

**Full year
results 2010
Mobistar**

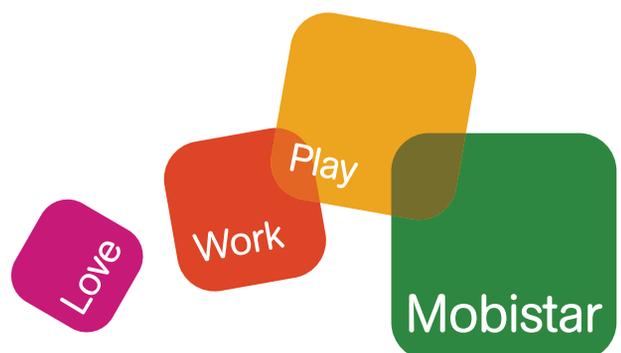


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Press release

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Regulated information

Mobistar exceeds growth forecasts in 2010

Brussels, 9 February 2011 - Today, Mobistar publishes its results for the financial year 2010. The Mobistar group continued its growth in Belgium and Luxembourg and will further strengthen its position as a convergent telecom player on both the residential and the business markets. Despite an unfavorable regulatory context, the Mobistar group achieved an increased turnover and exceeded its own forecasts for the full financial year 2010. These results allow Mobistar to pay out a dividend for a total amount of 258.1 million euros, or 4.30 euros per share.

Key facts:

- The consolidated turnover of the Mobistar group, including the consolidation of MES S.A. (Mobistar Enterprise Services) for 9 months, rose by 6.2 % (+2.2 % excl. MES S.A.) and amounted to 1,664.6 million euros at the end of 2010. This put the Mobistar group over its increased turnover forecasts.
- The Mobistar group ended the financial year 2010 with an EBITDA margin on service revenues of 36.2 % (37.1 % excl. MES S.A.) compared to 39.2 % at the end of 2009. The EBITDA of the Mobistar group amounted to 548.7 million euros at the end of December 2010, and thus also exceeded the forecasts.
- At the end of December 2010, the Mobistar group recorded a consolidated net profit of 263.6 million euros, or 1.3 % (1.9 % excl. MES S.A.) more than the year before, and higher than forecasted.
- In 2010, the Mobistar group invested a total amount of 239.8 million euros (incl. costs for extension of the 2G licence), 64 % more than the 146.1 million euros invested in 2009. The organic cashflow rose by 10.4 % and amounted 329.3 million euros in 2010, compared to 298.4 million euros one year before.
- The Mobistar group had 4,039,372 active mobile telephony customers at the end of the 2010 financial year, an increase of 5.5 % in one year.
- At the end of 2010 Mobistar S.A. had 111,793 customers for mobile Internet via PC, or 31.1 % more than at the end of 2009. The use of mobile data also increased significantly, from 28.7 % of the service revenues at the end of 2009 to 32.3 % one year later.
- At the end of the financial year, Mobistar S.A. had 2,222,822 customers with a subscription, or 145,677 more than at the end of 2009. As a result, the proportion of postpaid customers in the customer base rose to 63.6 %.
- The average revenue per user (ARPU) of Mobistar S.A. fell by 0.9 % in one year, and amounted to 31.26 euros at the end of December 2010, mainly due to the regulatory measures.
- Mobistar S.A. had 54,861 ADSL customers at the end of December 2010, 16,823 more than at the end of 2009, a 44.2 % increase.
- Mobistar S.A. successfully introduced its 'Starpack' on the residential market in October 2010, a combined offering with digital television, and in just 10 weeks signed up almost 10,000 installed and activated customers.

- The number of active 'machine-to-machine' cards amounted to 193,245 at the end of the 2010 financial year, an increase of 49.1 % in twelve months.
- In 2010 the number of active fixed telephone lines with Mobistar S.A. rose by 22.2 %, bringing the total number to 182,883.
- The Mobistar group Board of Directors will propose the distribution of an ordinary dividend of 2.90 euros per share and an extraordinary dividend of 1.40 euro per share and will submit it for approval to the General Meeting of Shareholders of 4 May 2011.

1. Consolidated figures of the Mobistar group

Mobistar group's consolidated key figures	31.12.10 incl. MES	31.12.09	Variation	31.12.10 excl. MES	Variation
Total number of active customers ⁽¹⁾ (mobile telephony) for Mobistar S.A., Orange S.A. and MVNOs	4 039 372	3 827 268	+5.5 %	-	-
Consolidated turnover (million €)	1 664.6	1 567.2	+6.2 %	1 602.2	+2.2 %
Service revenues (million €)	1 515.6	1 444.8	+4.9 %	1 453.2	+0.6 %
EBITDA ⁽²⁾ (million €)	548.7	567.0	-3.2 %	539.0	-4.9 %
EBITDA margin	36.2 %	39.2 %	-	37.1 %	-
Consolidated net profit (million €)	263.6	260.3	+1.3 %	265.2	+1.9 %
Net profit per ordinary share ⁽³⁾ (€)	4.39	4.34	+1.3 %	4.43	+2.1 %
Net investment ⁽⁴⁾ (million €)	239.8	146.1	+64 %	235.7	+61.3 %
Organic cash-flow ⁽⁵⁾ (million €)	329.3	298.4	+10.4 %	327.9	+9.9 %

Results

Mobistar continued its growth in 2010 despite the unfavorable regulatory pressure and a dominant position of certain players on the convergent offerings market. The results of Mobistar Enterprise Services (MES S.A.) were included in the consolidated figures for the Mobistar group for 9 months. The results of the financial year 2010 were better than Mobistar's own forecasts, which had already been raised when the half-year results were published in July 2010.

At the end of the financial year, the Mobistar group had a total customer base of 4,039,372 active mobile telephony customers, an increase of 5.5 % over the 3,827,268 active customers at the end of December 2009. This growth was due to the rise in the number of MVNO cards and the acquisition of new postpaid customers.

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

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

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

(4) The amount of 239.8 million euros includes the 74.4 million euros for the extension of the 2G licence, disputed amount by the Mobistar Group.

(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.

The Mobistar group closed its financial year 2010 with consolidated service revenues of 1,515.6 million euros, compared to 1,444.8 million euros one year earlier, or 4.9 % higher (+0.6 % excl. MES S.A., +4.8 % excl. MES S.A. and regulation). The successful sale of handsets, the increase in the number of postpaid customers and the growing use of mobile data attenuated the negative impact of 57.8 million euros on the turnover as a result of the regulation (roaming and MTR). The strong turnover growth of Orange S.A. in Luxembourg and the integration of the activities of MES S.A. also contributed to a positive evolution of the Mobistar group's consolidated turnover. At the end of December 2010, the total consolidated turnover amounted to 1,664.6 million euros or 6.2 % more than the 1,567.2 million euros a year earlier (+2.2 % excl. MES S.A.).

In December 2010, the Mobistar group recorded an EBITDA of 548.7 million euros compared to 567 million euros a year earlier, or a decrease of 3.2 % (-4.9 % excl. MES). The decline is attributable to the reduction of the roaming and MTR tariffs (-37.5 million euros), but was partially offset by the organic growth of Mobistar S.A., Orange S.A. and MES S.A. and by the continuation of the Odyssey 2011 transformation plan. The EBITDA margin of the Mobistar group fell from 39.2 % of the service revenues at the end of December 2009 to 36.2 % a year later. This decrease was caused in part by the costs associated with the commercial launch of digital television and the hiring of extra personnel within the framework of the growth strategy.

At the end of the 2010 financial year, the Mobistar group recorded a consolidated net profit of 263.6 million euros, 1.3 % more than the 260.3 million euros one year earlier (+1.9 % excl. MES S.A.). The increase in the net profit is due to the reduced tax burden resulting from obtaining tax certificates for environmentally-friendly investments and lower financial costs.

In 2010 the organic cash-flow rose by 10.4 %, from 298.4 million euros at the end of 2009 to 329.3 million euros a year later (+9.9 % excl. MES S.A.). The increase is the result of an optimization of the working capital and a sharp reduction in the advance payments for corporate taxes.

Investments

Confident in its growth axes, the Mobistar group is continuing to invest in a high-performance network and customer satisfaction. In 2010, the Mobistar group invested a total of 239.8 million euros, of which 74.4 million euros for the extension of the 2G licence, an amount disputed by the Mobistar group. The other 165.4 million euros or 10.9 % of the service revenues were invested in the further deployment of its 3G network and its IT infrastructure, its shops and the acquisition of settopboxes. At the end of the financial year, the number of 2G/3G radiosites amounted to 5,123. At the end of 2010, the outdoor network coverage of the mobile broadband network attained 90.48 % of the Belgian population.

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

Key figures Mobistar S.A.	31.12.10 incl. MES	31.12.09	Variation
Total number of active customers ⁽⁶⁾ Mobistar S.A. (mobile telephony)	3 494 407	3 424 972	+2.0 %
Number of MVNO customers (mobile telephony)	456 114	321 543	+41.8 %
Total number of active customers Mobistar S.A. + MVNO (mobile telephony)	3 950 521	3 746 515	+5.4 %
Total number of ADSL customers Mobistar S.A.	54 861	38 038	+44.2 %
Total number of Starpack customers Mobistar S.A.	9 561	-	-
Total number of active fixed telephone lines Mobistar S.A.	182 883	149 700	+22.2 %
Total M2M SIM cards (incl. IMC)	193 245	129 631	+49.1 %
ARPU ⁽⁷⁾ (€/month/active customer)	31.26	31.54	-0.9 %
Total turnover (million €)	1 621.8	1 529.3	+6.0 %
Service revenues (million €)	1 472.8	1 407.0	+4.7 %

Mobile activities

On 31 December 2010, the total number of active mobile telephony customers of Mobistar S.A. amounted to 3,494,407 compared with 3,424,972 active customers a year earlier, an increase of 2 %. The new customers are primarily postpaid customers, which brings the proportion of the latter in the total customer base to 63.6 % at the end of 2010, compared to 60.6 % a year earlier. The number of MVNO customers grew in 2010 from 321,543 in December 2009 to 456,114 one year later, a 41.8 % increase. The total customer base (Mobistar S.A. + MVNO) rose by 5.4 % in a one year from 3,746,515 at the end of December 2009 to 3,950,521 twelve months later.

The 2010 figures prove that there is a keen interest in the use of mobile data. The number of customers for mobile Internet on tablets and PCs (Internet Everywhere prepaid and postpaid and Business Everywhere, iPad 15 and 25) grew by 31.1 %, from 85,281 at the end of December 2009 to 111,793 at the end of the 2010 financial year. The launch of the tariff plans for iPad in 2010, to meet the new trends, was a success. Mobistar remains the reference in terms of smartphone sales. In total Mobistar S.A. sold 946,246 handsets in 2010 compared with 915,000 handsets in 2009, an increase of 3.4 %.

In the 'machine-to-machine' segment, Mobistar S.A. confirms its leadership on the Belgian market and registered a significant growth. During the course of 2010, Mobistar S.A. signed a number of major contracts in various industries and made its introduction on the 'connected devices' market by entering into a partnership with several companies. Mobistar S.A. also collaborated in the pilot project for road charging with 3 other partners. The number of active 'machine-to-machine' cards rose by 49.1 % in a single year, from 129,631 at the end of 2009 to 193,245 twelve months later.

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

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

Evolution of the average revenue per user (ARPU)

The reduction in the roaming and MTR tariffs had a negative impact on the ARPU. Despite an increase in mobile data usage and a better customer mix, the average earnings per month per customer fell from 31.54 euros at the end of 2009 to 31.26 euros one year later.

Convergence on the residential and the business market

Mobistar is more than ever a convergent player on the telecoms market, thanks to the integration of MES S.A. and the launch of digital TV.

In the residential market, the fixed activities registered strong growth once again in 2010. At the end of 2010, Mobistar S.A. had 54,861 ADSL customers, an increase of 44.2 % compared to the 38,038 broadband Internet customers one year earlier. The number of active fixed telephone lines rose to 182,883 in 2010, a 22.2 % increase compared to the 149,700 active lines a year earlier.

In October 2010 Mobistar S.A. introduced a new digital TV experience on the Belgian market. Together with mobile and fixed telephone services, mobile Internet and unlimited fixed Internet, Mobistar TV is offered in the 'Starpack' at 55 euros per month, with installation, rental of the Livebox and decoder included. The launch of Mobistar TV made Mobistar S.A. a full-fledged convergent supplier on the residential market as well. Within 10 weeks Mobistar S.A. had signed up almost 10,000 installed and activated triple play customers.

In the business market, the 'One Office Voice Pack' and 'One Office Full Pack', the convergent offerings that combine fixed and mobile, voice and data services at advantageous rates, continue to be successful. The number of business customers that opted for one of these solutions rose by 17.3 %, from 30,783 at the end of 2009 to 36,102 one year later.

Turnover

At the end of the 2010 financial year, Mobistar S.A. recorded service revenues of 1,472.8 million euros, a 4.7 % increase compared to 1,407 million euros a year earlier. This increase is primarily due to the external growth with Mobistar Enterprise Services S.A. The growing number of postpaid customers with a mobile data forfait and the increasing use of mobile Internet via tablets raised the share of mobile data in the service revenues. At the end of 2010, the share of mobile data in the service revenues amounted to 32.3 %, compared to 28.7 % a year earlier.

In its distribution channels Mobistar S.A. offers the largest range of smartphones. Thanks to the commercial focus on smartphones, a booming market, the turnover from the sale of mobile telephones rose by 21.7 % in 2010. The total turnover was positively influenced by this and in its turn rose by 6 %, from 1,529.3 million euros at the end of December 2009 to 1,621.8 million euros one year later.

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

Key figures Orange S.A.	31.12.10	31.12.09	Variation
Total number of active customers (mobile telephony)	88 851	80 753	+10.0 %
ARPU ⁽⁸⁾ (€/month/active customer)	39.72	36.26	+9.5 %
Total turnover (million €)	55.4	45.5	+21.8 %
Service revenues (million €)	42.8	37.7	+13.5 %

Orange S.A. in Luxembourg also recorded strong growth in 2010. At the end of 2010, Orange S.A. had a total of 88,851 active mobile telephony customers, 10 % more than the 80,753 active customers one year earlier. The proportion of postpaid customers in the total customer base increased further, from 73.1 % at the end of December 2009 to 78.9 % one year later.

The value creation strategy is responsible for the increase in the ARPU. The average revenue per user evolved from 36.26 euros at the end of December 2009 to 39.72 euros one year later, or 9.5 % more in twelve months.

At the end of 2010 Orange S.A. recorded service revenues of 42.8 million euros, compared with 37.7 million euros a year earlier, a 13.5 % increase. The total turnover rose by 21.8 % and amounted to 55.4 million euros at the end of the 2010 financial year, compared to 45.5 million euros the year before.

4. Trends for 2011

Mobistar will continue to invest in growth and customer satisfaction and thus strengthen its position as a convergent player on the telecoms market.

Mobistar will further expand its digital television offering during the course of 2011. The launch of new functionalities and services will offer customers an even better TV experience. Mobistar also welcomes the draft decision for the opening of cable distribution and the VDSL network. If this proposal comes to execution, these regulatory evolutions should have a positive impact on the further development of the Mobistar TV and ADSL offering, and should increase competition in these domains on the Belgian market. Mobistar will actively support the proposal. Mobistar aspires to acquire 50,000 additional customers in the digital television segment by the end of 2011.

The full integration of MES S.A. will allow Mobistar to develop new convergent products for the business market and to optimize its network via the purchased fibre network.

Mobistar has prepared an ambitious plan with regard to customer satisfaction and loyalty. New hirings and the implementation of performant systems for customer service will make it possible to more efficiently manage the services provided to our customers. The implementation of the Odyssey 2011 transformation programmes for the modernisation of the IT and network infrastructure and the customer service will be continued in 2011. Mobistar expects that the implementation of Odyssey 2011 will generate gross savings of more than 40 million euros in 2011.

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

Guidance

The Mobistar group foresees the following guidance for the full financial year 2011:

- an equal level of turnover as in 2010;
- an EBITDA between 505 and 535 million euros;
- a net result between 210 and 230 million euros;
- an investment level of 11 to 12 % of the service revenues;
- an organic cash-flow between 210 and 230 million euros.

Mobistar group's 2011 guidance takes account of the negative impact of regulatory measures for an amount of more than 74 million euros on the turnover for the full financial year 2011. However, the hypotheses are based on the current figures on the evolution of the Belgian economic situation, and could be modified if there is a change in the handsets subsidy file.

5. Compensation for the shareholders

The Mobistar Group Board of Directors confirms that the financial situation of the company will allow it to realise its investment programme and to distribute a dividend to the shareholders for a total amount of 258.1 million euros. The Board of Directors will propose the distribution of an ordinary dividend of 2.90 euros per share on 20 May 2011 and an extraordinary dividend of 1.40 euro per share on 19 August 2011 and will submit it for approval to the General Meeting of Shareholders of 4 May 2011.

Mobistar (EURONEXT BRUSSELS: MOBB) is one of the main actors in the world of telecommunications in Belgium and Luxembourg, active in mobile telephony, fixed telephony, ADSL and on other markets with a strong growth potential. The company develops innovative products and services for the residential and the business market. Mobistar is listed on the Brussels Stock Exchange and is part of the France Télécom group.

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Highlights of the fourth quarter 2010

Evolution of the customer base

Mobile activities

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In the 'machine-to-machine' segment, Mobistar S.A. confirms its leadership on the Belgian market and registered a significant growth. During the course of 2010, Mobistar S.A. signed a number of major contracts in various industries and made its introduction on the 'connected devices' market by entering into a partnership with several companies. Mobistar S.A. also collaborated in the pilot project for road charging with 3 other partners. The number of active 'machine-to-machine' cards rose by 49.1 % in a single year, from 129,631 at the end of 2009 to 193,245 twelve months later.

Fixed activities

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Evolution of the average monthly revenue per user (ARPU)

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Orange S.A., Luxembourg

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Mobistar Enterprise Services S.A. (MES)

Mobistar Enterprise Services S.A., the former B2B and carrier activities of KPN in Belgium, was acquired by Mobistar at the end of the first quarter of 2010. The purchase price for 100 % of the shares of KPN Belgium Business S.A. amounts to 65 million euros (on a debt- and cash-free basis) and this amount was paid on 31 March 2010.

The consolidation has been implemented as of 1st April 2010, meaning that MES has contributed positively for nine months of activity both on the consolidated revenue and EBITDA of the Mobistar group. The final purchase price is still under review between Mobistar and the seller based upon the actual indebtedness & working capital at the closure date. The outcome of the expert's report, i.e. that KPN should pay Mobistar an amount between 0.3 and 2.2 million euros, is disputed by KPN which states that this is not in agreement with the scope of the expert's mission. Therefore KPN has launched an arbitration case regarding the expert's mission. As a result, the opening balance at first consolidation may still be slightly impacted by this dispute. Final outcome is to be expected in 2011.

During the fourth quarter of 2010, MES has realized a total revenue of 20.5 million euros which generated an EBITDA of 5.1 million euros. In addition, it invested 1.0 million euros, mainly in customer projects and in further roll-out of its fiber network. From an organisational point of view, the integration Mobistar – Mobistar Enterprise Services sales forces as of 1st July 2010, started to have a positive impact on the commercial results. In addition, the cost synergies started to positively impact the EBITDA numbers as of the fourth quarter of 2010.

Network development & IT

At year-end, 3G/HSDPA coverage reached 90 % of the population. The Mobistar network had 5,123 sites at the end of December 2010, 695 of which were shared. This corresponds to a total of 15,369 cells. In addition, Mobistar has already deployed 669 microwave links.

Comments on the financial situation

The consolidation scope encompasses Mobistar S.A., the Luxemburg company Orange S.A., Mobistar Enterprise Services S.A. and 50 % of the temporary joint venture 'Irisnet'. The temporary joint venture 'Irisnet' consists of equal shares held by France Télécom S.A. and Belgacom S.A. (the initial partner Telindus S.A. is since 1 January 2010 an integral part of 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 18 months extendable to 2 years.

Mobistar Enterprise Services S.A., former KPN Belgium Business S.A., is included in the consolidation as from 1st April 2010.

Income statement

At the end of December 2010, the Mobistar group registered 4,039,372 active mobile customers, an increase of 5.5 % compared to the 3,827,268 active customers a year earlier.

The group's consolidated turnover amounted to 430.9 million euros in the fourth quarter of 2010, an increase of 2.7 % (-2.2 % organic) compared to the 419.6 million euros during the fourth quarter of 2009. The successful sales of smartphones, the continuous positive evolution of SMS abundance offers and advanced mobile data and the external growth with Mobistar Enterprise Services were the main reasons for this increase, partly reduced by the regulatory impact of the decrease in roaming tariffs as of 1st July 2010 and the decrease in mobile termination rates for Mobistar from 9.02 eurocent to 5.05 eurocent, effective 1st August 2010.

The consolidated EBITDA decreased with 10.7 % from 146.2 million euros in the fourth quarter of 2009 to 130.5 million euros a year later. The decrease is the result of the lower roaming & termination rates partly compensated by the organic & external revenue growth and the realized progress of Mobistar's transformation program 'Odyssey 2011'. In addition, Mobistar launched its 'Starpac' offer in October 2010, impacting negatively the 4th quarter EBITDA due to the related advertising & promotion expenses. This 'Starpac' launch has impacted the 2010 EBITDA with 14.2 million euros of which 82 % in the fourth quarter. The EBITDA margin of total service revenues decreased from 39.5 % in the fourth quarter of 2009 to 34.4 % in the fourth quarter of 2010. This decrease relates to the increasing importance of fixed activities within the Mobistar group, which are known for a lower relative margin, as part of Mobistar's convergent strategy.

In 2010, the Mobistar group recorded consolidated net profit of 263.6 million euros, an increase of 1.3 % (organic +1.9 %) in comparison with the 260.3 million euros at the end of December 2009 as a consequence of the lower EBITDA margin over-compensated by a lower effective income tax rate. The latter was positively impacted for an amount of 14 million euros in the fourth quarter as a result of obtaining the necessary tax certificates for investment deduction for sustainable investments and the net impact of a conditional waiver of the debt owned by Orange S.A. (Luxembourg). Net profit per share increased by 1.3 % from 4.34 euros per share on 31 December 2009 to 4.39 euros per share a year later.

Balance sheet

The consolidated balance sheet total reached 1,303.2 million euros on 31 December 2010, compared to 1,153.1 million euros at the end of the previous financial year.

Non-current assets amounted to 1,020.0 million euros at the end of December 2010, compared to 882.5 million euros at the end of 2009. This increase relates to the investment in Mobistar Enterprise Services S.A. and the renewal for 5 years of the 2G licence for an amount of 74.4 million euros.

Current assets increased from 270.6 million euros at the end of 2009 to 283.2 million euros at the end of December 2010, mainly relating to higher accrued income & deferred expenses and a slightly higher cash balance.

Equity slightly decreased from 440.8 million euros at the end of 2009 to 431.2 million euros on 31 December 2010. This decrease is explained by the profit distribution in 2010 as approved by the General Assembly for a total amount of 273.1 million euros, almost fully compensated by the net result of 263.6 million euros realized in 2010.

Long-term provisions and trade payables increased from 14.6 million euros per 31 December 2009 to 61.8 million euros per 31 December 2010 due to the long-term provisions relating to the MES activities and the long-term part of the payable related to the renewal fee of the 2G licence.

In December 2010, Mobistar's Board of Directors approved the re-financing of one of its credit facilities, with expiry date of 31/12/2010. The new credit facility, with expiry date of 31/12/2015, amounts to 450 million euros with an interest rate of EURIBOR + 65 Bps. The agreement strengthens the long-term financing of Mobistar's growth activities. Per 31 December 2010, 300.7 million euros was drawn of which 270.0 million euros on a long-term basis.

Current liabilities decreased from 697.7 million euros on 31 December 2009 to 540.6 million euros on 31 December 2010. This decrease relates to the re-financing of the credit facility, shifting an important amount to the long-term borrowings. Excluding this impact, the other current liabilities increased as a result of an increase in corporate tax payable and an increase of the trade payables related to the MES activities.

Financial instruments, financial risks management objectives and policy

No change has occurred in comparison with the information contained in the 2009 annual report (p.13).

Disputes

The disputes related information listed in the annual report 2009 and in the quarterly reports 2010 have been modified as follows:

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The total receivable amount of taxes charged, plus default interest calculated at the legal rate, amounts to 41.9 million euros and is subject to a bad debt provision for the whole amount, of which 6.9 million euros corresponds to the year 2010.

KPN Belgium Business S.A. / Mobistar S.A. Share Purchase Agreement

On 10 November 2010, KPN Mobile International B.V. filed a request for arbitration with the Cepani against Mobistar for a dispute regarding their Share Purchase Agreement dated 24 November 2009.

In its request, KPN asks the arbitral tribunal to rule that no adjustment to the financial statements should be allowed. In other words, that the independent accountant cannot decide on the items in dispute that were previously submitted to him by the parties in accordance with the SPA and that Mobistar should, consequently, be condemned to pay an amount of 6.3 million euros to KPN instead of receiving between 0.3 million euros and 2.2 million euros based upon the independent accountant's decision. Mobistar asks the tribunal to dismiss all the claims of KPN and to confirm the independent accountant's mission. The arbitration proceeding is currently ongoing.

Renewal of the 2G license and license renewal fee

Following a judgment by the Court of Appeal in 2009, the initial BIPT (Belgian Institute for Postal services and Telecommunications) decision to not tacitly renew Mobistar's 2G license was overruled. As a consequence the Mobistar 2G license was renewed for 5 years and it now runs until end 2015.

By a new law (Law of 15 March 2010) the possibility to ask a license renewal fee for the 2G license was introduced. The fee would amount to approximately 15 Mio € per year for a 5-year period. All mobile operators (Belgacom Mobile, KPN Group Belgium and Mobistar) challenge this law before the Constitutional Court as it is contrary to the non-retroactivity principle of laws (this law indeed retroactively changes the initially defined 2G license renewal conditions). A decision of the Court may be expected by the end of 2011 or the beginning of 2012.

MTR tariffs

For the period 2006-2010

On 30 June 2009 the Court of Appeal annulled the BIPT decisions concerning the level of mobile termination rates (MTRs) adopted in August 2006 and December 2007. On 10 August 2010 the BIPT adopted a new, retroactive decision for the above mentioned period re-confirming the tariffs as defined in the earlier decisions.

For the period 2010-2013

In its decision of 29 June 2010 the BIPT concluded to impose new MTR tariffs based on a pure long run incremental cost model (LRIC). Tariffs will go down according to a glide to reach a symmetrical level of 1.08 c€/min as of 1 January 2013. KPN Group Belgium and Mobistar have filed an appeal in suspension and in annulment against this decision. A decision on the suspension is expected in the beginning of 2011. A decision on the annulment proceedings is unlikely before the 2nd half of 2012.

European regulation on roaming services

In 2010 further decreases of the international roaming charges for retail (voice and SMS) and wholesale (voice, SMS and data) services were introduced in line with the EU regulation. Additional transparency mechanisms were implemented to prevent bill shocks.

In December 2010, the EU Commission launched a consultation on the review of the roaming regulation in order to identify how to further improve competition on the roaming market. This may lead to continued and/or extended roaming price regulation (e.g. for retail data services) and/or the introduction of new wholesale mechanisms. The new regulation would start mid 2012, when the current regulation period ends.

Regulation of broadband and cable

In December 2010 the BIPT submitted its draft decisions on broadband markets (market 4: wholesale unbundled access; market 5: wholesale bitstream access) for consultation. These draft decisions provide mainly for the same obligations as the current ones. Obligations not used in practice (such as sub-local loop unbundling or fiber obligations) have been removed in market 4. The main change concerns the obligation to provide multicast on market 5, hereby allowing the provision of audiovisual services, and the obligation of equivalence of inputs whereby Belgacom, as operator with significant market power, must ensure the same wholesale service to other parties as the wholesale service it provides to its own retail branch. A decision is expected in the course of 2011.

The 4 media regulators (BIPT, CSA, Medienrat, VRM) launched consultations on draft decisions for their geographical area of competence (respectively Brussels, Wallonia, the German speaking area, Flanders). The draft decisions aim at imposing access and resale obligations on the cable operators (in particular the resale of analogue TV and the access to the digital TV platform). In addition cable operators must provide a broadband resale offer but in combination with a TV-subscription only. A decision is expected in the course of 2011.

Trends

The Mobistar group foresees the following guidance for the full financial year 2011:

- an equal level of turnover as in 2010;
- an EBITDA between 505 and 535 million euros;
- a net result between 210 and 230 million euros;
- an investment level of 11 to 12 % of the service revenues;
- an organic cash-flow between 210 and 230 million euros.

Mobistar group's 2011 guidance takes account of the negative impact of regulatory measures for an amount of more than 74 million euros on the turnover for the full financial year 2011. However, the hypotheses are based on the current figures on the evolution of the Belgian economic situation, and could be modified if there is a change in the handsets subsidy file.

Declaration by the persons responsible

We, the undersigned, Benoit Scheen, CEO, and Werner De Laet, CFO, declare that to our knowledge:

a) the financial statements drawn up in accordance with the prevailing accounting standards, give a faithful image of the assets, financial situation and results of the issuer and the companies included within its consolidation;

b) the management report contains an accurate overview of the business activities evolution, the results and the financial situation of the issuer and the companies included within its consolidation, and a description of the main risks and uncertainties they are confronted to.



Benoit Scheen
CEO



Werner De Laet
CFO

Report of the statutory auditor to the shareholders of Mobistar S.A. on the review of the condensed consolidated financial statements for the year ended 31 December 2010

The statutory auditor has confirmed that the audit procedures on the consolidated financial statements have been completed substantially and that no significant corrections have been identified that should have been adjusted in the financial information included in the press release.

Brussels, February 8, 2011

Ernst & Young Reviseurs d'Entreprises SCC
Statutory auditor
represented by Herman Van den Abeele, Partner

Condensed consolidated financial statements in accordance with IFRS

Condensed consolidated income statement (Mio €)

	31.12.2010	31.12.2009	Variation (%)
Revenue			
Service revenue	1 515.6	1 444.8	4.9%
Handsets sales	149.0	122.4	21.7%
Total turnover	1 664.6	1 567.2	6.2%
Other operating revenue	33.2	37.6	-11.7%
Total revenue	1 697.8	1 604.8	5.8%
Operating expenses			
Interconnection costs	-381.8	-358.1	6.6%
Costs of equipment and goods sold	-300.0	-250.2	19.9%
Services and other goods	-306.9	-271.5	13.0%
Employee benefits expenses	-140.8	-133.1	5.8%
Depreciation, amortisation and impairment	-170.7	-164.3	3.9%
Other operating charges	-19.6	-24.9	-21.3%
Total operating expenses	-1 319.8	-1 202.1	9.8%
Result of operating activities before depreciation and amortisation (EBITDA)	548.7	567.0	-3.2%
EBITDA margin in % of service revenue	36.2%	39.2%	
Result of operating activities (EBIT)	378.0	402.7	-6.1%
Finance income	0.6	1.4	-57.1%
Finance costs	-5.1	-6.1	-16.4%
Profit before taxes	373.5	398.0	-6.2%
Tax expense	-109.9	-137.7	-20.2%
Net profit of the period (*)	263.6	260.3	1.3%
Profit attributable to equity holders of the parent	263.6	260.3	1.3%

Condensed consolidated statement of comprehensive income (Mio €)

Net profit for the period	263.6	260.3	1.3%
Other comprehensive income	0	0	
Total comprehensive income for the period	263.6	260.3	1.3%
Part of the total comprehensive income attributable to equity holders of the parent	263.6	260.3	1.3%
Basic earnings per share in €	4.39	4.34	1.3%
Weighted average number of ordinary shares	60 014 414	60 014 414	
Diluted earnings per share in €	4.39	4.34	1.3%
Diluted weighted average number of ordinary shares	60 014 414	60 014 414	

(*) Since there are no discontinued operations, the profit of the period corresponds to the result of continued operations.

Condensed consolidated balance sheet (Mio €)

	31.12.2010	31.12.2009
ASSETS		
Non-current assets		
Goodwill	80.1	79.3
Intangible assets	294.8	235.5
Tangible assets	635.9	548.9
Other non-current assets	7.5	11.5
Deferred taxes	1.7	7.3
Total non-current assets	1 020.0	882.5
Current assets		
Inventories	10.3	10.1
Trade receivables	205.9	204.4
Other current assets	54.0	46.1
Cash and cash equivalents	13.0	10.0
Total current assets	283.2	270.6
Total assets	1 303.2	1 153.1
EQUITY and LIABILITIES		
Equity		
Share capital	131.7	109.2
Legal reserve	13.2	35.7
Retained earnings	286.3	295.9
Total equity	431.2	440.8
Non-current liabilities		
Long-term borrowings	267.9	
Long-term trade payables	43.2	
Long-term provisions	18.6	14.6
Deferred taxes	1.7	
Total non-current liabilities	331.4	14.6
Current liabilities		
Short-term borrowings	32.9	298.0
Trade payables	310.9	266.4
Employee benefits related liabilities	31.4	25.4
Current taxes payables	83.2	37.4
Deferred income	77.7	68.0
Other payables	4.5	2.5
Total current liabilities	540.6	697.7
Total liabilities	872.0	712.3
Total equity and liabilities	1 303.2	1 153.1

Condensed consolidated statement of changes in equity (Mio €)

	Share Capital	Legal Reserve	Retained earnings	Total equity
Balance as at 1 January 2010	109.2	35.7	295.9	440.8
Net profit for the period			263.6	263.6
Total comprehensive income for the period			263.6	263.6
Transfer Legal Reserve to Share Capital	22.5	-22.5		0.0
Declared dividends			-273.1	-273.1
Equity transaction costs			-0.1	-0.1
Balance as at 31 December 2010	131.7	13.2	286.3	431.2

	Share Capital	Legal Reserve	Retained earnings	Total equity
Balance as at 1 January 2009	109.2	35.7	307.6	452.5
Net profit for the period			260.3	260.3
Total comprehensive income for the period			260.3	260.3
Incentive Plan on France Télécom shares			1.3	1.3
Declared dividends			-273.1	-273.1
Equity transaction costs			-0.2	-0.2
Balance as at 31 December 2009	109.2	35.7	295.9	440.8

Condensed consolidated cash flow statement (Mio €)

	31.12.2010	31.12.2009
Cash flows from operating activities		
Profit before taxes	373.5	398.0
Non-cash adjustments for:		
Depreciation, amortisation and impairment of fixed assets	170.7	164.3
Other non-cash expenses		1.3
Interest Income	-0.6	-0.7
Interest Charges	2.9	3.8
Adjusted result of operating activities before net finance costs	546.5	566.7
Inventories (increase -, decrease +)	1.1	2.2
Trade and other receivables	11.4	35.3
Trade and other payables	11.7	-26.0
Net changes in working capital	24.2	11.5
Tax paid	-58.4	-131.7
Interests paid	-2.9	-3.8
Interests received	0.6	0.7
Net cash from operating activities	510.0	443.4
Cash flows from investing activities		
Purchase of intangible and tangible assets	-239.8	-146.1
Debt associated to purchase of assets (increase +, decrease -)	58.1	
Acquisition of subsidiary net of cash acquired (*)	-63.1	
Proceeds from sale of equipment	1.0	
Long-term loans and advances granted		-9.9
Reimbursement long-term loans granted	4.2	7.0
Net cash used in investing activities	-239.6	-149.0
Cash flows from financing activities		
Short-term borrowings - net	-215.1	4.7
Long-term borrowings - proceeds	430.0	140.0
Long-term borrowings - repayments	-210.0	-165.0
Transactions costs paid for long-term credit facility	-2.3	
Others	3.2	2.4
Equity transactions costs	-0.1	-0.2
Dividends paid	-273.1	-273.1
Net cash used in financing activities	-267.4	-291.2
Net increase (+), decrease (-) in cash and cash equivalents	3.0	3.2
Cash and cash equivalents at beginning of period	10.0	6.8
Cash and cash equivalents at end of period	13.0	10.0

(*) Price paid for MES acquisition (65 MEUR) less cash available in MES at acquisition date (1.8 MEUR).

Segment information (Mio €)

	31.12.2010 Belgium			31.12.2010 Luxembourg	Interco elimination	Mobistar Group
	Mobile	Fix	Total	Total	Total	Total
Revenue						
Service revenue	1 330.8	146.0	1 476.8	42.8	-4.0	1 515.6
Handsets sales	144.2		144.2	12.6	-7.8	149.0
Total turnover	1 475.0	146.0	1 621.0	55.4	-11.8	1 664.6
Other operating revenue	28.8	5.2	34.0	0.4	-1.2	33.2
Total revenue	1 503.8	151.2	1 655.0	55.8	-13.0	1 697.8
Results						
Result of operating activities before depreciation and amortization (EBITDA)	562.3	-19.5	542.8	5.9		548.7
EBITDA margin in % of service revenue	42.3%	-13.4%	36.8%	13.8%		36.2%
Result of operating activities (EBIT)	417.1	-37.1	380.0	-2.0		378.0
Net finance income			-34.0	29.5		-4.5
Tax expense			-105.0	-4.9		-109.9
Net profit or loss			241.0	22.6		263.6

	31.12.2009 Belgium			31.12.2009 Luxembourg	Interco elimination	Mobistar Group
	Mobile	Fix	Total	Total	Total	Total
Revenue						
Service revenue	1 323.6	86.3	1 409.9	37.7	-2.9	1 444.8
Handsets sales	119.3		119.3	7.8	-4.8	122.4
Total turnover	1 442.9	86.3	1 529.2	45.5	-7.6	1 567.2
Other operating revenue	34.2	3.3	37.5	0.3	-0.2	37.6
Total revenue	1 477.1	89.6	1 566.7	45.8	-7.8	1 604.8
Results						
Result of operating activities before depreciation and amortization (EBITDA)	578.7	-16.2	562.6	4.4		567.0
EBITDA margin in % of service revenue	43.7%	-18.7%	39.9%	11.7%		39.2%
Result of operating activities (EBIT)	430.8	-20.8	410.0	-7.3		402.7
Net finance income			-3.9	-0.8		-4.7
Tax expense			-139.4	1.7		-137.7
Net profit or loss			266.7	-6.4		260.3

Quarterly results

		Quarterly figures 2009				FY 2009
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl MVNO, MATMA)	in thousand	3 421.5	3 443.0	3 420.7	3 425.0	
of which Postpaid	in thousand	1 979.1	2 013.9	2 033.4	2 077.1	
of which Prepaid	in thousand	1 442.3	1 429.2	1 387.3	1 347.8	
MVNO customers	in thousand	363.1	344.5	313.0	321.5	
Orange S.A. (Luxembourg) customers	in thousand	79.7	79.6	80.1	80.8	
Total Mobistar Group	in thousand	3 864.2	3 867.2	3 813.8	3 827.3	
ARPU evolution						
Blended ARPU						
(rolling average of the preceding 12 months incl. visitor roaming)		in EUR/month	32.00	31.65	31.31	31.54
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	39.13	39.31	39.48	39.63	
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	16.86	17.84	17.85	18.14	
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	319.3	332.4	331.7	340.2	1 323.6
Service Revenues Mobistar/MES Fix/Data	in Mio EUR	22.1	22.1	20.7	21.5	86.4
Service Revenues Orange S.A. (Luxembourg)	in Mio EUR	8.7	9.7	9.7	9.8	37.8
Total Mobistar consolidated service revenues*	in Mio EUR	349.6	363.7	361.5	370.1	1 444.8
Total Mobistar consolidated handset sales	in Mio EUR	21.6	26.7	24.6	49.5	122.4
Total Mobistar consolidated turnover	in Mio EUR	371.2	390.4	386.1	419.6	1 567.2
Total Mobistar consolidated EBITDA	in Mio EUR	134.0	144.4	142.4	146.2	567.0
as a % of service revenues		38.3%	39.7%	39.4%	39.5%	39.2%
Total Mobistar consolidated net result	in Mio EUR	60.1	68.4	67.1	64.7	260.3
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	1.00	1.14	1.12	1.08	4.34
Diluted weighted average earnings per share	in EUR/share	1.00	1.14	1.12	1.08	4.34
Total Mobistar consolidated CAPEX	in Mio EUR	25.7	35.4	36.8	48.2	146.1
as a % of service revenues		7%	10%	10%	13%	10%
Organic cash flow	in Mio EUR	110.4	87.1	52.1	48.8	298.4

* after elimination of intercompany transactions.

		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 S.A. (Luxembourg) 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 S.A. (Luxembourg)	in Mio EUR	10.1	11.3	10.0	11.3	42.8
Total Mobistar consolidated service revenues*	in Mio EUR	365.5	395.3	375.7	379.1	1 515.6
Total Mobistar consolidated handset sales	in Mio EUR	28.1	29.9	39.2	51.8	149.0
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		37.8%	36.3%	36.4%	34.4%	36.2%
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%	37%	16%
Organic cash flow	in Mio EUR	124.2	76.0	87.8	41.3	329.3

* after elimination of intercompany transactions.