

Results
third quarter 2011
Mobistar

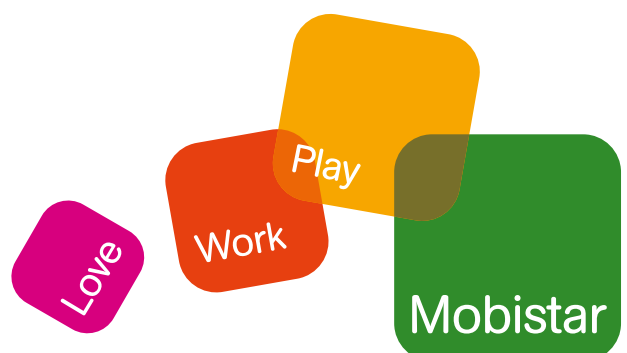


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Press release

Embargo until 20 October 2011 07.00 hrs.
Regulated information

Mobistar group confirms its forecasts for the whole 2011 financial year

Brussels, 20 October 2011 – Today, Mobistar publishes its results for the third quarter that ended on 30 September 2011. The number of customers for Mobistar mobile postpaid, mobile Internet, machine-to-machine activities and fixed telephony services in Belgium continues to grow. The results are once again squeezed by the impact of regulation (69 million euros on turnover and 33 million euros on EBITDA). The group confirms its financial forecasts for the 2011 financial year.

Key facts:

- At the end of the third quarter of 2011, the Mobistar group had 4,150,719 active mobile telephony customers, an increase of 3.6 % or 146,055 customers more compared with a year earlier.
- The number of Mobistar S.A. postpaid customers rose by 108,407 over the year, making the proportion of postpaid customers in the overall customer base of Mobistar S.A. 65 % on 30 September 2011, compared with 62.9 % a year earlier.
- Mobistar S.A. had 129,749 customers for mobile Internet at the end of the third quarter of 2011, compared with 103,610 customers a year earlier, an increase of 25.3 %. The share of mobile data in service revenues rose to 36.7 % at the end of September 2011, compared with 31.5 % a year earlier.
- At the end of September 2011, Mobistar S.A. had 71,377 ADSL customers, 46.5 % up on a year earlier. The number of Mobistar S.A. activated and installed Starpack (quadruple play) customers was 26,643 at the end of the third quarter of 2011.
- Mobistar S.A. counted 341,038 active 'machine-to-machine' cards at the end of the third quarter of 2011, or an increase of 104.3 % compared with September 2010.
- The number of Mobistar S.A. active fixed telephone lines rose by 23.4 %, from 172,364 on 30 September 2010 to 212,675 a year later.
- On 30 September 2011, the Mobistar group recorded total consolidated turnover, including the consolidation of MES S.A. (Mobistar Enterprise Services) for 9 months, of 1,225.1 million euros, 0.7 % less than the 1,233.7 million euros at the end of the third quarter of 2010 (-1.8 % excl. MES S.A.). Without the regulatory impact, the consolidated turnover would have been 1,292.1 million euros.
- The EBITDA of the Mobistar group was negatively impacted by the fall in MTR and roaming tariffs, and amounted to 400.9 million euros at the end of September 2011, or 4.1 % lower than at the end of September 2010 (-6 % excl. MES S.A.). Without the impact of the regulation, the EBITDA would have been 434.3 million euros. The EBITDA margin of Mobistar group was 35.6 % (36.2 % excl. MES S.A.) at the end of the third quarter of 2011, compared with 36.8 % a year earlier.
- At the end of the third quarter of 2011, the Mobistar group recorded a consolidated net profit amounting to 168.5 million euros, or 12.6 % lower than at the end of September 2010 (-14.7 % excl. MES S.A.).
- The net investments by the Mobistar group for the first 9 months of 2011 were 104.1 million euros, or 9.2 % of the service revenues, compared with 100.8 million euros the previous year, or 3.3 % more (1.8 % excl. MES S.A.).
- The organic cash-flow of the Mobistar group was 207.1 million euros at the end of the third quarter of 2011, compared with 288 million euros a year earlier, or a fall of 28.1 % (-30.9 % excl. MES S.A.) a consequence of the lower EBITDA and the increase in the paid income taxes.
- Based on the results of the first nine months of 2011, Mobistar can confirm its financial forecasts for the whole 2011 financial year.

1. Consolidated figures for the Mobistar group

The Mobistar group's consolidated key figures	30.09.11 incl. 9 m MES	30.09.10 incl. 6 m MES	Variation	30.09.11 excl. MES	30.09.10 excl. MES	Variation
Total number of active customers ⁽¹⁾ (mobile telephony) Mobistar S.A., O.C.L. S.A. ⁽²⁾ and MVNOs	4,150,719	4,004,664	+3.6 %			
Consolidated turnover (million €)	1,225.1	1,233.7	-0.7 %	1,170.2	1,191.7	-1.8 %
Service revenues (million €)	1,127.7	1,136.5	-0.8 %	1,072.8	1,094.5	-2.0 %
EBITDA ⁽³⁾ (million €)	400.9	418.2	-4.1 %	388.7	413.6	-6.0 %
EBITDA margin	35.6 %	36.8 %		36.2 %	37.8 %	
Consolidated net profit (million €)	168.5	192.8	-12.6 %	167.1	196.0	-14.7 %
Net profit per ordinary share ⁽⁴⁾ (€)	2.81	3.21	-12.6 %	2.79	3.27	-14.7 %
Net investment (million €)	104.1	100.8	3.3 %	99.5	97.7	1.8 %
Net investment/Service revenues	9.2 %	8.9 %		9.3 %	8.9 %	
Organic cash-flow ⁽⁵⁾ (million €)	207.1	288.0	-28.1 %	202.6	293.1	-30.9 %
Free cash-flow ⁽⁶⁾ (million €)	296.8	317.4	-6.5 %	289.2	315.9	-8.5 %

Results

The consolidated figures for 2011 of the Mobistar group include nine months' figures of the results of Mobistar Enterprise Services (MES S.A.) (6 months in 2010).

At the end of September 2011, the Mobistar group had 4,150,719 active mobile telephony customers, 3.6 % more than the 4,004,664 active customers a year earlier, or an increase of 146,055.

The fall in roaming tariffs in July 2011 and the lowering of MTR tariffs in August 2010 and January 2011 had a negative impact of 69 million euros on the turnover of the Mobistar group. As a consequence, consolidated service revenues of the Mobistar group fell by 0.8 % (2 % excl. MES S.A.) compared with the end of September 2010, from 1,136.5 million euros on 30 September 2010 to 1,127.7 million euros a year later. The fall in termination tariffs was partly offset by continuous growth in mobile data and, to a lesser extent, fixed line services.

At the end of the third quarter of 2011, the Mobistar group recorded total consolidated turnover of 1,225.1 million euros compared with 1,233.7 million euros a year earlier, a fall of 0.7 % (-1.8 % excl. MES S.A.). The delayed launch of some high-end smartphones and the commercial offers by some market players had a negative impact on Mobistar's handset sales in the third quarter of 2011. Mobistar continues to opt for an extensive and transparent offering of smartphones and tariff plans for its customers, and is sticking to its strategy of value creation without subsidizing handsets.

(1) 'Machine-to-machine' cards are not included in the number of active customers.

(2) Orange Communications Luxembourg S.A.

(3) EBITDA: Earnings Before Interest, Taxation, Depreciation and Amortisation.

(4) Weighted net profit per ordinary share (IFRS).

(5) Organic cash-flow = net cash-flow from operations less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets.

(6) Free cash-flow = EBITDA - investments.

At the end of the third quarter of 2011, the Mobistar group recorded EBITDA of 400.9 million euros, or 4.1 % (-6 % excl. MES S.A.) less than the 418.2 million euros a year earlier. The fall in the EBITDA is a consequence of (1) the regulation of roaming and mobile termination rates, (2) a sizeable increase in the staffing of the call centre and the sales points in order to improve service and (3) the commercial launch of the convergent packs during the first 9 months of 2011. This fall was partly compensated by 9 months' consolidation of MES S.A. and an EBITDA growth at Orange Communications Luxembourg S.A. The negative impact of the regulation on the EBITDA of the Mobistar group amounted to 33 million euros for the first 9 months of 2011.

The Mobistar group ended the third quarter of 2011 with consolidated net profit of 168.5 million euros (167.1 million euros excl. MES S.A.), 12.6 % less than the 192.8 million euros at the end of September 2010. The net result was negatively impacted by rising depreciation as a result of a shortened depreciation period for certain fixed assets and higher financial costs as a consequence of the renegotiation of loans at the end of 2010. Net profit per share fell from 3.21 euros per share on 30 September 2010 to 2.81 euros a year later (2.79 euros excl. MES S.A.).

The Mobistar group continues to invest in the further expansion of its 3G/HSDPA network, the upgrading of its 2G network and its IT infrastructure. In the first nine months of 2011, Mobistar invested 104.1 million euros (99.5 million euros excl. MES S.A.) or 9.2 % of its service revenues, compared with 100.8 million euros the year before, or a rise of 3.3 %.

On 30 September 2011, the organic cash-flow of the Mobistar group was 207.1 million euros, 28.1 % down (-30.9 % excl. MES SA) on the 288 million euros a year earlier, as a consequence of the lower EBITDA and the increase in the paid income taxes.

2. Activities in Belgium (Mobistar S.A. and MES S.A.)

Key operating figures of Mobistar S.A.	30.09.11 incl. 9 m MES	30.09.10 incl. 6 m MES	Variation
Total number of active customers (mobile telephony) ⁽⁷⁾ Mobistar S.A.	3,524,409	3,471,640	+1.5 %
Number of MVNO customers (mobile telephony, incl. full MVNO)	528,291	446,924	+18.2 %
Total number of active customers Mobistar S.A. + MVNO (mobile telephony, incl. full MVNO)	4,052,700	3,918,564	+3.4 %
Total number of active mobile Internet customers Mobistar S.A.	129,749	103,510	+25.3 %
Total number of active M2M SIM cards (incl. IMC)	341,038	166,924	+104.3 %
Total number of ADSL customers Mobistar S.A.	71,377	48,730	+46.5 %
Total number of Starpack customers Mobistar S.A.	26,643	-	-
Total number of active fixed telephone lines Mobistar S.A.	212,675	172,364	+23.4 %

In a severe competitive telecom market which is still being squeezed by regulatory measures, Mobistar continues to grow in the segment of mobile postpaid, mobile Internet, 'machine-to-machine' activities and fixed line services. Mobistar is maintaining its value creation strategy, and continuing to invest in its convergence approach. In the business market, Mobistar is consolidating its position as a convergent operator, by offering 'one stop shopping' voice and data solutions via partners.

(7) 'Machine-to-machine' cards are not included in the number of active customers.

Mobile activities

The number of mobile telephony customers and the use of mobile data continue to rise. At the end of the third quarter of 2011, Mobistar S.A. had 3,524,409 active mobile telephony customers, 52,769 customers more than the 3,471,640 active customers it had a year earlier, or an increase of 1.5 %. The new customers are mainly customers opting for a subscription, increasing the proportion of postpaid customers in the total customer base to 65 % compared with 62.9 % the previous year.

The number of customers for mobile Internet (*Internet Everywhere, Business Everywhere and Internet Everywhere ticket, iPad*) grew by 25.3 %. At the end of September 2011, Mobistar S.A. had 129,749 mobile Internet customers, compared with 103,510 mobile Internet users a year earlier. More and more customers possess various devices and wish to stay connected to the Internet whenever and wherever they are, via their smartphone or tablet PC. Therefore, at the end of June 2011, Mobistar launched the '*Internet Everywhere Multi*' tariff, a data bundle that can be shared between various devices on the same contract. In addition, in July, two iPad data plans without commitment were launched, *iPad 15* and *iPad 25*, for 15 and 25 euros per month. Increased usage of mobile data results in mobile data accounting for a larger share of service revenues. During the first nine months of 2011, mobile data's share of service revenues was 36.7 % compared with 31.5 % a year earlier.

The segmented approach via MVNOs to reach specific markets remains strategically important. All MVNO partners of Mobistar are proving successful in offering postpaid or prepaid cards to their specific target groups. At the end of September 2011, Mobistar S.A. had 528,291 active MVNO customers on its network, compared with 446,924 MVNO customers a year earlier, or an 18.2 % increase.

At the end of the third quarter of 2011, Mobistar S.A. and the IMC (International Machine-to-Machine Competence Center) jointly had 341,038 active M2M cards in various 'machine-to-machine' applications, compared with 166,924 active SIM cards the year before, or an increase of 104.3 %. The number of contracted M2M cards which will be activated on the network in the course of the next few years has now passed the one million mark.

Fixed line activities

Mobistar S.A.'s fixed line activities in the residential and business market continue to grow. At the end of the third quarter of 2011, Mobistar S.A. had 71,377 customers for ADSL, compared with 48,730 ADSL customers a year earlier, an increase of 46.5 %. In order to cope with growing demand and to make the activation of ADSL services more efficient, Mobistar S.A. is investing in a new activation process. The number of active lines for fixed telephony rose by 23.4 %, from 172,364 at the end of September 2010 to 212,675 active lines a year later.

Convergence

In the residential market, Mobistar S.A. continues to invest in its Starpack offer. The launch of VOD and the new iPhone digital TV app are evidence of this. The attractive and greatly appreciated Starpack offer is not yet reflected in the revenues. Therefore, Mobistar is continuing to invest in a more efficient activation process and is confident that this will be resolved in a near future. At the end of September 2011, Mobistar S.A. had 26,643 activated and installed Starpack customers. Mobistar S.A. is therefore lowering its targets for Starpack customers for the year 2011, from 50,000 additional customers to 25,000. Mobistar S.A. maintains its longer-term ambition of being a major convergent player in the Belgian residential market.

Mobistar S.A. is consolidating its position of convergent player in the business market by further integrating the business activities of MES S.A. In the business segment, 'One Office Voice Pack' and 'One Office Full Pack', the

convergent offerings which combine fixed and mobile, voice and data services at low-cost tariffs are forming a competitive alternative to the offers of the historic operator. At the end of September 2011, Mobistar S.A. had 32,313 business customers for 'One Office Voice Pack' and 6,661 business customers for 'One Office Full Pack', compared with 30,821 and 3,962 business customers respectively the previous year.

Mobistar S.A. signed the second renewal and an extension of its contract with the Flemish Government for supplying telecommunications services to all Flemish Ministries and Agencies. The contract covers both fixed and mobile telecommunications services and is valid for a period of 7 years. This reaffirms Mobistar S.A.'s sound reputation with public administrations and its position as a convergent player.

Key financial figures of Mobistar S.A.	30.09.11 9 m incl. MES	30.09.10 6 m incl. MES	Variation	30.09.11 excl. MES	30.09.10 excl. MES	Variation
ARPU ⁽⁸⁾ (€/month/active customer)	29.7	31.8	-6.6 %			
Total turnover (million €)	1,188.8	1,202.3	-1.1 %	1,130.3	1,160.4	-2.6 %
Service revenues (million €)	1,090.0	1,108.2	-1.6 %	1,031.5	1,066.3	-3.3 %

ARPU

Despite increasing use of mobile data, the average revenue per user per month fell again in the third quarter of 2011. ARPU is being squeezed by the fall in roaming tariffs in July (in force since 1 July 2011) and the lowering of the mobile termination tariffs in August 2010 and January 2011. At the end of the third quarter of 2011, the average revenue per user per month was 29.7 euros compared with 31.8 euros a year earlier, a fall of 6.6 %.

Turnover

At the end of the third quarter of 2011, Mobistar S.A. generated service revenues from its activities in Belgium of 1,090.0 million euros compared with 1,108.2 million euros a year earlier, or a fall of 1.6 % (-3.3 % excl. MES S.A.). The lower revenues are mainly attributable to the fall in roaming and mobile termination tariffs. The proportion of mobile data in the service revenues, on the other hand, rose from 31.5 % on 30 September 2010 to 36.7 % a year later due to the increasing use of mobile data services (text messaging, M2M and mobile Internet).

Sales of mobile phones slowed in the third quarter of 2011 and had a negative impact on the total turnover of Mobistar S.A. On 30 September 2011, Mobistar S.A. recorded total turnover of 1,188.8 million euros compared with 1,202.3 million euros a year earlier, a fall of 1.1 % (-2.6 % excl. MES S.A.).

(8) Average Revenue Per User (smoothed average of the previous 12 months), excluding MVNOs and M2M cards.

3. Activities in Luxembourg (Orange Communications Luxembourg S.A.)

Key figures Orange Communications Luxembourg S.A.	30.09.11	30.09.10⁽⁹⁾	Variation
Total number of active customers (mobile telephony)	98,019	86,100	13.8 %
ARPU ⁽¹⁰⁾ (€/month)	49.0	46.5	5.4 %
Total turnover (million €)	47.8	39.8	20.0 %
Service revenues (million €)	44.3	36.6	21.0 %

Orange Communications Luxembourg S.A., the new name for the legal entity of the Luxembourg subsidiary of Mobistar, had 98,019 active mobile telephony customers on 30 September 2011 compared with 86,100 active mobile telephony customers a year earlier or an increase of 13.8%.

The value creation strategy in Luxembourg is continuing to pay off. For the first 9 months of 2011, the average revenue per user (ARPU) was 49.0 euros compared with 46.5 euros the year before, an increase of 5.4 %. The large proportion of postpaid customers in the customer base resulted in service revenues of 44.3 million euros on 30 September 2011, or an increase of 21.0 % compared with the 36.6 million euros a year earlier. At the end of September 2011, the total turnover of Orange Communications Luxembourg S.A. was 47.8 million euros, a rise of 20.0 % compared with the 39.8 million euros at the end of September 2010.

4. Trends

Mobistar will continue to invest in commercial innovation and service to customers in the final quarter of 2011.

Based on the results of the third quarter of 2011, the Mobistar group reaffirms its financial outlook for the whole 2011 financial year:

- a level of turnover similar to that of 2010;
- EBITDA of between 520 and 535 million euros;
- net profit of between 220 and 230 million euros;
- an investment level of 11 to 12 % of service revenues;
- organic cash-flow of between 220 and 230 million euros.

The 2011 forecasts for the Mobistar group take into account both its investment programme and the negative effects of regulatory measures (in the amount of over 74 million euros on turnover, and 38 million euros on EBITDA for the financial year 2011).

⁽⁹⁾ The service revenue and the ARPU were revised in order to take into account an appropriate handsets subsidies allocation.

⁽¹⁰⁾ TAverage Revenue Per User (smoothed average of the 12 previous months), excluding MVNOs and M2M cards.

Mobistar (EURONEXT BRUSSELS: MOBB), one of the main players on the Belgian and Luxembourg telecommunications market, is active in mobile voice and data traffic, as well as landline telephony, ADSL, TV and other markets with high growth potential. The company develops innovative products and services for the residential and professional markets. Mobistar is quoted on the Brussels Stock Exchange and is part of the France Télécom group.

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Highlights of the third quarter 2011

Evolution of the customer base

Mobile activities

The number of mobile telephony customers and the use of mobile data continue to rise. At the end of the third quarter of 2011, Mobistar S.A. had 3,524,409 active mobile telephony customers, 52,769 customers more than the 3,471,640 active customers it had a year earlier, or an increase of 1.5 %. The new customers are mainly customers opting for a subscription, increasing the proportion of postpaid customers in the total customer base to 65 % compared with 62.9 % the previous year.

The number of customers for mobile Internet (*Internet Everywhere, Business Everywhere and Internet Everywhere ticket, iPad*) grew by 25.3 %. At the end of September 2011, Mobistar S.A. had 129,749 mobile Internet customers, compared with 103,510 mobile Internet users a year earlier. More and more customers possess various devices and wish to stay connected to the Internet whenever and wherever they are, via their smartphone or tablet PC. Therefore, at the end of June 2011, Mobistar launched the '*Internet Everywhere Multi*' tariff, a data bundle that can be shared between various devices on the same contract. In addition, in July, two iPad data plans without commitment were launched, *iPad 15* and *iPad 25*, for 15 and 25 euros per month. Increased usage of mobile data results in mobile data accounting for a larger share of service revenues. During the first nine months of 2011, mobile data's share of service revenues was 36.7 % compared with 31.5 % a year earlier.

The segmented approach via MVNOs to reach specific markets remains strategically important. All MVNO partners of Mobistar are proving successful in offering postpaid or prepaid cards to their specific target groups. At the end of September 2011, Mobistar S.A. had 528,291 active MVNO customers on its network, compared with 446,924 MVNO customers a year earlier, or an 18.2 % increase.

At the end of the third quarter of 2011, Mobistar S.A. and the IMC (International Machine-to-Machine Competence Center) jointly had 341,038 active M2M cards in various 'machine-to-machine' applications, compared with 166,924 active SIM cards the year before, or an increase of 104.3 %. The number of contracted M2M cards which will be activated on the network in the course of the next few years has now passed the one million mark.

Fixed line activities

Mobistar S.A.'s fixed line activities in the residential and business market continue to grow. At the end of the third quarter of 2011, Mobistar S.A. had 71,377 customers for ADSL, compared with 48,730 ADSL customers a year earlier, an increase of 46.5 %. In order to cope with growing demand and to make the activation of ADSL services more efficient, Mobistar S.A. is investing in a new activation process. The number of active lines for fixed telephony rose by 23.4 %, from 172,364 at the end of September 2010 to 212,675 active lines a year later.

Orange Communications Luxembourg S.A.

Orange Communications Luxembourg S.A., the new name for the legal entity of the Luxembourg subsidiary of Mobistar, had 98,019 active mobile telephony customers on 30 September 2011 compared with 86,100 active mobile telephony customers a year earlier or an increase of 13.8%.

The value creation strategy in Luxembourg is continuing to pay off. For the first 9 months of 2011, the average revenue per user (ARPU) was 49.0 euros compared with 46.5 euros the year before, an increase of 5.4 %. The large proportion of postpaid customers in the customer base resulted in service revenues of 44.3 million euros on

30 September 2011, or an increase of 21.0 % compared with the 36.6 million euros a year earlier. At the end of September 2011, the total turnover of Orange Communications Luxembourg S.A. was 47.8 million euros, a rise of 20.0 % compared with the 39.8 million euros at the end of September 2010.

Network development & IT

By the end of September 2011, 3G/HSDPA coverage reached 94.6 % of the population. The Mobistar network had 5,406 sites at the end of September 2011, of which 722 were shared. This corresponds to a total of 16,218 cells. In addition, Mobistar has already deployed 972 microwave links and is continuing to invest in technological development to prepare for the implementation of an LTE network.

Comments on the financial situation

The consolidation scope encompasses Mobistar S.A., Mobistar Enterprise Services S.A., the Luxemburg company Orange Communications Luxembourg S.A., and 50 % of the temporary joint venture 'Irisnet'. The temporary joint venture 'Irisnet' is a partnership between France Télécom S.A. and Belgacom S.A. Mobistar S.A. does not have formal voting rights in the joint venture but considers control to be jointly exercised with its partner Belgacom S.A. and assumes the associated risks and rewards. The temporary joint venture 'Irisnet' had been set up for a duration of 10 years ending in April 2010. On 19 April 2010, the lifetime of the joint venture was extended with 2 years.

Mobistar Enterprise Services S.A. is included in the consolidation since 1st April, 2010.

Income statement

At the end of September 2011, the Mobistar group registered 4,150,719 active mobile customers, an increase of 3.6 % compared to the 4,004,664 active customers a year earlier.

The group's consolidated turnover amounted to 1,225.1 million euros at the end of September 2011, a decrease of 0.7 % (-1.8 % MES excluded) compared to the 1,233.7 million euros at the end of September 2010. Although regulation impact has had a negative effect on revenues for a total of 69 million euros, the successful sales of smartphones, the continuous positive evolution of SMS abundance offers and advanced mobile data and the external growth with MES allowed to maintain the turnover at previous year level.

Operating expenses have been positively influenced by regulation (33.6 million euros). Cost of sales related to devices has increased accordingly to the sales related. Although important commercial expenses have been incurred in the context of the TV launch, services costs have been positively influenced by the decrease of provisions related to the universal service based on new regulation evolution. Following the headcount, payroll costs have increased. Other operating charges have decreased because of the low level of write-offs on commercial receivable booked during the first nine months of 2011 (difference of 5.0 million euros compared to September 2010).

The consolidated EBITDA decreased by 4.1 % from 418.2 million euros at the end of September 2010 to 400.9 million euros a year later. The EBITDA margin of total service revenues decreased from 36.6 % in the first nine months of 2010 to 35.5 % in the same period of 2011. The fall in the EBITDA is a consequence of (1) the regulation of roaming and mobile termination rates, (2) a sizeable increase in the staffing of the call centre and the sales points in order to improve service and (3) the commercial launch of the convergent packs during the first 9 months of 2011. This fall was partly compensated by 9 months' consolidation of MES S.A. and an EBITDA growth at Orange

Communications Luxembourg S.A. The negative impact of the regulation on the EBITDA of the Mobistar group amounted to 33 million euros for the first 9 months of 2011.

At the end of the first nine months of 2011, the Mobistar group recorded consolidated net profit of 168.5 million euros, a decrease of 12.6 % in comparison with the 192.8 million euros at the end of September 2010 as a consequence of the lower EBITDA and an increase in financial costs.

Net profit per share decreased by 12.6 % from 3.21 euros per share on 30 September 2010 to 2.81 euros per share a year later.

Balance sheet

The consolidated balance sheet total reached 1,309.6 million euros on 30 September 2011, compared to 1,303.2 at the end of the previous financial year.

Non-current assets, including deferred taxes assets, amounted to 1,018.7 million euros at the end of September 2011, compared to 1,020.0 million euros at the end of 2010. Investments were focused on the network improvement and IT renewal project.

Current assets slightly increased from 270.2 million euros at the end of 2010 to 284.9 million euros at the end of September 2011, relating to a small decrease of trade receivables compensated by an increase of inventories, which were at a very low level at the end of last year, and other current assets.

Equity fell from 431.2 million euros at the end of 2010 to 341.5 million euros on 30 September 2011. This reduction results from the dividend declared on the 2010 result, which was approved by the General Assembly of shareholders of 4 May 2011, for a total amount of 258.1 million euros, and for which the ordinary dividend was paid in May 2011 and the extraordinary dividend in August 2011. The net result of 168.5 million euros made during the first nine months of 2011 partially compensated this fall.

Non-current liabilities increased due to the change in approach of the long-term provisions relating to the dismantling costs of the sites and the MES activities.

Current liabilities increased from 507.7 million euros on 31 December 2010 to 520.9 million euros at the end of the third quarter of 2011. This rise is mainly due to the increase of the current tax payable and deferred income compensated by the decrease of the trade payable.

Financial instruments, financial risks management objectives and policy

No change has occurred in comparison with the information contained in the 2010 annual report (p.14).

Disputes

The disputes related information listed in the annual report 2010 and in the highlights of the first quarter and the first semester 2011 have been modified as follows:

Masts: The total receivable amount of taxes charged, plus default interest calculated at the legal rate, amounts to

48.2 million euros and is subject to a bad debt provision for the whole amount, of which 6.3 million euros corresponds to the first nine months of 2011.

4G licenses: The auction is planned to start around end November and will be open to all (existing and new) mobile operators. The issue of the interference between 4G networks and radar systems induces uncertainty regarding the possibility to deploy the network before July 2013.

Regulation of broadband and cable: The regulators have finalized their decisions to regulate broadband and cable networks. The impacted operators have appealed the decisions. Mobistar will intervene in the appeal files as interested party.

Trends

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- an investment level of 11 to 12 % of service revenues;
- organic cash-flow of between 220 and 230 million euros.

The 2011 forecasts for the Mobistar group take into account both its investment programme and the negative effects of regulatory measures (in the amount of over 74 million euros on turnover, and 38 million euros on EBITDA for the financial year 2011).

Quarterly results

		Quarterly figures 2010				FY 2010
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl MVNO, MATMA)	in thousand	3 427.6	3 433.7	3 471.6	3 494.4	
of which Postpaid	in thousand	2 100.5	2 134.4	2 184.0	2 222.8	
of which Prepaid	in thousand	1 327.1	1 299.3	1 287.6	1 271.6	
MVNO customers	in thousand	375.9	396.5	446.9	456.1	
Orange Communications Luxembourg S.A. customers	in thousand	77.6	80.7	86.1	88.9	
Total Mobistar Group	in thousand	3 881.1	3 910.9	4 004.6	4 039.4	
ARPU evolution						
Blended ARPU (rolling average of the preceding 12 months incl. visitor roaming)	in EUR/month	31.86	32.03	31.80	31.26	
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	39.18	39.25	38.59	38.08	
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	18.53	18.82	18.41	18.25	
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	335.2	342.2	326.1	327.4	1 330.8
Service Revenues Mobistar MES Fix/Data	in Mio EUR	21.0	43.0	40.7	41.3	145.9
Service Revenues Orange Communications Luxembourg S.A. customers ⁽²⁾	in Mio EUR	11.3	12.6	12.7	14.1	50.7
Total Mobistar consolidated service revenues ⁽¹⁾⁽²⁾	in Mio EUR	366.7	396.6	378.4	381.8	1 523.5
Total Mobistar consolidated handset sales ⁽²⁾	in Mio EUR	26.9	28.6	36.5	49.1	141.1
Total Mobistar consolidated turnover	in Mio EUR	393.6	425.2	414.9	430.8	1 664.6
Total Mobistar consolidated EBITDA	in Mio EUR	138.1	143.5	136.6	130.5	548.7
as a % of service revenues		37.7%	36.2%	36.1%	34.2%	36.0%
Total Mobistar consolidated net result	in Mio EUR	68.5	63.9	60.4	70.7	263.6
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	1.14	1.06	1.01	1.18	4.39
Diluted weighted average earnings per share	in EUR/share	1.14	1.06	1.01	1.18	4.39
Total Mobistar consolidated CAPEX	in Mio EUR	22.0	33.0	45.8	139.0	239.8
as a % of service revenues		6%	8%	12%	36%	16%
Organic cash flow		124.2	76.0	87.8	41.3	329.3

(1) After elimination of intercompany transactions.

(2) The 2010 figures have been restated in order to take into account an appropriate handsets subsidies allocation.

		Quarterly figures 2011				YTD 2011
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl MVNO, MATMA)	in thousand	3 512.0	3 521.9	3 524.4		
of which Postpaid	in thousand	2 245.1	2 264.7	2 292.4		
of which Prepaid	in thousand	1 266.9	1 257.1	1 232.0		
MVNO customers	in thousand	474.8	487.0	528.3		
Orange Communications Luxembourg S.A. customers	in thousand	91.6	94.4	98.0		
Total Mobistar Group	in thousand	4 078.4	4 103.2	4 150.7		
ARPU evolution						
Blended ARPU (rolling average of the preceding 12 months incl. visitor roaming)	in EUR/month	30.54	29.94	29.70		
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	35.05	35.53	35.36		
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	16.60	16.95	16.93		
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	315.6	325.7	324.3		965.6
Service Revenues Mobistar MES Fix/Data	in Mio EUR	41.1	42.1	41.2		124.4
Service Revenues Orange Communications Luxembourg S.A. customers	in Mio EUR	14.2	15.0	15.1		44.3
Total Mobistar consolidated service revenues ⁽¹⁾	in Mio EUR	369.7	380.3	377.7		1 127.7
Total Mobistar consolidated handset sales	in Mio EUR	31.2	38.7	27.5		97.4
Total Mobistar consolidated turnover	in Mio EUR	400.9	419.0	405.2		1 225.1
Total Mobistar consolidated EBITDA	in Mio EUR	125.2	145.5	130.2		400.9
as a % of service revenues		33.9%	38.3%	34.5%		35.6%
Total Mobistar consolidated net result	in Mio EUR	53.1	63.1	52.3		168.5
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	0.89	1.05	0.87		2.81
Diluted weighted average earnings per share	in EUR/share	0.89	1.05	0.87		2.81
Total Mobistar consolidated CAPEX	in Mio EUR	31.9	35.2	37.0		104.1
as a % of service revenues		9%	9%	10%		9%
Organic cash flow		95.7	56.0	55.4		207.1

(1) After elimination of intercompany transactions.