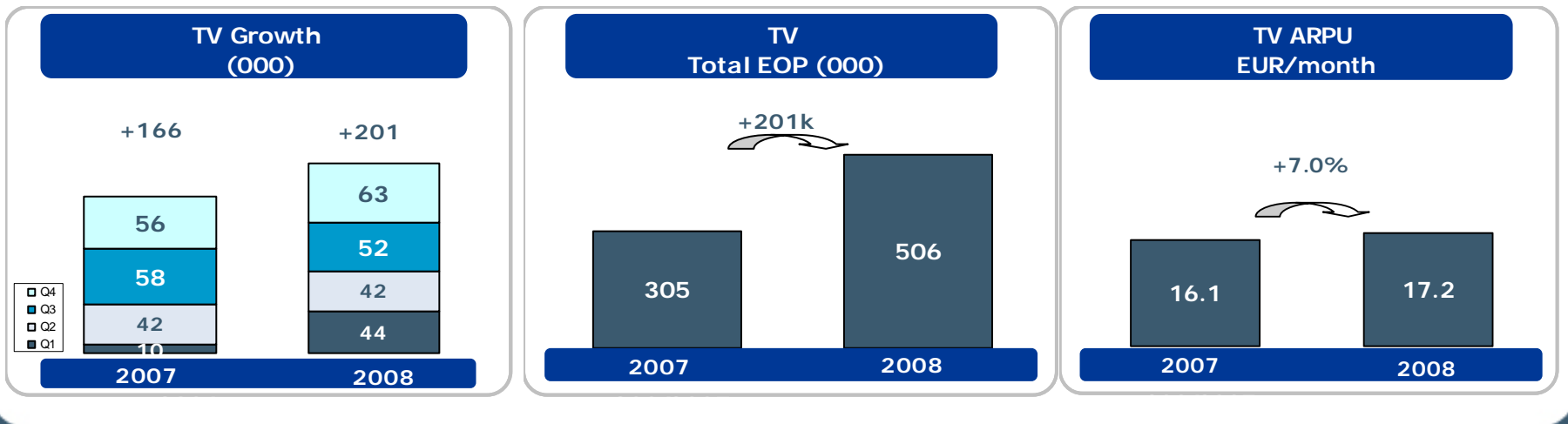
- **Monthly SMS/user** increased by 33% from 83.7 SMS to 111.4 SMS mainly driven by free SMS as part of the customers pricing offer. Excluding free SMS, SMS traffic still grows 10.2%
- **Data revenue including advanced data** – after credits and discounts – increased 2.7% yoy.
- **Mobile Data ARPU**** slight decline driven by the higher proportion of free SMS offered in the customers pricing plans.

	2007	2008	Variance
Mobile DATA revenue	270	277	2.7%
Data - SMS	203	210	3.5%
Advanced data	67	67	0.3%
% in Mobile Data revenue			
Data SMS	75%	76%	
Advanced data	25%	24%	

* Normalized SMS/per month per user: SMS excluding free usage
 **blended postpaid/prepaid and including credits & discounts Slide 16

CBU - Belgacom TV

- **2008 target exceeded: 201k new TV users added vs. 166k in 2007**
 - Peak in Q408 of +63k net adds due to success of year-end promotion on “TV+Internet” pack
 - YoY net adds increased by +201k leading to a total customer base of 506k users end 2008, including 65k 2nd stream users.
- **TV ARPU continues to grow:**
 - YoY +7.0% to € 17.2 driven by the success of on demand services & lower impact of promotions on increasing TV revenue base



CBU - revenue

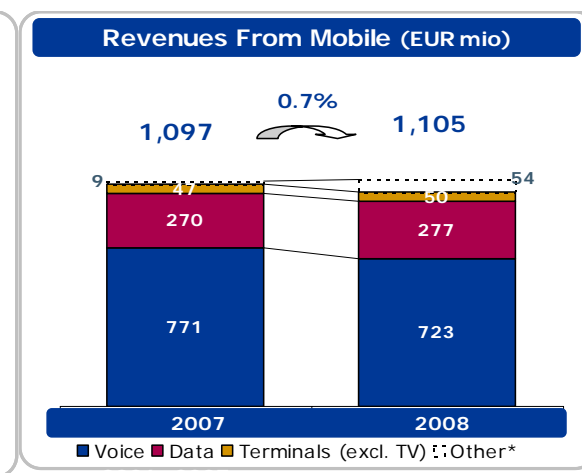
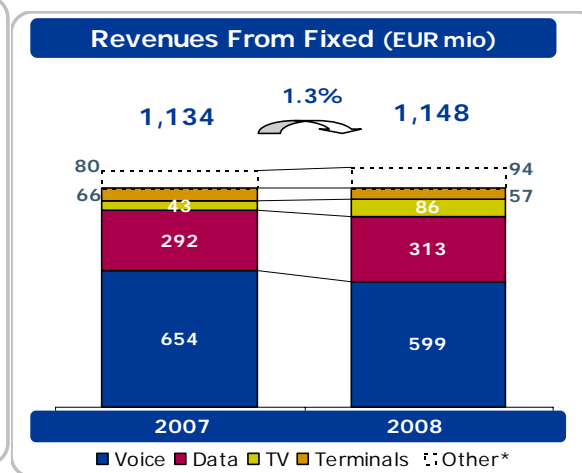
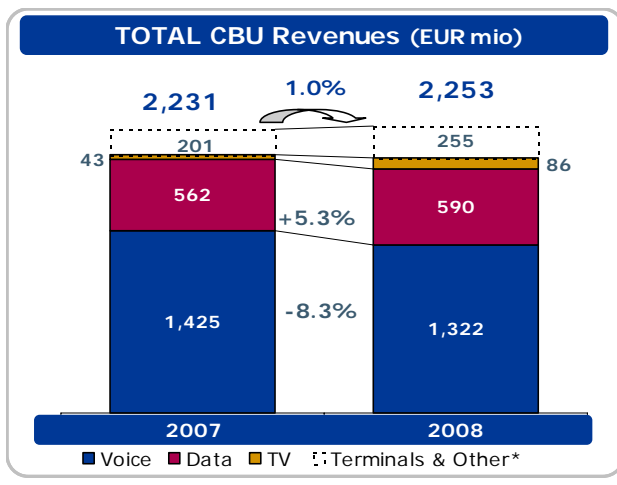
Total revenue increased 1.0% driven by growth in TV & data revenue and contribution of acquisitions. Excluding negative impact of regulation, CBU revenue increased 3.4%

- **Revenue from fixed +1.3% YoY**

- Growth in TV and Data revenues more than offsets the decline in voice revenue
- Other revenues increased 18% yoy mainly due to the consolidation of Scarlet as from December 2008
- Excluding regulation CBU revenues from fixed increased 2.4%

- **Revenue from mobile +0.7% YoY**

- Revenues negatively impacted by regulation (€-42m). In Q4 impact roaming regulation neglectible.
- Excluding regulation, CBU revenues from mobile increased 4.5% YoY
- Positive evolution of Other revenues driven by consolidation of Tango results as from Augustus 2008

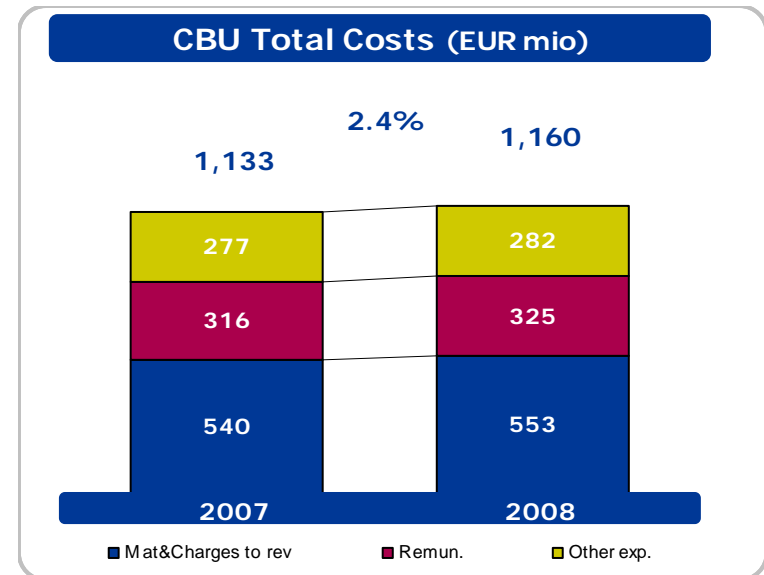


* Tango revenues are reported as 'Other Revenues'.

CBU - costs

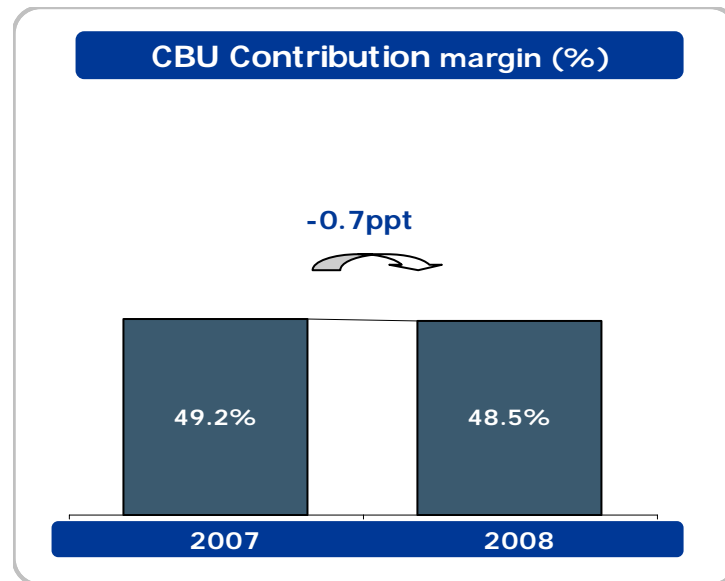
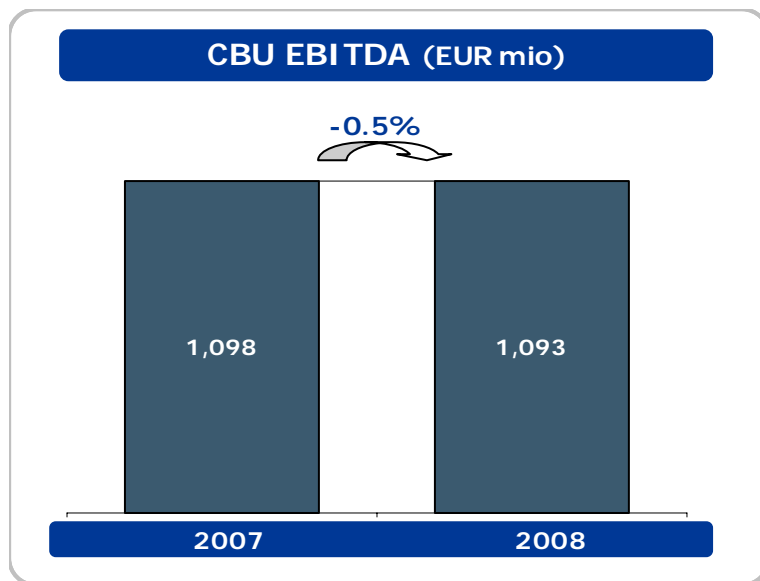
Overall cost increase of 2.4% driven by the € 34m cost contribution of Tango and Scarlet

- **Costs of materials & charges to revenue** increase 2.4% yoy due to the cost contribution of Tango & Scarlet, partly compensated by lower Roaming charges
- YoY **Personnel expenses** increased 2.8% driven by Tango & Scarlet FTE's while wage indexation was partly offset by lower Belgacom headcount
- **Other operating expenses increased 2%.** Excluding Tango & Scarlet, decrease of 1.4% due to continued cost management



CBU - EBITDA & Contribution margin

- **CBU EBITDA** declined 0.5% to €1,093m as the increase in operating expenses fully offsets the increase in revenue.
For 2008, Tango and Scarlet contributed €18m to the CBU EBITDA.
- **CBU Contribution margin** declined 0.7 ppt to 48.5%
 - Q408 contribution margin at a level of 43.6%
 - Q4 margin is traditionally low due to year-end promotion & now also influenced by Scarlet & Tango



Enterprise Business Unit (EBU)

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EBU - Highlights

Financial performance

- YoY EBU revenue decreased 2.8% to €2,696m, EBITDA -1.9%
- €-73m regulation impact on 2008 revenue. Excluding regulation, revenue -0.2%, including divestment program and sale of Satellite services
- Contribution margin slightly up to 47%
- Advanced mobile data + 33% revenue YoY

Business performance

- Execution on Convergence strategy:
 - ~ 25,000 Explore sites connected end 2008
 - ~ 66,000 SMEs on Fusion offer
- Initiatives taken to further strengthen EBU position:
 - new segment organisation: SME – Corporate –International
 - ICT focus on Belgium & 5 core countries – divestment program completed
 - scope narrowed to core ICT products
- Datacenter solutions growing business.
 - Surface of ~15,000m².
 - Awarded with ISO 27001 certificate
- EBU takes part in growing Mobile payment business: SMS ticketing & SMS parking
- Q408 shows strong pipeline and important contract deals were closed

EBU – some 2008 success stories

- Belgacom-EPT Luxemburg was granted multi-year contract by **European Institutions** for national and international voice traffic (€55m over 7 years)
- New **international ROC** ready to support Unified Communications solutions with advanced managed services
- **Flemish government** contract for ICT services granted to EDS-Belgacom. Belgacom responsible for network, intervention services and security
- Belgacom confirmed its role as **hosting partner for important media events** like the 'tour de france', 'olympic games' and local events like 'music for life'
- Belgacom and Aeroscout integrate revolutionary application for management of medical equipment, temperature monitoring and personnel protection at **Jan Yperman hospital**. Belgacom responsible for LAN and Wifi network
- Important retail chain integrating electronic payment services to ATOS worldline in a fully secured way on top of its Explore network
- Cross-border offering successfully launched: **AS Adventure** decides for Belgacom Explore International including a Unified Communication solution
- First contracts of fully managed **LAN solutions signed with SME customers**

EBU - Summary operational & financial result

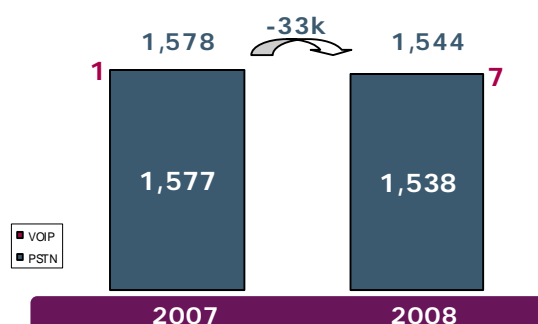
Operational result	2007	2008	Var.
Net adds ('000)			
<i>Fixed Voice Access lines</i>	-35	-33	2
<i>Mobile active customers</i>	114	101	-13
<i>Broadband Lines</i>	32	22	-10
ARPU (EUR/month)			
<i>Fixed Voice</i>	33.6	31.7	-5.6%
<i>Mobile net ARPU</i>	67.9	60.0	-11.6%
<i>ARPU broadband - Fixed</i>	42.2	40.6	-3.8%
Financial result			
	2007	2008	Var.
Total Revenue (in million €)	2,775	2,696	-2.8%
<i>Costs of materials/charges to revenue</i>	-916	-844	-7.8%
<i>Personnel expenses and pensions</i>	-407	-408	0.1%
<i>Other operating expenses</i>	-161	-178	10.8%
Total OPEX	-1,484	-1,430	-3.6%
Total result EBU (in million €)	1,291	1,266	-1.9%
<i>Segment contribution margin</i>	46.5%	47.0%	

EBU - Voice - Fixed

EBU Voice
net line loss* (000)



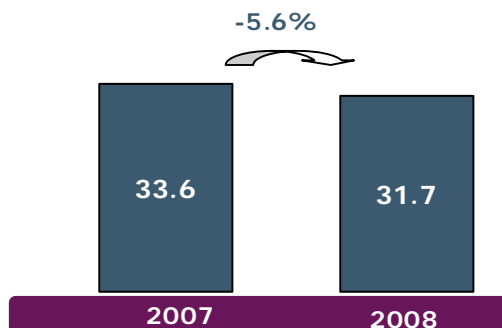
EBU Voice lines*
EOP (000)



EBU Voice traffic
(million min)

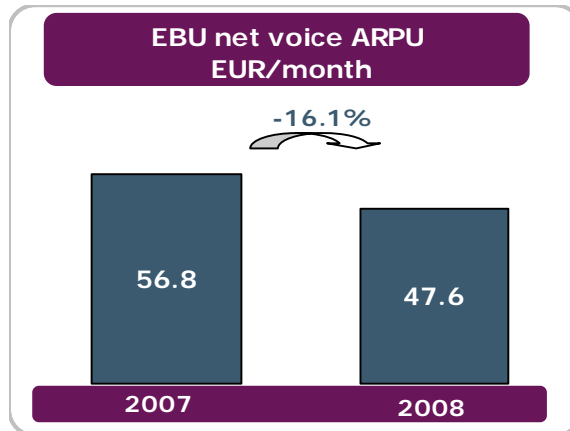
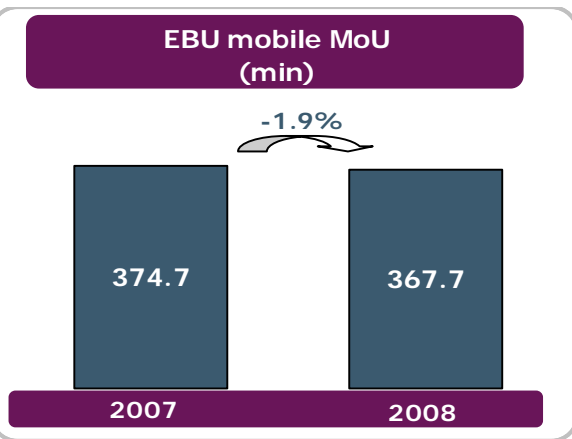
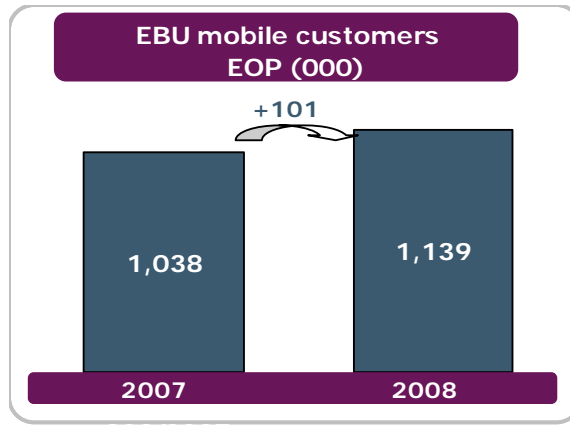
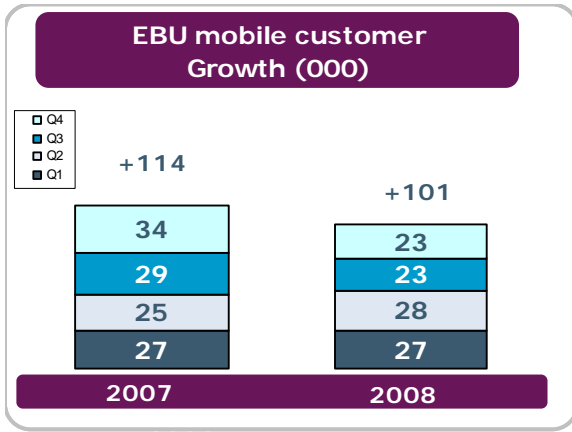


EBU Voice ARPU
EUR/month



- **Voice net line loss** slowing YoY due to growth VoIP lines (+6k in 2008)
- **Fixed Voice Traffic** decline due to line loss and traditional voice partly replaced by other communication means such as e-mail & SMS
- **Fixed Voice ARPU** decrease of 5.6% due to lower Fixed-to-Mobile tariffs, decline traditional voice usage and move to more advantageous pricing plans

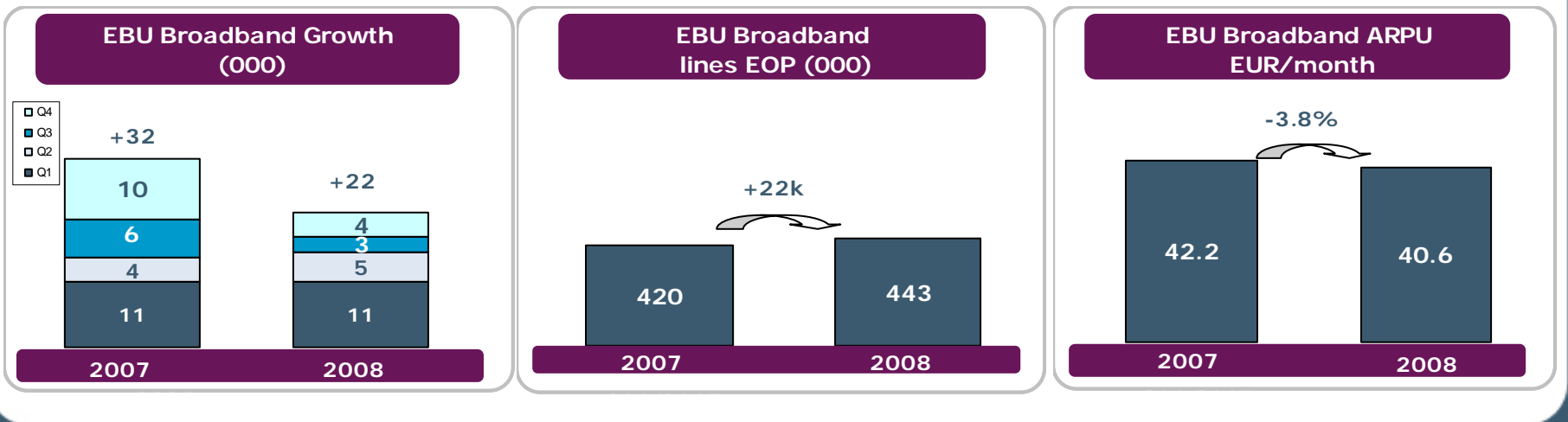
EBU - Voice - Mobile



- EBU added 101k **mobile customers** of which 23k in Q408. Total customer base of 1,139,000 end of 2008
- Net Voice ARPU** declined 16.1% incl. regulation impact. Without regulation, ARPU - 9.4% YoY due to migration pricing plans and SMS substitution (MoU -1.9% YoY)
- Competition drives **churn** from 8.9% in 2007 to 10.1%

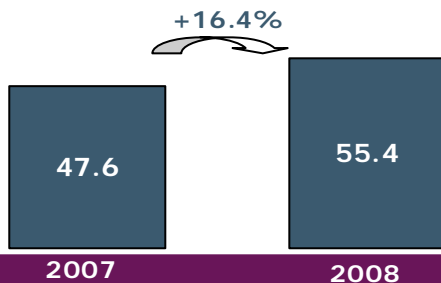
EBU - Data - Fixed

- EBU added 22k **broadband customers** leading to total customer base of 443k
- BB customer gain impacted by progressive saturation of the low-end fixed internet market
- **Broadband ARPU** of € 40.6, 3.8% lower than in 2007 driven by extensive promotions and a change in product mix . ARPU declined in Q108 after which it was fairly stable for the remainder of 2008

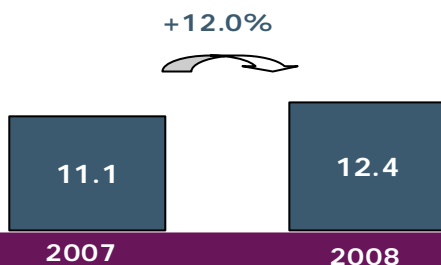


EBU - Data - Mobile

**EBU SMS
(units)**



**EBU net data ARPU
EUR/month**



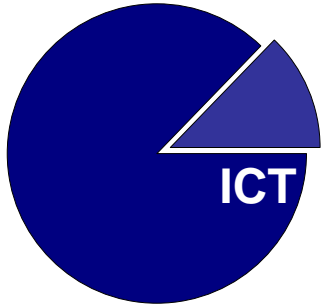
- Increasing number of **SMS** per user is partly driven by free SMS included in price packages. Excluding free SMS the usage is still up by 10.2%
- “**Advanced**” data revenue growing 32.6% due to success of mobile data solutions (mobile internet, Blackberry)
- **Mobile data ARPU** including credits and discounts grows YoY by 12% due to increase in SMS usage and growth of mobile internet

	2007	2008	Variance
Mobile DATA revenue	130	162	25.0%
Data - SMS	51	58	13.2%
Advanced data	79	105	32.6%
% in Mobile Data revenue			
Data SMS	39%	35%	
Advanced data	61%	65%	

* incl. Credits & discounts

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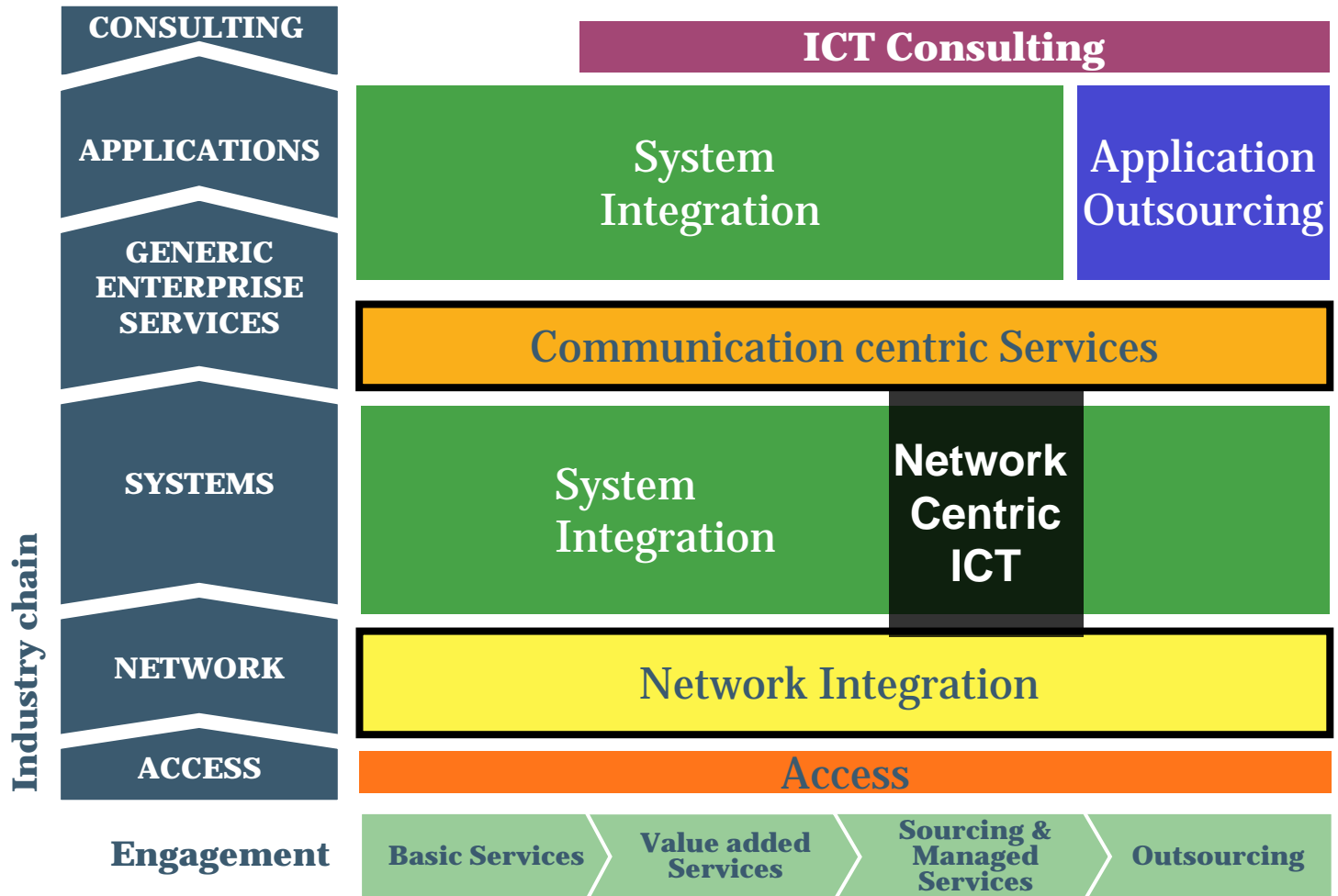
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- With €756m in 2008, **ICT represents 12.6% of Belgacom 2008 Group revenue ; ~ 2% of Group EBITDA** due to lower sector margin
 - **Growth areas:** LAN, Datacenters, IPTTEL, Managed WAN, Security, Outsourcing
 - **Focus on Belgium and 5 core countries:** Netherlands, Luxembourg, Spain, United Kingdom, France
 - **~70% of revenue is international**, mainly in core countries
 - **5 core countries have positive EBITDA contribution** with margin higher than peers.
-
- By end 2008 Telindus branches in all **non-core countries** were **divested** : China, Hong Kong, Germany, Italy, Sweden, Thailand, Switzerland, Hungary with impact on 2008 revenue
 - On a full year basis, the non-core countries generated about €80m revenue, but not contributing to the EBITDA
 - Divestment program involved **losses on disposal** for €34m, included in the non-recurring expense recorded in Q4 2008

EBU – ICT product scope narrowed

Network Centric ICT : communication based end-to-end solutions with a focus on managed services



EBU revenue

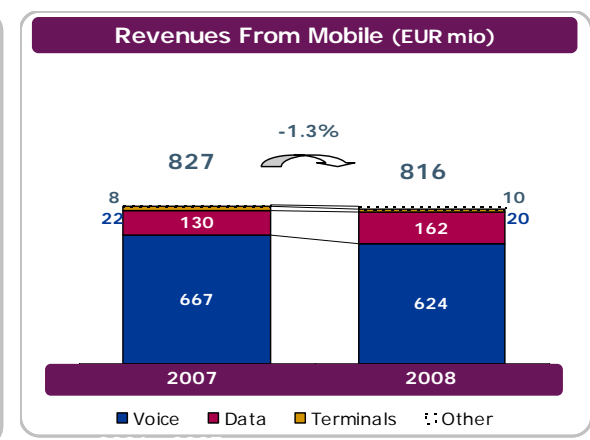
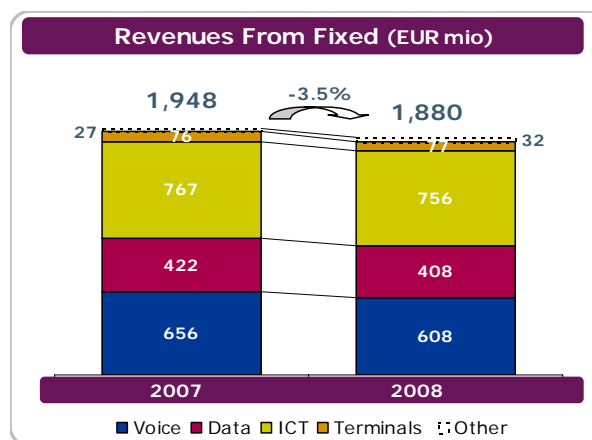
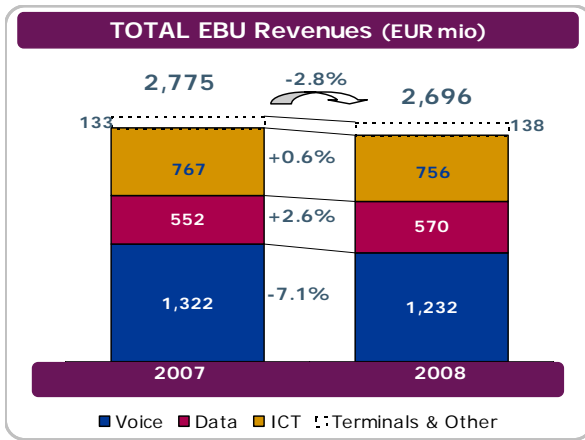
EBU revenue decline of 2.8% mainly due to mobile regulation. Excluding regulation, slight revenue decline of 0.2% YoY.

- **Revenue from fixed -3.5% YoY**

- Impact partly driven by regulation (lower fixed-to-mobile tariffs): € -22m
- Despite slowdown in fixed line loss, this is still important driver of revenue decline
- Data revenue impacted by sale of Satellite services (€ -18m), offsetting growth of internet services and integration services
- ICT revenue negatively impacted by divestment program & USD exchange rate (€ -22m)

- **Revenue from mobile -1.3% YoY**

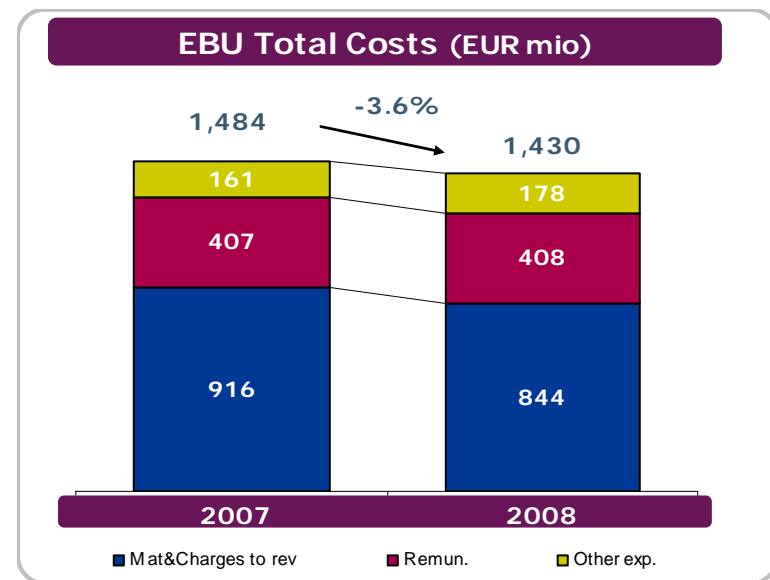
- Impact of Roaming and MTR regulation: € -50m, fully offsetting positive impact from growing mobile customer base
- Excluding regulation, revenue from mobile grows 4.8% YoY mainly driven by Advanced Data



EBU costs

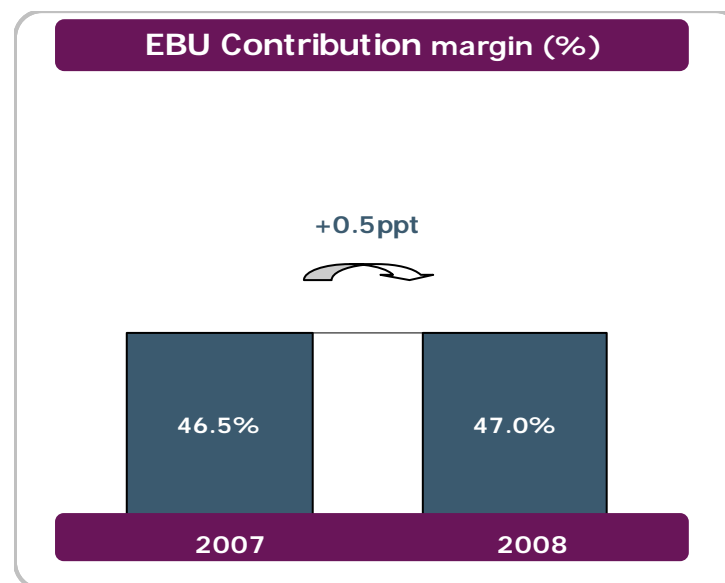
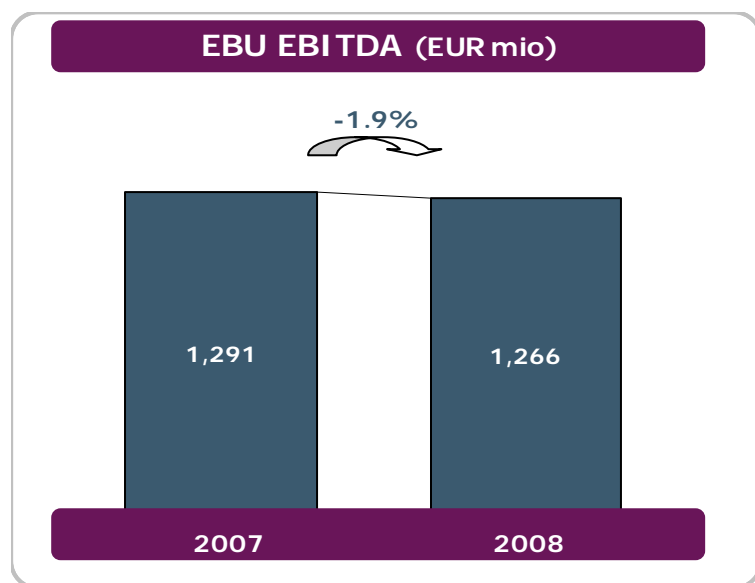
YoY total operating costs decreased 3.6% to €1,430m

- **Cost of materials & charges to revenue** decreased 7.8% YoY due to lower Roaming and MTR charges and sale of Satellite business
- **Flat personnel expenses and pensions.** Headcount reduction (-472 FTE), largely linked to divestments compensated for salary indexations
- **Other operating expenses** increased 10.8% mainly due to one-time cost linked to Telindus International and provisions for legal cases (Q208)



EBU EBITDA & Contribution margin

- **EBITDA*** -1.9% YoY due to revenue impact of regulation
- The **Contribution margin** slightly up to 47%



* Before non-recurring items

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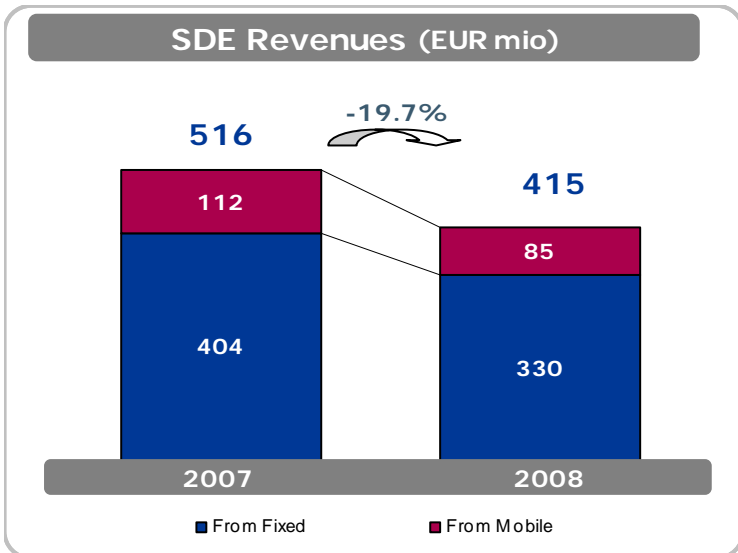
Service Delivery Engine (SDE)

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SDE – Summary financial result – revenue

Summary financial result

<i>in million €</i>	2007	2008	Var.
Total Revenue	516	415	-19.7%
<i>Costs of materials/charges to revenue</i>	-147	-93	-36.9%
<i>Personnel expenses and pensions</i>	-215	-209	-2.6%
<i>Other operating expenses</i>	-166	-179	7.9%
Total OPEX	-529	-482	-8.9%
Total result SDE	-13	-67	-
<i>Segment contribution margin</i>	-2%	-16%	



YoY SDE **revenue** decreased 19.7% or €101m

From fixed (€ -74m):

- Change in routing of Proximus-Base traffic from Transit to direct interconnect (€ -34m, largely eliminated on Group level),
- Lower **interconnect traffic** revenue from Pay services following royal decree (€ -17m)
- Lower revenue from **regulated products** due to cut in broadband prices, migration to lower priced wholesale products & slowdown growth

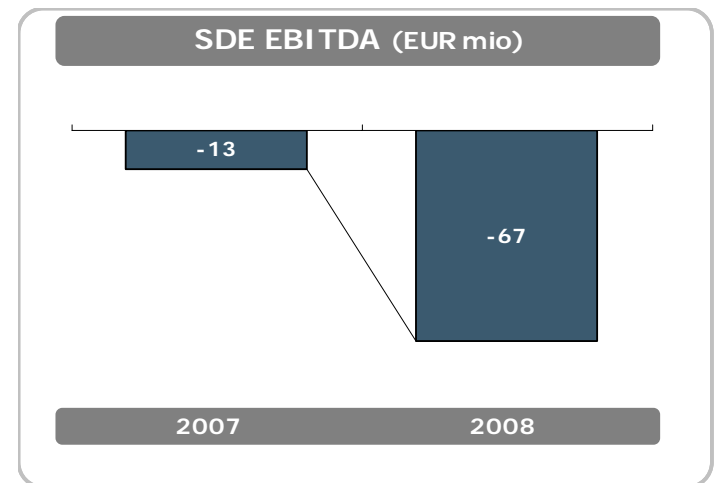
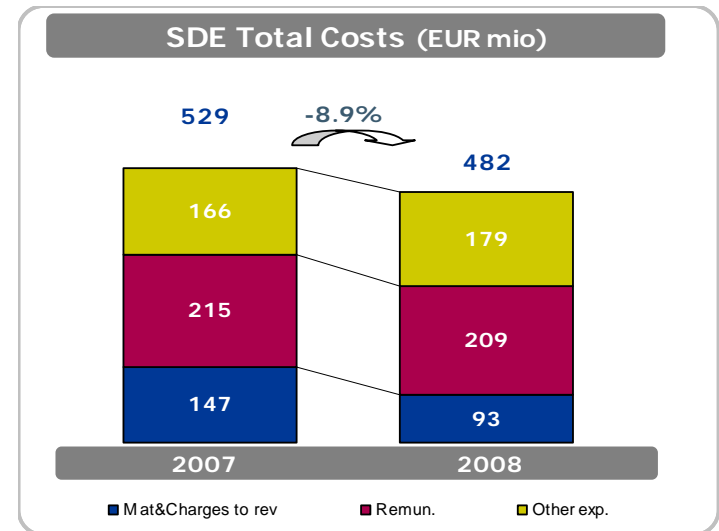
From mobile (€ -27m) :

- EU-regulation on **roaming-in** rates (€ -18m)
- 2007 includes some one-time gains

SDE costs & EBITDA

- **Costs materials & charges to revenue**
-36.9% YoY:
 - decline low margin transit traffic (eliminated at Group level)
 - lower interconnection traffic volumes from pay services
- **Personnel expenses** -2.6% YoY:
 - Lower headcount (-179 FTE) more than offset wage increase due to indexation
- **Other operating expenses** +7.9% YoY:
 - Exceptional credit note in Q107
 - Higher costs related to studies for IT applications & enhancements
 - Higher renting costs leased sites
 - Increase prices electricity ROP powering

Positive cost evolution could not offset revenue decline. SDE EBITDA amounts to €-67m



SDE – Mobile & Fixed Networks

Over 66% VDSL coverage in four years time

- Belgium ranks highly in terms of Broadband penetration: 99.85% of households covered
- Broadway project* accomplishments in 4 years time:
 - 13,337 km of fiber rolled out to the street cabinet
 - 16,193 remote platforms connected
 - population coverage of 66.2% end 2008
- Investments kept at reasonable level: to date € 470m spent incl € 91m in 2008
- Belgacom SDE aims to increase the VDSL2 coverage to 80%
- ADSL & VDSL network creates footprint for Belgacom TV with population coverage of 86.6%

Over 90% 3G-coverage

- Belgacom 1st operator in Belgium to invest in 3G & to upgrade to HSDPA
- Population coverage of 90.2% end 2008
- To date, € 446m capex spent including € 30m in 2008

'Move to all IP' project launched in 2008

- Business transformation project incl full re-engineering of network, IT systems & processes
- € 11m capex spent in 2008

* Roll-out of fibre to the street cabinet & VDSL technology

Staff & Support (S&S)

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S&S - Highlights and summary financials

Highlights

- Decrease in **S&S revenue** of 29.8% to EUR 34m is mainly due to one-time gains realized in 2007.
- YoY decrease of **personnel expenses** to EUR 160m driven by lower headcount which has been partly offset by wage increase due to indexation
- Flat YoY operating expenses

Summary financial result

<i>in million €</i>	2007	2008	Var.
Total Revenue	49	34	-29.8%
<i>Costs of materials/charges to revenue</i>	-4	-3	-22.0%
<i>Personnel expenses and pensions</i>	-162	-160	-1.1%
<i>Other operating expenses</i>	-237	-237	0.1%
Total OPEX	-402	-400	-0.6%
Total result Staff & Support	-354	-366	3.5%
<i>Segment contribution margin</i>	-	-	

International Carrier Services (ICS)

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ICS – Highlights

- **Total ICS Revenue increased 8.9% YoY**
- **Strong growth Voice volumes (+17.3%)** driven by continued growth in mobile segment (Africa & Asia)
However, positive effect on voice revenue partly offset by decrease in mobile termination rates
- **Growth mobile data revenue (+42.2%)** driven by increase in signalling and SMS
- Ebitda margin increases from 7.2% in 2007 to 7.9% in 2008

ICS - Summary operational & financial result

	2007	2008	Var.
Voice volumes (billion of minutes)	13.84	16.23	17.3%
<i>Total to fixed destinations</i>	6.46	6.88	6.6%
<i>Total to mobile destinations</i>	7.38	9.35	26.7%
Total Revenue	746	812	8.9%
<i>Costs of materials/charges to revenue</i>	-634	-685	8.1%
<i>Personnel expenses and pensions</i>	-20	-22	6.5%
<i>Other operating expenses</i>	-38	-41	8.1%
Total OPEX	-692	-748	8.1%
Total result ICS	53	64	19.7%
<i>Segment result margin</i>	7.2%	7.9%	

Operational Overview

Consolidation and outsourcing to increase leadership in carrier market

- Outsourcing projects with MTN Group* and Omantel are successful and generate more volumes & added value than expected
- Investment through Omantel in the deployment of the Europe India Gateway: the first direct, high bandwidth optical-fibre submarine cable system from the United-Kingdom to India, also serving Middle East and Africa.
- Investment in the capacity upgrade of the SAT-3/WASC/SAFE submarine cable & the SMW-3 submarine cable. This will significantly increase BICS ability to reach Africa and Asia, further supporting BICS in providing top class service to its African and Asian customers.

Increase value with organic growth

- Re-engineering project for Service Delivery is on track – new tools and processes to cope with growth and shift to IP
- Further extension of Mobile Data footprint (new sizeable contracts)
- Continuous increase of mobile voice traffic

Move up the mobile value chain

- Product development on track: Roaming hub, Roaming Testing & Quality of Service, Mobile Remittance, Open Connectivity (with GSMA), IPX0

*MTN Group is leading provider of cellular and communications services in Africa

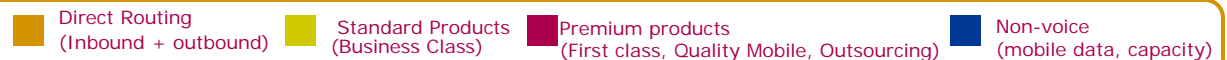
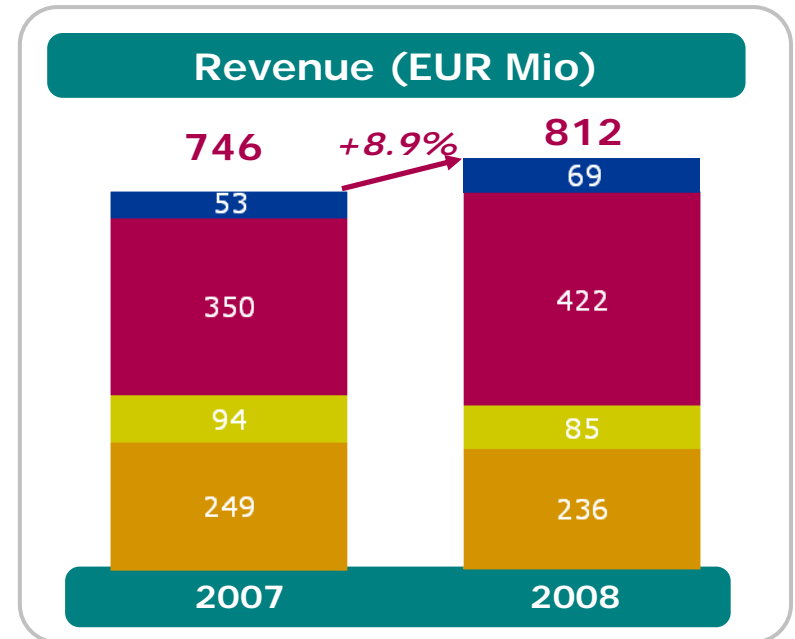
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ICS - Revenue

ICS revenues increased 8.9% yoy to € 812m

- Voice revenue* increase by 7.3% thanks to higher volumes offsetting price declines in Europe (termination rate decreases)
- Shift from Standard Quality to Premium Quality voice products (higher price)
- Growth in Mobile Data products (Signalling & SMS) and capacity



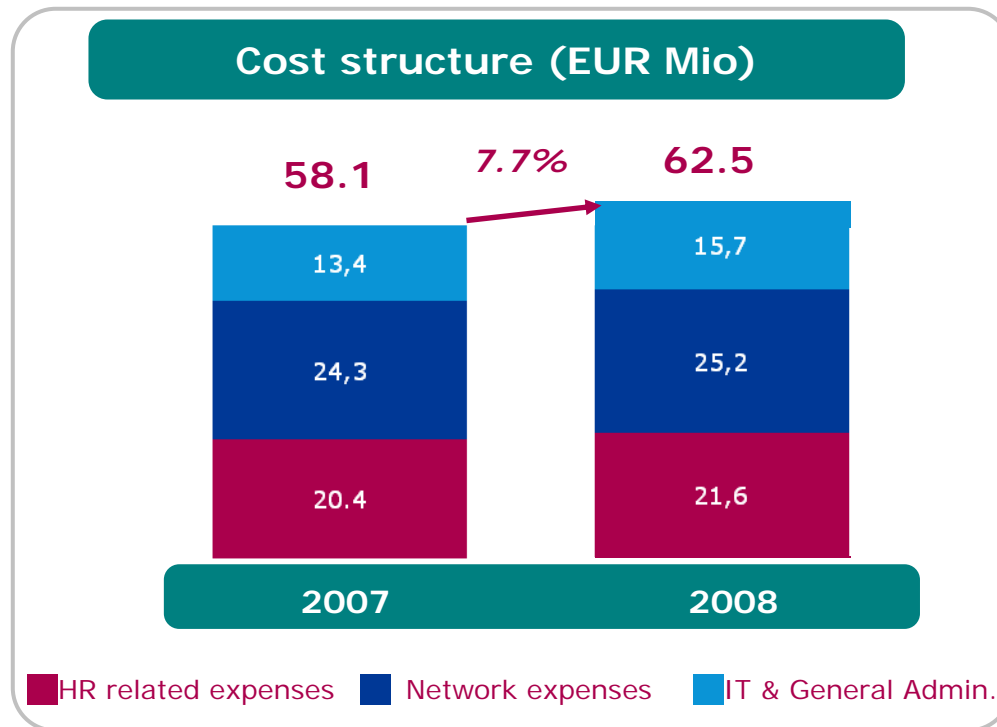
* Voice revenue includes direct routing, standard products & premium products

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ICS - Costs*

- Increase in HR related expenses reflecting the headcount increase required to sustain the mobile data growth
- Network expenses slightly higher due to shift from European to more costly African & Asian voice business
- Higher general administration costs due to increasing bad debt risk coverage



* Other than Costs of materials and charges to revenue

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Group Financials

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Consolidated income statement

(EUR million)	2007	2008	% Change
Total Revenue	6,065	5,986	-1.3%
of which non-recurring revenues	0	8	
Costs of materials and charges to revenue	-2,015	-1,975	-2.0%
Personnel expenses and pensions	-1,120	-1,124	0.3%
Other operating expenses	-853	-890	4.3%
Non-recurring expenses	-46	-93	102.7%
TOTAL OPERATING EXPENSES	-4,034	-4,081	1.2%
EBITDA	2,031	1,905	-6.2%
Depreciation	-774	-743	-4.0%
EBIT	1,256	1,161	-7.6%
Financial Result	1	-109	
NET INCOME	958	800	-16.5%
Basic earnings per share	2.87 EUR	2.45 EUR	-14.5%

Non-recurring expenses:

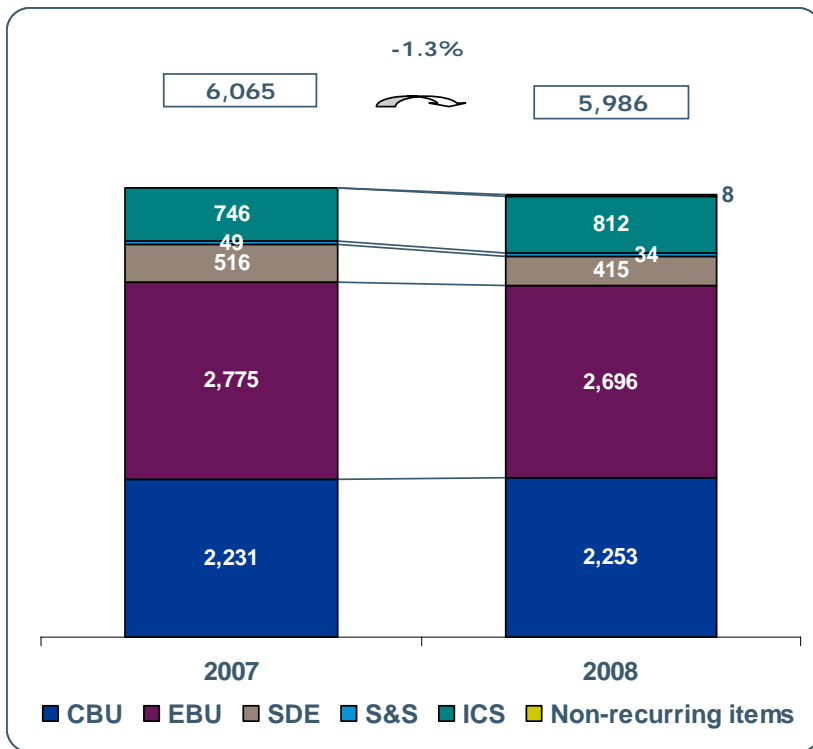
- € 53m restructuring programs
- € 34m for ICT divestment project
- €6m for disposal of WIN

Financial result influenced by:

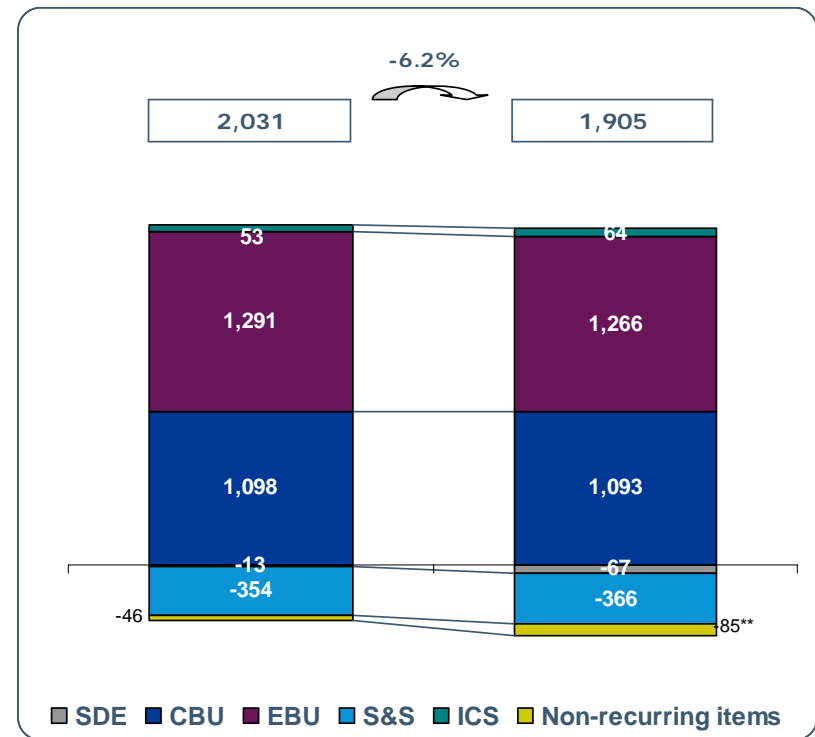
- 2007: gains realised on disposal Mobistar & Eutelsat interests
- 2008: additional interest payments due to increased debt level

Segment result

Revenues* (EUR Mio)



EBITDA* (EUR Mio)

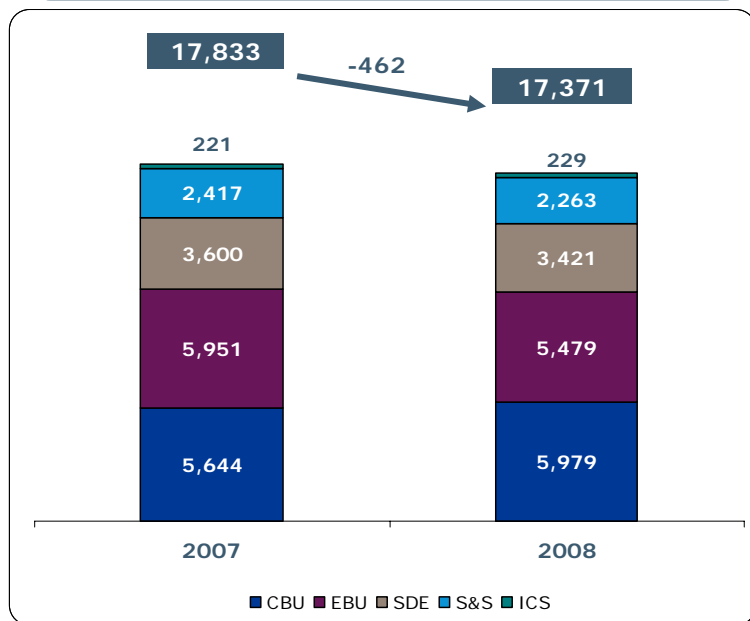


FTE evolution per business unit

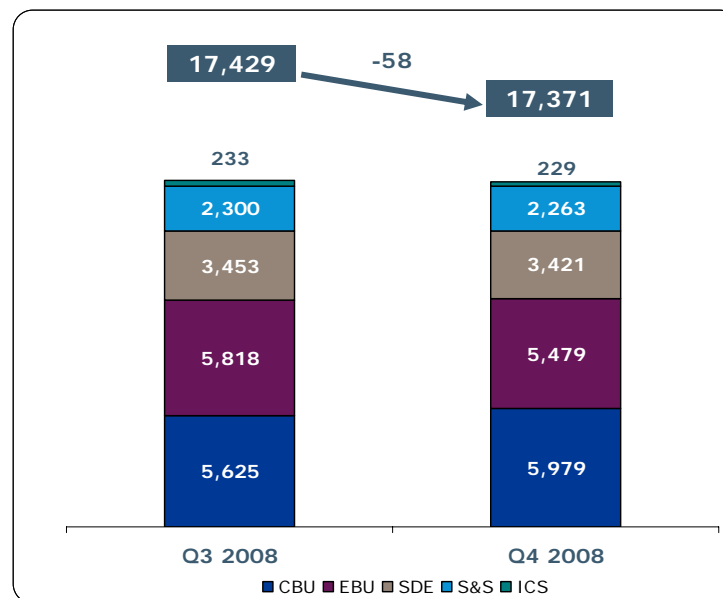
YoY Belgacom Group headcount decrease of 462 FTE's driven by:

- Restructuring programs (-267 FTE)
- Natural attrition (-189 FTE)
- Divestments (-425 FTE) – main impact within EBU
- Acquisitions (+419 FTE) – main impact within CBU

Year-over-year



Quarterly evolution

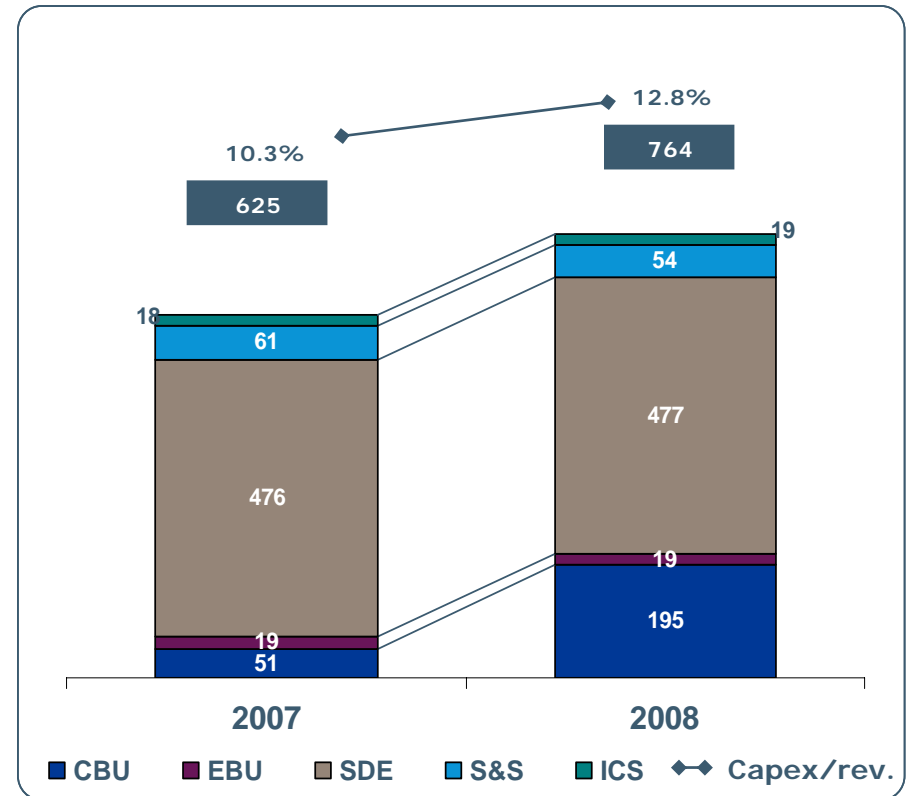


Investments per Business Unit

- SDE capex yoy flat,
 - €91m Broadway leading a total population coverage of 66.2%
 - €30m in 3G network for outdoor coverage of 90.2%
 - €85m on TV platform & settop boxes

- CBU capex increase due to:
 - renewal football broadcasting rights (€ 105m)
 - renewal TV content contracts
 - capex contribution Scarlet and Tango

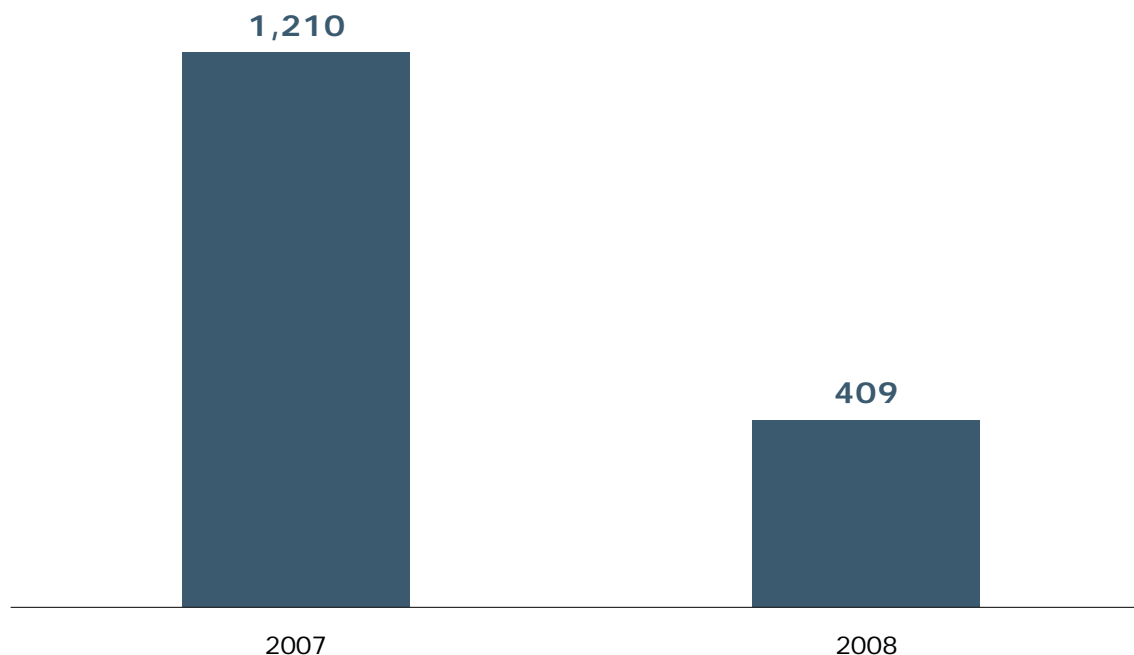
- Increase in Q408 capex (from €135m in Q308 to €258m in Q408) driven by delay of important investments in previous quarters



Free cash flow (in million €)

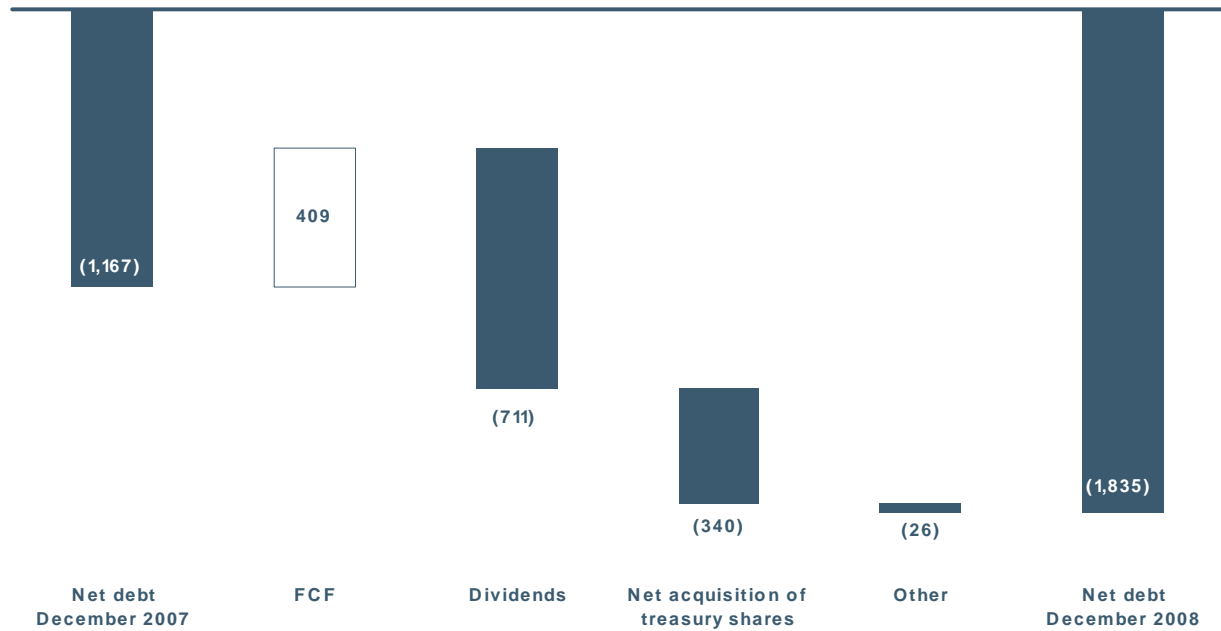
Decrease in FCF is mainly due to:

- Acquisition Tango & Scarlet for an aggregated amount of € 380m net of cash
- Increase in capex following the renewal of football broadcasting rights
- Favorable impact in Q1'07 of the disposal of remaining interests in Mobistar and Eutelsat Communications (€242m)



Net financial position (EUR million)

Belgacom continues to have a sound financial position with a net debt of EUR 1.8bn, corresponding to 0.9 times EBITDA (before non-recurring items).



Balance Sheet

(EUR million)	2007	2008
TOTAL ASSETS	7,325	7,782
Non-recurrent assets	5,072	5,564
Goodwill	1,777	2,111
Intangible assets with finite useful life	482	552
Property, plant and equipment	2,470	2,501
Other participating interests	1	1
Deferred income tax assets	312	308
Pension and other non-current assets	31	91
Current assets	2,253	2,218
Inventories	99	100
Trade receivables	1,158	1,205
Current income tax assets & other current assets	209	295
Investments	59	53
Cash and cash equivalents	726	565
Assets classified as held for sale	2	0
LIABILITIES AND EQUITY	7,325	7,782
Equity	2,525	2,276
Shareholders' equity	2,520	2,271
Minority interests	6	5
Non-current liabilities	2,990	3,182
Interest-bearing liabilities	1,895	2,128
Pensions and other post-employment benefits	831	777
Provisions	229	225
Deferred tax liabilities and other amounts payable	34	52
Current liabilities	1,810	2,323
Interest-bearing liabilities	69	393
Trade payables	1,079	1,239
Income tax payable	165	165
Other current payables	495	527
Liabilities associated with assets classified as held for sale	2	0

Goodwill increase of €334m driven by acquisitions (Tango & Scarlet)

Increase liabilities due to taps in existing bonds for € 375m and initiation retail bond for € 125m

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