



Financial information for the first quarter of 2018

Solid commercial start of the year with a strong retail service revenue growth.

Q1 2018: Revenues +0.9 % , retail service revenues +6.2 % , adj. EBITDA -11.5 % yoy at group level due to expected MVNO impact, +14k mobile contract net adds, +0.2 % yoy mobile only contract ARPO¹ growth, +19k convergent net adds in Belgium 2018 guidance reiterated

- Orange Belgium had a solid start of the year with stronger commercial KPIs compared to last year
 - 19 thousand new LOVE cable customers joined Orange Belgium's convergent customer base in the course of the first quarter of 2018 (vs. +16 thousand in Q1 2017), bringing the total convergent customer base at 122 thousand. This performance was achieved thanks to solid gross adds and improving churn. The convergent mobile customer base increased by 30 thousand to 186 thousand in the first quarter of 2018, or 8 % of the mobile contract customer base.
 - Orange Belgium's mobile momentum was further boosted by the successful launch of the Eagle Unlimited, the first unlimited offer in Belgium. In the first quarter of 2018, Orange Belgium added 14 thousand mobile contract customers (vs. +3 thousand in Q1 2017), reaching a total of 2,329 thousand. Our value accretive and 'more-for-more' propositions, in combination with the increase in mobile data usage resulted in an increase of the mobile only contract ARPO by 0.2 % year-on-year to 21.1 euros, despite the impact of the Roam-Like-at-Home regulation.
- Strong underlying adjusted EBITDA, counterbalanced by expected MVNO revenue decline and EU-roaming impact
 - First quarter revenues increased by 0.9 % year-on-year to 306.6 million euros, despite the expected 10.5 million euros lower MVNO revenues and the 7.9 million euros gross revenue impact related to the EU-roaming regulation. Retail service revenues were up 6.2 % year-on-year, reaching 181.3 million euros in the first quarter of 2018.
 - Orange Belgium Group's first quarter adjusted EBITDA amounted to 60.6 million euros, compared to 68.5 million euros in the first quarter of 2017. This was the result of the solid increase in retail service revenues and sound cost management, more than mitigated by the expected decline in MVNO revenues and the impact of EU-roaming regulation.
 - Orange Belgium Group invested 31.8 million euros in the first quarter of 2018, stable compared to the same period last year. Cable capex was also stable year-on-year, even with more cable customer net additions in the first quarter of 2018 versus last year, and thanks to an improved refurbishment process of the customer premises equipment.
 - The organic cash flow amounted to 19.9 million euros in the first quarter of 2018. The net financial debt decreased 28.2 million euros year-on-year to reach 295.5 million euros at the end of the first quarter of 2018, implying a sound net financial debt / Reported EBITDA ratio of 1.0x.

Orange Belgium Group's consolidated key figures	Q1 2018	Q1 2017	Variation
mobile contract customer base excl. M2M (Belgium)	2,329	2,250	+3.5 %
ARPO mobile only contract (Belgium)	21.1	21.0	+0.2 %
convergent customer base (in '000, Belgium)	122	50	+144.2 %
convergent mobile customer base (Belgium)	186	74	+152.3 %
convergent mobile customer as % of mobile contract customer base (Belgium)	8.0 %	3.3 %	
Revenues (mio €)	306.6	303.8	+0.9 %
Retail service revenues (mio €)	181.3	170.6	+6.2 %
Adjusted EBITDA (mio €)	60.6	68.5	-11.5 %
Adjusted EBITDA margin in % of revenues	19.8 %	22.5 %	
Net investment (mio €)	31.8	32.2	-1.3 %
Net financial debt (mio €)	295.5	323.7	-8.7 %

- The Orange Belgium Group reiterates its guidance for the financial year 2018
 - Based on the results of the first quarter of 2018, the Orange Belgium Group reiterates its 2018 financial guidance as provided in February 2018 under the IAS 18 standard. Under the newly implemented IFRS 15 accounting standard and considering the decreasing trend in subsidies over the past year, this guidance translates into a slight revenues growth and an IFRS 15 adjusted EBITDA between 275 and 295 million euros in 2018. In addition, the Orange Belgium Group expects its 2018 core investment (i.e. total investments excluding all cable related investments) to remain stable compared to 2017.

¹ The accounting standard IFRS15 "Revenue from Contracts with Customers" is applicable since 1 January 2018. The Orange Belgium Group is now publishing for the first time its financial results under this new standard. Moreover, a new presentation of the revenues and key performance indicators (KPI) was introduced and accordingly, the Orange Belgium Group provided on 10 April 2018 the restated 2016 and 2017 financial and operational figures under the IFRS 15 standard and with the new revenue presentation. Moreover, on page 14 a glossary can be found detailing the new definitions.

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

"We strongly believe that the Belgian consumers deserve attractive alternative offers. It is our ambition to challenge the status-quo and allow our customers to use more and more data without worrying, and with an enhanced customer experience.

In 2017, we confirmed our successful entry into the Belgium broadband and TV market. In February 2018, we further claimed a bold challenger positioning with the launch of the first fully unlimited mobile offer in Belgium. At the same time, our mobile network was again distinguished as a leading 4G network in Belgium.

The first quarter of 2018 proved us right as 14 thousand additional customers trusted Orange Belgium for their mobile contract and 19 thousand more selected our LOVE convergent offer. Our LOVE customer base now exceeds 120.000, while we keep enriching our offer."

Arnaud Castille, Chief Financial Officer, stated:

"In the first quarter of 2018, we have maintained good commercial momentum. Mobile data usage continues to grow strongly amongst our customer base, resulting in a growing mobile only contract ARPO in Belgium. Our past investments provide us with the leading 4G network to absorb and capture increasing demand for mobile data. This combination allows us to smartly monetise the growth in mobile data usage through our value accretive and 'more-for-more' propositions. Also, we made solid progress with our convergence strategy, delivering consistent growth in convergent net additions, while addressing the overall profitability of the convergent business case.

Furthermore, we appeal to the regulators to substantially and quickly improve the financial and operational conditions for cable wholesale access. Strong regulatory improvements are required to ensure sustainable competition in Belgium"

1. Key operational highlights

- **Orange Belgium kicked-off its CARE-program with the aim of providing an unmatched customer experience**
The CARE-program, part of a broader digital transformation program, aims to provide an unmatched customer experience thanks to the implementation of several digital streams. In February 2018, Orange Belgium launched Tribe, a new collaborative online community-platform that aims to involve its customers more in the development of new products and services. It offers Orange Belgium's customers with the opportunity to directly help each other and make them feel like they are really part of the Orange family. In just one month, more than 2,000 members have joined this newly created community. Another recently launched digital initiative allows customers to pay their invoice straight away in the My Orange app, by linking the online invoice with the different banking payment platforms, or with a standard card reader (MasterCard, Visa or bank card). This not only simplifies the lives of customers, but also helps to more quickly re-activate customers who have been blocked because they forgot to pay their invoices.
- **Orange Belgium partners with Salesforce and Vlocity to strengthen its digital transformation**
Orange Belgium signed an agreement with Salesforce, the global leader in CRM, and Vlocity, a leading industry cloud company. Salesforce and Vlocity will help Orange Belgium to faster achieve business agility and to reduce time to market by leveraging cloud-based solutions across Orange Belgium's digital and assisted channels. Given today's digital landscape, it has become imperative for Orange Belgium to strengthen its position in the mobile and convergent market with a customer-centric focus. Thanks to the expertise of Salesforce and Vlocity, Orange Belgium can further improve the quality of its customer experience by introducing a robust omnichannel experience for its customers. In addition, Orange Belgium's sales teams and channel partners will be able to sell new innovative products and services in a smarter fashion, helping them go the extra mile for Orange customers.
- **Orange Belgium launched the first unlimited mobile subscription in Belgium proving its bold challenger positioning**
Orange Belgium's Eagle tariff plan is addressing residential customers that want to surf carefree anytime and anywhere without having to worry about the cost of their internet usage anymore. From 40 euro per month, Orange Belgium's Eagle tariff plan includes unlimited mobile data, in addition to unlimited SMS and calls. Orange Eagle and Eagle Premium, which includes international traffic, can be combined with the Love offer. This further reinforces Orange Belgium's convergent pack, which now offers unlimited voice calls, SMS, mobile data, fixed internet and premium TV content for only 79 euro per month.
- **Orange Belgium reinforced its mobile offering on the business market with Business Everywhere 100GB**
On the business market, Orange offers its business clients a new option: Business Everywhere 100GB. With this option, customers enjoy an extra 100GB of mobile data, including roaming in the EU, on top of their existing bundle. This option is available as of 40 euro per month.
- **Orange Belgium boosted Easy Internet @ Home to capitalize on the potential of fixed wireless access**
Orange Belgium's Easy Internet @ Home provides customers with an alternative offer for surfing at home by offering fixed wireless access to the Internet via Orange Belgium's mobile network for bespoke customer segments. Thanks to Orange Belgium's Flybox and leading 4G network, customers can immediately enjoy a comfortable surfing speed without a complicated installation. Previously, Easy internet @ Home was offered at 15 euro for 15GB, as of March 2018 Easy internet @ Home customers can opt for the Double Boost option at only 5 euros extra, to get 15 GB extra national surfing volume, and 100 GB surf volume per month during off-peak hours (between 6.00 pm and 6.00 am and during the entire weekend). In addition, the maximum download speed was increased from 50 Mbps to 255 Mbps and a new version of the 4G+ Flybox was made available.
- **Orange Belgium is providing its LOVE customers with option to add a Fixed Phone service to their bundle**
By adding the Fixed Phone option for 10 euros per month to their LOVE subscription, customer can call limitless to mobile phones or fixed lines in Belgium and to landlines in 40 different countries for free. In addition, customers can enjoy the following services: transferring a call to any mobile or fixed device, switch to a second call, teleconferencing, voicemail and display the incoming call number.
- **Orange Belgium expanded its standard digital TV package with more premium live sports content**
Orange Belgium and Discovery Networks Benelux signed a deal on the distribution of TLC, Eurosport 2, the French version of Eurosport 1 and the French version of Discovery channel, which are now included in Orange Belgium's standard digital TV package in Flanders and Brussels. With Eurosport 2 in addition to Eurosport 1, Eleven Sports 1, 2 and 3, Orange provides the largest sport offer in Belgium, without customers to pay extra for this content.

2. Comments on the financial situation

2.1 Consolidated figures for the Orange Belgium Group

Orange Belgium group's consolidated key figures	Q1 2018	Q1 2017	Variation
Revenues (mio €)	306.6	303.8	+0.9 %
Retail service revenues (mio €)	181.3	170.6	+6.2 %
Adjusted EBITDA (mio €)	60.6	68.5	-11.5 %
Adjusted EBITDA margin in % of revenues	19.8 %	22.5 %	
Reported EBITDA (mio €)	59.2	68.3	-13.3 %
Reported EBITDA margin in % of revenues	19.3 %	22.5 %	
Consolidated net profit (mio €)	-0.4	7.3	-105.3 %
Net profit per ordinary share (€)	-0.01	0.12	-105.3 %
Net investment (mio €)	31.8	32.2	-1.3 %
Net investment / Revenues	10.4 %	10.6 %	
Operational cash flow (mio €)	27.4	36.1	-24.1 %
Organic cash flow (mio €)	19.9	14.3	+39.6 %
Net financial debt (mio €)	295.5	323.7	-8.7 %
Net financial debt / Reported EBITDA	1.0	1.0	

2.2 Consolidated statement of comprehensive income

Revenues

The Orange Belgium Group's revenues amounted to 306.6 million euros in the first quarter of 2018, compared to 303.8 million euros in the first quarter of 2017, an increase of 0.9 % year-on-year. This increase was achieved despite the significant headwind of the expected 10.5 million euros lower MVNO revenues and the 7.9 million euros gross impact of EU roaming regulation. The retail service revenues (which aggregates revenues from convergent services, mobile only services, fixed only services, IT & integration, but does not include wholesale MVNO revenues and roaming revenues) increased strongly to 181.3 million euros in the first quarter of 2018, compared to 170.6 million euros in the first quarter of 2017, an increase of 6.2 % year-on-year. This increase illustrates the strong growth profile of the retail activities of the Orange Belgium Group, driven by the progressive position of Orange Belgium as a convergent national player and the successful 'more-for-more'-mobile data monetisation.

Result of operating activities before depreciation and other expenses

Orange Belgium Group's adjusted EBITDA amounted to 60.6 million euros in the first quarter of 2018, compared to 68.5 million euros in the first quarter of 2017, a decrease of 11.5 % year-on-year. The adjusted EBITDA margin amounted to 19.8 % of revenues in the first quarter of 2018 compared to 22.5 % of revenues a year ago. The adjusted EBITDA was mainly impacted by the expected 10.5 million euros lower MVNO revenues and the 7.2 million euros gross EBITDA impact of EU roaming regulation. Once corrected for both elements, the underlying adjusted EBITDA showed a double digit year-on-year increase, supported by the 6.2 % year-on-year retail service revenues growth and the sound cost management, especially considering the growth of the overall customer base.

The EBITDA contribution of the standalone cable business amounted to -5.9 million euros in the first quarter of 2018, compared to -4.8 million euros in the first quarter of 2017. Orange Belgium is progressively succeeding in reducing its cable churn, and hence the expenses linked to this churn, thanks to the industrialisation of the overall customer journey (improving on-boarding process, more relevant sales approach, pro-active communication, better customer service, etc.).

The total operational expenses amounted to 246.0 million euros in the first quarter of 2018, compared to 235.3 million euros in the first quarter of 2017. The analysis of the different expenses by nature provides the following overview:

- Direct costs amounted to 144.3 million euros in the first quarter of 2018, compared to 130.6 million euros in the previous year, an increase of 10.5 % year-on-year. This is partly linked to the increase in convergent customers triggering higher expenses related to cable wholesale access connectivity and content, and partly linked to higher customer equipment expenses in line with the higher equipment sales.
- Labor costs amounted to 36.1 million euros in the first quarter of 2018 compared to 34.0 million euros last year, +6.1% year-on-year, driven by the headcount increase following the acquisition of several distribution partners in 2017.
- The indirect costs amounted to 65.6 million euros in the first quarter of 2018, compared to 70.7 million euros in the same period last year, a decrease of 7.2 %, due to lower IT & network, general and other indirect expenses.

Reported EBITDA adjustments (in million €)	Q1 2018	Q1 2017	Variation
Adjusted EBITDA	60.6	68.5	-11.5 %
Adjustments	-1.4	-0.2	Na
- o/w other restructuring costs	-1.4	-0.2	Na
- o/w other operating income	0.0	0.0	Na
Reported EBITDA	59.2	68.3	-13.3 %

The reported EBITDA of the Orange Belgium Group amounted to 59.2 million euros in the first quarter of 2018 compared to 68.3 million euros a year ago. The reported EBITDA margin stood at 19.3 % of revenues in the first quarter of 2018, compared to 22.5 % a year ago. The adjustments of the EBITDA amounted to -1.4 million euros in the first quarter of 2018 and were mostly comprised of headcount related restructuring charges, compared to -0.2 million euros the previous year.

Net profit

The consolidated net profit of the Orange Belgium Group amounted to -0.4 million euros in the first quarter of 2018, compared to 7.3 million euros a year ago. Consequently, the net profit per share amounted to -0.01 euro in the first quarter of 2018, compared to 0.12 euro in the same periods last year. The net result and net profit per shares were seasonally impacted by a tougher comparable basis, triggered by the lower MVNO revenues and EU-roaming impact, which are mostly front-end loaded.

2.3 Consolidated cash flow statement

The 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 19.9 million euros in the first quarter of 2018, compared to 14.3 million euros a year ago, an increase of 39.6 % year-on-year. The operational cash flow, defined as reported EBITDA minus net investments, amounted to 27.4 million euros in the first quarter of 2018 compared to 36.1 million euros in the first quarter of 2017.

Summary consolidated cash flow statement (in million €)	Q1 2018	Q1 2017	Variation
Net cash provided by operating activities	60.8	72.5	-11.7
Net cash used in investing activities	-42.7	-58.2	+15.6
Purchase of property, plant and equipment and intangible assets	-31.8	-32.2	+0.4
Net cash used in financing activities	-13.4	-54.4	+41.0
Net change in cash and cash equivalents	4.7	-40.1	+44.8
Cash and cash equivalents – closing balance	17.7	11.4	+6.4

Net cash provided by operating activities

The net cash provided by operating activities stood at 60.8 million euros in first quarter of 2018, compared to 72.5 million euros in the same period last year.

Net cash used in investing activities

The net cash used in investing activities amounted to a -42.7 million euros in the first quarter of 2018 versus -58.2 million euros in the first quarter of 2017. The purchase of property, equipment and intangible assets amounted to -31.8 million euros in the first quarter of 2018, of which -10.5 million euros are cable-related capital expenditures. Similar to previous quarters close to 80 % was again related to modems, set-top boxes and installations. The remaining cable-related capex was mainly related to IT investments that aim to optimize the provisioning chain and to maximize the customer experience.

Net cash used in financing

The net cash used in financing activities amounted to -13.4 million euros in the first quarter of 2018, versus -54.4 million euros in the first quarter of 2017. The decrease in the first quarter of 2018 was mostly linked to the repayment of long-term debt, although in the first quarter of 2017, the repaid amount of long-term debt was significantly higher.

2.4 Consolidated statement of financial position

The consolidated statement of financial position amounted to 1,494.2 million euros on 31 March 2018, compared to 1,545.0 million euros at the end of March 2017 and 1,506.0 million euros at the end of 2017

Summary consolidated statement of financial position (in million €)	Q1 2018	Q1 2017	Variation
Goodwill	66.4	80.1	-13.6
Other intangible assets	299.6	310.3	-10.7
Property, plant and equipment	790.9	817.7	-26.9
Total assets	1494.2	1545.0	-50.8
Net financial debt	295.5	323.7	-28.2
Total equity	580.9	582.9	-2.0

The net financial debt at the end of March 2018 stood at 295.5 million euros, compared to 323.7 million euros a year ago, a decrease of 28.2 million euros. The net financial debt/reported EBITDA ratio at the end of March 2018 amounted to 1.0x, stable compared to the end of March 2017.

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)	Q1 2018	Q1 2017	Variation
Convergent KPIs			
convergent customer base	122	50	+144.2 %
- B2C convergent customer base	110	46	+142.1 %
- B2B Convergent customer base	11	4	+167.1 %
quarterly ARPO (per month, in euros)			
- B2C convergent ARPO	71.9	na	na
Mobile KPIs			
mobile customers (excl. MVNOs)	3,857	3,759	+2.6 %
- contract	3,275	3,083	+6.2 %
- M2M	946	832	+13.7 %
- excluding M2M	2,329	2,250	+3.5 %
- prepaid	582	677	-14.1 %
mobile customers (excl. MVNOs)	3,857	3,759	+2.6 %
- B2C convergent	163	65	+149.2 %
- mobile only and mobile B2B	3,694	3,694	+0.0 %
- M2M	946	832	+13.7 %
- excluding M2M	2,166	2,185	-0.9 %
- of which B2B convergent mobile	24	9	+175.7 %
- prepaid	582	677	-14.1 %
MVNO customers	208	1,997	-89.6 %
quarterly ARPO (per month, in euros)			
mobile only blended ARPO	18.1	17.6	+2.9 %
- mobile only contract ARPO	21.1	21.0	+0.2 %
- mobile only prepaid ARPO	7.0	6.8	+3.3 %
Fixed KPIs			
number of lines	125	157	-20.3 %
broadband customers	127	66	+91.5 %
- FTTx and cable customers	122	50	+144.2 %
- xDSL	5	17	-67.2 %
- LTE for fixed and others	0	0	
internet features			
TV	122	56	+118.3 %

Convergent KPIs

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. In the first quarter of 2018, the solid uptake of Orange Belgium's convergent offers continued rapidly, with 19 thousand net additions, reaching 122 thousand convergent customers, of which 110 thousand were B2C customers and 11 thousand B2B customers. Year-on-year, the convergent customer base offers rose by 72 thousand customers, an increase of 144.2 %. The B2C mobile convergent customer increased to 163 thousand at the end of the first quarter of 2018 from 137 thousand at the end of the previous quarter or from 65 thousand at the end of the first quarter of 2017. The B2C convergent ARPO, disclosed for the first time, amounted to 71.9 euros.

Mobile KPIs

The mobile customer base increased by 2 thousand, and 97 thousand customers respectively in the past quarter and the past 12 months. Following the introduction of the new presentation of the KPIs, the mobile customer base can be seen in two ways: either through view 1, on a contract vs. prepaid basis, or view 2, on a convergent vs. non-convergent basis (mobile only). Considering view 1, the contract mobile customer base progressed well, with the mobile contract excluding M2M performing particularly solidly, having realized 14 thousand net additions in the first quarter of 2018. The market driven decline of the prepaid customer base has decelerated in the first quarter of 2018 with a loss of 8 thousand customers. Considering view 2, the B2C mobile convergent customer base rose to 163 thousand at the end of the first quarter of 2018, an increase from 137 thousand at the end of the previous quarter or from 65 thousand at the end of the first quarter of 2017. The mobile only customer base declined by 24 thousand, firstly a result of the solid uptake of convergent customers and hence the migration from mobile only customers to convergent customers, and secondly the small decline in prepaid and M2M customers. The latter was impacted by a clean-up of 24 thousand cards, linked to the Coyote contract.

The mobile only blended ARPO, which is excluding all B2C mobile customers that are convergent, amounted to 18.1 euros in the first quarter of 2018, an increase of 2.9 % year-on-year. This increase stems from 1/ the larger portion of contract customers vs. prepaid customers and 2/ the mobile data driven increase in the mobile only contract and prepaid ARPO, which was partly balanced by the impact of the Roam-Like-at-Home regulation.

The MVNO customer base declined as expected to 208 thousand at the end of the first quarter of 2018, a decline of 314 thousand MVNO customers in the first quarter of 2018, in line with migration of the Telenet MVNO customer base towards the BASE network.

Fixed KPIs

At the end of the first quarter of 2018, Orange Belgium had a total of 125 thousand fixed voice lines, compared to 134 and 157 thousand at the end of the previous quarter and the first quarter of 2017. In February 2018 Orange Belgium launched a new fixed phone option for convergent LOVE customers at 10 euro per month. This option allows customers to make unlimited calls to mobile phones or fixed lines in Belgium and make unlimited free calls to landlines in 40 different countries. The xDSL customer base, which mostly relates to legacy ADSL business which is not commercialized anymore, continued to decline. The VDSL customer base, related to the Shape & Fix offer for small and medium business accounts, has increased well in the first quarter of 2018, albeit from a low starting point.

Financial Review

Key financial figures of Orange Belgium (in million euros)	Q1 2018	Q1 2017	Variation
Revenues	295.2	293.7	+0.5 %
Retail service revenues	171.9	161.7	+6.3 %
Convergent service revenues	20.8	8.0	+158.4 %
Mobile only service revenues	142.2	143.7	-1.0 %
Fixed only service revenues	8.1	9.1	-11.8 %
IT & Integration service revenues	0.9	0.8	+5.4 %
Equipment sales	28.3	26.4	+7.3 %
Wholesale revenues	76.2	89.2	-14.6 %
Other revenues	18.9	16.5	+14.3 %
Adjusted EBITDA	59.6	68.0	-12.4 %
Adjusted EBITDA / Revenues	20.2 %	23.2 %	
Reported EBITDA	58.2	67.8	-14.2 %
Reported EBITDA /Revenues	19.7 %	23.1 %	

Orange Belgium's revenues in the first quarter of 2018 amounted to 295.2 million euros, compared to 293.7 million euros in the first quarter of 2017, an increase of 0.5 % year-on-year. This increase was mostly driven by the strong surge in retail service revenues and higher equipment sales, partly compensated by the expected decline in MVNO revenues.

The retail service revenues, which aggregates all B2C and B2B revenues from convergent services, mobile only services, fixed only services, IT & integration services, were up by 6.3 % in the first quarter of 2018 to 171.9 million euros from 161.7 million euros a year ago. This strong increase was driven by following elements:

- The convergent service revenues have grown strongly in the first quarter of 2018, albeit from a low comparable basis, and amounted to 20.8 million euros, compared to 8.0 million in the first quarter of 2017. 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. A significant portion of the new mobile customers were new mobile customers, while the remaining part were existing customers migrating from a mobile only offer to a convergent offer.
- The mobile only service revenues amounted to 142.2 million euros in the first quarter of 2018, a decline of 1.0 % year-on-year. As progressively more mobile only customers become convergent customers, revenues from the mobile only revenue line are transferred to the convergent services revenue line. The implementation of the Roam-Like-at-Home in June 2017 also had a negative impact in the first quarter of 2018. However, the biggest driver for the 1.0 %-decline in mobile only revenues was linked to the market driven volume decline of the prepaid customer base.
- The fixed only service revenues amounted to 8.1 million euros in the first quarter of 2018, a decline of 11.8 %, linked to the decrease of legacy residential ADSL fixed offers, not yet fully compensated by the uptake of VDSL offers for the small- and mid-sized business accounts.

The equipment sales amounted to 28.3 million euros in the first quarter of 2018, a strong increase of 7.3 % year-on-year, thanks to higher sales volumes and a product mix that was more focused on high end devices.

The wholesale revenues amounted to 76.2 million euros in the first quarter of 2018, a decrease of 14.6 % year-on-year. This result was basically the outcome of 1/ the expected 10.5 million euros lower MVNO revenues in the first quarter of 2018, reaching a total of 12.5 million euros, compared to 23.0 million euros a year ago; 2/ 2.5 million euros lower incoming revenues from SMS traffic, 3/ relatively stable revenues from visitor roaming and 4/ an increase in wholesale transit and carrier revenues.

Other revenues, which for a large part include equipment sales to brokers and dealers, were up 14.3 % year-on-year in the first quarter of 2018 for a similar reason as the increase in retail equipment sales.

The adjusted EBITDA for Orange Belgium came out at 59.6 million euros in the first quarter of 2018, compared to 68.0 million euros in the first quarter of 2017. The underlying adjusted EBITDA grew very strongly in the first quarter of 2018, once taking into account the 10.5 million lower MVNO revenues and the 6.4 million gross impact of EU-roaming regulation that impacted the adjusted EBITDA in Belgium.

2.5.2. Activities in Luxembourg

Operational Review

Key operational figures of Orange Luxembourg (in '000)	Q1 2018	Q1 2017	Variation
Convergent KPIs			
convergent customer base	6	3	+131.0%
- B2C convergent customer base	4	0	na
- B2B Convergent customer base	3	3	-5.6%
Mobile KPIs			
mobile customers (excl. MVNOs)	194	165	+17.6%
- contract	183	157	+16.6%
- M2M	73	59	+24.5%
- excluding M2M	110	98	+11.9%
- prepaid	11	8	+36.3%
mobile customers (excl. MVNOs)	194	165	+17.6%
- B2C convergent	4	0	na
- mobile only	190	165	+15.3%
- M2M	73	59	+24.5%
- excluding M2M	106	98	+8.1%
- prepaid	11	8	+36.3%
MVNO customers	2	2	+11.0%
quarterly ARPO (per month, in euros)			
mobile only blended ARPO	26.2	28.5	-8.2%
- mobile only contract ARPO	28.2	29.4	-4.3%
- mobile only prepaid ARPO	6.2	16.6	-62.5%
Fixed KPIs			
number of lines	2	1	+199.6%
broadband customers	12	10	+22.2%
- FTTx and cable customers	6	0	na
- xDSL	6	7	-18.4%
- LTE for fixed and others	0	3	-100.0%
internet features			
TV	4	3	+48.6%

Orange Luxembourg delivered a good commercial performance in the first quarter of 2018 with a quarter-on-quarter increase in almost all convergent, mobile and fixed customer bases; also on a year-on-year basis this positive evolution was realized. This result was achieved thanks to Orange Luxembourg's attractive convergent and mobile product portfolio and increased focus on customer retention. The implementation of the Roam-Like-at-Home regulation continues to impact the ARPOs of Orange Luxembourg significantly, as roaming traffic previously was paid for as out-of-bundle traffic, it is now an integral part of the national bundle and hence also priced as such.

Financial Review

Key financial figures of Orange Luxembourg (in million euros)	Q1 2018	Q1 2017	Variation
Revenues	15.4	13.6	+13.2 %
Retail service revenues	9.4	9.0	+4.2 %
Convergent service revenues	0.0	0.0	
Mobile only service revenues	7.7	7.7	-0.8 %
Fixed only service revenues	1.7	1.3	+34.4 %
IT & Integration service revenues	0.0	0.0	
Equipment sales	3.9	2.9	+33.4 %
Wholesale revenues	2.0	1.7	+17.0 %
Other revenues	0.2	0.0	
Adjusted EBITDA	1.0	0.5	116.2 %
Adjusted EBITDA / Revenues	6.5 %	3.4 %	
Reported EBITDA	1.0	0.5	116.2 %
Reported EBITDA / Revenues	6.5 %	3.4 %	

Orange Luxembourg realized a strong revenue increase of 13.2 %, reaching 15.4 million euros in the first quarter of 2018, compared to 13.6 million euros in the first quarter of 2017, despite the 0.8 million euro gross impact of EU-roaming regulation. While the increase in revenues was mostly driven by the surge in equipment sales (+34.4 % year-on-year) and in wholesale revenues (+17.0% year-on-year), Orange Luxembourg also realized a solid 4.2 % year-on-year increase of its retail service revenues, in line with the strong uptake of its customer base. The mobile only revenues are relatively flat as the increase in customer base was counterbalanced by the lower ARPOs. The adjusted EBITDA amounted to 1.0 million euros in the first quarter of 2018, a doubling compared to the first quarter of 2017, thanks to the increase in revenues and despite the 0.8 million euro gross impact of EU-roaming regulation.

3. Financial risks and risks management

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

4. Disputes

The information relating to disputes contained in the 2017 annual report has been modified as follows:

Access to Coditel Brabant's (Telenet) cable network: At the February 2018 hearing before the Commercial Court, the case was sent back to the docket ("renvoi au rôle") due to the new element submitted by Telenet in its last briefs of 31 January 2018 (i.e.; an extract of the confidential report issued by Monitoring trustee's in the context of the merger Telenet/Coditel which has never been communicated to Orange Belgium). A new calendar and a pleading date must now be fixed by the Court based on the request of the parties.

Access to Telenet's cable network – own channel: In the legal claim before the Commercial Court with the objective of forcing Telenet to cease the breach to its regulatory obligations and to grant access to an own channel at reasonable conditions, last briefs have been exchanged and pleadings are expected to begin in May 2018.

Access to Telenet's cable network – own internet profile: Under the regulation of cable network alternative operators have the right to commercialize internet profiles that are not commercialized by the regulated cable operator ("own internet profiles"), i.e. internet profile with different speeds and/ or volumes than the internet speed and/or volumes offered by the cable operator to its retail clients. Despite several requests made by Orange Belgium to Telenet since 2015, Telenet always refused to grant such own profile. In view of the damages incurred by Orange Belgium linked to these refusals, Orange Belgium filed a complaint against Telenet with the regulator in February 2018. In parallel Orange Belgium also sent a formal notice to Telenet requesting access to the own profile and compensation for the damages incurred due to non-provision of the own profile. Legal proceedings to obtain damages for these past infractions are also expected.

5. Significant events after the end of the first quarter of 2018

No other significant events occurred after the end of the first quarter of 2018

6. Trends

Based on the results of the first quarter of 2018, the Orange Belgium Group reiterates its 2018 financial guidance as provided in February 2018 under the IAS 18 standard. Under the newly implemented IFRS 15 accounting standard and considering the decreasing trend in subsidies, this guidance translates into a slight revenue growth and an IFRS 15 adjusted EBITDA between 275 and 295 million euros in 2018. Further, this takes into consideration that the 2018 financial performance will be strongly affected by the loss of close to 30 million euros of MVNO revenues and the final adverse gross revenue and EBITDA impact of EU roaming regulation of 26 and 17 million euro respectively. This adjusted EBITDA target highlights that the Orange Belgium Group's retail business is expected to grow substantially thanks to the on-going monetization of its mobile network and the sustained focus on operational efficiency. In addition, Orange Belgium Group expects its 2018 core investment (i.e. total investments excluding all cable related investments) to remain fairly stable compared to 2017.

7. Financial calendar

20-Apr-18	Financial results Q1 2018 (7:00 am CET) – Press release
20-Apr-18	Financial results Q1 2018 (10:00 am CET) – Audio conference call
02-May-18	Annual General Meeting of Shareholders
14-May-18	Ex-dividend date*
15-May-18	Record date dividend*
16-May-18	Payment date dividend*
29-Jun-18	Start quiet period
20-Jul-18	Financial results Q2 2018 (7:00 am CET) – Press release
20-Jul-18	Financial results Q2 2018 (2:00 pm CET) – Audio conference call/webcast
28-Sep-18	Start quiet period
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

* subject to AGM approval

Preliminary agenda still subject to potential changes

8. Conference call details

Date: 20 April 2018
Time: 10:00 am (CET), 09:00 am (UK), 4:00 am (US/NY)
Conference call: <https://corporate.orange.be/en/financial-information>

Please plan on accessing the conference call ten minutes prior to the scheduled start time.

9. Shares

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

	Q1 2018	Q1 2017
Trading of shares		
Average closing share price (€)	16.12	21.10
Average daily volume	72,306	59,067
Average daily value (€)	1,165,409	1,246,228
Shares and market values		
Total number of shares	60,014,414	60,014,414
Treasury shares	2476	232
Closing price (€)	16.62	20.04
Market capitalization (€)	997,439,561	1,202,688,857

10. Quarterly results

Orange Belgium Group ('000)	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Convergent KPIs					
convergent customer base	128	108	84	67	53
- B2C convergent customer base	114	97	75	59	46
- B2B Convergent customer base	14	11	9	8	7
Mobile KPIs					
mobile customers (excl. MVNOs)	4,050	4,038	3,971	3,957	3,924
- contract	3,458	3,438	3,353	3,299	3,239
- M2M	1,019	1,015	964	927	891
- excluding M2M	2,439	2,423	2,389	2,372	2,348
- prepaid	592	600	618	659	685
mobile customers (excl. MVNOs)	4,050	4,038	3,971	3,957	3,924
- B2C convergent	167	141	109	89	65
- mobile only	3,884	3,897	3,863	3,868	3,859
- M2M	1,019	1,015	964	927	891
- excluding M2M	2,272	2,282	2,281	2,282	2,283
- prepaid	592	600	618	659	685
MVNO customers	210	525	1,069	1,933	1,999
Fixed KPIs					
number of lines	127	136	143	151	158
broadband customers	139	120	103	88	76
- FTTx and cable customers	128	108	82	64	50
- xDSL	11	12	19	21	24
- LTE for fixed and others	0	0	2	3	3
internet features					
TV	126	107	85	68	58

Orange Belgium ('000)	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Convergent KPIs					
convergent customer base	122	103	82	64	50
- B2C convergent customer base	110	94	75	59	46
- B2B Convergent customer base	11	9	7	6	4
quarterly ARPO (per month, in euros)					
- B2C convergent ARPO	71.9	na	na	na	na
Mobile KPIs					
mobile customers (excl. MVNOs)	3,857	3,855	3,790	3,779	3,759
- contract	3,275	3,265	3,182	3,130	3,083
- M2M	946	950	895	859	832
- excluding M2M	2,329	2,315	2,287	2,272	2,250
- prepaid	582	589	607	649	677
mobile customers (excl. MVNOs)	3,857	3,855	3,790	3,779	3,759
- B2C convergent	163	137	109	89	65
- mobile only	3,694	3,717	3,681	3,690	3,694
- M2M	946	950	895	859	832
- excluding M2M	2,166	2,178	2,179	2,182	2,185
- of which B2B convergent mobile customers	24	19	14	7	9
- prepaid	582	589	607	649	677
MVNO customers	208	522	1,067	1,930	1,997
quarterly ARPO (per month, in euros)					
mobile only blended ARPO	18.1	18.2	18.6	18.1	17.6
- mobile only contract ARPO	21.1	21.2	21.9	21.5	21.0
- mobile only prepaid ARPO	7.0	7.7	7.2	7.0	6.8
Fixed KPIs					
number of lines	125	134	142	151	157
broadband customers	127	109	94	78	66
- FTTx and cable customers	122	103	82	64	50
- xDSL	5	6	12	13	17
- LTE for fixed and others	0	0	0	0	0
internet features					
TV	122	103	82	64	56

Orange Luxembourg ('000)	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Convergent KPIs					
convergent customer base	6	5	2	3	3
- B2C convergent customer base	4	4	0	0	0
- B2B Convergent customer base	3	2	2	3	3
Mobile KPIs					
mobile customers (excl. MVNOs)	194	183	181	178	165
- contract	183	173	171	169	157
- M2M	73	65	69	69	59
- excluding M2M	110	108	102	100	98
- prepaid	11	11	10	10	8
mobile customers (excl. MVNOs)	194	183	181	178	165
- B2C convergent	4	4	0	0	0
- mobile only	190	180	181	178	165
- M2M	73	65	69	69	59
- excluding M2M	106	104	102	100	98
- prepaid	11	11	10	10	8
MVNO customers	2	2	2	2	2
mobile only blended ARPO	26.2	27	27.5	29.1	28.5
- mobile only contract ARPO	28.2	29.1	29.4	30.8	29.4
- mobile only prepaid ARPO	6.2	6.7	7.8	10.4	16.6
Fixed KPIs					
number of lines	2	2	1	1	1
broadband customers	12	12	10	10	10
- FTTx and cable customers	6	5	0	0	0
- xDSL	6	6	8	7	7
- LTE for fixed and others	0	0	2	3	3
internet features					
TV	4	4	4	3	3

Orange Belgium Group's consolidated key figures	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenues (mio €)	306.6	325.4	313.5	303.7	303.8
Retail service revenues (mio €)	181.3	181.4	180.9	176.1	170.6
Adjusted EBITDA (mio €)	60.6	69.6	79.7	78.1	68.5
Adjusted EBITDA / Revenues	19.8%	21.4%	25.4%	25.7%	22.5%
Reported EBITDA (mio €)	59.2	67.6	90.9	78.8	68.3
Reported EBITDA / Revenues	19.3%	20.8%	29.0%	25.9%	22.5%
Consolidated net profit (mio €)	-0.4	-1.9	20.3	13.3	7.3
Net profit per ordinary share (€)	-0.01	-0.03	0.34	0.22	0.12
Net investment (mio €)	31.8	73.8	37.4	45.0	32.2
Net investment / Revenues	10.4%	22.7%	11.9%	14.8%	10.6%
Operational cash flow (mio €)	27.4	-6.1	53.5	33.8	36.1
Organic cash flow (mio €)	19.9	-15.9	42.8	24.7	14.3
Net financial debt (mio €)	295.5	312.8	288.3	329.7	323.7

11. 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, FTTH, 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.

IFRS 15 Estimate Disclaimer

The Company has adopted the IFRS 15 standard as of 1 January 2018. The new accounting policies are subject to change until the Company presents its first consolidated financial statements that include the date of initial application.

About Orange Belgium

Orange Belgium is one of the leading telecommunication operators on the Belgian market, with over 3 million 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 for 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, www.orange.be or follow us on Twitter: [@pressOrangeBe](https://twitter.com/pressOrangeBe).

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