



Mobistar: trusted partner for connectivity

Mobistar intends to set the industry standard for mobile broadband connectivity and to excel in the area of domestic and business convergent fixed-mobile services supported by superior quality data services.

Mobistar aims to provide the widest possible range of devices and services to enable its customers to access content anytime, anywhere.

Mobistar intends to operate on an open basis, developing innovative ecosystems in collaboration with a range of partners, whether established companies or start-ups.

€1,235.4Mio
Turnover MOBISTAR Group

5.8Mio
Connected SIM cards

1,712
Employees



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and activity report on
corporate.mobistar.be

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MOBISTAR
SHARE

Mobistar Full Force Ahead

After three years of transformation, Mobistar had seen by 2016 a return to positive growth, it was fighting fit and ready to face the future, with the opening-up of the cable market. A debrief with Jan Steyaert, Chairman of the Board of Directors, and Jean Marc Harion, Mobistar's CEO.

What were the defining moments of 2015?

Jan Steyaert: Mobistar continued and completed its 3-year transformation plan. A new phase can now begin. Having stabilised average income per user in 2014, by 2015 we had really started to reap the rewards of our sustainable growth strategy.

Jean Marc Harion: The success of our 4G offering, which is related to an explosion in data consumption, meant we saw renewed growth in both income and profit margins in 2015. What's more this continued exponentially throughout the year. Our return to a position of strength also translated into an increase in our postpaid customer base. This return to growth meant we could begin a recruitment drive in line with our business redeployment. So now we have around 100 people for example working on the cable project.

I would at this juncture like to thank all of our staff for having so enthusiastically contributed to Mobistar's return to growth.

Jan Steyaert: And if I may, I'd also like to take the opportunity to thank our shareholders for their support throughout this sometimes difficult transformation period.

JEAN MARC HARION :

"The quality of our 4G network and of our commercial offer, along with burgeoning data consumption levels, has enabled us to achieve renewed growth in 2015. 2016 sees us emerging as a new type of player on the convergence market, putting mobile services at the heart of consumer and business usage alike."



In this hyper-competitive telecom market, what makes you think that this level of growth is sustainable?

J.M.H.: Having taken the lead with 4G in 2014, we converted the test project to reality. We are seeing our investments in the quality of our 4G network, as well as in its coverage (geographically currently 99%), now bearing fruit. Our data traffic has more than doubled in a year, and the growing popularity of our subsidised offers for high-speed broadband-compatible smartphones, shows that a growing number of Belgians are embracing the mobile internet with increasing enthusiasm. The new generations, permanently connected via their smartphones, are now far higher consumers of data than call minutes. This trend continues thanks to the increasing number of innovative apps and mobile services.

Also, on the business market, the successful launch of our convergent fixed-mobile offer Shape and Pulse means we can respond to the needs of those small and medium-sized businesses that want to rationalise their telecoms services.

Your core business remains mobile connectivity, although this hasn't prevented you from preparing a 'triple play' deal which includes fixed-line internet and digital TV. What's happening with the opening of the cable market?

J.S.: The regulators have done their bit. Although we are still waiting for clarification on the cost of access to the cable networks for new entrants like us, the existing regulation is still in place, which means we can launch our internet and TV offer.

J.M.H.: It's been a tough process, but we began marketing our service on 1 March 2016. Over 4,000 people are already testing the service, enabling us to ensure that everything is working correctly, from decoders to modems, as well as activation and installation processes, etc. Our main priority is to ensure our service is as simple, transparent and as convenient as possible. And comes, of course, at the best price: that is the real game changer. We are however in favour of bringing down wholesale prices



JAN STEYAERT :

“To take Mobistar to the next stage of its development, the Board of Directors took the unanimous decision to adopt the brand of our major shareholder, Orange, by the end of 2016.”

so as to genuinely stimulate competition, which is also what the regulators want. We think it is far more reasonable to work to a model which takes real costs into account and which is more in line with practices in other countries.

How did the market situation in Belgium change?

J.S.: The mobile market remains extremely competitive, as there are dozens of mobile virtual network operators. For fixed-line internet and telephone services on the other hand, the recent consolidation can only further strengthen the regional duopolies, particularly in Flanders. Already predominant in the digital TV and fixed-line telephony sectors, the cable operators could well stand to further bolster that hegemony. This is neither good for consumers nor for Belgian businesses: convergent services in Belgium are still amongst the most expensive in Europe, which shows what a failure the liberalisation of the fixed-line market has been. It is about time we launched our internet and TV offering, to shake things up a bit!

What is the outlook for 2016?

J.M.H.: Mobistar is positioned as Belgium's no.1 high-speed connectivity supplier, whether for mobile, domestic or business, at home, at the office, or anytime. It is up to the customer to decide to which apps, content or devices they wish to connect. We have no interest in pushing anything onto our customers: we simply want to make available to them all the devices and services (protection, security and payment for example) they might need to access the whole of the digital universe.

This is a strategy we want to deploy not just in Belgium, but right across Europe. The abolition of roaming costs across Europe has been a great

opportunity for Mobistar. With the support of our major shareholder Orange's international network, we are going to sweep aside some of the barriers which have previously discouraged many users from fully engaging in cross-border communications.

Is the launch of your cable offer the start of this?

J.M.H.: Yes, it's a start. In 2016, we will become a new kind of player on the convergent market, making mobile technology the key to usage for consumers and businesses.

J.S.: In addition to its investment in the 4G/4G+ network, Mobistar is ready to (co-)invest in all regions of the country in order to stimulate the development of increased digital competition, particularly for the fibre-optic networks.

This will be under another name...

JS: Indeed. To take Mobistar to the next stage of its development, the Board of Directors took the unanimous decision to adopt the brand of our major shareholder, Orange, by the end of 2016.

J.M.H.: This change of branding to Orange is a unique opportunity to support our entry into the world of convergence and to bring Orange group innovations to Belgium. From a business point of view, this change in branding will help to consolidate our affiliation to a major international group and our leadership in the Machine-to-Machine, the Internet of Things and the Big Data markets. And indeed, in a changing and consolidating market, we are proud to become the only operator in Belgium to bear an internationally recognised brand name, with all of the commitments to quality and performance which that implies.

Our performances at a glance

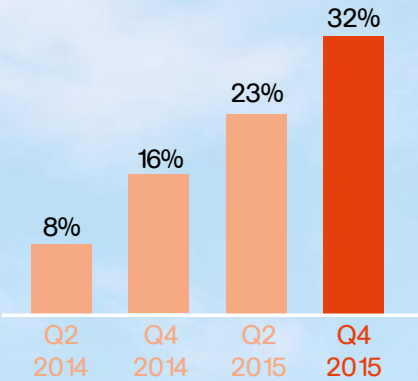
(in Belgium)

4G clients

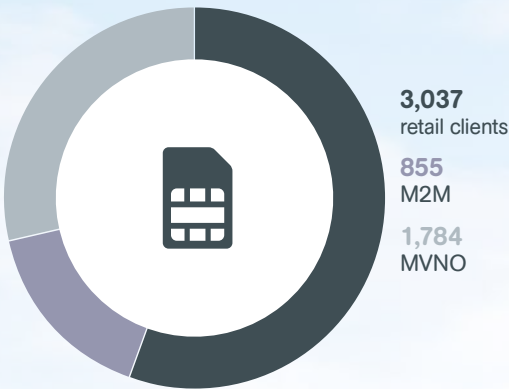


1,000,000
4G clients
on the Mobistar network (january 2016)

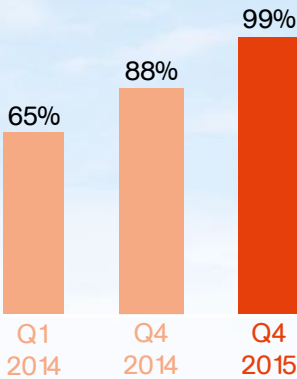
32%
4G clients



Active SIM cards (in thousand)



4G coverage

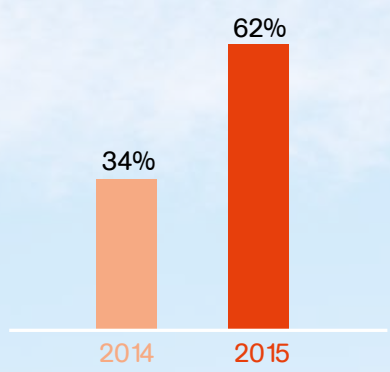


€1,040.1
Mio
services turnover
in 2015

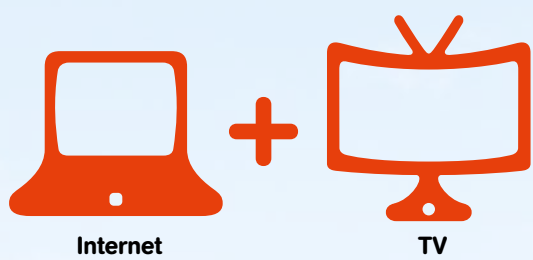


x2
usage of 4G mobile
data usage in 1 year

62%
4G mobile data consumption



Mobistar TV



> 3,000
active testers (end 2015)


1 Mio

loyalty bonuses distributed
to customers as part of
our loyalty programme

21%
of the population
covered with 4G+
(end 2015)

JAN.

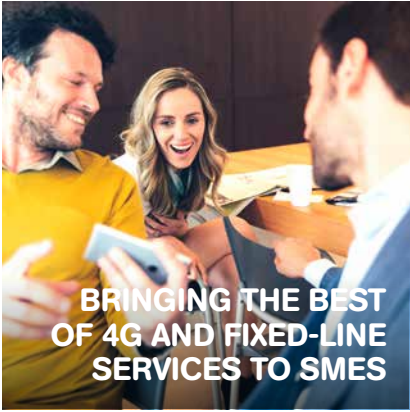
MONS 2015
Mobistar is proud to be the official telecoms partner for the European Capital of Culture 2015.



A white outline icon of a gift box with a bow on top, set against a light orange background.

MOBISTAR MAKES ITS CUSTOMERS' DAY

Mobistar extends its "Have a Nice Day" loyalty scheme to the cinema. The company regularly offers its customers 2-for-1 cinema ticket deals at some fifteen cinemas across Belgium. In October Mobistar invites 2,500 customers to an exclusive Stan van Samang concert at the Lotto Arena in Antwerp, as a thank-you for their customer loyalty.



BRINGING THE BEST OF 4G AND FIXED-LINE SERVICES TO SMES

APRIL

Mobistar signs an agreement with independent Belgian telecoms company edpnet to launch a new series of SME-targeted convergent services, thereby strengthening its Enterprise Mobility 3.0 services, combining 4G mobility with the convenience of fixed-line telephony and internet services. In October, Mobistar also launches its Shape & Pulse package, which offers SMEs tariffs which are both simple and targeted to meet their needs.



MAY

AN EASY RIDE WITH THE ICOYOTE APP

Mobistar customers with Dolphin or Panther tariffs receive the iCoyote app for free, which provides drivers with real-time traffic and travel information. This free gift is worth 11.99 euros per month.

CONNECTIVITY BOOSTS WITH 4G+

After Mechelen, Mobistar deploys 4G+ in Brussels and Mons as part of wide-scale commercial testing. This new technology gives customers download speeds up to 3 times higher than that of traditional 4G, as well as providing better indoor performance and coverage. 4G+ gives mobile internet speeds which are equal to, if not higher than, the fixed-line internet speeds from Belgium's major internet providers.



NOV.

SUPPORTING START-UPS WITH CO.STATION

Mobistar joins forces with the Brussels-based innovation business accelerator, for start-ups Co.Station, by becoming one of its key shareholders.



JUNE

EXPANDED SHOP NETWORK IN WALLONIA

Mobistar buys out Walcom, an exclusive Mobistar agent which managed a network of 20 shops, as well as a dedicated business customer team, in Wallonia. Some 70 staff therefore extend the company's direct presence in the south of the country.

OCT.

EASY INTERNET @HOME REDEFINES HOME INTERNET SERVICES

Up to 15GB of data for just 15 euros a month, with no need for a fixed-line subscription and without superfluous cables. This is what Easy Internet @Home is offering: a simple, 4G-based mobile internet solution for use at home or in a second home, simply using a WiFi modem.






DEC.

COMMUNICATIONS WITHOUT BORDERS

When crossing borders, mobile phone calls are interrupted as the device is no longer receiving a signal from its original network. This is now no longer the case for many cross-border workers who commute between Belgium and Luxembourg: Mobistar and Orange Luxembourg have introduced an innovative technology on their network which allows customers to cross the border between the two countries with no disruption to mobile communications.

Mobistar: Adding Value to Mobile Services

Mobistar is a major player on the Belgian and Luxembourg telecom markets.

It provides its retail customers with innovative mobile telecom products and services, offered on either a contract or prepaid basis. Since recently, Mobistar also offers its mobile customers television and internet

On the business market, Mobistar provides broadband internet and fixed-line telephone services, as well as mobile and connectivity services, to help businesses get the most out of digital technology.

Mobistar is also a wholesale service provider, supplying companies with access to its infrastructure.

The company has a cutting-edge mobile network, which is subject to ongoing investment to ensure optimal coverage and connectivity via 2G, 3G, 4G and, recently, 4G+.



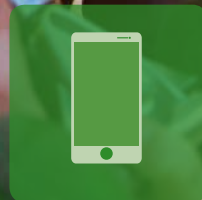
VISION

Mobistar wants to become its customers' trusted telecoms partner, as the market's leading provider of reliable and customised communications services.



MISSION

By specialising in targeted innovation, Mobistar brings unique mobile service experiences to consumers, communities and businesses alike.



VALUES

OPENNESS

We communicate openly and take responsibility for our actions.

COMMITMENT

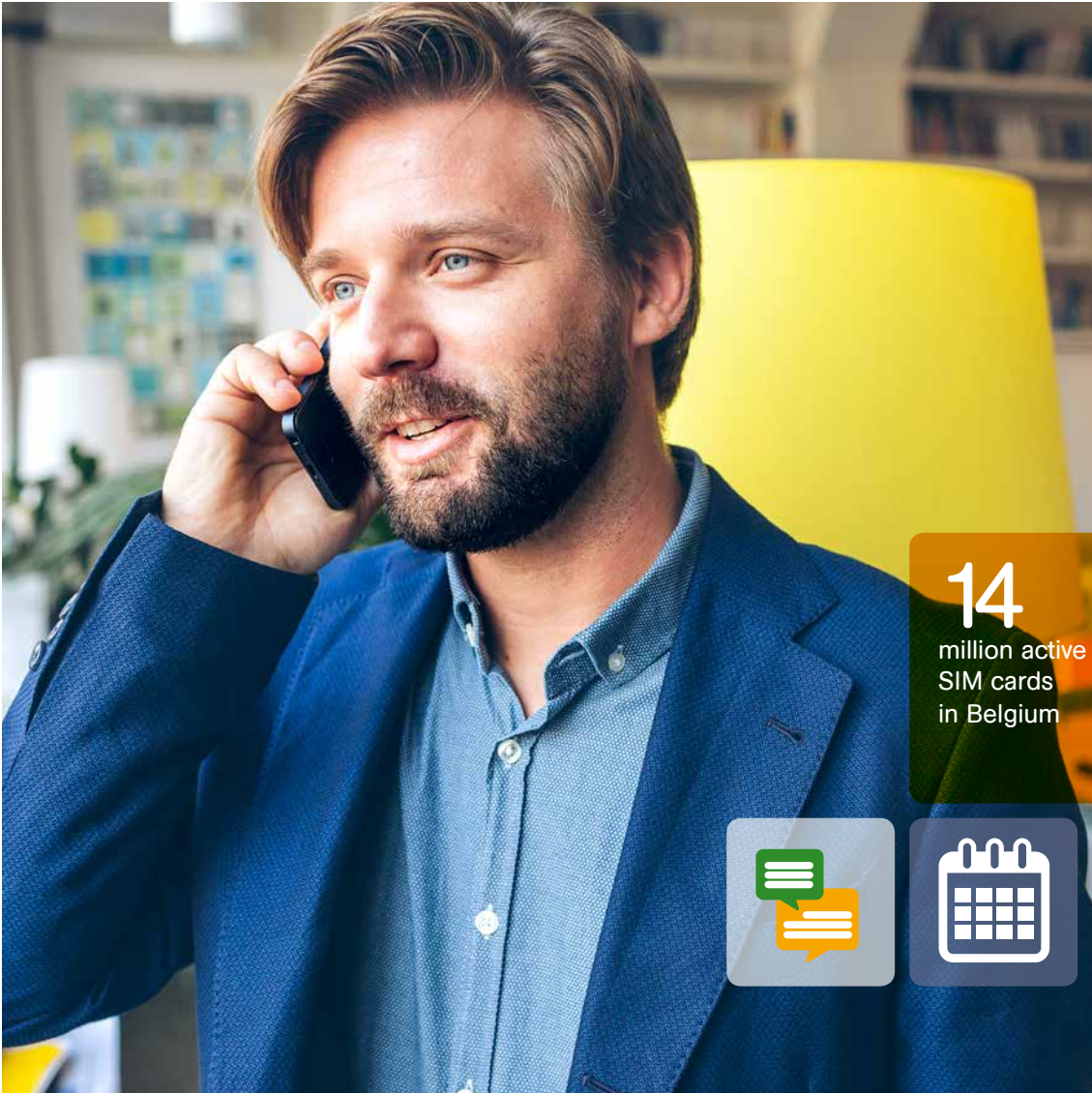
We are committed to carrying out our work impeccably and we make it our privileged position to listen to our customers.

DYNAMISM

We stimulate new ideas and we like to think “outside the box”, as well as encouraging apprenticeship and training.

RESPECT

We respect the values and diversity of all of our internal and external professional contacts.



2015: a year of transition

Whilst mobile data consumption continues to rise sharply in Europe and throughout the rest of the world, offsetting falling voice call volumes, and whilst fixed-line and mobile convergence continues to intensify, 2015 was a transitional year for Belgium, seeing its telecoms landscape reshaped by Telenet’s recently-announced acquisition of Base, and with Mobistar’s entry into the convergence market with a cable digital television and high-speed broadband offer.

Exponential Boom of Mobile Internet and Apps Boom

According to US market research firm IDC, in 2016 the number of people around the world with internet access will top 3.2bn, i.e. 44% of the global population. Of those, 2bn will be via a mobile connection. Smartphone sales continue to rise around the world, although that this growth is now slowing somewhat.

In Europe and in Belgium particularly, mobile internet access continued to rise in 2015. Mobile internet access via the high-speed 4G networks is now becoming a way of life. Consumers are increasingly choosing new, 4G-compatible devices to keep up with this trend. They are also increasingly selecting packages which provide more generous mobile data allowances.

European telecoms operators welcomed this increased interest in mobile data usage. The boom in mobile internet usage is compensating for the downward trend in voice call volumes (on both fixed-line and mobile networks) along with falling volumes of text messages. This has spelled increased growth and profit margins for some operators, Mobistar included.

In Belgium, mobile data consumption more than doubled in 2015. In Mobistar's case it tripled.

Just to give one statistical example to illustrate new mobile internet usage patterns in Belgium, it is estimated that at least 4 million Belgians connect to

Facebook via a mobile device at least once a month. According to the social network's own data, around 70% of them log into the site at least once a day.

On the business market, the number of dedicated machine-to-machine SIM cards is also rising. The M2M trend showed clear growth right across Europe in 2015. In France alone, almost 500,000 new cards are activated every quarter (source: market watchdog).

Base Acquisition and Mobistar's Introduction as a Convergence Market Player

In April 2015, Telenet (a subsidiary of the US group Liberty Global) announced its planned acquisition of the mobile phone operator, Base. On 4 February 2016, the transaction was authorised by the European Commission, with purchaser Liberty Global undertaking to sell Base's share in Mobile Vikings (a mobile virtual network operator currently using Base's network) to the Belgian radio broadcaster Medialaan, and to also transfer to the latter a portion of Base's client base, currently marketed under the JIM Mobile brand.



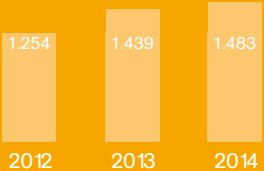
RECORD INVESTMENTS BY BELGIAN OPERATORS

According to a BIPT report published in July 2015, investments in the telecoms infrastructure by Belgian operators hit a record high: 1,483 billion euros, as compared with 1,439 billion euros in 2013.

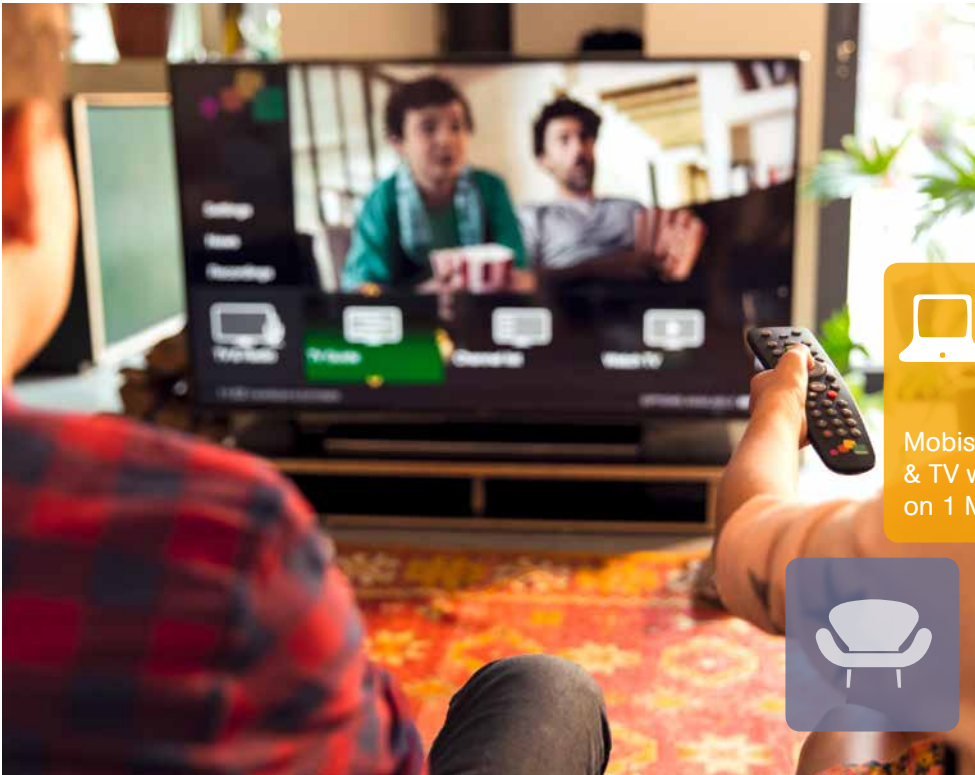
This figure represents an overall investment amounting to 21% of communications turnover, totalling some 8bn euros, down by 3.3% in 2014.

By the end of 2014, Belgium had around 14 million active SIM cards, an increase of 4.9%.

INCREASE IN OPERATOR INVESTMENTS* (million euros)



Source: BIPT, * including frequency band licence fees



Mobistar Internet & TV was launched on 1 March 2016.

Whilst this deal will further strengthen an already powerful convergent force on the Flanders market, Mobistar worked tirelessly throughout 2015 to ensure that Belgian consumers demanding to get mobile and fixed services (internet and TV) from the same operator can benefit from a third alternative to the current choice which essentially involves the regional cable supplier and the former nationalised operator.

The Mobistar Internet&TV offer, based on cable regulation (see below), and tested extensively throughout 2015 with the help of many thousands of Mobistar customers, was launched onto the market on first of March 2016.

It offers all new and existing Mobistar customers the option to subscribe to a package which includes television (up to 70 channels) and unlimited high-speed broadband (100Mb/s) via the cable network for either 39 euros/month for Mobistar Panther 45 and 60 customers, or at a rate of 49 euros/month for all other Mobistar postpaid customers.

Mobistar designed its Internet&TV offer to provide both quality and value for money, in response to customer demand for TV and internet services at an affordable price. Since 1st March it is available and will be gradually rolled out across Belgium till end 2016.

MOBISTAR 4G NETWORK SUPREMACY

In November 2015, the Belgian Institute for Postal services and Telecommunications published new mobile phone company coverage maps. This comparative tool confirmed the superiority of Mobistar's 4G network, in terms of both population coverage and geographical coverage.

THE OPENING UP OF THE CABLE NETWORKS: A EUROPEAN FIRST FOR THE REGULATORS

Mobistar: the first operator to offer Belgian customers an alternative

The other major change to the telecoms picture in Belgium has been brought by changes to the regulatory framework regarding the opening of the cable networks to alternative operators.

Without waiting for the more recent developments which took place in 2015 and early 2016, Mobistar had as early as 2014 started investing in this regulation to enable the emergence of an alternative for Belgian consumers. It is worth pointing out that Mobistar's launch of an offering based on cable regulation is a first within Europe, and, as such, is subject to intense scrutiny by both its competitors and the European regulators, as well as international investors and the financial markets.

Mobistar would like other potential operators affected by this regulation to invest, as they have, in this regulation, in order to consolidate things at this initial stage which is still very much a work in progress, as noted by the European Commission. Improvements are required in a number of areas before alternative operators have a realistic prospect of creating an economic model which is sustainable over the long term whilst still giving Belgian consumers fixed-line internet and TV services at prices broadly in line with those in Europe.

Regulatory Framework

The Opening of the Cable Market

In December 2013 the relevant regulators published the text setting out financial conditions governing the opening up of the cable networks to other operators. Throughout 2014 and 2015, the Belgian courts confirmed several times the market analysis behind this decision.

In mid-2015 a new decision-making process relating to wholesale prices was submitted for national consultation with a new wholesale price drawn up by the various regional regulators in December 2015. These tariffs for the opening up of the cable market were subject to European Commission approval. This was duly obtained in February 2016, whilst also expressing a number of reservations addressed to the regulators. The Commission invited them to carry out further market analysis and, if necessary, to review the wholesale price calculation method. It is Mobistar's belief that taking a cost-based model (based on a cost-price calculation for the infrastructure of an effective cable operator) is more appropriate than the tariff model used now which bases its wholesale price on the cable operators' final sales price (also known as the retail price) and excludes services not covered by regulation, as well as a correction reflecting a series of costs avoided by the cable operator.

Beyond the issue of wholesale prices, it is vital for competition that there be an operating framework which guarantees the effective and efficient openness of cable and the perfect separation between cable operators' retail and wholesale activities, to the benefit of consumers.

The Mobile Phone Mast Tax

In early 2015, the CEOs of five telecoms operators made a collective response to the results of a study by Arthur D. Little, emphasising the importance of the telecoms industry for both Belgium's economy and society. They called for a "new digital deal" at both European and national level to re-establish predominance in the digital economy.

Consequently, local authority plans in Brussels and Wallonia to impose taxes on mobile phone masts are considered anachronistic and entirely contrary to the spirit of the Digital Plan unveiled by the Walloon government in 2015.

Discussions to try and find an alternative to this controversial tax, particularly through investment undertakings on the part of the operators, proved highly convoluted in 2015, although talks are still on the table with the authorities.

Dispute Resolved in favour of Base and Mobistar

A dispute going since 10 years regarding the alleged abuse of dominant position on the telecoms market by Proximus (then known as Belgacom) was settled with a payment agreement between Proximus, Base and Mobistar. The financial terms of the agreement include a payment of 120 million euros to Base and Mobistar, 54 million euros of which go to Mobistar.

Roaming Surcharges to Cease

Roaming charges have dropped considerably over the last few years, stabilising in 2015. The European Parliament and the European Council reached an agreement to banish roaming charges in two phases. From 30 April 2016, operators must apply the "roam as at home" principle, meaning national rates must apply abroad. A small surcharge of 0.05 euros/minute for phone calls and 0.02 euros per text message may now apply. By mid-2017 all international surcharges within the European Union will be comprehensively lifted.

Coming up in 2016

Several European directives dating from the 2000s are to be revised in line with the changing telecoms market, particularly with the arrival of new market players such as Skype, Netflix and Facebook. Under what conditions can businesses provide telecoms services? Who can get a radio spectrum exploitation licence? What is universal service? These are the kind of questions which new European legislation will attempt to tackle.

The delicate issue of net neutrality (i.e. whether operators can promote services by supplier X or Y within their own offering) is also due to be clarified.

THE END OF ANONYMOUS SIM CARDS

The Belgian federal government, as part of new anti-terror legislation, has decided to ban the anonymous purchase of prepaid mobile SIM cards. Operators are awaiting further legislative details, but ultimately in the future, all new or existing users of prepaid cards need to have a valid form of ID. There are currently around 5 million prepaid cards in circulation in Belgium.



A Return to Sustainable Growth

In 2015, Mobistar successfully finalised its strategic 3-year plan, the aim of which was to put the company back on the road to profitability. The key financial, technical, commercial and human resources are now in place, paving the way to a new phase of growth.



5
Strategic
priorities for 2016



2015 marked the end of a cycle. The vital economic and debt recovery goals, set out in the face of the plummeting mobile market telephony costs, were not only attained but even exceeded. Backed by solid financial planning, a new chapter began for Mobistar marked by the return of growth and profitability, boosted by burgeoning mobile data consumption levels.

The opening of the cable networks is now finalized. Mobistar launched its digital television and high-speed home broadband offer begin 2016.

Mobile technologies still remain at the heart of the company's strategy, as both business and retail customers alike are, quite simply, going increasingly mobile. Mobistar's strategy is based on the five following key priorities:



Lead the Mobile Market

Mobistar's mission is to provide the best quality mobile network, strategically taking a neutral stance with regard to content suppliers and creators. In 2015, Mobistar's 4G network provided 99% population coverage, making it one of the best in Europe.

On the mobile contract market, Mobistar is looking to maintain sustainable growth by providing both attractive products and innovative services, fit for tomorrow's market requirements.

The business is mapping out its mobile DNA, proposing credible alternatives to fixed-line technologies and which respond to the latest residential and business customer requirements.



Ludovic Pech,
Chief Finance Officer

> Mobistar is in a solid position to tackle convergence whilst maintaining its leading position on the mobile market



Be the No.1 Convergent Services Provider

Mobistar's mission is to be the convergence market leader.

On the retail market, the opening up of the cable market will result in a new, competitive offering which meets customer needs.

On the business market, Mobistar is expanding its convergent services offering by capitalising on VDSL fixed-line solutions and offering integrated value-added services.



Offer the Best Customer Experience

Mobistar's mission is to be the trusted choice for telecom services by offering the best customer experience. This ambition can only be achieved through reliable networks (coverage, speed and voice quality) and a first-class customer experience.

Mobistar will continue to implement the loyalty scheme which was rolled out in 2014 and finalise the upgrade of its distribution network to enable it to give even its most demanding customers the best possible treatment. Its web platform will also be upgraded as part of its cross-functional approach to distribution networks.



Manage Operating Costs as Efficiently as Possible

Mobistar continues to exercise assiduous cost control. New IT and networks business models have been set up with their partners and are subject to ongoing improvement.

Driving down operating costs should provide the means to invest in new markets, not only in convergence but also connected objects, big data, etc.



Improve Staff Satisfaction and Commitment

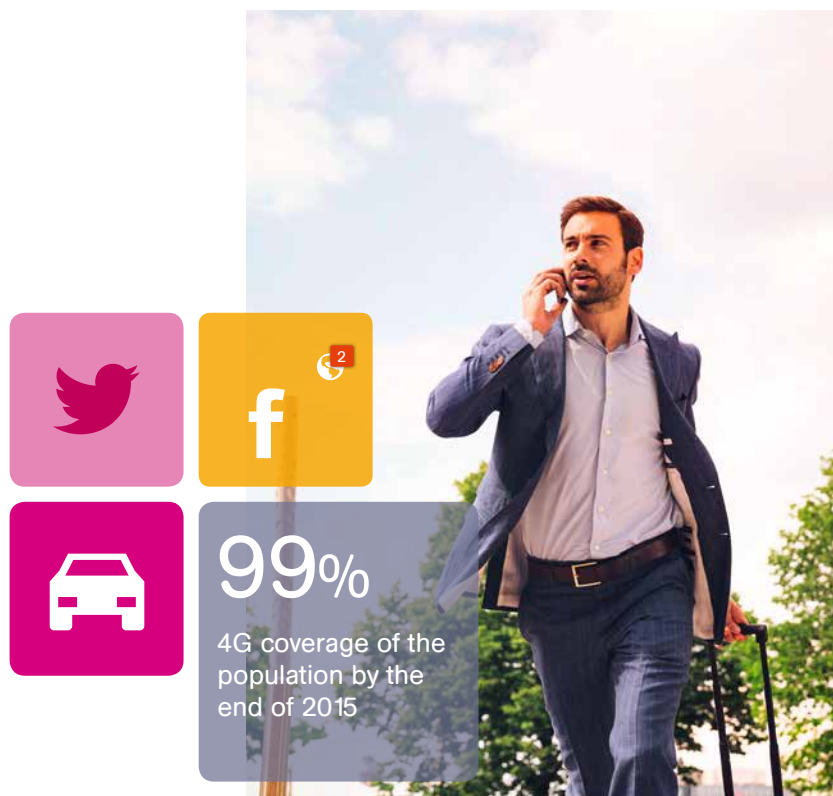
Mobistar aims to be an attractive employer and one which is keen to see its staff fulfil their potential. New opportunities are opening up to them in growth areas of the business, in all areas of expertise.

The company intends to create a corporate culture based on the quality, simplification and improvement of the customer experience. Digitisation of the business is crucial to the way we work.



Permanently Improving Quality

A solid, reliable network infrastructure is vital in guaranteeing quality end-to-end communications, capable of serving all needs (whether voice or data). In 2015, Mobistar invested around 130 million euros in improving mobile network coverage, particularly in 4G and 4G+, and in making it fit to handle the ongoing boom in data consumption.



4G Coverage

Having taken the lead with 4G in 2015, Mobistar consolidated its position in terms of both network coverage and quality. Around two thirds of investments went on optimising radio access to the infrastructure, to extend coverage into the more remote rural areas, particularly in Wallonia. The remainder has gone on improving transmission technologies and improving backbone IP, replacing by new technologies. The overall network structure has been optimised.

By the end of 2015, Mobistar had achieved 99% outdoor and 88% indoor 4G population coverage. It is also working continuously to improve the various frequency bands (from 800 to 1800 MHz) to optimise indoor coverage, by using two frequency bands simultaneously (carrier aggregation).

4G+ Rollout

Having been the first to test 4G+, offering speeds in excess of 200 Mbits/s, Mobistar rolled out its mobile broadband service across 37 Belgian municipalities in 2015. Mobistar anticipates 50% 4G+ coverage in Belgium by mid-2016.

Targeting Sound Quality

Already pioneering in its deployment of HD Voice technology, which considerably improves audio voice transmission to give much clearer sound quality, Mobistar is further improving the 4G customer experience by dramatically reducing call connection times. It is vital that progress on high-speed broadband is not made at the expense of phone call sound quality. By working with newer, more sophisticated codecs, Mobistar is particularly keen to ensure that it provides the best customer experience, particularly in view of the expected boom in video usage on 4G and 4G+ networks.

Towards a Simpler Architecture

Mobistar has rationalised its network architecture as part of a cost-efficiency drive. Backbone IP has been simplified by consolidating several routers. Network sites have been refactored and technology decisions have been implemented to ensure infrastructure scalability. ATM technology for example is going to be gradually phased out.



Gabriel Flichy,
Chief Technology Officer

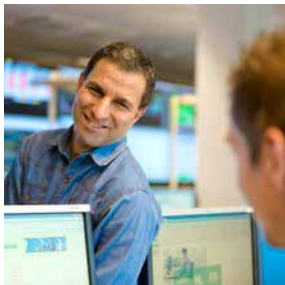
> We have continued to invest in the quality of our mobile network, whilst rationalising and streamlining a number of processes and technologies in a bid for ever-greater efficiency.





62%

4G represents 62% of mobile data consumption



860Mb

average mobile data consumption per month

Merging IT and Networks for Improved Service Quality

The IT and Networks divisions have been merged and will be managed as a single entity. Given the substantial overlap of the work of these teams, this merger will now generate more rapid diagnostics and more efficient solution formulation.

For Mobistar’s IT department, 2015 was the first year of its collaboration with its IT partner Tech Mahindra. The exercise was well-managed, with no disruption to business continuity. Despite a few teething problems (now sharply reduced), the partnership is already acknowledged as one of the driving forces behind the company’s improving IT operations.

Having spent the last year getting up to speed, right now the priority is to get things running smoothly to ensure that the partnership is as efficient as possible, just as it is with Ericsson for certain areas of the network.

Operation Efficiency

At IT level, and in collaboration with the above-mentioned partners, some 60 transformation projects have been flagged, particularly in the areas of customer relations and order activation. Some of these involve making considerable procedural changes in order to achieve greater efficiency, with a weekly progress-monitoring schedule in place. Implementation of this began in early 2016.



61%

4G smartphones penetration

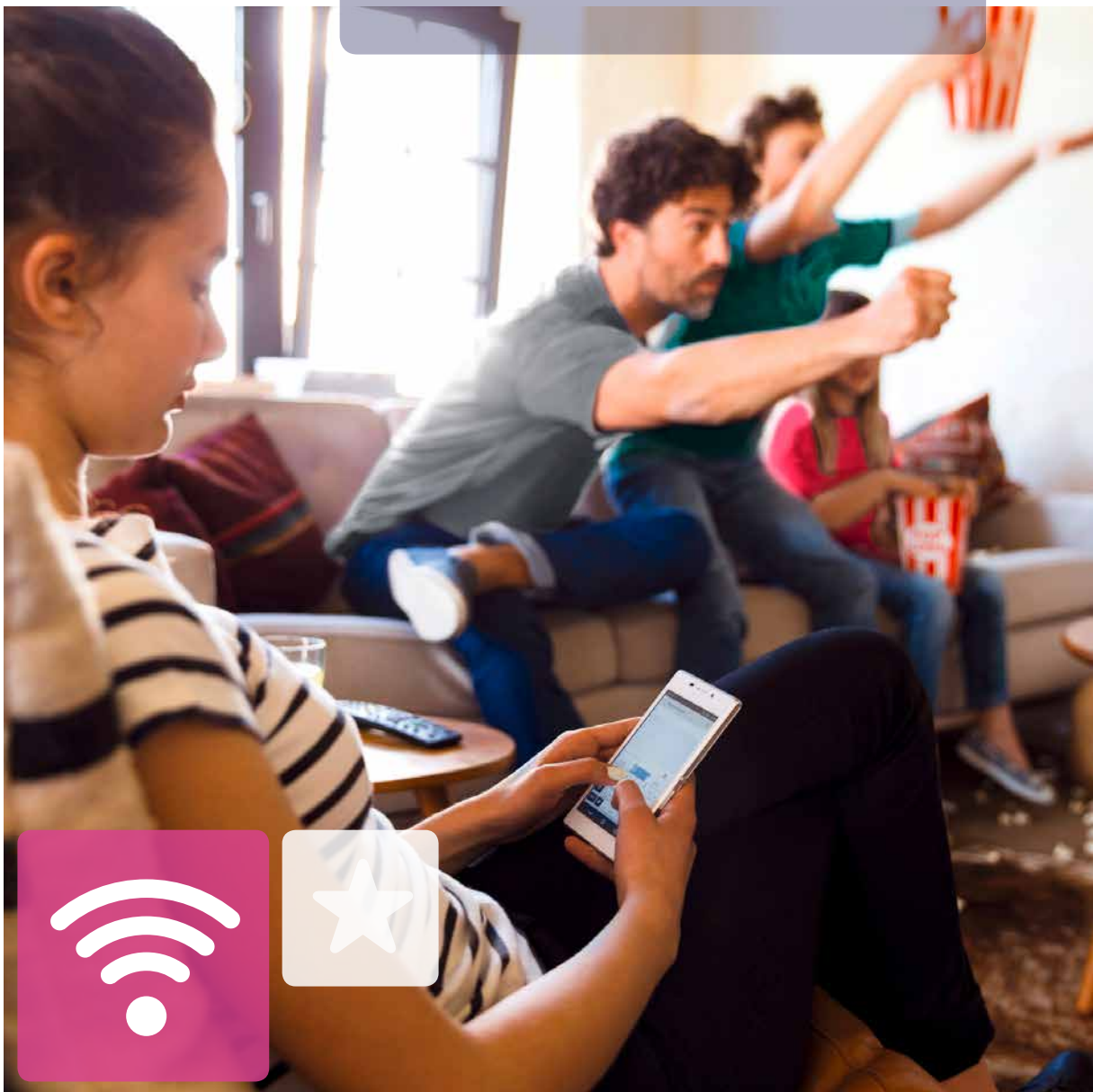
BUSINESS-READY CABLE PROCESSES

Preparatory work at Mobistar in advance of the opening up of the cable market and the company's consequent intention to launch a fixed-line internet and digital TV package is now in its final stage; the issue at this juncture is the installation at home, meaning access to network (through connected box and innovative TV decoder), as new entrants to the market are reliant upon the existing cable operators' networks. Consequently, the not inconsiderable task of aligning IT processes is underway to facilitate integration with the cable operators and its supervision.

As part of its cable offering, Mobistar will be working in partnership with the two Belgian technology companies AlphaNetworks and Zappware.

Negotiations with content suppliers (television channels) were also finalised in 2015.

Preparatory testing carried out in 2015 on Mobistar's proposed innovative digital television/internet package indicated high levels of satisfaction amongst the 3,000 users involved.



The Best Mobile Connectivity Experience

There was a boom in mobile data consumption in 2015. Mobile apps are now just part of everyday life for millions of Belgians. Consumers expect high-performance connectivity, along with complete transparency. To help it respond to their individual needs, Mobistar has the backing of its outstanding network (which since 2015 has offered the added convenience of 4G+), a highly motivated workforce and solutions which make its customers' lives easier.



X2 & X3

In 2015, the number of 4G customers doubled whilst 4G traffic volumes tripled.

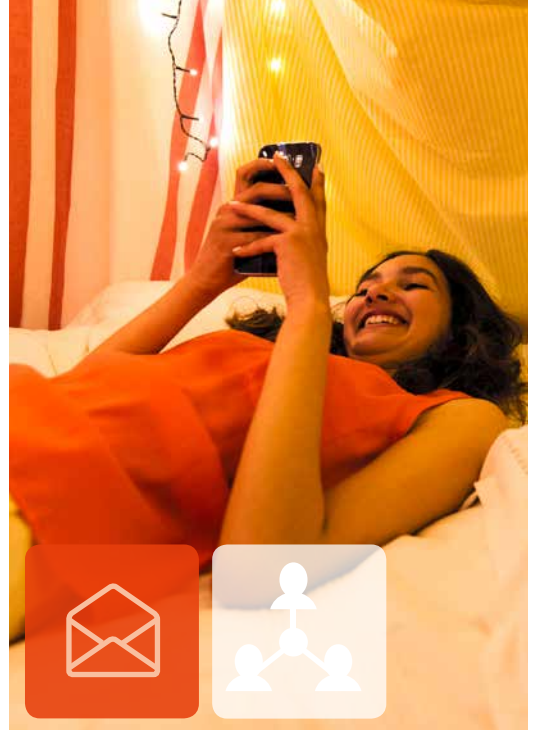
Mobile Broadband Enters the Mainstream

The investments made to extend the 4G network in 2014, with some 1,000,000 Mobistar customers connecting to mobile broadband, really came to fruition in 2015. Mobile data consumption tripled, largely boosted by the Belgian population's burgeoning interest in social media, streaming videos, smartphone applications, etc.

Mobistar's strategy of subsidising and promoting high-performance new-generation mobile devices, set up to work in conjunction with the new 4G, really paid off. As of 2015, all smartphones sold by Mobistar were designed to be mobile broadband compatible. Sales of smartphones combined with attractively-priced tariffs proved a great success over the festive period. For a large majority of the population, the purchase of a good-quality mobile device is now within their reach. High-end mobile devices are now becoming increasingly popular with Belgians. This is amply illustrated by the popularity of the subsidised offers for the latest Apple iPhone and Samsung Galaxy handsets.

Ending on an Up Note

Mobistar's business performance ended the year on a great upward trajectory. Average revenue per user (ARPU) for postpaid customers peaked at 28.50 euros in the final quarter of 2015, compared with 27.50 euros in the final quarter of 2014, i.e. up 3.6% on the previous year. In the final quarter of 2015, Mobistar was particularly successful in attracting new customers in the middle and high-end segments. The operator attracted some 26,000 new customers, whilst its churn rate (customers leaving Mobistar) fell by 10%.



4G+ Rolled Out in 11 Cities

Mobistar continues to invest. In November, its 4G network was named by the Belgian regulator (BIPT) as offering the best coverage: 97% outdoor coverage (99% since then) and 84% indoor coverage (88% since then). However, there is no room for complacency in this market, hence the operator continued to also invest in rolling out the 4G+ network.

By the end of 2015, 11 Belgian cities had 4G+ access, i.e. 21% of the Belgian population. 4G+ technology (also known as LTE Advanced) gives those with compatible devices download speeds up to three times higher than those for 4G. It also gives improved indoor coverage and performance. 4G+ gives mobile internet speeds which are equal to, if not higher than, the fixed internet speeds from Belgium's major suppliers.

Customers Feel the Benefit of a Happy Workforce

Mobistar developed its 'Have a Nice Day' scheme, which rewards customers for their loyalty. Over a million customer loyalty bonuses have been distributed to customers since its launch in May 2014, including invitations to exclusive events such as concerts (e.g. Stan Van Samang and Goose), sporting events (e.g. Color Run, Urban Trail) and VIP cinema evenings (James Bond, Star Wars, etc.). Generally speaking, Mobistar's most loyal customers get discounted cinema tickets.

Efforts made internally to improve employee satisfaction have had a positive impact outside the company. A skilled and cheerful workforce translates into customer satisfaction.

The Little Things That Make a Big Difference

Mobistar wants to provide its customers with added value. Whilst continuing to provide schemes such as the MySwap service (a service guaranteeing the part-exchange of customer 4G smartphones for up to 50% of their value within two years), or the MyMobistar app (which allows all customers to monitor their usage), in September 2015 Mobistar also rolled out its “Buy Back” scheme. This offers customers dropping into Mobistar Centers an advantageous buyback price for their old devices. Mobistar has set up a second-hand product distribution channel which enables them to offer far more attractive prices.

In addition to offering unlimited access to Twitter and Facebook via its Dolphin and Panther tariffs, Mobistar is now offering free access to the iCoyote app on all tariffs above 20 euros. This navigation and traffic alert app is becoming increasingly popular with road-users.

For its prepaid card market, Mobistar launched an “Internet on Mobile” card in May, offering 4GB of data and 4,000 text messages for each 15-euro top-up.

Easy Internet @Home

In October, Mobistar launched Easy Internet @Home, a simple solution which offers the advantages of fixed-line internet thanks to Mobistar’s 4G mobile network. Customers simply insert the SIM card provided with their subscription into the WiFi modem (also provided) and plug it into any electrical socket. For just 15 euros per month, customers get a comfortable monthly limit of 15GB, without the need for a fixed line. This solution is especially suited to those with limited internet usage, such as students living on campus or holidaymakers with a second home.

150

Number of Mobistar stores



A Completely Upgraded Distribution Network

The complete modernisation of sales outlets throughout the country, which started in 2014, is now almost finished. Mobistar customers can now enjoy spaces which are more open and more fun, encouraging them to test the maximum number of devices. Certain @Mobistar stores are now offering in-store repair services, meaning devices can be repaired on-site.

Mobistar has also strengthened its business presence in Wallonia with the acquisition of some twenty stores through its Walcom buy-out. Having already been an exclusive Mobistar agent for the last 20 years, the company was primarily active in the Arlon-Brussels area and Hainaut. The company has a 70-strong workforce.

1 MILLION

the number of Mobistar loyalty bonuses distributed to customers as part of the 'Have a Nice Day' loyalty programme.



Cristina Zanchi,
Chief Consumer Officer

> We continue to win customers thanks to our attractive offers and the services we propose.

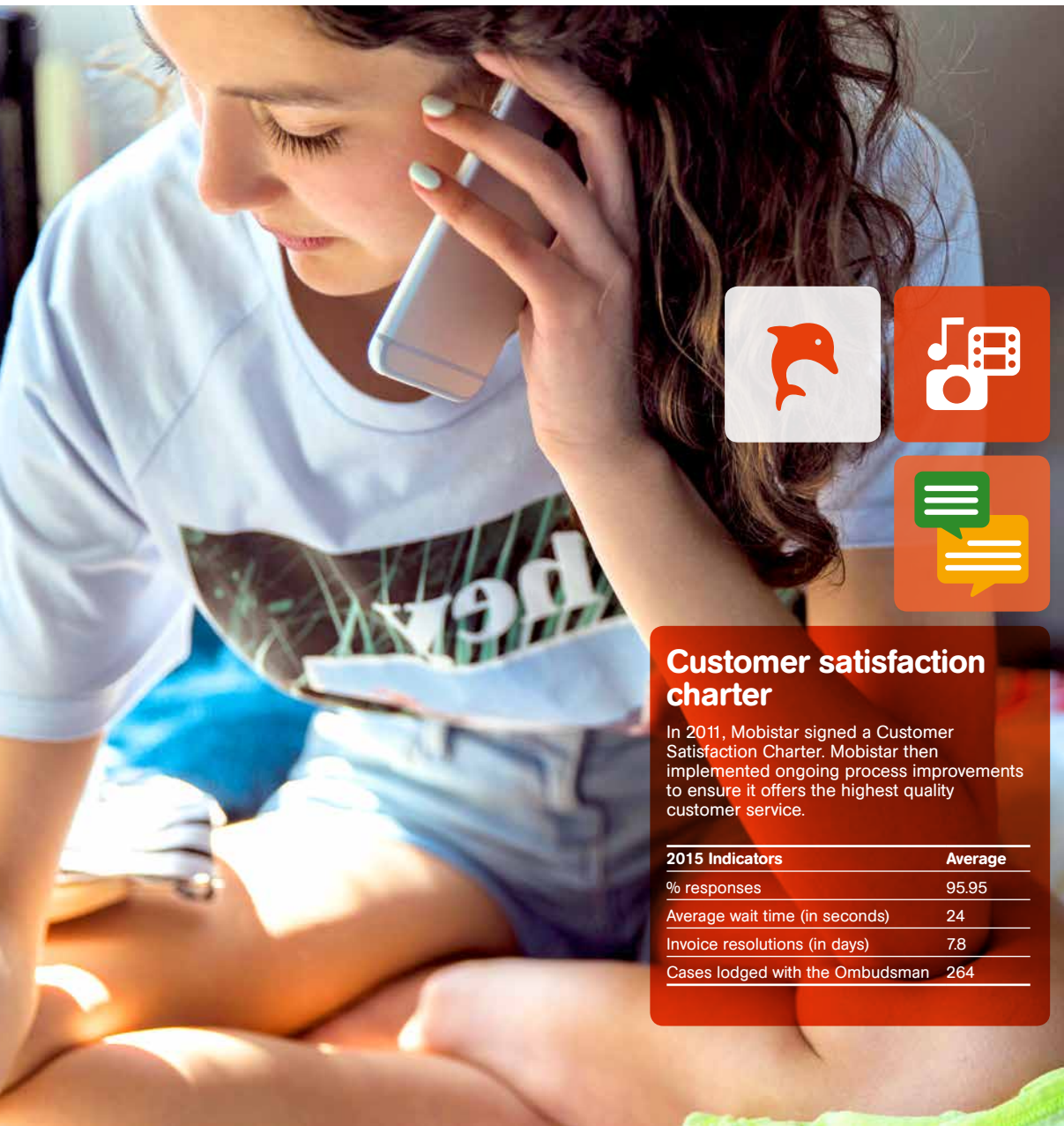


Making Life Easier with Digital

86% of subscribers now receive their bills electronically, which offers environmental as well as economic benefits. A growing number of bills are now sent via text message or email. Mobistar is keen to “digitise” customer relationships when it makes sense to do so. The new customer welcome procedure has been simplified with the use of digital technology: new customers get step-by-step instructions using videos and other communication methods (e.g. how to read my bill).

15 euros

the attractive price of the Easy Internet @Home offer, including 15GB of mobile data.



Customer satisfaction charter

In 2011, Mobistar signed a Customer Satisfaction Charter. Mobistar then implemented ongoing process improvements to ensure it offers the highest quality customer service.

2015 Indicators	Average
% responses	95.95
Average wait time (in seconds)	24
Invoice resolutions (in days)	7.8
Cases lodged with the Ombudsman	264

At the Heart of Digital Transition

Mobistar strengthened its position as a global business operator in 2015, offering fixed, convergent and mobile services. What is more, the company has also been bold enough to break new ground in disruptive mobile technology with its innovative “Mobile First” business services, in a world where mobility is at the heart of the digital business revolution.



200,000

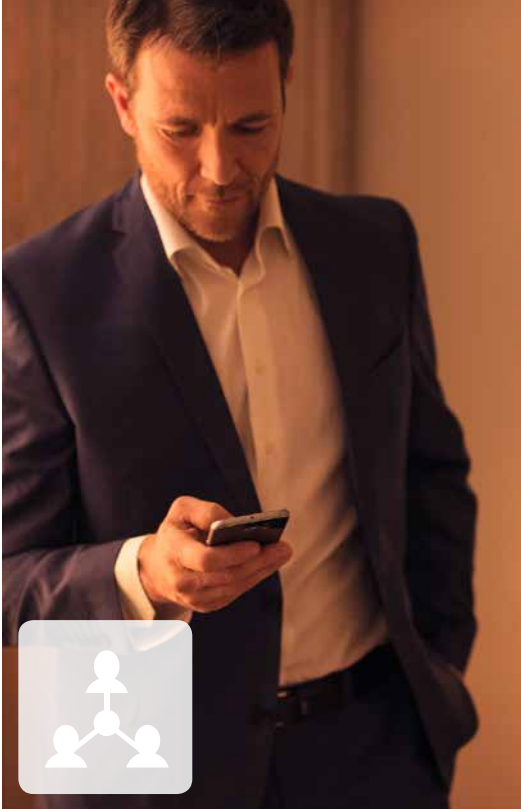
business customers have chosen the Shape solution



Carole retweeted

Boris @Stef_VD_ 14 h
Very interesting meeting @Nicolas





In 2015, Mobistar pressed ahead with its Enterprise Mobility 3.0 strategy, helping its business customers to improve their performance and efficiency by ‘mobilising’ their IT processes.

This strategy (see diagram below) draws on Mobistar’s leading position in the connectivity sector, with excellent indoor and outdoor 4G coverage, further adding additional levels of services and applications to ensure that mobility is a genuine force for business change.

Where Convenience is King

Mobistar has extended Shape, a mobile solution first launched in 2014 to enable flexible and straightforward staff management, thereby creating an even more convenient range of tariffs for business users. The company has moved from a per-minute “voice” tariff model to a cost-based “job” model, based on employee user profiles (e.g. frequently or just rarely abroad, etc.). They no longer have to worry about racking up added extra’s when they use a particular mobile application. In an increasingly digitised world, large data allowances are now expected to come as standard.



Stéphane Beauduin,
Chief Enterprise and Wholesale Officer

> Businesses are waking up to a world in which mobility is becoming the key to digital transformation. We are there to provide them with solutions.



Aimed at businesses requiring 5 or more SIM cards, the Shape tariff had over 200,000 business subscribers using it to manage their connectivity needs by the end of 2015.

Shape & Pulse

In order to offer similar levels of efficiency and cost-predictability to SMEs, Mobistar launched its Shape & Pulse offer in October, which combines on the one hand fixed and mobile telephone services and, on the other, fixed and mobile broadband. This convergent solution has the solid backing of Mobistar’s powerful 4G network combined with the reliability of high-speed VDSL2 lines. The Shape & Pulse offer comes in a range of customisable packages, by offering the Fleet Manager a single customer account contact, and a single straightforward, clearly laid-out bill.

The Shape tariff can also be combined with Mobiline, a disruptive technology solution which provides companies with a fixed-line telephone number whilst enabling calls to be routed via mobile phones.

Combining the best of fixed and mobile technologies

In April 2015, Mobistar signed a partnership agreement with Edpnet to strengthen its range of convergent services (fixed and mobile) for SMEs. Edpnet is Belgium's largest independent telecoms operator, specialising in fixed-line (VDSL) technologies for businesses. The payoff of this partnership has already far exceeded expectations in terms of both price and quality for customers.

In the corporate sector, Mobistar is investing in a Full IP future-proof network, and its new and existing clients are benefiting from high-performing technologies such as VDSL2, IP VPN, Fiber, etc.

Mobistar's philosophy is to combine the best of fixed and mobile connectivity. For example, in 2015 Mobistar came up with an innovative new solution providing automatic data backup over a 4G IP VPN network.

M2M

As leaders of the machine to machine (M2M) connections market, Mobistar took the decision in 2015 to outsource management of its M2M networks to Ericsson to ensure greater upgradability and expansion. Both partners promote an open eco-system model for partners wishing to develop apps.

A HEALTHY WHOLESALE MARKET

Over 1.75 million SIM cards were activated on the Mobistar network via mobile virtual network operators, the largest of which are Telenet and Lyca Mobile.

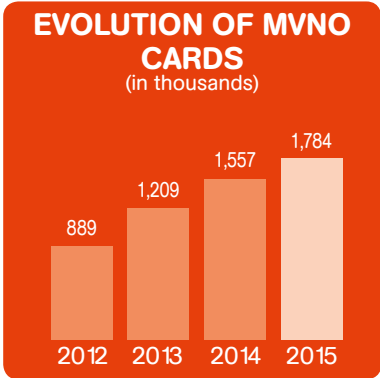
Making Life Easier for VSBs and Freelancers

Mobistar is aware that the needs of freelancers and VSBs (businesses employing fewer than 5 people) are closer to those of high-usage residential customers than those of big businesses. Freelancers may for example prefer to choose their own smartphone in a shop. The dividing line between private and business use is not quite so clear-cut. To make life easier for those in this particular business category, Mobistar has developed a Pro residential package, entitled Panther Pro, combining the best of both worlds.



30%

proportion of business users who chose Shape.





161

number of staff
employed by Orange
Communications
Luxembourg



Orange Communications Luxembourg

Orange Gets the Green Light

With a new visual identity, Orange Communications Luxembourg, a fully-owned subsidiary of Mobistar, has reaped the rewards of its commercial drive, taking on board the individual features of the local market. It's ELO package ("now" in Luxembourg), offering unlimited national calls for 15 euros per month, proved a runaway success, as did its updated Transeurope package, which is particularly competitive. Individual launch schemes for the top smartphones, associated with very good after-sales customer service, proved successful. Co-branding campaigns, such as that run with radio Eldorado (RTL Group) also positioned the brand favourably with the younger end of the market.

In the final analysis, the company saw a net increase to its customer base, now exceeding 100,000 units.

As for Mobistar, 2015 has been Orange Luxembourg's year of return to growth.

4G+ Innovations and a European First

Orange Luxembourg has continued to invest in its 4G mobile network, now achieving 90% coverage. In February 2015, the company was the first in the country to offer a 4G+ service. Since then, 4G+ has now achieved 66% national coverage.

Mobistar and Orange Luxembourg also stood out from the crowd by providing continuous communications, entirely free of disruptions, for their respective customers travelling across the Belgium-Luxembourg border. This innovation, a first for Europe, is exceptionally useful for commuters and travellers, for whom it will now constitute an appreciable improvement to service.

An Extended Convergent Services Offer

Drawing on its partnerships with fixed-line operators Eltrona and Luxembourg Online, Orange Luxembourg has considerably extended its triple play and quadruple play capacity, now making it a force to be reckoned with in the convergent services market. Almost 90% of Luxembourg residents can now rely on Orange for their communications needs, whether via cable, ADSL or fibre-optic connection.

A Return to Growth Across the Business Sector

The new partnership agreement with Telecom Luxembourg Private Operator, a specialist in high-speed fixed-line and mobile broadband, as well as resales agreements with CMD.Solutions and Orange Business Solutions, have led to a year of healthy growth on the business market for Orange Luxembourg.

SECURITY

As part of terrorism prevention measures, Orange Luxembourg has been one of the first companies in Europe to ban sales of prepaid cards without an accompanying form of valid ID from Orange stores, as of 4 December 2015.

Staff Champions

Mobistar believes that motivated and engaged staff make all the difference, and has consequently made staff engagement one of its five key strategy areas. In 2015 there were a number of initiatives behind Mobistar’s success as a “Top Employer”. The year was also successful in terms of internal mobility, with employability being another of the company’s main priorities.

TOP EMPLOYER

For the fifth year running, Mobistar was awarded not only Top Employers Belgium certification, but also Top Employers Europe for 2016. An in-depth independent study confirmed that Mobistar offers its staff excellent working conditions, cultivates and develops talent at all levels of the organisation and implements leading human resources practices; moreover, it is committed to ongoing improvement in all of these areas.



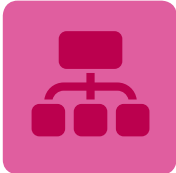
★

22

Annual increase in the employee satisfaction index (e-NPS)

300

The number of People Managers who followed a special colleague coaching, communication and attention programme.





Isabel Carrion,
Chief People Officer

> Almost 200 team members saw a change to their job or role in 2015, which shows how capable we are of fostering internal mobility and developing staff employability.



Employee satisfaction levels had already started to rise in 2014. This positive trend continued into 2015. The e-NPS index, which measures the extent to which employees would recommend their company to others, showed broad improvements. The index score rose by 22 points over 1 year. Moreover, long-term absenteeism, another satisfaction indicator, was down overall.

It is worth remembering that colleague satisfaction, and more generally, wellbeing at work, is one of the company's key management evaluation indicators.

After several years of transformation, staff now understand the company vision better than ever and subscribe more readily to it.

Strong Internal Mobility

The increase in employee satisfaction levels is all the more remarkable given the number of reorganisations the company has faced over the year. In the tech support field, the IT and Networks teams have been merged. In the retail segment, the sales and distribution divisions have also been merged. Mobistar also integrated independent agents from the Walcom Wallonia distribution network into its sales teams, whilst also deploying other external agents to the Carrefour store outlets.

Overall, some 200 team members have changed their role or job description, showing that the business is keenly focused on developing staff skills and employability.

CABLE-READY TRAINING FOR 80 STAFF

Mobistar's entry into the convergence market, following the opening up of the cable networks, has meant a considerable investment in training at human resources level. Some 80 staff members have received special training, particularly in the area of project management and also for those in customer-facing roles, to ensure that the company is able to respond appropriately to incoming queries about the issue. Several hundred staff members have also participated in an initial wave of testing for Mobistar's new digital TV and broadband package, involving a structured feedback process.



PROFESSIONAL DEVELOPMENT

Alongside staff engagement, employability is the second key area of Mobistar's human resources policy. To this end, the company is investing in professional development for its staff. It is providing them with the training and career development tools needed to prepare the business for the future; it is also encouraging staff to forward-plan their needs and expectations on a three-year basis. An overall development plan has been drawn up for the company as a whole.

Staff Wellbeing

The business also continues to support staff involvement in sporting events such as the Brussels 20km and Ekiden races, sport being one of the mainstays of wellbeing at work.

In 2015, management staff were given the opportunity to take part in a burn-out awareness course. Further preventative measures will be put in place over the coming months and years.

Promoting Digitisation

One of the key priorities for 2016 is to continue to provide staff training in what is an increasingly digital working environment. Training registration and reporting is, more than ever, being carried out electronically. E-learning is increasingly prevalent, meaning that employee development can take place outside of classrooms and meeting rooms. In the future, ongoing learning will be increasingly encouraged.

The forthcoming company elections will also be digitised for the first time.

An Ongoing Commitment to a Fairer Society

Mobistar is putting its words into action to improve its environment, not just ecologically but also socially and economically, to benefit society as a whole. Only this way the company can grow as a whole.

SEEKING A PARTNERSHIP

Over the last 10 years, Mobistar has provided financial and human resources to support the charitable organisation Participate! which helps people with autism and their families. Mobistar is now helping the organisation to find a new partner.



-75%
carbon emissions
between 2006 and
2015



Mobistar was one of the first companies in Belgium to pay extra attention to social responsibility and is constantly in dialogue with various stakeholders, whether in society, the government or with business partners. The efforts Mobistar is making regarding CSR excell in continuity and are supported by 3 pillars:

Employees' Needs and Well-Being

Under its “happy team member” initiative, employee satisfaction has never been a higher strategic priority for Mobistar. A number of information and consultation tools and processes have been implemented to ensure that all employees have the fullest possible understanding of the company mission. For some years now, team members have been specially trained to act as trusted confidants for their colleagues, able to listen to any problems they may have and assume a mediation role where appropriate.

Mobistar is also keen to provide a working environment which ensures a good work-life balance. There are regular initiatives to promote healthy minds and bodies: lunch time sports classes, free fruit at work, subsidising the cost of smoking cessation treatment, flu vaccinations, etc.

INSIDE CO.STATION, THE INNOVATIVE ECOSYSTEM

It is also the responsibility of flagship companies such as Mobistar to stimulate innovation and usher in the use of new technologies which can facilitate social progress. These days, innovation is an increasingly open process, bringing together players from different backgrounds and of different sizes. With this in mind, Mobistar is pleased to announce it has entered the ecosystem of the Brussels-based start-up Co.Station, of which it became a shareholder in November 2015. In addition to the advantage of working more closely with other highly innovative companies, Mobistar intends to make Co.Station a hyper-connected site, showcasing the remarkable power of cutting-edge connected objects to manage everyday life in an office.

Responsible Products and Services

As an expanding economic force, it is incumbent upon Mobistar to ensure an impeccable service for its customers, including those with disabilities, by offering high-quality and reliable products and services in which customers can trust. This also requires ongoing vigilance with regard to data protection and child protection in relation to certain content.

A Carbon-Neutral Company

As of 2014, Mobistar has been a carbon-neutral telecoms operator. This means that any irreducible carbon emissions generated by its business activities are offset by environmental schemes to improve the quality of life for vulnerable groups, principally in Africa.

12 YEARS OF CLOSING THE GAP

Mobistar was one of the first backers of Close the Gap when it was set up in 2003. Close the Gap is a non profit organization which reconditions used computer hardware donated by businesses, to provide professional equipment to educational, medical & social projects in developing countries, principally schools. In less than 15 years this has provided over 2 million people with computer access via the many thousands of computers which Close the Gap has repurposed. *“This is not charity. We make it a point of principle, along with the professional distributors with whom we work in various countries, to provide high-quality equipment, along with training and help desk services,”* explains Olivier Vanden Eynde, founder and director of Close the Gap.

In 2015, Mobistar donated 1,578 technical equipments to the organization. The vast majority of this equipment is supplied under a “cradle to cradle” approach, i.e. commodity quality is maintained throughout a number of a product's lifecycles.



Olivier Vanden Eynde,
founder and director of Close the Gap

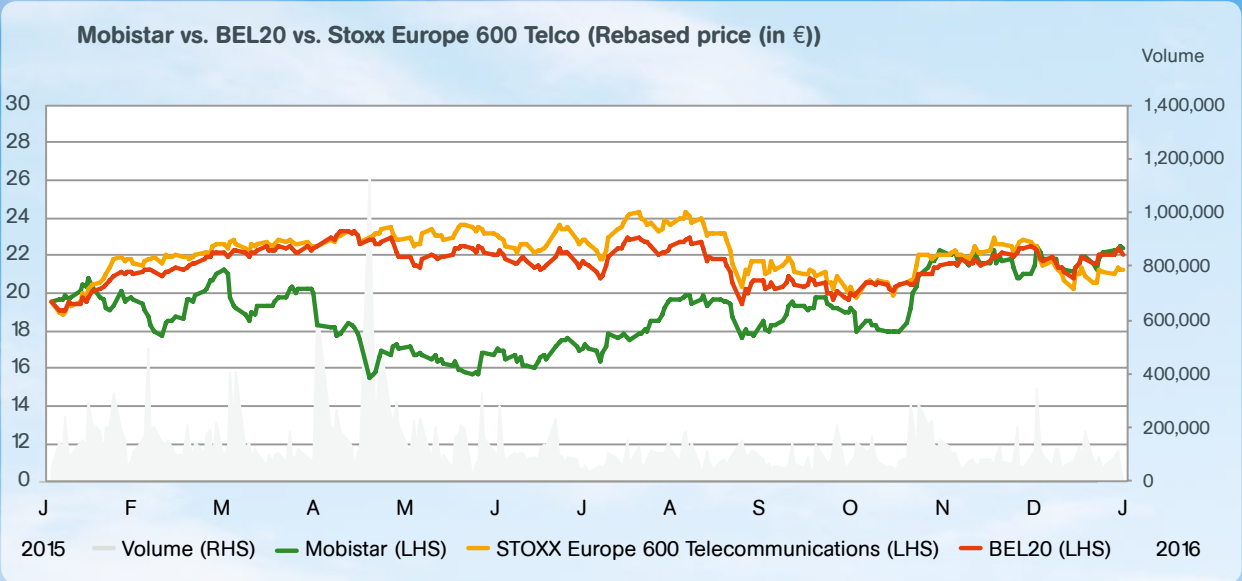
> Our partnership with Mobistar has proved most effective. Our collaboration is very fluid. Moreover, the fact that the company is part of the Orange group opens up opportunities for us in French-speaking Africa.



Information to shareholders and investors

The aim of Mobistar’s Investor Relations team is to create a trustful relationship with the financial markets by being a reliable source and provide relevant information that assists both investors and management in their decision-making.

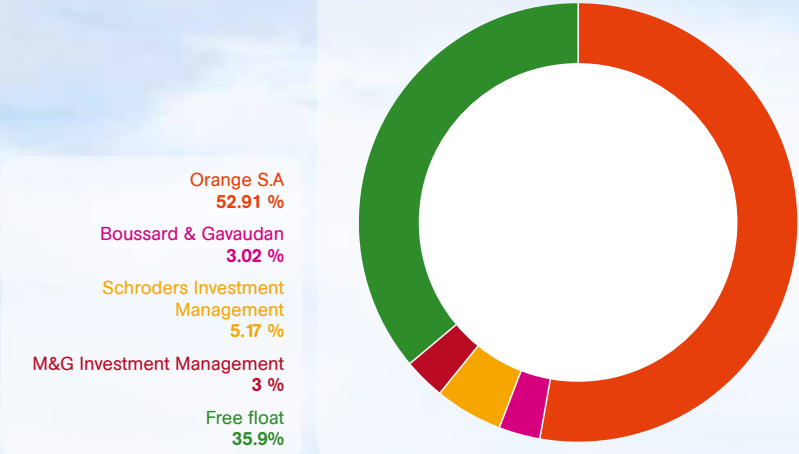
The Mobistar share outperformed in 2015 the overall stock market and the European telecom sector with an increase of close to 14 %, after the share price appreciation of 42 % in 2014.



+14%

increase of the Mobistar share in 2015

Shareholders’ structure
(situation in % on 31/12/2014)



FINANCIAL CALENDAR

15 January 2016	Start blackout period
4 February 2016	Financial results Q4 2015 (7:00 am cet) – Press release
4 February 2016	Financial results Q4 2015 – Analyst & Investor meeting/Webcast (2.00 pm)
1 April 2016	Start blackout period
22 April 2016	Financial results Q1 2016 (7:00 am cet) – Press release
22 April 2016	Financial results Q1 2016 (10:00 am cet) – Audio Conference call
4 May 2016	Annual General Meeting
1 July 2016	Start blackout period
20 July 2016	Financial results Q2 2016 (7:00 am cet) – Press release
20 July 2016	Financial results Q2 2016 – Analyst & Investor meeting/Webcast (2.00 pm cet)
1 October 2016	Start blackout period
21 October 2016	Financial results Q3 2016 (7:00 am cet) – Press release
21 October 2016	Financial results Q3 2016 (10:00 am cet) – Audio Conference call



Preliminary agenda still subject to potential changes



**Download our annual
and activity report on
corporate.mobistar.be**

Ce rapport annuel
est également
disponible en
français.
Dit jaarverslag is
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het Nederlands.

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