

**Be Bold**

**Set the vibe**

**Q2 2020**

**Financial Results**

**Orange  
Belgium**

**July 24, 2020**



# Disclaimer

**This presentation might contain forward-looking statements about Orange Belgium in particular for 2019. Although we believe these statements are based on reasonable assumptions, they are subject to numerous risks and uncertainties, including matters not yet known to us or not currently considered material by us, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ from the results anticipated in the forward-looking statements include, among others: the economic situation in Europe and more specifically in Belgium, the impact of price adjustments on the customer base resulting from competitive pressure, the evolution of the customer base, the effectiveness of Orange Belgium's convergent strategy including the success and market acceptance of the voice and data abundance plans in the business segment and of the Orange Internet & TV offers, of the Orange Belgium brand and other strategic, operating and financial initiatives, Orange Belgium's ability to adapt to the on-going transformation of the telecommunications industry, regulatory developments and constraints and the outcome of legal proceedings, risks and uncertainties related to business activity.**

# Section one

# COVID-19

# impact



# Orange Belgium follows the authorities' recommendations in every step of the lockdown



### Lockdown starts in Belgium



- 2-Mar: OBEL takes preventive measures
- 3-Mar: Government announced lockdown
- 14-Mar: Shops closed on the weekends
- 18-Mar All shops closed completely

- Sanitary measures shared with our stakeholders
- Continuous communication at different levels
- Measures taken to strictly comply with health regulations
- Safety guide developed


### Lockdown continues in Belgium



- 06-Apr: Shops could be visited in specific cases only with appointments

- Social distancing remains key: rearrangement of shop space to guarantee the 1.5m distance rule
- Frequent safety audits
- Safety kit distributed

### Lockdown lifting starts



- 04-May: Gradual ease of coronavirus lockdown measures
- 11-May: All shops reopened
- 18-May: gradual return to the office

- Social distancing remains key: rearrangement of office space to guarantee the 1.5m distance rule
- Safety kit distributed
- Continuous contact with various government bodies and follow updates and recommendations closely

## COVID-19 impact in Q2'20:

€38.2m total impact on revenues – mitigated on the EBITDAaL



### Commercial

- lower acquisition of mobile customers and convergence
- lower handset sales
- decrease in SMS and roaming traffic



### Revenues

- Lower incoming SMS - €16.0m
- Lower visitor roaming - €5.8m
- Lower customer roaming - €4.7m
- Lower handset sales - €11.7m
- Lower B2B revenues due to frozen project



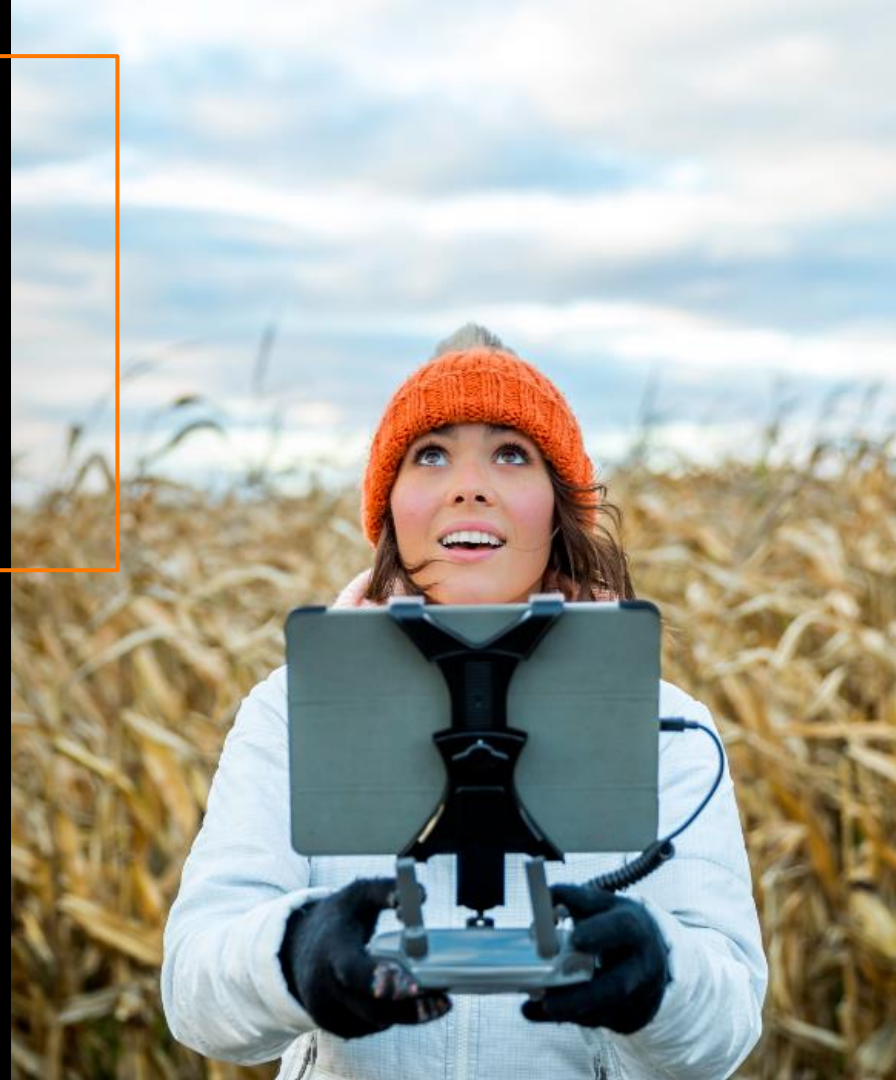
### EBITDAaL

- Lower incoming SMS have no impact on EBITDAaL
- Declining roaming is compensated by lower roaming costs
- Lower equipment sales have limited impact on EBITDAaL
- Mitigation measures applied

# Section two

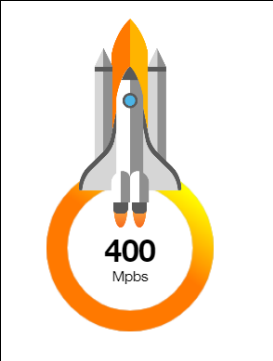
## Q2 2020

### Highlights



# Orange Belgium keeps improving its offers during Q2

## Internet boost



Download speed increased from 200 Mbps to 400 Mbps

Offer available to residentials, independents and SoHo



“ As a **Bold Challenger**, we follow closely the habits of our customers and we know a fast and reliable connectivity is key.. ”

## Revamping B2B offers (Shape & Fix)



New ultra-fast 400 Mbps internet connection



Automatic double data on the mobile fleet



Additional options such as fixed phone or television

# The Jupiler Pro League will be available to all Orange customers, convergent and mobile, for 5 years as from August 2020



Orange Belgium is the first player signing a distribution agreement allowing to make the Jupiler Pro League available for its customers



The 3 existing Eleven Sports channels remain included in the standard digital TV package without any additional fee




Orange Love Duo and mobile customers will be able to subscribe to Eleven Sports monthly OTT passes to watch Belgian football online



This content will be available at reasonable prices, without customers having to pay for additional content in large content bundles



# Q2 2020 Key achievements



**Mobile contract  
excl. M2M**  
**2.6 m**  
3.1% yoy

Belgium

**Convergent  
customers**

**Love 288 k**  
+33.6% yoy

Belgium




**Net additions**

Mobile contract  
excl. M2M **+ 7 k**

Convergent  
customer **+ 8 k**

Belgium



**17.8%**  
of total  
postpaid  
mobile base is  
convergent

Belgium

**Revenues**

**€302.8 m**  
-7.9%\* yoy



**Retail service  
revenues**

**€221.0 m**  
+2.1%\* yoy



**EBITDAaL**

**€86.0 m**  
+9.7%\* yoy



**eCapex**

**€29.8 m**  
-30.7% yoy



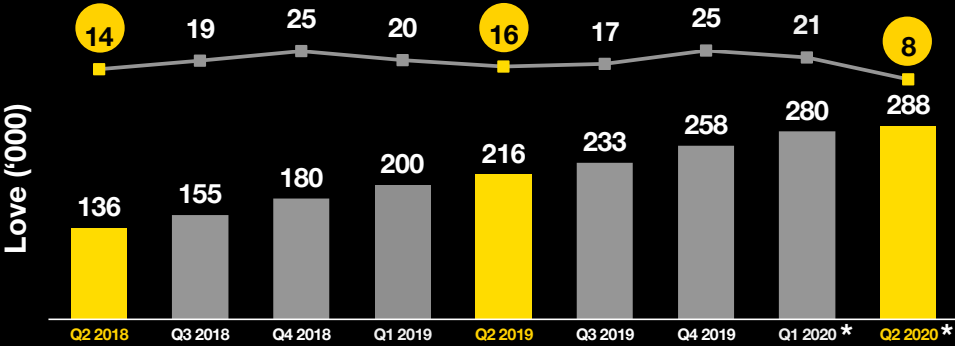
\*based on 2019 comparable figures

# Section three

# Operational Results



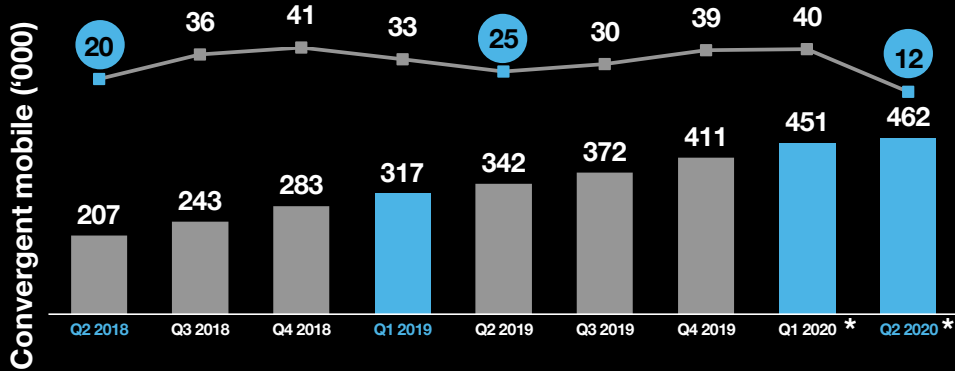
# Convergence: customer base increase in spite of the COVID-19 impact



**+8k**  
Love customer net adds, -47.7% yoy

**+33.6%**  
Love customers yoy variation

**15%**  
of convergent customer base is Love Duo



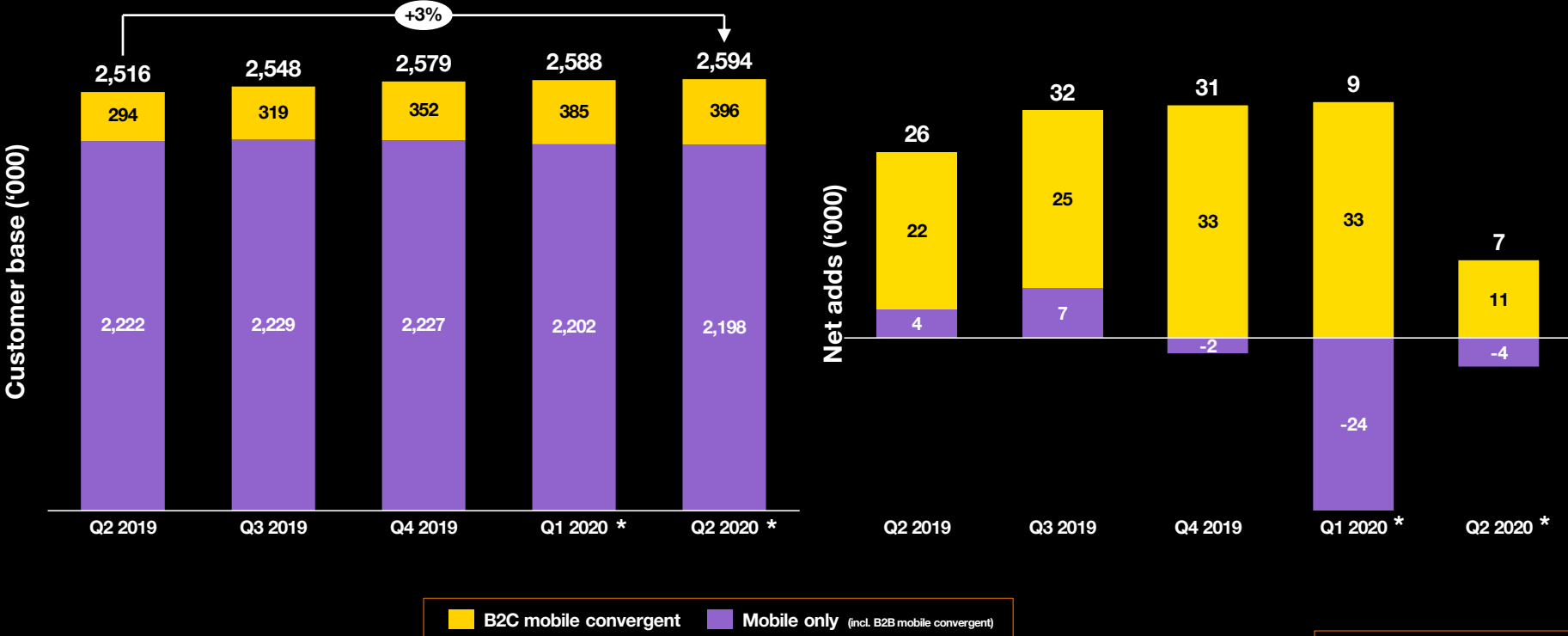
**1.6**  
SIM cards per convergent customer

**17.8%**  
of total postpaid mobile base is convergent (Q2'19: 13.6%)

■ Customers — Net adds

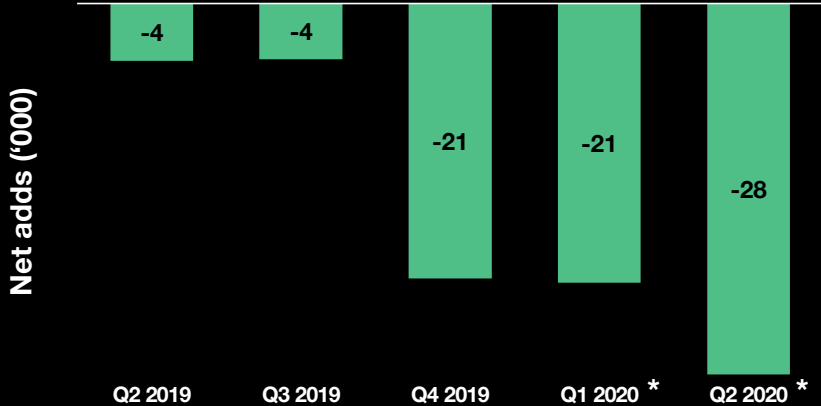
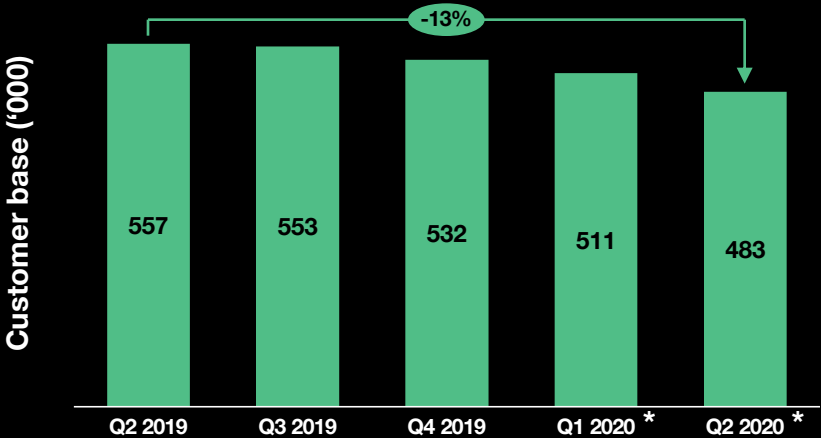
\*Impacted by COVID-19

# Growth of the mobile postpaid customer base within a competitive landscape and COVID-19 impact



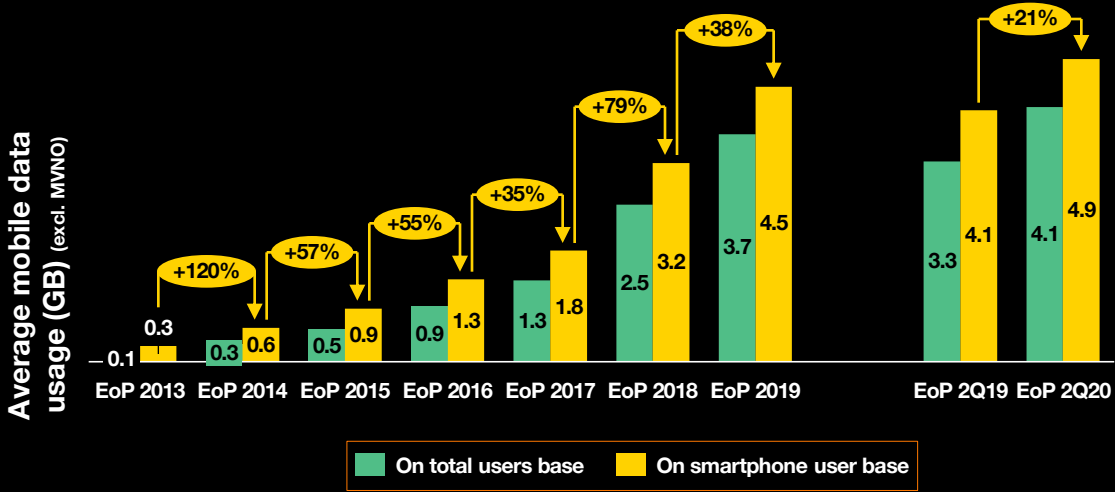

\*Impacted by COVID-19

# Mobile prepaid: continued decline in Q2 mainly due to COVID-19 effect




\*Impacted by COVID-19

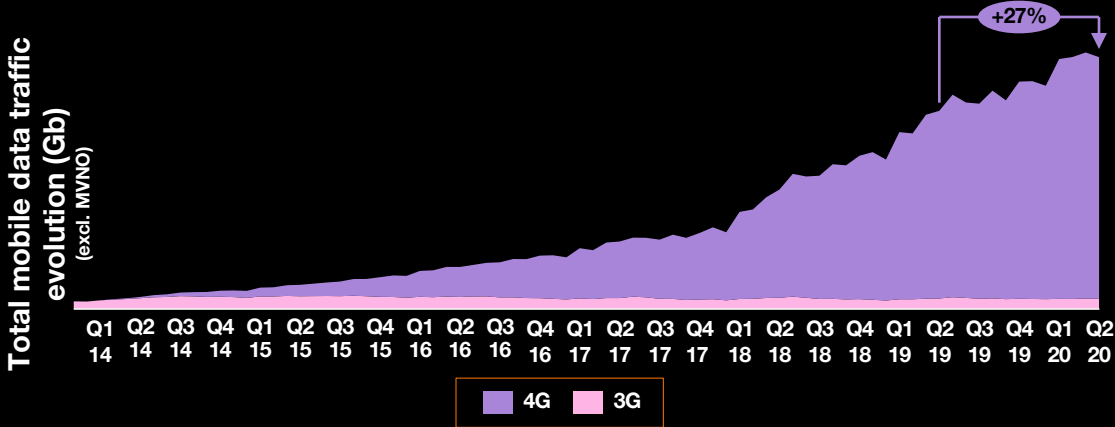

# Mobile: Average mobile data usage close to 5 GB

**4.9 GB**  
Average mobile data usage (smartphone), +21% yoy



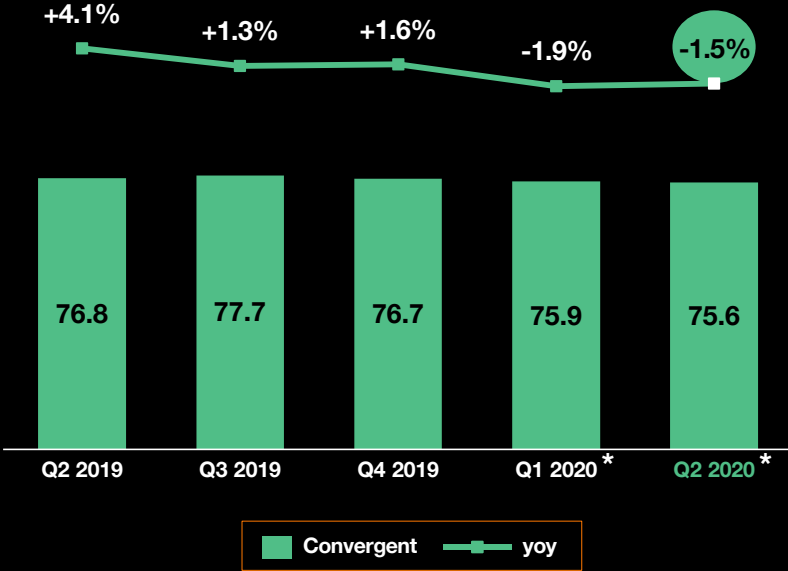
**96%**  
% 4G in total traffic (Q2'19: 95%)

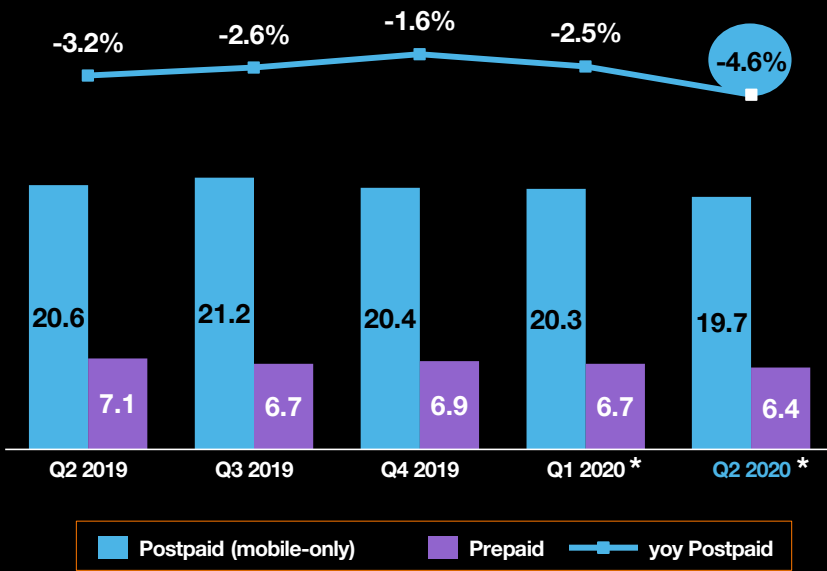
**+27%**  
Total mobile data traffic yoy increase

# Slight decrease in B2C convergent ARPO and in mobile-only ARPO

Quarterly B2C convergent ARPO (€)



Quarterly mobile only ARPO (€)






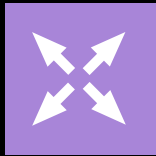
\*Impacted by COVID-19

# Regulatory update (1/2)



## Cable Regulation Wholesale Pricing

- 27 May: CRC published its final decision on new cable wholesale tariffs entering into force on 1 July
- Orange Belgium takes note of the final decision of the regulators, and:
  -  Regrets that the EC's comments have only marginally resulted in changes to the draft decision
  -  Considers that the wholesale charges, especially for the high-speed internet access services, will remain significantly above “fair charges” to the detriment of consumers
  -  Requests the regulators to monitor closely the effects of this decision on the price evolution for Belgian customers; and to initiate a review of the wholesale prices as soon as a negative effect is observed



## Network sharing agreement with Proximus

- 25 November 2019: Orange Belgium and Proximus signed an agreement to establishing a 50-50 JV on radio mobile access network sharing, covering 2G, 3G, 4G and 5G technologies
- 10 January 2020: CA provided the BIPT an additional period of 2 months during which they can further assess the agreement
- 16 March 2020: the period during which interim measures applied expired
- 1 April 2020: the employees of Proximus and Orange Belgium were transferred to the JV, named Mwingz
- The procedure on the merits is ongoing



# Regulatory update (2/2)

- End 2019, the BIPT launched a consultation regarding various spectrum related matters mainly to deal with intermediate and/or associated spectrum matters



- The structural auction for the mobile spectrum is not expected before H2 2021
- A call for candidates for the remaining 2.6 GHz license of 2 X 15 MHz expired mid May. Citymesh has submitted an application which BIPT will now examine in more detail
- 10 June: the BIPT launched a consultation on the request of a five-year extension of Gridmax’s licence for spectrum in the 3.5 GHz band until 6 March 2026. The consultation ended on 13 July 2020
- 15 July: the BIPT granted five operators (Orange, Proximus, Telenet, Cegeka and Entropia) temporary usage rights in the 3.6-3.8 GHz band. Each operator gets 40 MHz. with usage rights starting 1 August .The licenses expire at the start of the usage rights of the auctioned spectrum
- Orange Belgium considers that spectrum allocations should go along with long-term visibility, together with deployment obligations in order to ensure that operators effectively invest in networks and use spectrum in an efficient and effective way
- No commitments on a review of the applicable EMF-norms, while resistance against 5G appeared



Spectrum and  
5G auction



## Simplification

- Launch new GO offer portfolio
- Migration from legacy offer started
- Renegotiation of IT & Network contracts with partners



## Digitalization

- Focus on non-physical sales channels (boosted by COVID-19 context)
- Increase of customer digital interactions
- eShop launched



## Empowerment

- End-to-End responsibility
- Initiatives to develop agile way of working within the organization
- First call resolution

3 year transformation plan:

2019 - 2021

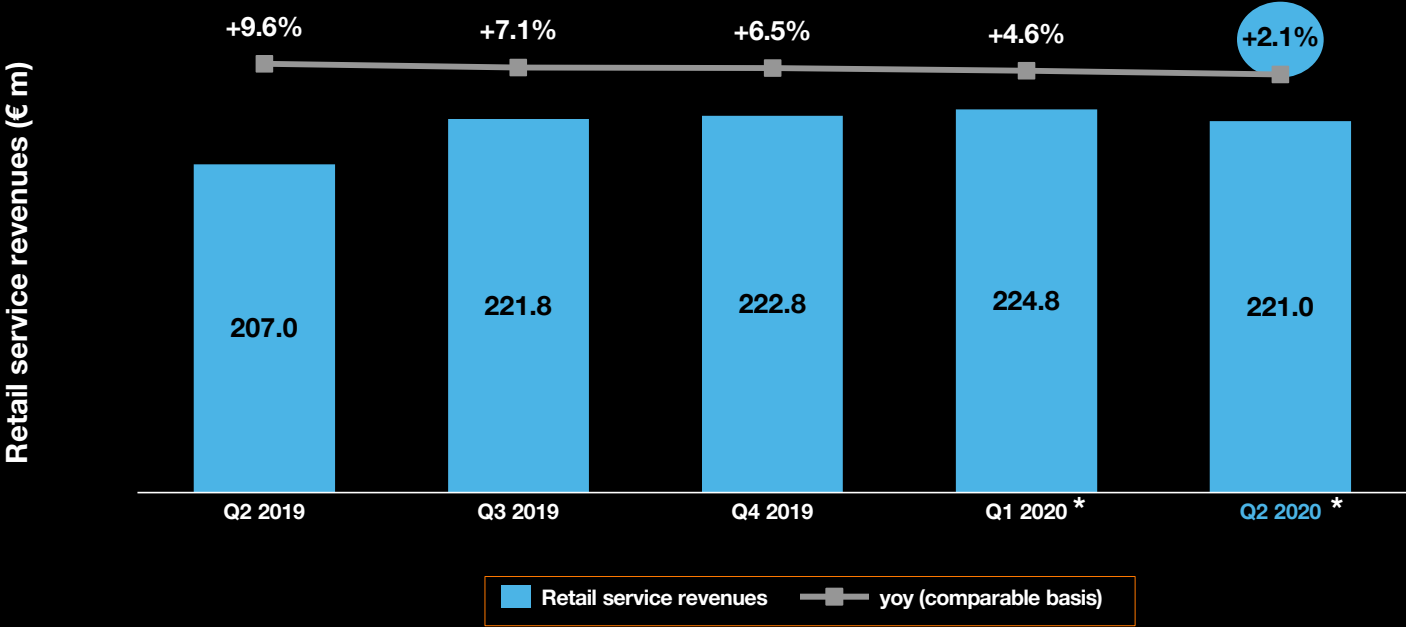
# Section four

# Financial

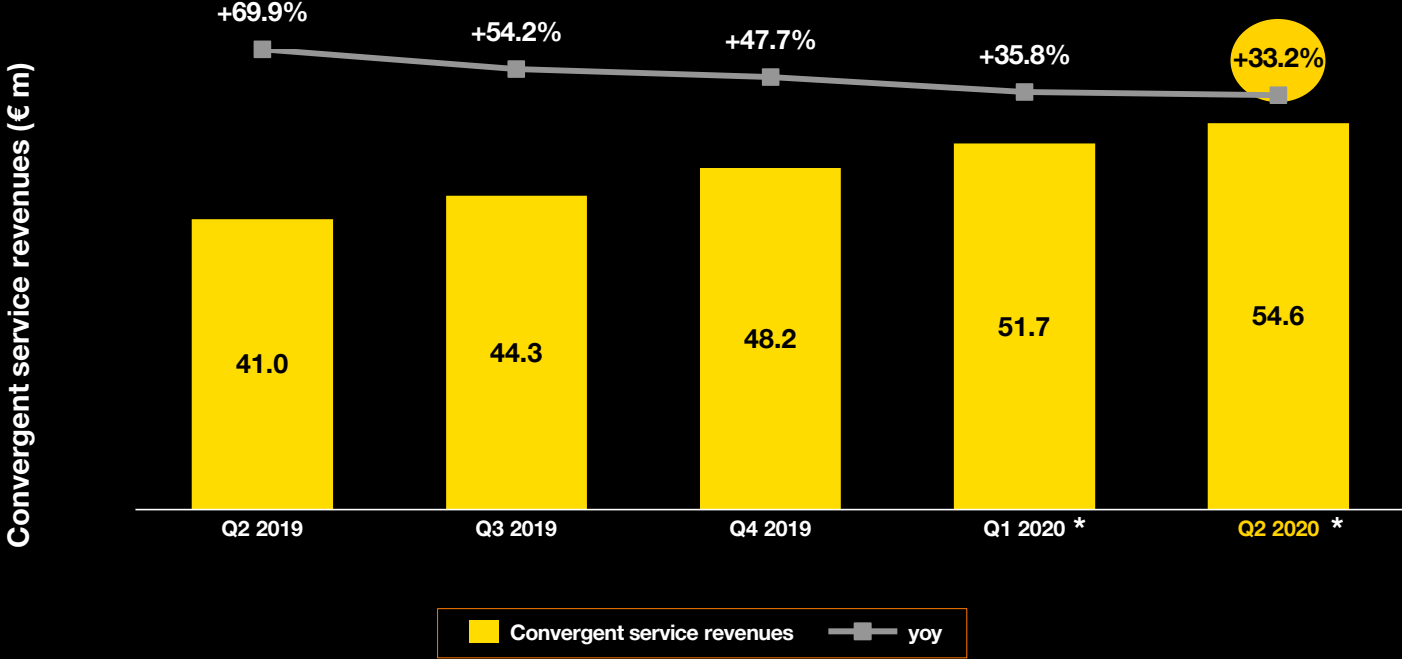
# Results



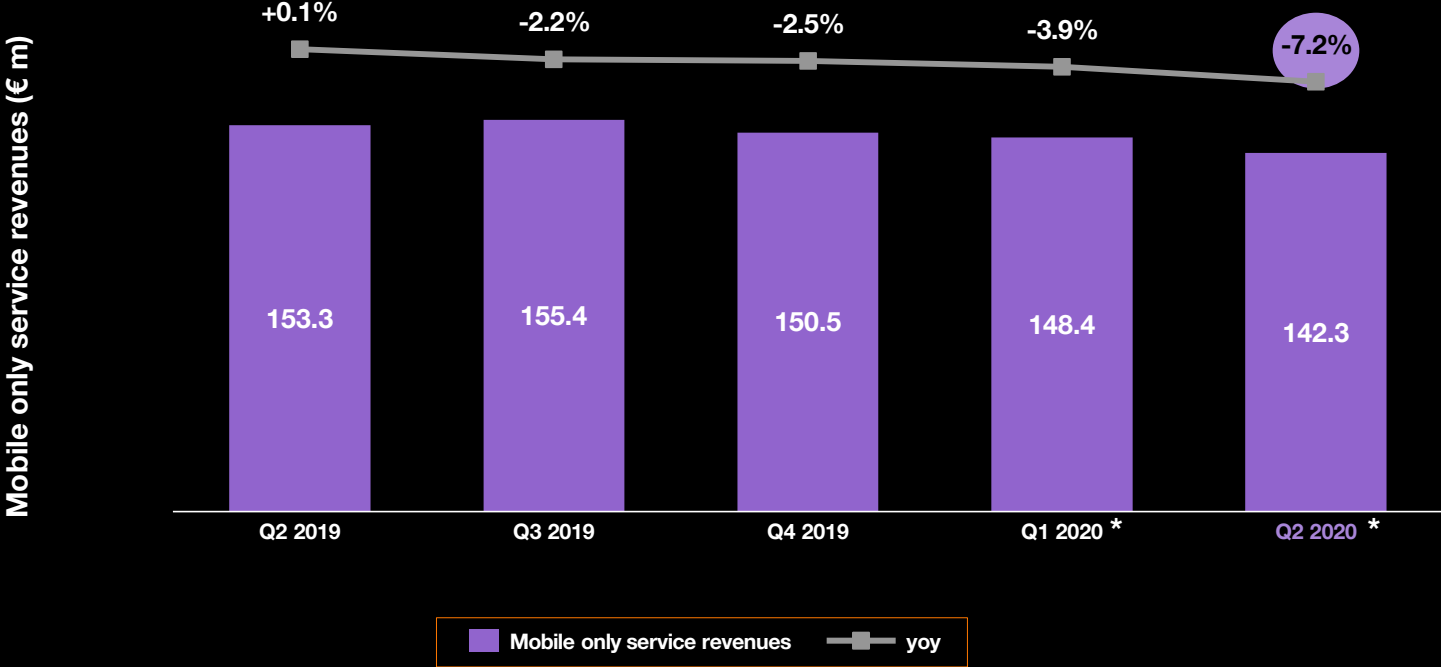
# Retail service revenues: solid growth despite COVID-19 impact



# Convergent service revenues: strong growth



# Mobile only service revenues decreased due to convergence uptake and COVID-19 impact



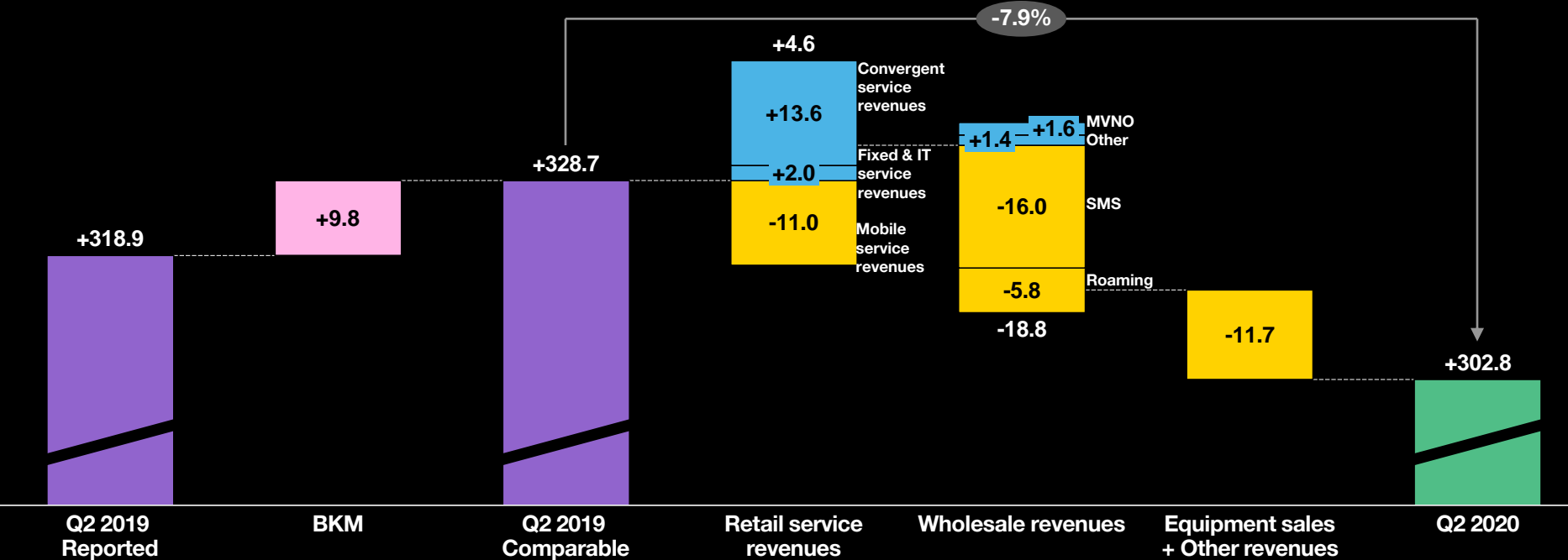
# Orange Belgium Group: Q2 2020 strong EBITDAaL growth continues



Q1'19 and Q2'19 figures on a comparable basis  
 Q1'20 and Q2'20 figures affected by COVID-19

# Revenues growth driven by increase in retail service revenues

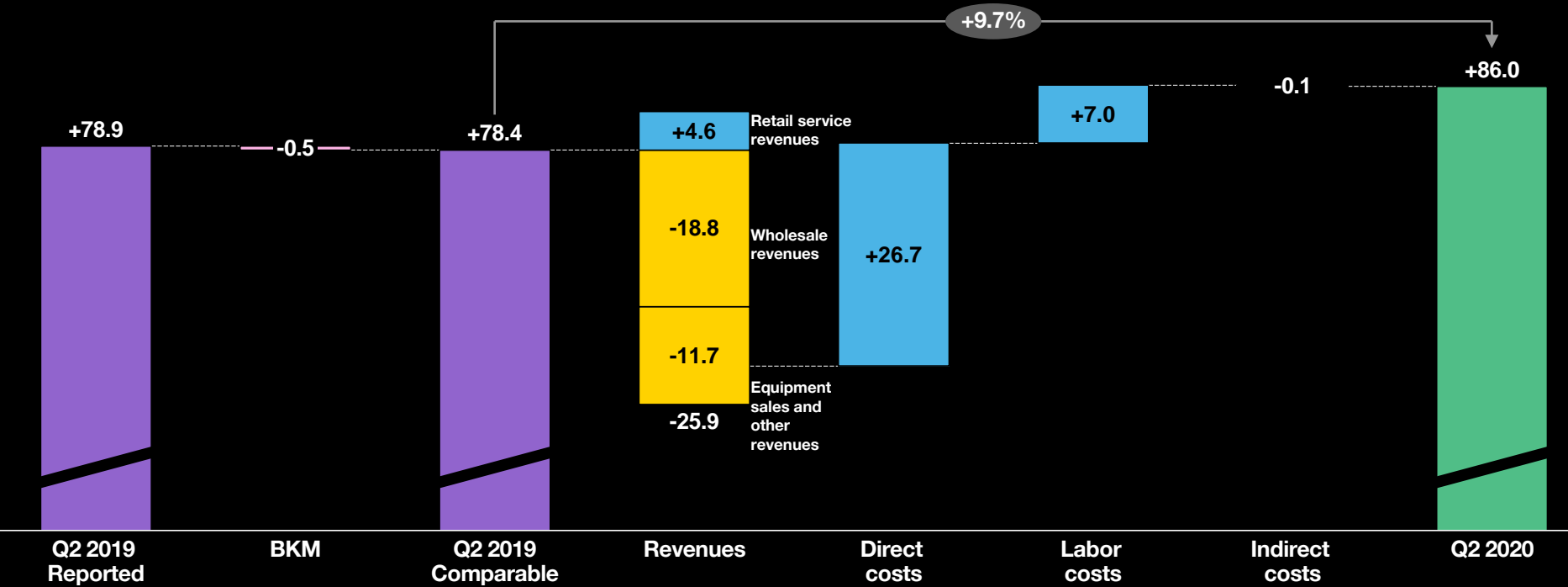
Revenues evolution (€ m)





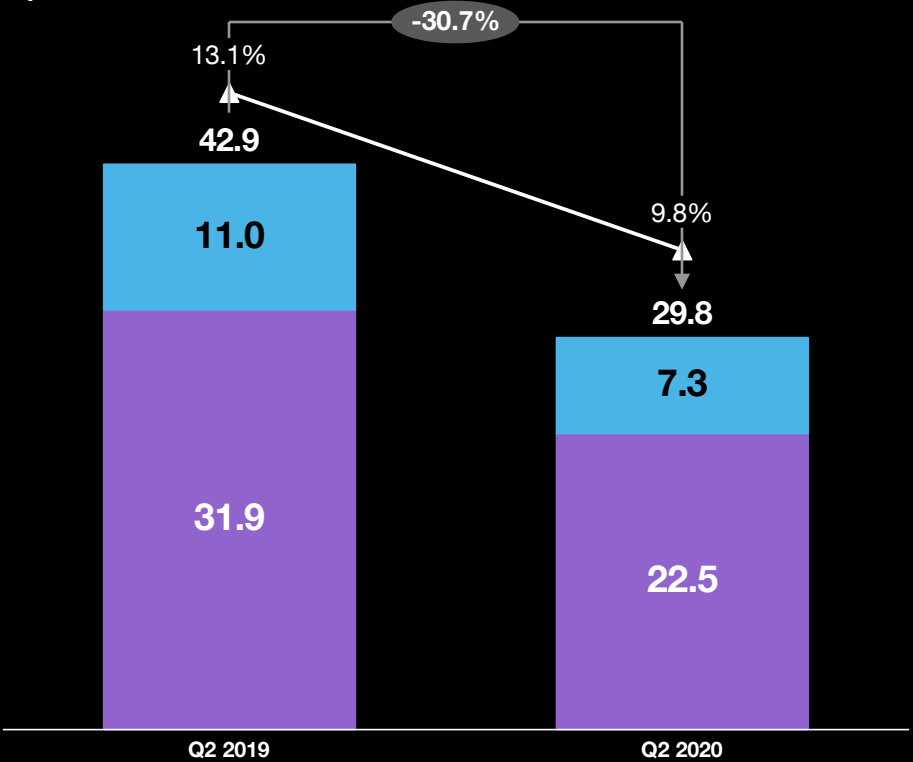
# EBITDAaL increased thanks to higher retail service revenues and cost efficiencies

EBITDAaL evolution (€ m)



# Q2 2020 eCapex

eCapex (€ m)



Net debt

**€181.3 m**



Net debt/EBITDAaL

**0.6x**

■ Cable capex incl. CPE, IT & Network, etc.   ■ Core capex   ▲ Total capex to total revenues ratio

## Q2'20: Cable financials on the way to be cash flow positive

Revenues



€35.1 m

Variations

+35%

EBITDAaL:



€6.4 m

+€4.0 m

eCapex:



€7.3 m

-34%

Operating  
cash flow:



- €0.9 m

+€7.8 m

# Section five

## 2020 guidance



# Updated 2020 guidance

2020 Initial  
Guidance

2020 Updated  
Guidance



Revenues  
growth

Low-single digit growth vs. 2019

Slight decrease in revenues vs.  
2019 on a comparable basis



EBITDAaL

€310-330 m

€310-330 m



eCapex

Stable vs. 2019  
(excluding the RAN sharing agreement)

Slight decrease vs. 2019  
(including the RAN sharing agreement)

## Outlook



- Reduced headwinds in comparison to 2019
- Brand fees: full year impact
- MVNO revenues: full year impact of Medialaan
- Final decision on cable regulation applicable as of July
- Savings with our Bold Inside program
- COVID-19 impact: decrease in SMS traffic, roaming traffic, handset sales, B2B IT & Integration services, potential B2B bad debt, in parallel to the mitigation measures applied

# Updated 2020 guidance follow-up

## 2020 Updated Guidance

Q1'20

H1'20

	Revenues growth	Slight decrease in revenues vs. 2019 on a comparable basis	+1.9%	-3.0%
	EBITDAaL	€310-330 m	€62.2m	€148.2m
	eCapex	Slight decrease vs. 2019 (including the RAN sharing agreement)	-4.8%	-18.7%

## Outlook



- Reduced headwinds in comparison to 2019
- Brand fees: full year impact
- MVNO revenues: full year impact of Medialaan
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# Section six

## Q&A



**Be Bold**

**Set the vibe**

**Q2 2020**

**Financial Results**

**Orange  
Belgium**

**July 24, 2020**

