



**Press release**  
**July 23<sup>rd</sup>, 2009**

**KPN Group Belgium continues to deliver profitable growth**  
**BASE grows faster than Belgian mobile market**

- Total revenues of KPN's Belgian activities increased to € 204 million vs € 202 million in Q2 2008 (+1%)
- BASE service revenue growth of 3.1% (despite 3.1% impact of MTA)
- Total customer base up to 3 487 335 (+13%), strong net adds in postpaid

Brussels, July 23<sup>rd</sup>, 2009 – Today KPN Group Belgium announces its results for the second quarter 2009. Revenues and other income for Belgium rose by 1.0%, up from € 202 to € 204 million for the quarter. The motor behind this growth was BASE, which continued to outpace the rest of the Belgian mobile market, despite a negative MTA impact of 3.1% on its service revenues. This solid growth results from the revitalised BASE offers and from BASE wholesale clients. Q2 shows BASE posting strong net adds in postpaid (29.000) and a growing service revenue market share of >17% (\*). This quarter is the 7<sup>th</sup> quarter of continued growth, ever since 2007 proved to be a difficult year in Belgium.

**Financial details**

Q2 saw BASE generate increased service revenues, up 3.1% y-on-y from € 162 million to € 167 million, despite a 3.1% MTA reduction impact. This drove KPN's revenues and other income in Belgium slightly up by 1.0% y-on-y, despite the current economic environment. Growth came from higher traffic related revenues. EBITDA in Belgium was down 2.9% in Q2 2009 at € 68 million, which can largely be explained by the positive one-off MTA effect in Q2 2008 of EUR 3m. EBITDA margin was 33.3% this quarter, below Q2 2008, as operating expenses increased slightly as a result of higher general and administrative costs.

**Operational highlights**

At the end of the second quarter of 2009, BASE totalled 3,487,355 customers, up 13% year on year, but down 10,000 on Q1 2009. Good housekeeping by BASE led to the prepaid customer base being impacted by a one-off churn in wholesale of circa 180.000 inactive customers, mostly relating to the Ortel customer base. However the quarter also saw BASE gain an additional 29.000 postpaid customers (Q2 2008 : only 15.000 postpaid).

The increase of postpaid acquisition is linked to the successful launch on April 20<sup>th</sup> of the new BASE product portfolio, combined with a relaunch of the BASE brand. The latter focuses on core values like simplicity, flexibility, transparency and honesty. The products are offered based on a simplified tariff plan, with one prepaid offer and four postpaid offers "postpaid 0", "postpaid 1", "postpaid 3" and "postpaid 5". (see [www.base.be](http://www.base.be))

**BASE partners to RTL-TVi to continue to grow market share in Wallonia (FR)**

The partnership signed with RTL-TVi in Belgium took shape by the development of the new "Allo RTL" offer launched on June 24<sup>th</sup>, 2009. RTL-TVi is member of the international RTL Group and the most



popular TV channel in the French speaking part of Belgium. Through this popular media partner, the Group targets customers in Wallonia with a trusted brand and the most competitive offer.

### **Network developments**

In the current market the focused 3G strategy, a combination of EDGE and targeted UMTS/HSPA, is sufficient to meet mass market demand on mobile data services in Belgium. BASE today has an EDGE network with national coverage that meets current data demand. The group efficiently deploys UMTS to meet license requirements and will offer HSPA in focus cities and hot-spots where customer demand exists.

### **Regulatory developments**

In May 2009, the Competition Council rendered its decision on the complaint initiated by KPN Group Belgium against Belgacom Mobile for abuse of a dominant position between 2004 and 2005 through application of a price squeeze on the market of large corporate customers. The Competition Council imposed a fine of € 66,3 million, to be paid before end June 2009. Belgacom Mobile has appealed this decision and KPN Group Belgium has equally appealed the decision to avoid that the Competition Council does not accept other grounds for abusive conduct, not withheld by the Competition Council in their May 2009 ruling.

On June 30<sup>th</sup>, 2009 the Brussels Court of Appeal partially annulled the BIPT decisions regulating MTA levels for the three mobile operators for the period November 2006 until January 2008. KPN Group Belgium is still in the process of analyzing the implications from this Judgement.

(\*) KPN Estimates

KPN Group Belgium n.v./s.a. is a 100% subsidiary of Koninklijke KPN N.V. KPN offers mobile voice and data services in Germany (E-Plus), Belgium (BASE and its sister brands) and the Netherlands (KPN, Hi and Telfort). At the end of 2008, KPN Group Belgium had 732 employees (BASE + ALLO telecom) and a market share in number of mobile customers of ca. 24%. In 2008, KPN Group Belgium had a yearly turnover of 647 million euro. The company's headquarters are in Brussels; it positions itself as an innovator in products and services via a segmented, multibranded approach. KPN Group Belgium commercialises the brands BASE, Ortel, Ay Yildiz, Chiama, Zoniq and separately Tele2.

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