



Financial information for the third quarter and first nine months of 2018

**Strong commercial success validates Orange Belgium's position as a Bold Challenger****Q3 2018 retail services revenue grew 10.1% yoy and adjusted EBITDA 2.2%**

## Belgium operational highlights

- **Strong performance of mobile operations.** During the first half of the year, Orange Belgium improved its postpaid plans by introducing bold plans with unlimited voice and data. This market positioning contributed to subscriber growth and lower churn. Net additions accelerated to 53k during the quarter compared to 26k in the second quarter of 2018. The contract customer base increased by 5.3% yoy. The stability of contract mobile-only ARPO is the result of attractive offers and improving subscriber mix. As a result, the average data consumption per user in September was 2.9 Gb (+73% yoy). Lastly, the prepaid subscriber base was stable with net additions of 2k compared to the second quarter of 2018.
- **Orange Belgium delivers strong momentum in convergence.** The cable customer base increased by 89.4% yoy to 155k, representing net additions of 19k subscribers during the quarter. This solid performance was achieved without price promotion. The B2C convergent ARPO grew sequentially by 4.1% to €76.7. Cable mobile subscribers now represent 10% of the overall mobile customers. Amidst a fast growing subscriber case, the convergence operations' EBITDA loss decreased from €5.2m in the third quarter of 2017 to €4.3m this quarter. The improvement was achieved through: operational efficiency, better churn management and a reduced wholesale price (implemented on August 1).

## Group financial highlights

- Revenues increased by 1.5% yoy to €318.0m driven by a double-digit growth in retail services (+10.1% yoy), with a doubling of convergent revenues (+112.3%) and mobile revenue growth (+1.5%), offsetting lower equipment sales (-9.0%) and declining MVNO revenues.
- Adjusted EBITDA resumed growth (+2.2% yoy) to €81.4m supported by higher revenues as well as cost management
- Net debt amounted to €254.0m and gearing remains low (net debt to EBITDA 0.9x)
- 2018 financial guidance maintained: slight revenue growth, adjusted EBITDA between €275 and 295m and stable core capex

Orange Belgium Group's consolidated key figures	9M 2018	9M 2017	Variation	Q3 2018	Q3 2017	Variation
<b>Belgium operating KPI</b>						
Mobile contract customer base excl. M2M (in '000)				2,408	2,287	5.3%
Net adds qoq (in '000)	121	49	147.1%	53	15	242.2%
ARPO mobile only contract (€ per month)				21.8	21.9	-0.6%
Convergent customer base (in '000)				155	82	89.4%
Net adds qoq (in '000)	73	64	14.2%	19	18	10.3%
B2C convergent ARPO (€ per month)				76.7	72.8	5.5%
convergent mobile customer as % mobile contract customer base				10.1%	5.4%	
<b>Group financials (€ m)</b>						
Revenues	937.6	920.9	1.8%	318.0	313.5	1.5%
Retail service revenues	569.1	527.6	7.9%	199.1	180.9	10.1%
Adjusted EBITDA	208.7	226.2	-7.7%	81.4	79.7	2.2%
% of Revenues	22.3%	24.6%		25.6%	25.4%	
Net profit	24.3	40.9	-40.7%	19.8	20.3	-2.3%
Capex	-110.4	-114.6	-3.7%	-33.1	-37.4	-11.4%
Organic cash flow	94.7	81.8	15.8%	51.9	42.8	21.3%
Net debt				254.0	288.3	-11.9%

Michaël Trabbia, Orange Belgium's Chief Executive Officer, commented:

*"We are very proud of our strong commercial performance in mobile and convergence, which is the result of our Bold Challenger positioning. We listened to the unmet expectations of Belgian customers for simple and worry-free offers. In the first half of 2018, we launched the first full unlimited mobile and convergent offers in Belgium, and we gave access to unlimited voice combined with a good data bundle to the vast majority of our customers.*

*This strategy allowed us both to attract new customers and to significantly improve their loyalty. Thanks to these new offers, the mobile data consumption growth of our customers accelerated since the beginning of the year, reaching 73% yoy. With the continued success of our convergent offers, over 10% of our mobile customers are now convergent."*

Arnaud Castille, Chief Financial Officer, stated:

*"Adjusted EBITDA resumed growth in a context of strong commercial success. This was driven by increasing revenues as well as cost management. EBITDA margin also improved as we diligently pursue operational efficiencies. The convergence operations' EBITDA loss has decreased despite a fast growing subscriber base. We have delivered compelling organic cash-flow growth this quarter. Our balance sheet position remains solid and this allows us to continue investing for our customers' satisfaction."*

# 1. Key highlights

## 1.1 Operational highlights

- **Orange's Belgian mobile business delivered excellent results**

Orange Belgium grew its mobile contract customers with 5.3% to 2.41m as of September 30, 2018. Net additions accelerated in the quarter reaching 53k, the best performance since 2014. This outstanding achievement is a clear evidence of the commercial success. During the year, Orange Belgium introduced innovative mobile tariff plans with unlimited data and voice through its Eagle, Cheetah and Koala offers. Lastly, the prepaid subscriber base was stable with net additions of 2k.

In the third quarter of 2018, Orange Belgium's mobile-only contract ARPO stood at €21.8, a slight decrease of 0.6% yoy. The generous voice and data allowances have led to a reduction in out-of-bundle revenues. However, this was partly compensated by an increase of in-bundle revenues.

- **Unlimited offers in Belgium have been a catalyst for growth in mobile data usage**

The Eagle Unlimited offer and generous mobile data tariff plans accelerated mobile data usage. In the first nine months of 2018, average mobile data usage per smartphone user increased in excess of 60% and reached 2.9 GB/month. Nearly 77% of mobile customers are active smartphone users and about 65% are active 4G users.

- **Orange Belgium's convergent offer Love maintains its upward trend, boosted by mobile tariff plans**

Orange Belgium's convergent base reached 155k customers, an increase of 89.4% compared to the same quarter in 2017. Many mobile customers are attracted by Orange's competitive convergent plans. As a result, 10% of the total mobile customers now have a convergent package.

- **Indoor coverage guaranteed**

As a market differentiator, Orange Belgium offer its customers various innovative solutions to boost the quality of their indoor calling and surfing experience. Orange customers with an eligible smartphone can benefit from Voice-over-Wi-Fi (VoWiFi) calling feature or they can ask for a mobile coverage extender (Femto) device to enjoy a premium indoor coverage. Both solutions are free of charge. Over 40k Orange customers have opted for VoWiFi and Voice over LTE (4G) in June. As of August 2018, about 5,000 Femto devices had been dispatched.

- **Orange Belgium keeps improving its convergent offer to bring unlimited Love to customers**

Since the end of September, Orange Belgium's Love customers can enjoy plenty of new TV channels. In Flanders, MENT TV, njam!, Dobbitt TV and Plattelands TV are now available. Customers in Wallonia can watch the popular LCI news channel, KTO as well TF1 Séries Films. Also, a new "pause / timeshift" functionality was added to the Orange TV mobile application, thus allowing customers to pause and rewind their favourite programs while watching them on their mobile devices. And finally, thanks to a strengthened partnership with Google, Love customers were given the opportunity to purchase a Google Chromecast device at a promotional price of €19 (instead of €39) so they can easily stream all their favourite content from their smartphone or tablet directly to their television.

- **Orange Belgium becomes the main sponsor of the e-sports team 'Sector One' and the Benelux' biggest e-sports tournament, 'GameForce Masters'**

Orange Belgium signed a partnership with two major players in the competitive video gaming scene (also called e-sports) in Belgium. Orange is now the proud main sponsor of the famous e-sports team 'Sector One' and the top level 'GameForce Masters' tournament, organized in Mechelen in October 2018. These two partnerships make Orange one of the biggest players in the e-sports scene in Belgium.

- **Orange Fab kicked off its 2<sup>nd</sup> edition in Belgium and Luxembourg**

Orange Fab is the 3-month accelerator program from the Orange Group for mature start-ups who want to partner with Orange. The main objective of this program is to create a commercial acceleration between the scale-ups and Orange Belgium, and to help them grow thanks to Orange's worldwide footprint. Due to the latter, 45 start-ups and scale-ups submitted their applications, and three have been selected as winners: Chatlayer, iReachm and Thingsplay. They immediately enrolled in the Orange Fab program.

- **Orange Belgium and KANAL – Centre Pompidou joined forces to build the multidisciplinary art hub of the future**  
KANAL - Centre Pompidou and Orange Belgium have announced a partnership to change the way people experience art in Belgium. The ambition is to build a new multidisciplinary art hub: a museum that can host various projects and events, to enhance the visitor experience beyond the ordinary. Both partners will create new ways of enjoying art and culture in Belgium.

## 1.2 Regulatory highlights

- **Revision of Broadband and TV distribution market analysis decisions**  
After the various consultations imposed by the regulatory framework were completed, the regulators, while taking into account the comments of the EC, finalized their decision on June 29. This new decision will contribute to a more competitive consumer-oriented fixed market. Nevertheless, the cable operators filed appeals against the decision, both at the EU and national level. Since August 1, Orange Belgium benefits from a reduced wholesale price of cable network access of €20.29.
- **The BIPT launched a consultation on the WACC used by operators with significant market power**  
On September 13, the BIPT launched a consultation on the cost of capital (WACC) for fixed and mobile operators with significant market power in Belgium. The consultation ended on October 22, 2018.
- **New spectrum allocation and renewal of existing spectrum attributions**  
The draft Royal Decrees regarding the allocation of the 700, 1400 and 3400-3800 mhz band and the renewal/reallocation conditions of the 900, 1800 and 2100 mhz bands have been published. Minister De Croo announced unexpectedly that the intention is to reserve spectrum for a 4th mobile network operator. The Council of Ministers gave an initial approval for the Royal Decrees at the end of July. The Council of State and the Consultation Committee are now reviewing the texts. Overall, the purpose of the decrees is to prepare the spectrum auction in the second half of 2019.

## 2. Comments on the financial situation

### 2.1 Consolidated figures for the Orange Belgium Group

Orange Belgium group's consolidated key figures (€ m)	9M 2018	9M 2017	Variation	Q3 2018	Q3 2017	Variation
<b>Revenues</b>	<b>937.6</b>	<b>920.9</b>	<b>1.8%</b>	<b>318.0</b>	<b>313.5</b>	<b>1.5%</b>
Retail service revenues	569.1	527.6	7.9%	199.1	180.9	10.1%
Equipment sales	84.9	81.5	4.2%	26.3	28.9	-9.0%
Wholesale revenues	243.6	268.0	-9.1%	83.1	87.9	-5.4%
Other revenues	40.0	43.9	-9.0%	9.5	15.8	-39.8%
<b>Adjusted EBITDA</b>	<b>208.7</b>	<b>226.2</b>	<b>-7.7%</b>	<b>81.4</b>	<b>79.7</b>	<b>2.2%</b>
<i>% of Revenues</i>	<i>22.3%</i>	<i>24.6%</i>		<i>25.6%</i>	<i>25.4%</i>	
Reported EBITDA	204.1	238.0	-14.2%	80.5	90.9	-11.4%
<i>% of Revenues</i>	<i>21.8%</i>	<i>25.8%</i>		<i>25.3%</i>	<i>29.0%</i>	
<b>Net profit</b>	<b>24.3</b>	<b>40.9</b>	<b>-40.7%</b>	<b>19.8</b>	<b>20.3</b>	<b>-2.3%</b>
Earnings per share (€)	0.41	0.68	-40.5%	0.33	0.34	-2.5%
Capex	-110.4	-114.6	-3.7%	-33.1	-37.4	-11.4%
<i>% of Revenues</i>	<i>11.8%</i>	<i>12.4%</i>		<i>10.4%</i>	<i>11.9%</i>	
<b>Organic cash flow</b>	<b>94.7</b>	<b>81.8</b>	<b>15.8%</b>	<b>51.9</b>	<b>42.8</b>	<b>21.3%</b>
Net financial debt	254.0	288.3	-11.9%	254.0	288.3	-11.9%
Net financial debt / Reported EBITDA				0.9	0.9	

### 2.2 Consolidated statement of comprehensive income

#### Revenues

Revenues grew by 1.5% and 1.8% to €318.0 and €937.6m in the third quarter and first nine months of 2018, respectively. For the third quarter of 2018, decreasing MVNO revenues had an impact of -€8.1m whereas the EU roaming regulation had an impact of -€4m. As of September 2018, the total impact of the MVNO revenues was -€31m and -€20.7m for the EU roaming regulation.

Retail service generated revenues of €199.1m in the third quarter, an increase of 10.1% yoy. For the first nine months of 2018 retail service revenues grew 7.9% to €569.1m. The growth in retail service revenues was mainly achieved by a strong performance of convergent services.

#### Result of operating activities before depreciation and other expenses

Orange Belgium Group's adjusted EBITDA was €81.4m in the third quarter (+2.2% yoy) and €208.7m for the first nine months of 2018 (-7.7% yoy). The adjusted EBITDA margin for the quarter reached 25.6%, marking a year-on-year and sequential improvement. As expected, lower MVNO revenues had an impact of about €8.1m on adjusted EBITDA in the third quarter of 2018. For the first nine months of 2018, the total impact of lower MVNO revenues was close to €31m. Additionally, the implementation of the EU roaming regulation in June 2017 had a cumulative impact of €13.7m for the first nine months of 2018.

In Belgium, the convergence operations' EBITDA loss decreased from €5.2m in the third quarter of 2017 to €4.3m this quarter against a background of a fast growing subscriber base. The improvement was achieved through operating efficiency, better churn management and a reduced wholesale price (implemented on August 1). Orange Belgium continues to work on identifying and resolving the different factors for churn before the loss actually occurs. The recent decision on the Broadband and TV distribution market analysis includes a significant improvement in the operational model. That should further reduce churn and reach sector averages in the coming years.

Total operational expenses amounted to €236.6m and €728.9m in the third quarter and first nine months of 2018, compared to €233.9m and €694.7m in the third quarter and nine months of 2017. The analysis of the different expenses provides the following overview:

- Direct costs amounted to €147.6m in the third quarter of 2018 compared to €147.4m in the same period last year. During the quarter, higher cable-connectivity and content costs were partially offset by lower customer equipment costs and commissions due to the acquisition of distribution partners in 2017. In the first nine months of 2018, direct costs increased to €432.5m compared to €406m in the previous year,
- Labor costs amounted to €33.9m in the third quarter (+10.1% yoy) and €105.5m in the first nine months of 2018 (+8.3% yoy) compared to €30.8m and €97.4m last year. The increase is due to integration of headcount following the acquisition of several distribution partners last year.
- The indirect costs amounted to €55.2m in the third quarter and €190.9m in the first nine months of 2018, compared to €55.7m and €191.3m euros in the same period last year, a decrease of 1.0% and 0.2%.

The adjustments of the EBITDA amounted to -€0.9m in the third quarter and -€4.6m in the first nine months of 2018. These were entirely related to headcount related restructuring charges.

Reported EBITDA adjustments (€ m)	9M 2018	9M 2017	Variation	Q3 2018	Q3 2017	Variation
Adjusted EBITDA	208.7	226.2	-7.7%	81.4	79.7	2.2%
Adjustments of which	-4.6	11.8	Na	-0.9	11.2	Na
- Other restructuring costs	-4.6	11.7	Na	-0.9	11.2	Na
- Other operating income	0.0	0.1	Na	0.0	0.0	Na
Reported EBITDA	204.1	238.0	-14.2%	80.5	90.9	-11.4%

#### Net profit

The consolidated net profit of the Orange Belgium Group amounted to €19.8m in the third quarter and €24.3m in the first nine months of 2018, against €20.3m and €40.9m in the comparable periods in 2017. Consequently, earnings per share amounted to €0.33 in the third quarter and €0.41 in the first nine months of 2018, compared to €0.34 and €0.68 in the same periods last year. Higher restructuring costs during the period were offset by lower tax expense.

## 2.3 Consolidated cash flow statement

Organic cash flow (which measures the cash flow provided by the operating activities, minus acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets), amounted to €51.9m in the third quarter. The significant improvement over the €42.8m achieved a year ago is attributable to improvement in working capital.

Operating cash flow, which is defined as adjusted EBITDA less capex, amounted to €48.3m in the third quarter compared to €42.2m in the previous year.

Summary consolidated cash flow statement (€ m)	9M 2018	9M 2017	Variation	Q3 2018	Q3 2017	Variation
Net cash provided by operating activities	225.5	227.3	-0.8%	96.2	83.4	15.4%
Net cash used in investing activities	-138.2	-145.4	-5.0%	-47.4	-40.5	17.2%
<i>Purchase of property, plant and equipment and intangible assets</i>	<i>-110.4</i>	<i>-114.6</i>	<i>-3.7%</i>	<i>-33.1</i>	<i>-37.4</i>	<i>-11.4%</i>
Net cash used in financing activities	-83.1	-120.1	-30.8%	-50.1	-42.4	18.1%
Net change in cash and cash equivalents	4.2	-38.2	Na	-1.3	0.4	Na
Cash and cash equivalents – closing balance	17.2	13.2	30.5%	17.2	13.2	30.5%

### Net cash provided by operating activities

Net cash provided by operating activities stood at €96.2m in the third quarter compared to €83.4m last year. The increase is mainly due to an improvement in working capital.

### Net cash used in investing activities

Net cash used in investing activities was -€47.4m in the third quarter against -€40.5m in the comparable period of 2017. During the third quarter of 2018, Orange Belgium spent €33.1m on capital expenditures, of which €10.1m was allocated to cable. Capital expenditure in the third quarter of 2017 was €37.4m, €9.5m of which was related to cable.

### Net cash used in financing activities

Net cash used in financing activities stood at -€50.1m in the third quarter of 2018. During the quarter, Orange Belgium repaid a €20.0m debt facility and a €29.3m of overdrafts.

## 2.4 Consolidated statement of financial position

The consolidated statement of financial position amounted to €1,452.6m on September 30 2018, compared to €1,498.1m at the end of 2017.

Summary consolidated statement of financial position (€ m)	9M 2018	FY 2017	Variation
Goodwill	67.0	66.4	0.6
Other intangible assets	286.3	304.0	-17.7
Property, plant and equipment	767.3	809.9	-42.6
Total assets	1,452.6	1,498.1	-45.5
Net financial debt	254.0	288.3	-34.2
Total equity	575.4	582.6	-7.2

At the end of September 2018, the net financial debt stood at €254.0m, compared to €288.3m at the end of 2017. The net financial debt/reported EBITDA ratio at the end of September 2018 amounted to 0.9x.

## 2.5 Activities of the Orange Belgium Group by segment

The following gives a breakdown of Orange Belgium Group's activities in greater detail:

### 2.5.1. Activities in Belgium

#### Operational Review

Key operating figures of Orange Belgium (in '000)	Q3 2018	Q3 2017	Variation
<b>Convergent KPIs</b>			
<b>convergent customer base</b>	<b>155</b>	<b>82</b>	<b>89.4%</b>
- B2C convergent customer base	140	75	86.8%
- B2B convergent customer base	15	7	117.2%
<b>quarterly ARPO (€ per month)</b>			
- B2C convergent ARPO	76.7	72.8	5.5%
<b>Mobile KPIs</b>			
<b>mobile customers (excl. MVNOs)</b>	<b>4,040</b>	<b>3,790</b>	<b>6.6%</b>
- contract	3,463	3,182	8.8%
- M2M	1,055	895	17.9%
- excluding M2M	2,408	2,287	5.3%
- prepaid	577	607	-5.0%
<b>mobile customers (excl. MVNOs)</b>	<b>4,040</b>	<b>3,790</b>	<b>6.6%</b>
- B2C convergent	210	109	93.8%
- mobile only and mobile B2B	3,830	3,681	4.0%
- M2M	1,055	895	17.9%
- excluding M2M	2,197	2,179	0.9%
- of which B2B convergent mobile	32	14	126.0%
- prepaid	577	607	-5.0%
MVNO customers	13	1,067	-98.8%
<b>quarterly ARPO (€ per month)</b>			
mobile only blended ARPO	18.8	18.6	1.0%
- mobile only contract ARPO	21.8	21.9	-0.6%
- mobile only prepaid ARPO	7.5	7.2	3.2%
<b>Fixed KPIs</b>			
number of lines	121	142	-15.2%
broadband customers	160	94	71.5%
- FTTx and cable customers	155	82	89.4%
- xDSL	5	12	-53.5%
- LTE for fixed and others	0	0	
internet features			
TV	155	82	89.4%

#### Convergent operations

The convergent customer base, i.e. customers that have subscribed to offers combining at least a fixed broadband connection and a mobile contract, is an important commercial indicator for Orange Belgium. Orange Belgium's growth momentum in convergence continued in the third quarter of 2018 with 19k net additions, resulting in a total convergent customer base of 155k, of which 140k were B2C customers and 15k B2B customers. This was achieved without any promotional activities. Churn in the convergent segment reached its lowest level since launch. This was realized thanks to a dedicated focus on quality throughout the entire customer journey. Compared to the end of September 2017, the convergent customer base increased by 73k representing an increase of 89.4% yoy.

In the B2C mobile convergent segment, Orange Belgium added 31k subscribers during the third quarter of 2018, taking its customer base for this segment to 210k (109k at the end of the third quarter of 2017). The B2C convergent ARPO increased to €76.7 euros from €73.7 in the previous quarter. The B2B mobile convergent customer base increased to 32k at the end of the third quarter of 2018.

#### Mobile operations

Orange Belgium's mobile performance was very solid in the third quarter of 2018, with net adds of 93k mobile customers or an increase of 250k compared to the end of the third quarter in 2017. Excluding M2M, the contract customer base increased by 53k in the third quarter of 2018, which shows an acceleration in net additions compared to last year. The M2M contract base

increased by 39k in the past quarter to 1m connected cards. Finally, the prepaid customer base stabilized in the third quarter of 2018.

Mobile-only blended ARPO, which excludes all B2C mobile customers who have subscribed to a convergence offer, amounted to €18.8 in the third quarter of 2018, an increase of 1% yoy. The proportion of mobile only contract customers (excl. M2M) continued to grow relative to the portion of prepaid customers and reached 85.7% at the end of the third quarter of 2018. Given that the mobile-only contract customers have a higher ARPO than prepaid customers, this positively impacted the blended mobile only ARPO.

The mobile-only contract (excl. M2M) ARPO experienced a marginal decline from €21.9 in the third quarter of 2017 to €21.8 in the third quarter of 2018, explained by the fact that Orange Belgium's generous offers in voice and data included in its mobile plans have led to a reduction in out-of-access revenues. This was in part compensated by an increase in the access revenues. On the positive side, the prepaid ARPO continued to flex up, increasing 3.2% to €7.5 in the third quarter of 2018 .

## Fixed segment

At the end of the third quarter of 2018, Orange Belgium had a total of 121 thousand fixed voice lines, compared to 121 thousand at the end of the previous quarter and 142 thousand in the third quarter of 2017. The xDSL customer base, which mostly relates to legacy ADSL business which is no longer offered, continued to decline. The VDSL customer base, related to the Shape & Fix offer for small and medium business accounts, has increased well in the third quarter and first nine months of 2018, albeit from a low starting point.

## Financial Review

Key financial figures of Orange Belgium (€ m)	9M 2018	9M 2017	Variation	Q3 2018	Q3 2017	Variation
<b>Revenues</b>	<b>899.2</b>	<b>881.1</b>	<b>2.1%</b>	<b>304.7</b>	<b>298.3</b>	<b>2.1%</b>
Retail service revenues	539.2	499.6	7.9%	188.7	171.6	10.0%
Convergent service revenues	73.6	32.1	129.6%	28.7	13.5	112.3%
Mobile only service revenues	437.5	438.4	-0.2%	150.5	148.6	1.3%
Fixed only service revenues	24.7	26.6	-7.2%	8.3	8.6	-3.3%
IT & Integration service revenues	3.4	2.5	32.9%	1.1	0.8	32.1%
Equipment sales	74.3	70.6	5.1%	23.0	24.8	-7.5%
Wholesale revenues	239.6	263.6	-9.1%	81.8	85.9	-4.8%
Other revenues	46.1	47.2	-2.3%	11.3	15.9	-29.3%
<b>Adjusted EBITDA</b>	<b>205.3</b>	<b>223.4</b>	<b>-8.1%</b>	<b>79.8</b>	<b>78.8</b>	<b>1.2%</b>
<i>% of Revenues</i>	<i>22.8%</i>	<i>25.4%</i>		<i>26.2%</i>	<i>26.4%</i>	
Reported EBITDA	200.7	235.2	-14.7%	78.9	90.1	-12.5%
<i>% of Revenues</i>	<i>22.3%</i>	<i>26.7%</i>		<i>25.9%</i>	<i>30.2%</i>	

Revenues in Belgium amounted to €304.7m in the third quarter, an increase of 2.1% yoy. Revenues for the first nine months of 2018 increased 2.1% yoy to €899.2m.

Growth in retail service revenues (see glossary for definition) further accelerated in the third quarter of 2018 with a year-on-year increase of 10.0%. As such the retail service revenues in the third quarter amounted to €188.7m and €539.2m in the first nine months of 2018 from €171.6m and €499.6m a year ago. This strong increase was driven by the following elements:

- Convergent service revenues continued its spectacular growth trajectory in the third quarter of 2018 with an increase of 112.3% yoy, resulting in an increase of 129.6% year-on-year in the first nine months of 2018. This growth stems from the sustained uptake of customers opting for Orange Belgium's LOVE offer, resulting in both an increase of the cable broadband and digital TV customer base, as well as in an increase of convergent mobile customer.
- Mobile service revenues grew 1.3% to €150.5m in the third quarter thanks to higher net additions. In the first nine months of 2018, mobile services generated revenues of €437.5m.
- Fixed service revenues declined by 3.3% to €8.3m in the third quarter and by 7.2% to €24.7m in the first nine months of 2018. This is linked to the decrease of legacy residential ADSL fixed offers, which have not yet been fully compensated by the uptake of VDSL offers for the small- and mid-sized business accounts.

Equipment sales declined by 7.5% to €23.0m in the third quarter and increased 5.1% to €74.3m in the first nine months of 2018.



Wholesale revenues amounted to €81.8m in the third quarter and €239.6m in the first nine months of 2018, thus resulting in a decrease of 4.8% and 9.1% yoy. This was essentially the outcome of expected lower MVNO revenues: €10.1m in the third quarter and €32.8m in the first nine months of 2018 versus €18.2m and €63.4m in the comparable period in 2017.

Other revenues, which for a large part include equipment sales to brokers and dealers, declined by 29.3% in the third quarter and 2.3% in the first nine months of 2018.

Orange Belgium generated an adjusted EBITDA of €79.8m in the third quarter and €205.3m in the first nine months of 2018, compared to €78.8m and €223.4m in the comparable period in 2017.

The cable business reduced its EBITDA loss of €4.3m in the third quarter (loss of €5.2m in third quarter 2017) due to better industrialization, lower churn and improved wholesale conditions. On the latter, the BIPT lowered the wholesale access price to €20.29, effective from August 1 and laid the course for a vast improvement in the operational model. For the first nine months of 2018, the cable business contributed an EBITDA loss of €15.1m, compared to a loss of €14.9m in the comparable period in 2017.

## 2.5.2. Activities in Luxembourg

### Operational Review

Key operational figures of Orange Luxembourg (in '000)	Q3 2018	Q3 2017	Variation
<b>Convergent KPIs</b>			
convergent customer base	7	2	214.2%
- B2C convergent customer base	4	0	Na
- B2B Convergent customer base	4	2	54.4%
<b>Mobile KPIs</b>			
mobile customers (excl. MVNOs)	192	181	5.9%
- contract	180	171	5.4%
- M2M	69	69	0.4%
- excluding M2M	111	102	8.8%
- prepaid	12	10	13.8%
mobile customers (excl. MVNOs)	192	181	5.9%
- B2C convergent	4	0	Na
- mobile only	188	181	3.8%
- M2M	69	69	0.4%
- excluding M2M	107	102	5.1%
- prepaid	12	10	13.8%
MVNO customers	2	2	4.3%
<b>quarterly ARPO (€ per month)</b>			
mobile only blended ARPO	27.4	27.5	-0.4%
- mobile only contract ARPO	29.6	29.4	0.6%
- mobile only prepaid ARPO	6.8	7.8	-12.9%
<b>Fixed KPIs</b>			
number of lines	2	1	262.3%
broadband customers	13	10	26.6%
- FTTx and cable customers	7	0	Na
- xDSL	5	8	-31.8%
- LTE for fixed and others	0	2	-100.0%
internet features			
TV	4	4	16.5%

After a stable commercial second quarter, Orange Luxembourg delivered a strong commercial third quarter on all convergent, mobile and fixed customer bases in 2018. On a year-on-year basis, the realized performance remains relatively strong. Orange Luxembourg continues to focus specifically on reducing its churn. The implementation of the EU roaming regulation continued to have a significant impact on the ARPOs. Roaming traffic which was previously billed as out-of-bundle traffic is now an integral part of the national bundle and hence also priced as such. Moreover, the market remains competitive with a strong pressure on prices and especially with the launch of new high-end devices.

Key financial figures of Orange Luxembourg (€ m)	9M 2018	9M 2017	Variation	Q3 2018	Q3 2017	Variation
<b>Revenues</b>	<b>47.9</b>	<b>47.5</b>	<b>0.8%</b>	<b>15.9</b>	<b>17.2</b>	<b>-7.4%</b>
Retail service revenues	29.9	27.9	7.0%	10.4	9.3	12.2%
Convergent service revenues	0.0	0.0		0.0	0.0	
Mobile only service revenues	24.3	23.8	2.3%	8.3	7.8	6.1%
Fixed only service revenues	5.6	4.2	34.2%	2.1	1.5	44.6%
IT & Integration service revenues	0.0	0.0		0.0	0.0	
Equipment sales	10.7	10.9	-2.0%	3.4	4.1	-18.2%
Wholesale revenues	6.9	6.9	0.9%	2.1	3.0	-29.5%
Other revenues	0.4	1.8	-76.2%	0.0	0.8	-100.0%
<b>Adjusted EBITDA</b>	<b>3.5</b>	<b>2.8</b>	<b>25.4%</b>	<b>1.6</b>	<b>0.8</b>	<b>103.3%</b>
<i>% of Revenues</i>	<i>7.3%</i>	<i>5.8%</i>		<i>10.4%</i>	<i>1.7%</i>	
Reported EBITDA	3.4	2.7	25.8%	1.6	0.8	109.0%
<i>% of Revenues</i>	<i>7.2%</i>	<i>5.8%</i>		<i>10.1%</i>	<i>1.6%</i>	

After a stable second quarter, Orange Luxembourg's Q3 2018 revenues declined by 7.4% to €15.9m. The decrease was mainly driven by lower equipment sales. Orange Luxembourg third quarter's retail service revenues was very satisfying with an increase of 12.2% year-on-year, which is a good acceleration in line with the uptake of its customer base. Mobile-only revenues increased thanks to the development of the customer base and ARPO. Fixed revenues strongly increased due to the success of the LOVE offers.

The adjusted EBITDA amounted to €1.6m in the third quarter and €3.5m for the first nine months of 2018, compared to €0.8 and €2.8m in comparable period in 2017. The increase is due to a reversal of bad debt expense.

### 3. Financial risks and risk management

No change has occurred in comparison to the information contained in the 2017 annual report (p.75-76 and p.114-115).

### 4. Significant events after the end of the third quarter and first nine months of 2018

No other significant events occurred after the end of the third quarter and first nine months of 2018.

### 5. Trends

Orange Belgium reiterates its 2018 financial guidance pointing to a slight increase in revenues and an adjusted EBITDA between €275 and €295m. This takes into consideration that the 2018 financial performance will be affected by: i) the loss of approximately €30m in MVNO revenues; ii) the final adverse gross revenue and EBITDA impact of EU roaming regulation of €26m and €17m respectively. This adjusted EBITDA target highlights that Orange Belgium Group expects its retail business to grow substantially thanks to the on-going monetization of its mobile network and the sustained focus on operational efficiency. Orange Belgium Group also expects its 2018 core investment (excluding all cable related investments) to remain stable compared to 2017.

### 6. Financial calendar

24-Oct-18	Financial results Q3 2018 (7:00 am CET) – Press release
24-Oct-18	Financial results Q3 2018 (10:00 am CET) – Audio conference call
14-Jan-19	Start quiet period
13-Feb-19	Financial results Q4 2018 (7:00 am CET) – Press release
13-Feb-19	Financial results Q4 2018 (2:00 pm CET) – Audio conference call/webcast

*Preliminary agenda still subject to potential changes*

## 7. Conference call details

Date:	24 October 2018
Time:	10:00 am (CET), 9:00 am (UK), 4:00 am (US/NY)
Conference call:	<a href="https://corporate.orange.be/en/financial-information/r%C3%A9sultats-financiers">https://corporate.orange.be/en/financial-information/r%C3%A9sultats-financiers</a>

Please aim to access the conference call ten minutes prior to the scheduled start time.

## 8. Shares

Share trading volumes and closing prices are based on trades made on NYSE Euronext Brussels.

	9M 2018	9M 2017	Q3 2018	Q3 2017
<b>Trading of shares</b>				
Average closing share price (€)	15.4	20.4	13.7	20.1
Average daily volume	64,209	57,593	51,720	41,594
Average daily value traded (€)	988,298	1,176,919	706,293	836,436
<b>Shares and market values</b>				
Total number of shares (m)	60.01	60.01	60.01	60.01
Treasury shares (k)	238.00	112.25	238.00	112.25
Closing price (€)	13.4	19.6	13.4	19.6
Market capitalization (€ m)	801.79	1,173.88	801.79	1,173.88

## 9. Quarterly results

Orange Belgium Group ('000)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
<b>Convergent KPIs</b>					
convergent customer base	162	143	128	108	84
- B2C convergent customer base	144	127	114	97	75
- B2B Convergent customer base	19	16	14	11	9
<b>Mobile KPIs</b>					
mobile customers (excl. MVNOs)	4,232	4,139	4,050	4,038	3,971
- contract	3,643	3,553	3,458	3,438	3,353
- M2M	1,125	1,087	1,019	1,015	964
- excluding M2M	2,519	2,466	2,439	2,423	2,389
- prepaid	589	586	592	600	618
mobile customers (excl. MVNOs)	4,232	4,139	4,050	4,038	3,971
- B2C convergent	214	184	167	141	109
- mobile only	4,018	3,956	3,884	3,897	3,863
- M2M	1,125	1,087	1,019	1,015	964
- excluding M2M	2,305	2,282	2,272	2,282	2,281
- prepaid	589	586	592	600	618
MVNO customers	13	27	210	525	1,069
<b>Fixed KPIs</b>					
number of lines	122	123	127	136	143
broadband customers	173	153	139	120	103
- FTTx and cable customers	162	143	128	108	82
- xDSL	11	11	11	12	19
- LTE for fixed and others	0	0	0	0	2
internet features					
TV	159	140	126	107	85

Orange Belgium ('000)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
<b>Convergent KPIs</b>					
convergent customer base	155	136	122	103	82
- B2C convergent customer base	140	123	110	94	75
- B2B Convergent customer base	15	13	11	9	7
quarterly ARPO (per month, in €)					
- B2C convergent ARPO	76.7	73.7	71.9	70.5	72.8
<b>Mobile KPIs</b>					
mobile customers (excl. MVNOs)	4,040	3,947	3,857	3,855	3,790
- contract	3,463	3,372	3,275	3,265	3,182
- M2M	1,055	1,017	946	950	895
- excluding M2M	2,408	2,355	2,329	2,315	2,287
- prepaid	577	575	582	589	607
mobile customers (excl. MVNOs)	4,040	3,947	3,857	3,855	3,790
- B2C convergent	210	180	163	137	109
- mobile only	3,830	3,767	3,694	3,717	3,681
- M2M	1,055	1,017	946	950	895
- excluding M2M	2,197	2,175	2,166	2,178	2,179
- of which B2B convergent mobile customers	32	27	24	19	14
- prepaid	577	575	582	589	607
MVNO customers	13	25	208	522	1,067
<b>quarterly ARPO (€ per month)</b>					
mobile only blended ARPO	18.8	18.4	18.1	18.2	18.6
- mobile only contract ARPO	21.8	21.3	21.1	21.2	21.9
- mobile only prepaid ARPO	7.5	7.4	7	7.7	7.2
<b>Fixed KPIs</b>					
number of lines	121	121	125	134	142
broadband customers	160	141	127	109	94
- FTTx and cable customers	155	136	122	103	82
- xDSL	5	5	5	6	12
- LTE for fixed and others	0	0	0	0	0
internet features					
TV	155	136	122	103	82

Orange Luxembourg ('000)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
<b>Convergent KPIs</b>					
convergent customer base	7	7	6	5	2
- B2C convergent customer base	4	4	4	4	0
- B2B Convergent customer base	4	3	3	2	2
<b>Mobile KPIs</b>					
mobile customers (excl. MVNOs)	192	193	194	183	181
- contract	180	181	183	173	171
- M2M	69	71	73	65	69
- excluding M2M	111	111	110	108	102
- prepaid	12	11	11	11	10
mobile customers (excl. MVNOs)	192	193	194	183	181
- B2C convergent	4	4	4	4	0
- mobile only	188	189	190	180	181
- M2M	69	71	73	65	69
- excluding M2M	107	107	106	104	102
- prepaid	12	11	11	11	10
MVNO customers	2	2	2	2	2
<b>quarterly ARPO (€ per month)</b>					
mobile only blended ARPO	27.4	27.6	26.2	27	27.5
- mobile only contract ARPO	29.6	29.9	28.2	29.1	29.4
- mobile only prepaid ARPO	6.8	6.3	6.2	6.7	7.8
<b>Fixed KPIs</b>					
number of lines	2	2	2	2	1
broadband customers	13	12	12	12	10
- FTTx and cable customers	7	7	6	5	0
- xDSL	5	6	6	6	8
- LTE for fixed and others	0	0	0	0	2
internet features					
TV	4	4	4	4	4

## 10. Glossary

### Financial KPIs

#### revenues

revenues in line with the offer	Provide Group revenues split in convergent services, mobile only services, fixed only services, IT & integration services, wholesale, equipment sales and other revenues.
retail service revenues	Revenue aggregation of revenues from convergent services, mobile only services, fixed only services, IT & integration services.
convergent services	Revenues from B2C convergent offers (excluding equipment sales). A convergent offer is defined as an offer combining at least a broadband access (xDSL, FTTx, cable or Fixed-4G (fLTE) with cell-lock) and a mobile voice contract (excluding MVNOs). Convergent services revenues do not include incoming and visitor roaming revenues.
mobile only services	Revenues from mobile offers (excluding B2C convergent offers and equipment sales) and M2M connectivity, excluding incoming and visitors roaming revenues.
fixed only services	Revenues from fixed offers (excluding B2C convergent offers and equipment sales) including (i) fixed broadband, (ii) fixed narrowband, and (iii) data infrastructure, managed networks, and incoming phone calls to customer relations call centers.
IT & integration services	Revenues from collaborative services (consulting, integration, messaging, project management), application services (customer relationship management and infrastructure applications), hosting, cloud computing services, security services, video-conferencing and M2M services. It also includes equipment sales associated with the supply of these services.
wholesale	Revenues with third-party telecom operators for (i) mobile: incoming, visitor roaming, domestic mobile interconnection (i.e. network sharing and domestic roaming agreement) and MVNO, and for (ii) fixed carriers services.
equipment sales	Revenues from all mobile and fixed equipment sales, excluding (i) equipment sales associated with the supply of IT & Integration services, and (ii) equipment sales to dealers and brokers.
other revenues	Include (i) equipment sales to brokers and dealers, (ii) portal, on-line advertising revenues, (iii) corporate transversal business line activities, and (iv) other miscellaneous revenues.

#### P&L elements

reported EBITDA / adjusted EBITDA	Reported EBITDA corresponds to the operating income before depreciation and amortization, before effects resulting from business combinations, before reclassification of cumulative translation adjustment from liquidated entities, before impairment of goodwill and fixed assets, and before share of profits (losses) of associates. Adjusted EBITDA (previously Restated EBITDA) corresponds to the reported EBITDA adjusted for the effects of significant litigation, specific labor expenses, review of the investments and business portfolio, restructuring costs and, where appropriate, other specific items.
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#### cash flow elements

operating cash flow	Adjusted EBITDA minus CAPEX.
CAPEX	Capital expenditures on tangible and intangible assets excluding telecommunication licenses and excluding investments through financial leases.
licences & spectrum	Cash out related to acquisitions of licences and spectrum.
change in WCR	Change in net inventories, plus change in gross trade receivables, plus change in trade payables, plus change in other elements of WCR.
other operational items	Mainly offset of non-cash items included in adjusted EBITDA, items not included in adjusted EBITDA but included in net cash provided by operating activities, and change in fixed asset payables.
net debt variation	Variation of net debt level.

#### net financial debt

net financial debt	Net financial debt as defined and used by Orange does not include Orange Bank activities, for which this concept is not relevant. It consists of (a) financial liabilities excluding operating payables (translated at the year-end closing rate) including derivative instruments (assets and liabilities), less (b) cash collateral paid, cash, cash equivalents and financial assets at fair value. Financial instruments designated as cash flow hedges and net investment hedges included in net financial debt are set up to hedge, among other, items that are not (future cash flows, net investment in foreign currencies). Effects on the hedge of these items are carried in equity. As a consequence, the "equity components related to unmatured hedging instruments" are added to gross financial debt to offset this temporary difference.
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## Operational KPIs

### convergent

B2C convergent customer base	Number of B2C customers holding an offer combining at least a broadband access (xDSL, FTTx, cable or Fixed-4G (fLTE) with cell-lock) and a mobile voice contract (excluding MVNOs).
B2C convergent ARPO	Average quarterly Revenues Per Offer (ARPO) of convergent services are calculated by dividing (a) the revenues from convergent offers billed to the B2C customers (excluding equipment sales) over the past three months, by (b) the weighted average number of convergent offers over the same period. The weighted average number of convergent offers is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of convergent offers at the start and end of the month. Convergent ARPO is expressed as monthly revenues per convergent offer.

### mobile

mobile customer base (excl. MVNOs)	Number of customers with active simcard, including (i) M2M and (ii) business and internet everywhere (excluding MVNOs). Since 1Q 2018, customers of entities accounted for using the equity method are no longer counted in customer bases. Data for 2016 and 2017 have been restated accordingly.
contract	Customer with whom Orange has a formal contractual agreement with the customer billed on a monthly basis for access fees and any additional voice or data use.
prepaid	Customer with whom Orange has written contract with the customer paying in advance any data or voice use by purchasing vouchers in retail outlets for example.
M2M (machine-to-machine)	Exchange of information between machines that is established between the central control system (server) and any type of equipment, through one or several communication networks.
mobile B2C convergent customers	Number of mobile lines of B2C convergent customers.
mobile only customers	Number of mobile customers (see definition of this term) excluding mobile convergent customers (see definition of this term).
MVNO customers	Hosted MVNO customers on Orange networks.
mobile only ARPO (quarterly)	Average quarterly Revenues Per Offer (ARPO) of mobile only services are calculated by dividing (a) the revenues of mobile only services billed to the customers, generated over the past three months, by (b) the weighted average number of mobile only customers (excluding M2M customers) over the same period. The weighted average number of customers is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of customers at the start and end of the month. Mobile only ARPO is expressed as monthly revenues per customer.

### Fixed

number of lines (copper + FTTH)	Number of fixed lines operated by Orange. Since 1Q 2018, customers of entities accounted for under the equity method are no longer counted in customer bases. Data for 2016 and 2017 have been restated accordingly.
B2C broadband convergent customers	Number of B2C customers holding an offer combining at least a broadband access (xDSL, FTTx, cable or Fixed-4G (fLTE) with cell-lock) and a mobile voice contract (excluding MVNOs).
fixed broadband only customers	Number of fixed broadband customers excluding broadband convergent customers (see definition of this term).
fixed only broadband ARPO (quarterly)	Average quarterly Revenues Per Offer (ARPO) of fixed only broadband services (xDSL, FTTH, Fixed-4G (fLTE), satellite and Wimax) are calculated by dividing (a) the revenues from consumer fixed only broadband services over the past three months, by (b) the weighted average number of accesses over the same period. The weighted average number of accesses is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of accesses at the start and end of the month. ARPO is expressed as monthly revenues per access.

### Consolidation perimeter

The consolidation perimeter has not changed since 31 December 2017 and includes Orange Belgium S.A. (100 %), Orange Communications Luxembourg S.A. (100 %), Smart Services Network S.A. (100 %), IRISnet S.C.R.L. (accounted for by equity method - 28.16 %), Walcom S.A. (100 %), Walcom Business solutions S.A. (100 %), Walcom Liège S.A. (100 %), A3COM S.A. (100 %) and A&S Partners S.A. (100 %).

### Rounding

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

### About Orange Belgium

Orange Belgium is one of the leading telecommunication operators on the Belgian market, with over 3m customers, and in Luxembourg through its subsidiary Orange Luxembourg.

As a convergent actor, we provide mobile telecommunication services, internet and TV to private clients, as well as innovative mobile and fixed line services to businesses. Our high-performance mobile network supports 2G, 3G, 4G and 4G+ technology and is the subject of ongoing investments.

Orange Belgium is a subsidiary of the Orange Group, one of the leading European and African operators of mobile telephony and internet access, as well as one of the world leaders for telecommunication services to enterprises.

Orange Belgium is listed on the Brussels Stock Exchange (OBEL).

More information on: [corporate.orange.be](http://corporate.orange.be), [www.orange.be](http://www.orange.be) or follow us on Twitter: [@pressOrangeBe](https://twitter.com/pressOrangeBe).

### Investors contact

Ana Castaño Lopez – [ir@orange.be](mailto:ir@orange.be) – +32 (0) 468 46 95 31

### Press contact

Annelore Marynissen – [annelore.marynissen@orange.com](mailto:annelore.marynissen@orange.com) – +32 (0) 479 01 60 58

Jean-Pascal Bouillon – [jean-pascal.bouillon@orange.com](mailto:jean-pascal.bouillon@orange.com) – +32 (0) 473 94 87 31

[press@orange.be](mailto:press@orange.be)