



Orange Belgium

Financial results

9M 2016

21/10/2016



disclaimer

This presentation might contain forward-looking statements about Orange Belgium in particular for 2016. Although we believe these statements are based on reasonable assumptions, they are subject to numerous risks and uncertainties, including matters not yet known to us or not currently considered material by us, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ from the results anticipated in the forward-looking statements include, among others: the economic situation in Europe and more specifically in Belgium, the impact of price adjustments on the customer base resulting from competitive pressure, the evolution of the customer base, the effectiveness of Orange Belgium's convergent strategy including the success and market acceptance of the voice and data abundance plans in the business segment and of the Orange Internet & TV offers, of the Orange Belgium brand and other strategic, operating and financial initiatives, Orange Belgium's ability to adapt to the on-going transformation of the telecommunications industry, regulatory developments and constraints and the outcome of legal proceedings, risks and uncertainties related to business activity.

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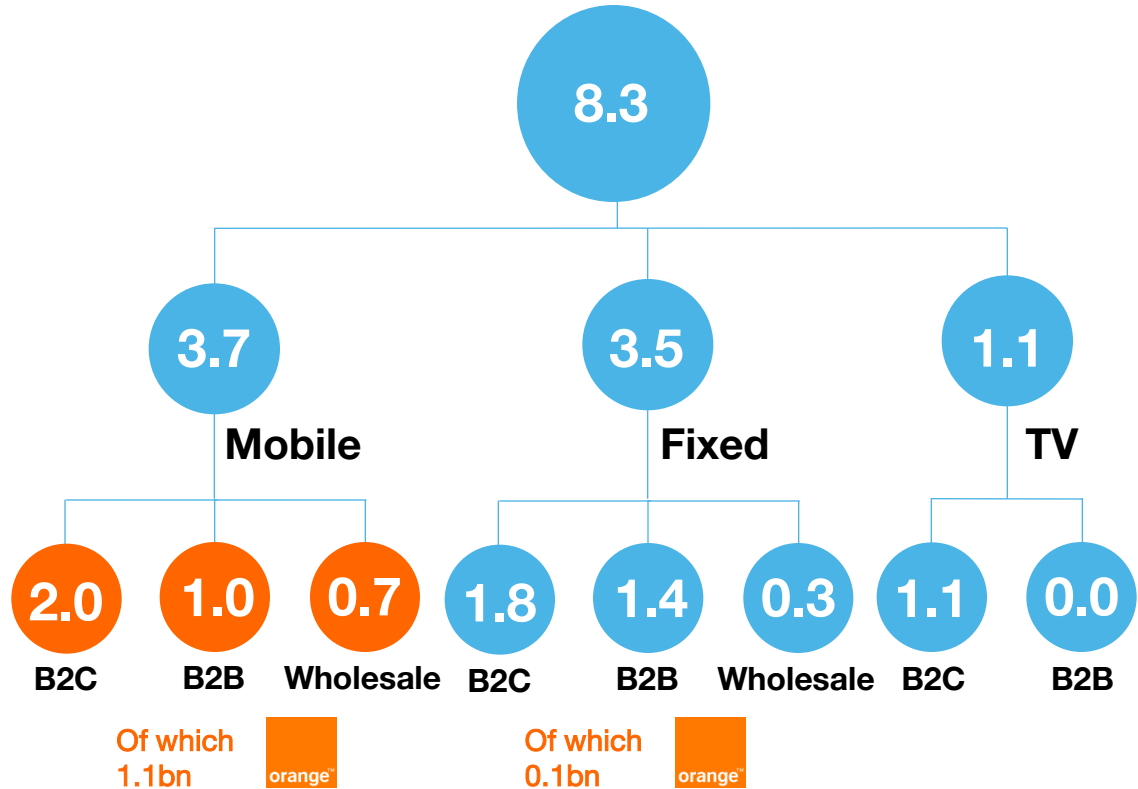
Section one

Business review

Belgian Telecom Market



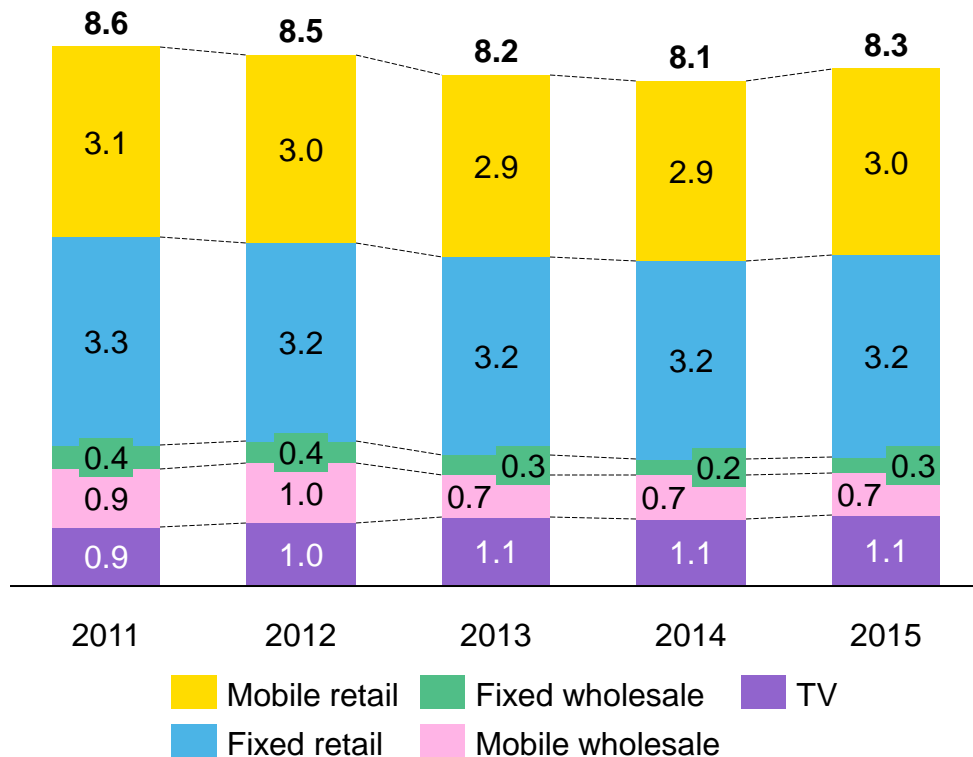
Snapshot of the 2015 Belgian telecom market value by segment in billion €



Belgian Telecom Market

The Belgian telecom market grew in 2015 after three years of decline

value by segment in billion €



Hello this is Orange Belgium



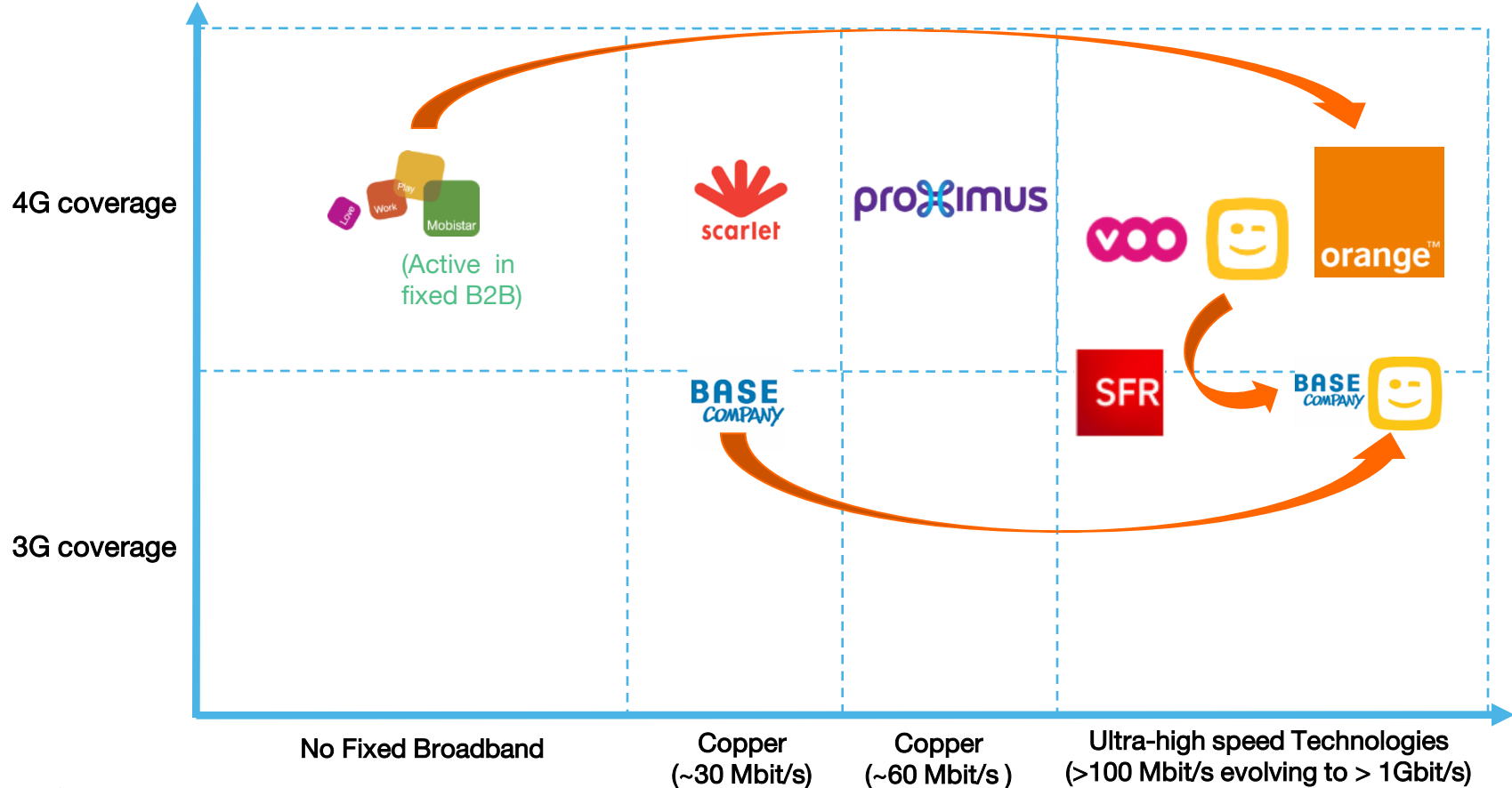
At the heart of connectivity

Orange Belgium is one of the leading telecom operators

orange™



Orange Belgium fixed network evolution from mobile player to convergent actor



Today Orange Belgium is active on different markets



Residential

Orange is a convergent operator proposing mobile, TV and Internet offers as well as innovative services to residential customers.



Business

Orange is an integrated communications provider offering a portfolio of mobility and connectivity services.

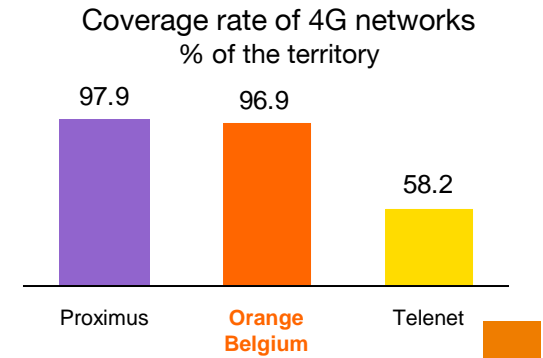
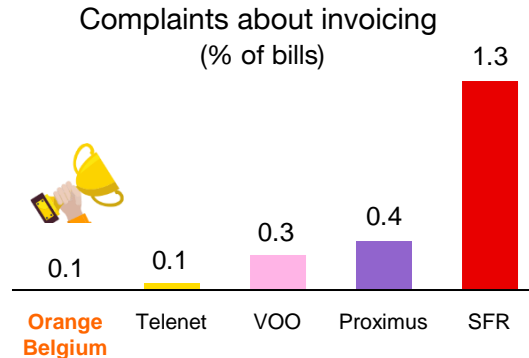
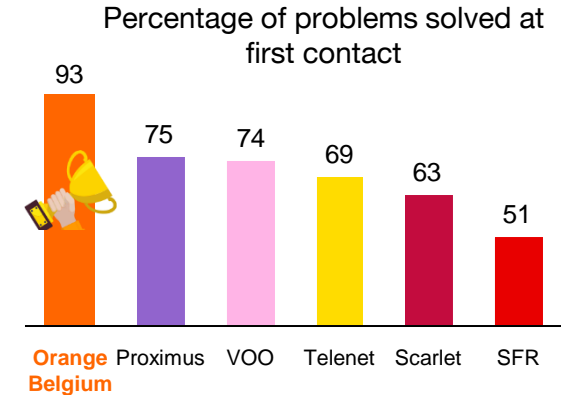
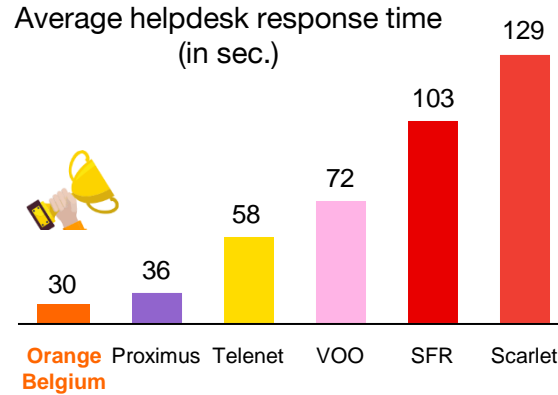


Wholesale

Orange is a wholesale operator and provides its partners with access to its infrastructure and service capabilities.

Customer quality indicators disclosed by the Belgium regulator

IBPT has published new Quality indicators results are very positive for Orange.



Dynamic first 9M 2016



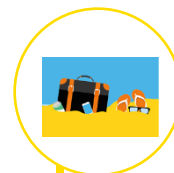
**Orange Internet
+ TV controlled launch**



**Orange Internet + TV
national launch**



**Sports TV
channels**

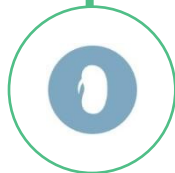


**Roaming
Go Europe**



**Orange Internet
+ TV campaign**

**Big data
monitoring**



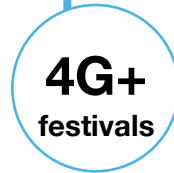
Hello Orange



**UEFA EURO
2016**



**Summer
festivals**



**Official sponsor
Belgium team**



Q3 2016

commercial highlights



+3.5 thousand

Postpaid net additions
in Q3 (Belgium)

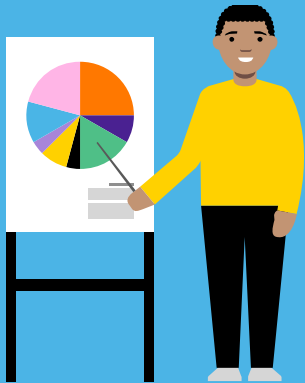
+1.5 % y-o-y

Postpaid ARPU
EUR 28.8

17.8 thousand
Orange Internet + TV
customers

1.7x
Mobile data usage
(y-o-y)

Key Growth Drivers



Mobile Data
Opportunity



Customer
experience



Convergent
Opportunity

Mobile data opportunity



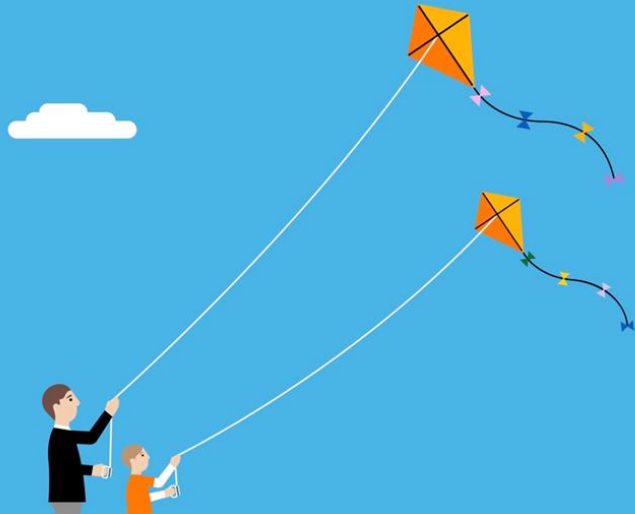
Premium network

Attractive tariff plans &
consistent portfolio

Rich device portfolio

360° services

Always connected



A proud 4G & 4G+ network leader

developing new use cases, anytime, everywhere
during the customer journey

4G Outdoor

99.8%

National population
coverage

4G Indoor

91.1%

National population
coverage

4G+

50.0%

National population
coverage

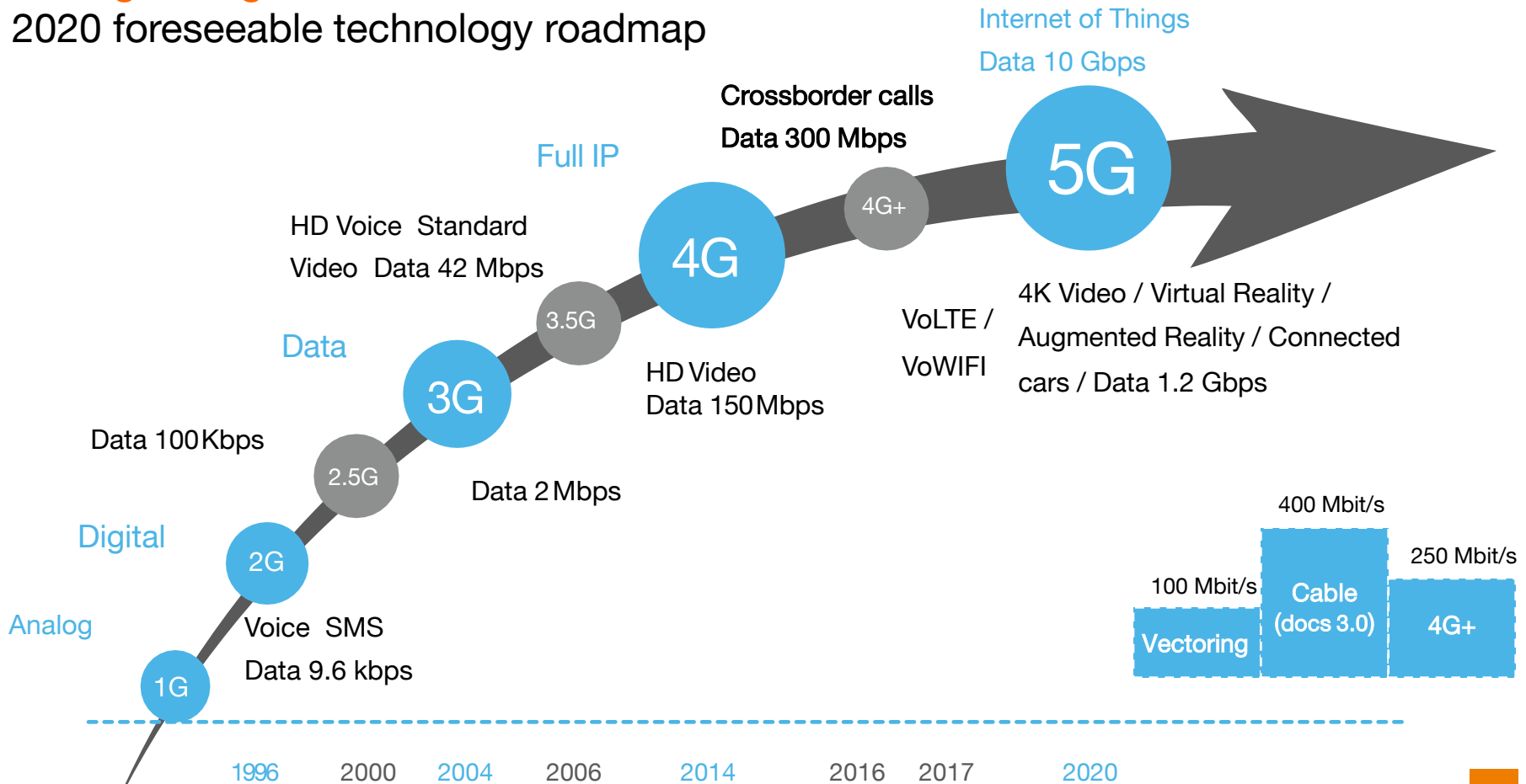
**4G+
Brussels**

98%

Population
coverage

Orange Belgium network evolution

2020 foreseeable technology roadmap

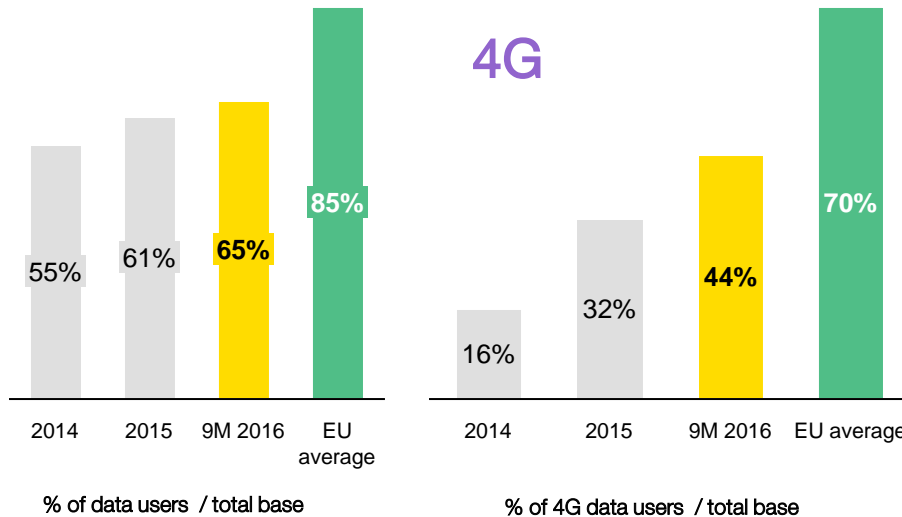


Smartphone penetration is finally catching up with the European average

Belgium was lagging due to the prohibition of subsidized offers until 2009

The launch of 4G provided the boost to develop smartphone penetration

Data usage penetration is catching up within Orange Belgium's customer base

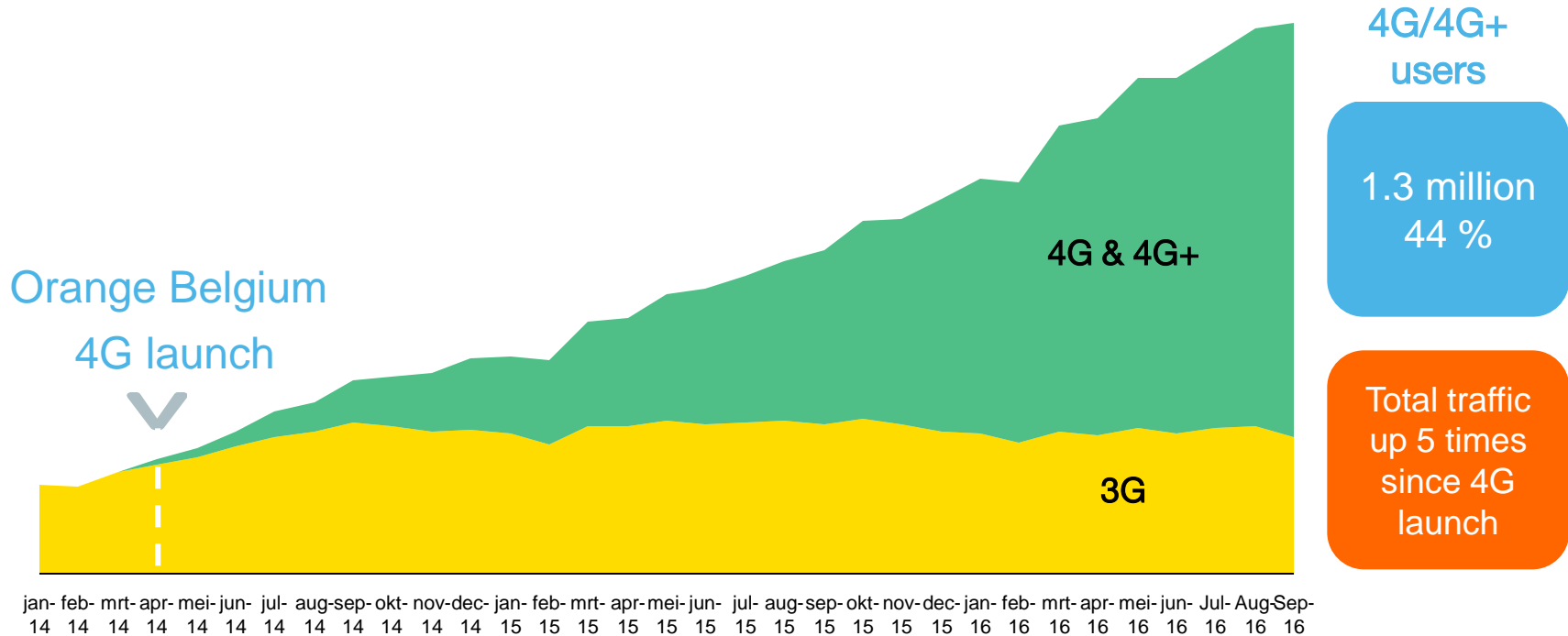


Belgium is in the first release group of iPhone 7

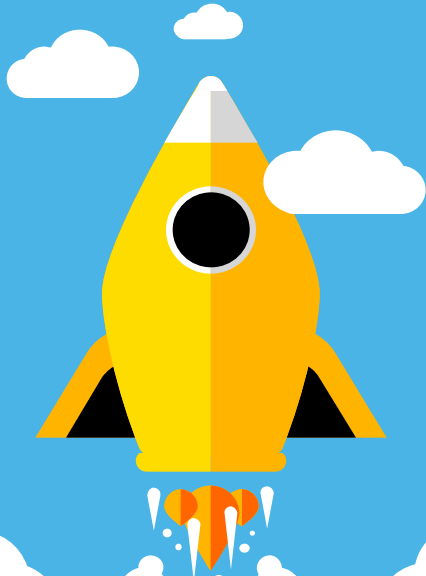


75 % of total data consumption is 4G traffic

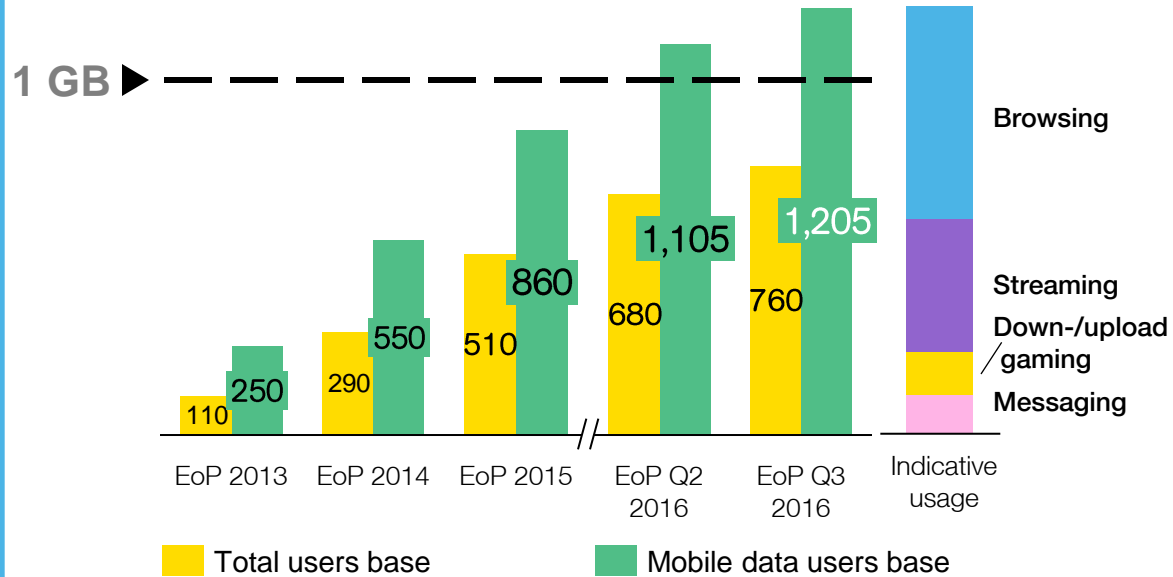
More than 4 out of 10 Orange Belgium customers are actively using 4G



Mobile Data Usage



Mobile data usage is growing exponentially as customers fully embrace the benefits in their daily lives and work















Average data consumption per month in MB - Orange Belgium prepaid & postpaid data users base excl. M2M & MVNO / End of period

Orange Belgium postpaid portfolio evolution



New simplified Animal portfolio

clear focus on customer experience, convergence and mobile data monetization

Tariff plans	 Hummingbird	 Dolphin	 Koala	 Panther	 Eagle	 Eagle Premium
Price/month	8€	15€	25€	33€	39€	60€
SMS	unlimited	unlimited	unlimited	unlimited	unlimited	unlimited
Call	90 min	150 min	300 min + unlimited to 	unlimited	unlimited	unlimited
Surf volume	100 MB	1,5 GB	3 GB	5 GB	10 GB	10 GB
Orange Cloud 	500 MB	16 GB	32 GB	32 GB	64 GB	500 GB
Advantages included						
In/to Europa						- 1000 min. in roaming - 1000 international call allowance (min) - 1000 SMS - 1 GB
Orange Internet & TV <small>(only with mobile subscription)</small>	49€/month	49€/month	49€/month	49€/month	39€/month	39€/month

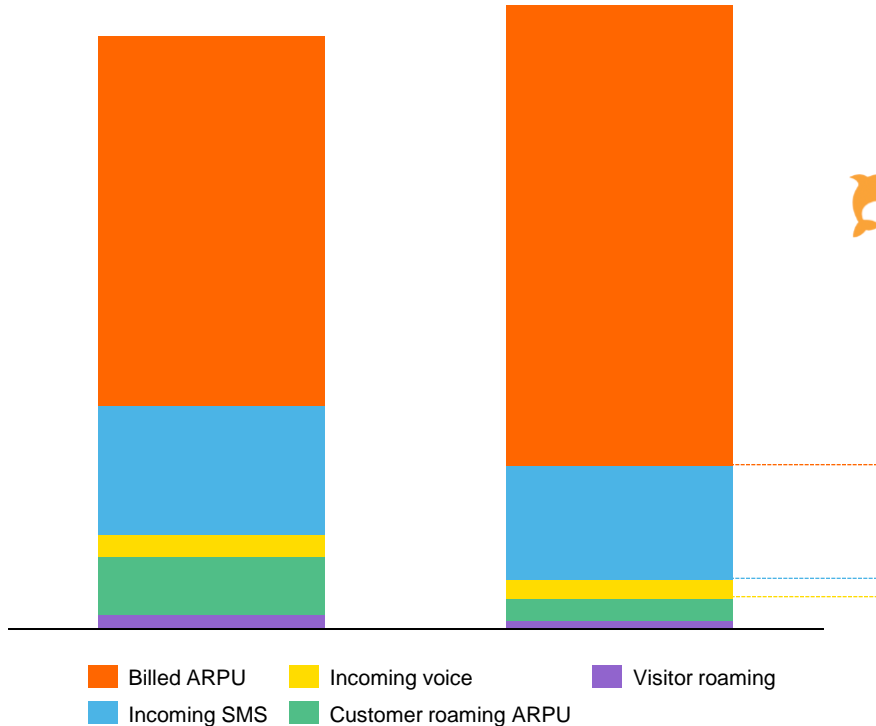
The following roaming-options can be added to the tariff plans:

- Transborder (12.1€ for 250 min. roaming, 250 min. international, 250 SMS, 250 MB)
- EU Traveler (24.2€ for 500 min. roaming, 500 min. international, 500 SMS, 500 MB)

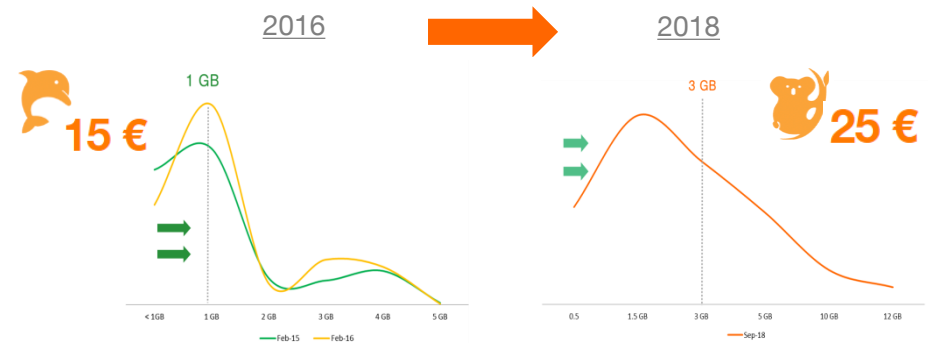
Qualitative ARPU growth will lead to sustainable revenue growth

illustrative graph

Postpaid ARPU



Billed ARPU should increase as 4G mobile data monetization and upgraded portfolio stimulate upsell towards mid- and high end tariff plans, effectively redistributing the customer mix



➡ Incoming SMS MTR's still high in Belgium relative to EU, though given high reciprocity EBITDA-margin close to 0%

➡ Voice MTR's will further decline

➡ Roaming will further decline.

New prepaid portfolio evolution



3 simple prepaid offers “Tempo”
responding to the connectivity needs of each type
of prepaid consumer

Tempo Giga



For the uber-
digitals

15€ = 50 minutes


Bonus
+ 4 GB
+ 4000 SMS

Tempo Touch



For the discovering
data users

15€ = 60 minutes

Bonus
+ 1 GB
+ 500 MB 
+ Unl. SMS

Tempo Easy

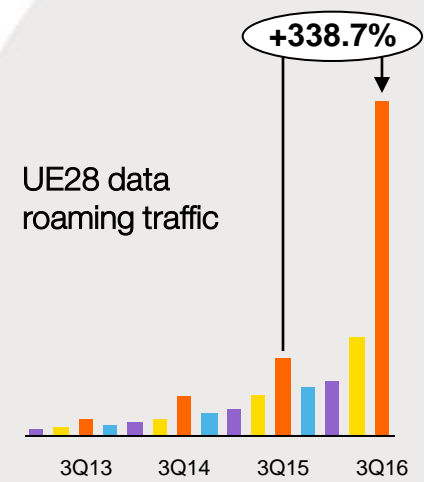
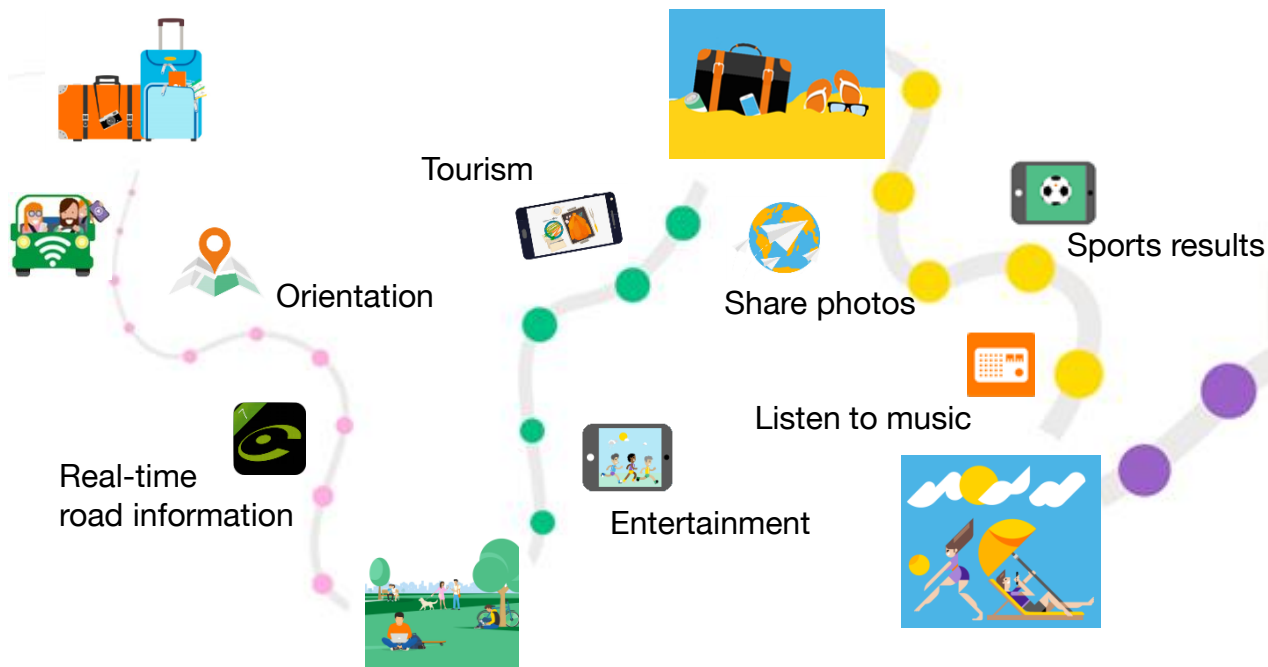


For the voice
users

10 ct
/min
/sms
/MB

“Go Europe” promotion has been a huge success

260K customers activated the option with a 16-fold increase in usage

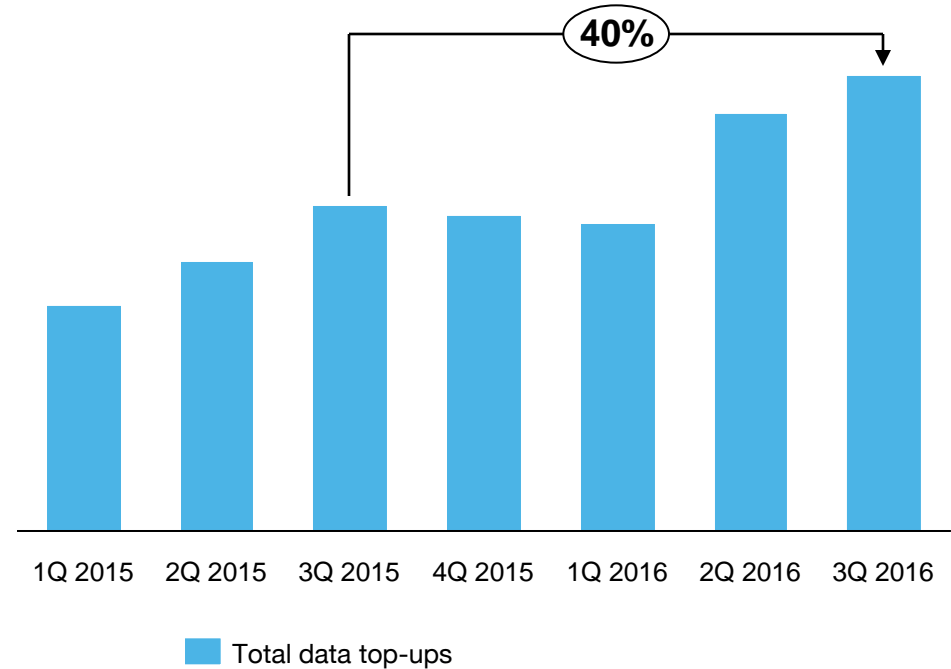


“The data usage of customers that did not activate the Go Europe, increased significantly as well compared to last year.”

Data top-ups evolution



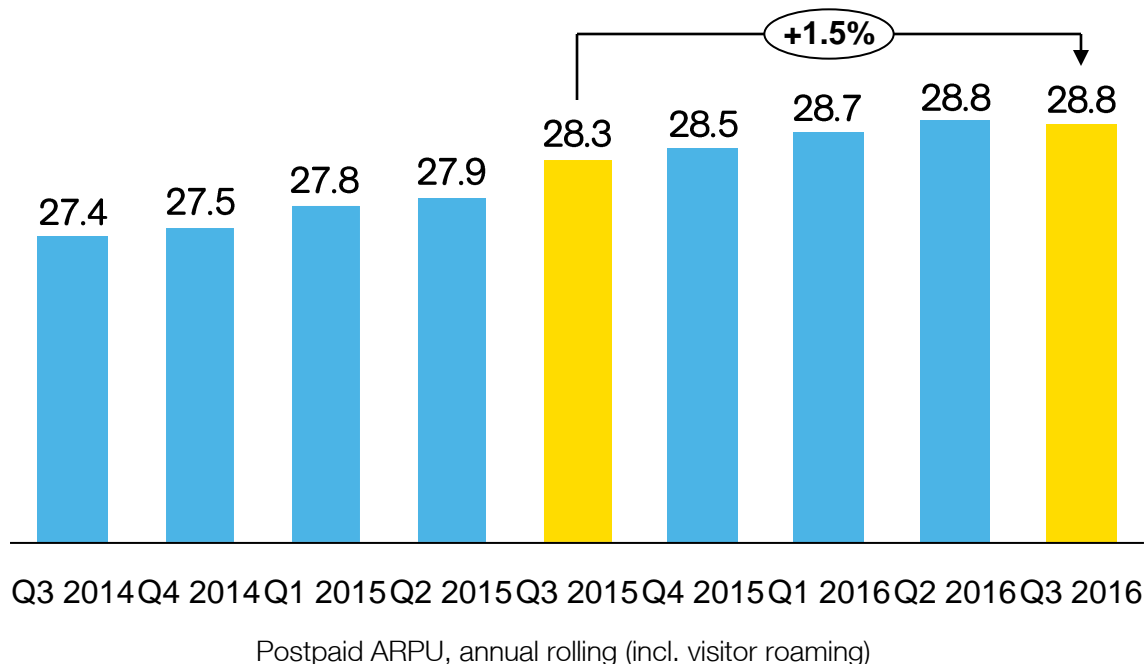
Top-up increase linked to usage development
Personal Check Up provides an upsell opportunity



4G and data usage are driving postpaid ARPU growth

ability to monetize mobile data confirmed

Postpaid ARPU increased YoY in Q3 2016

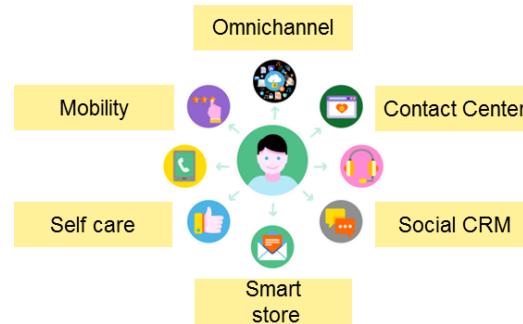


ARPU growth of 1.5 %
despite impact of roaming
regulation

Best customer experience



Digitization



Loyalty

Visibility & Awareness



Incremental Traffic



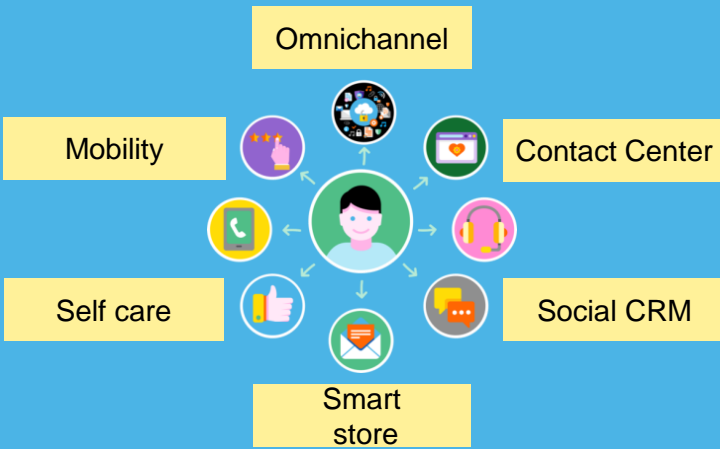
Reach / test a specific target



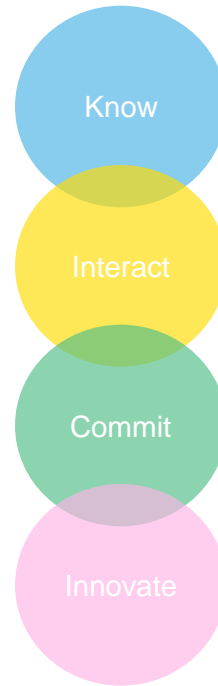
Test your new product



Digitization is enhancing the customer experience



The customer at the heart of our strategy through digitizing the customer experience



Know
Customer knowledge is key to getting a better view of the uses, needs and opinions of your customers.

Interact
The interactions between customers and company are constantly challenged by multiple contact channels and locations of expression.

Commit
Improve the quality of the experience by creating emotional moments will increase your customers' satisfaction and their attachment to the brand.

Innovate
The digital leads companies to think of solutions to offer an enriched customer experience where the alliance company / customer makes sense.

“Orange Thank You” - Program

Visibility & Awareness



Incremental Traffic



Reach / test a specific target



Test your new product



Rewarding loyalty to reduce churn
and increase the overall customer experience

- Targeted at prepaid and postpaid customers
- Personalized 1-2-1 communication at regular frequency
- Enter in contact with each specific segment



Orange Thank You - Program

Your experience our engagement
Sharing values beyond day to day relation

Main sponsor of the Belgium basketball teams



Inviting our customers to the IAAF Diamond league



Mémorial Van Damme

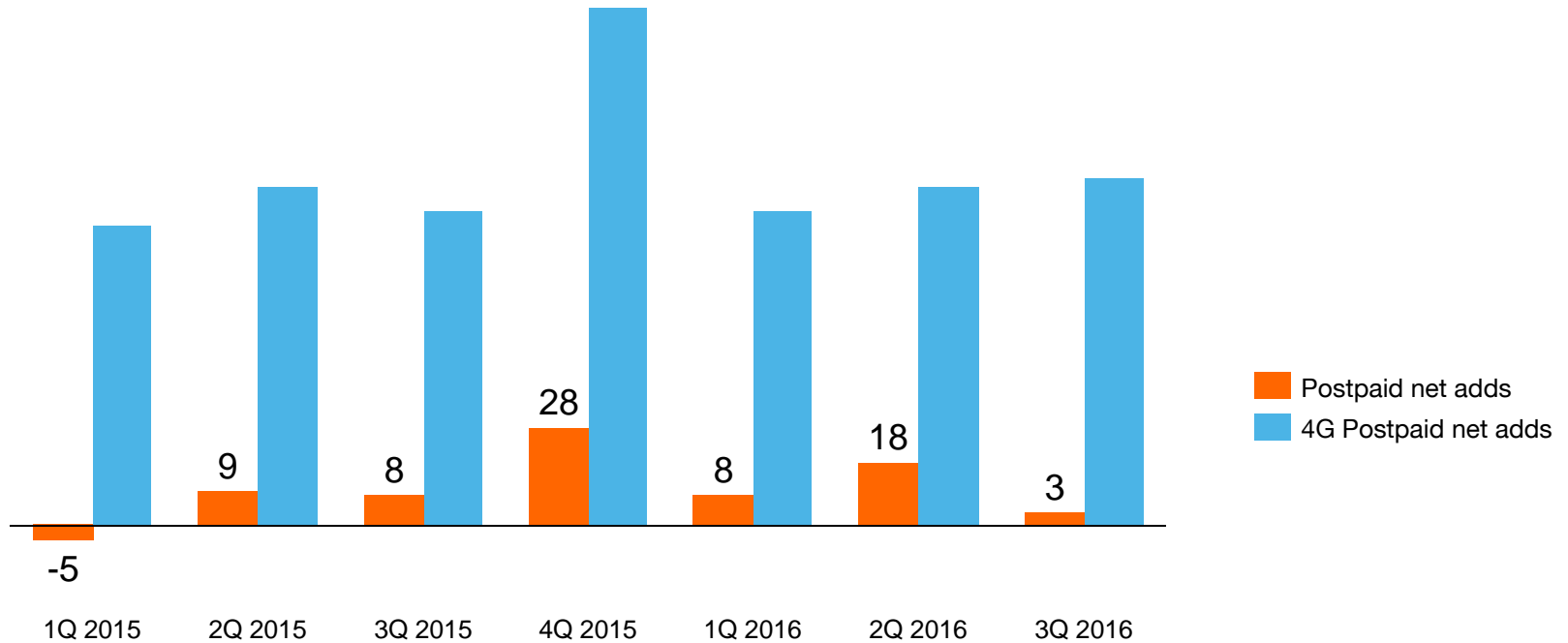
And much more

Partners gifts
Music events
Cinema

Close to 100K 4G postpaid net additions each quarter

Sixth consecutive quarter in a row of postpaid growth

4G Postpaid quarterly net adds in Belgium ('k)



Orange Belgium active customers excl. M2M & MVNO

Convergence with Orange Internet + TV



Attractive prices

The Orange Internet + TV offering provides an excellent quality at the most attractive market price

39€/month

Orange Eagle & Eagle
Premium

Internet 100 Mbps
Unlimited volume

70 TV channels

49€/month

Orange
Hummingbird, Dolphin,
Koala & Panther

Internet 100 Mbps
Unlimited volume

70 TV channels



200 Mbps Internet boost : 10€-15€/month



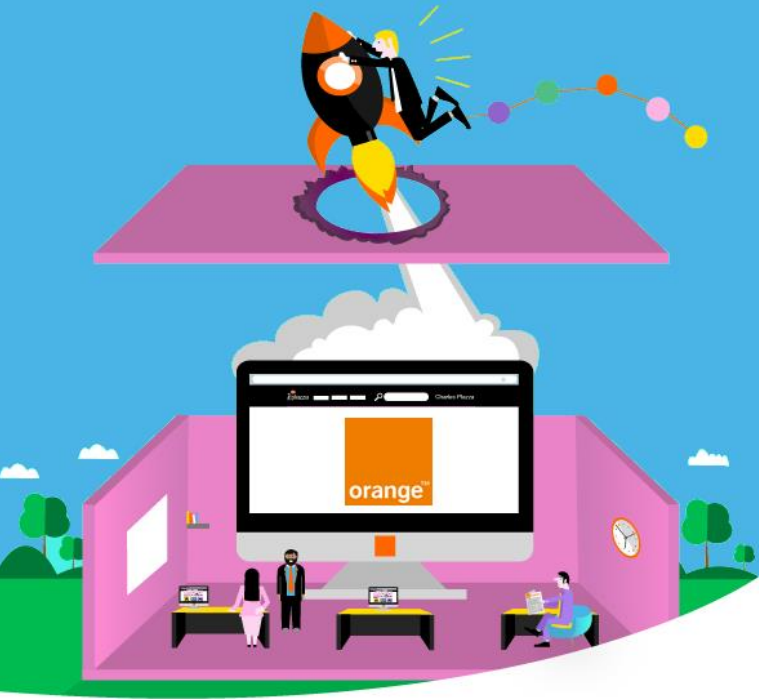
Evening & Weekend : 3€/month



extra TV decoder : 9€/month



Orange TV Contents



Provide our customers with what they need
more than 70 local and international channels



... and new premium sports & family contents



Distribution channel



New channels opened for convergence
taking advantage of our direct distribution

23

MediaMarkt

45

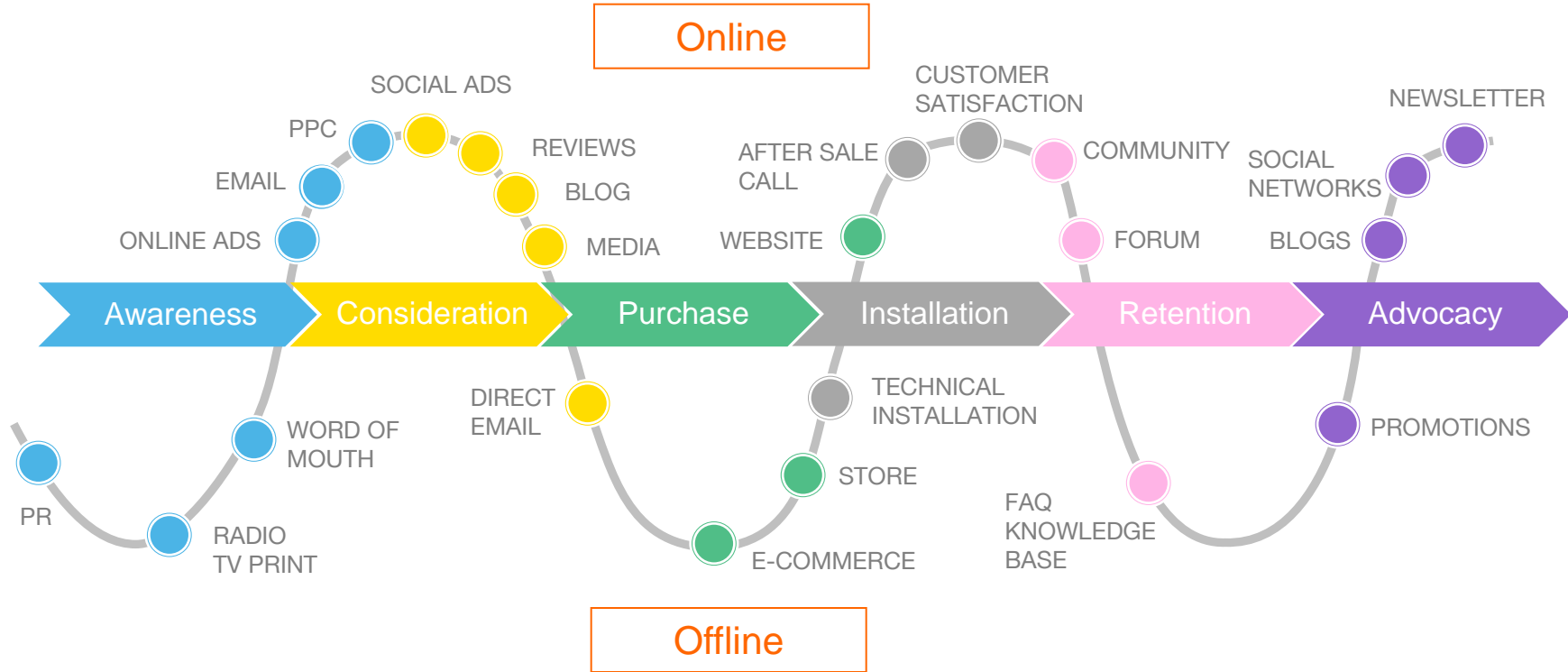


Present with **Orange Belgium sales people**

Focus on **acquisition** via presence in high traffic environment

Orange Internet + TV customer management cycle further completed

All building blocks are getting into place to ramp up the go-to-market



The new mobile portfolio further increases the attractiveness of the Orange Internet + TV offering

Convergence awareness campaign

First Orange Internet + TV advertising campaign
Shifting gear from retention to retention & acquisition

Web



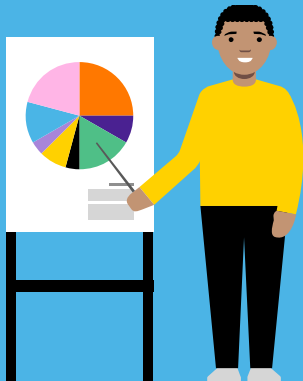
Billboard



TV

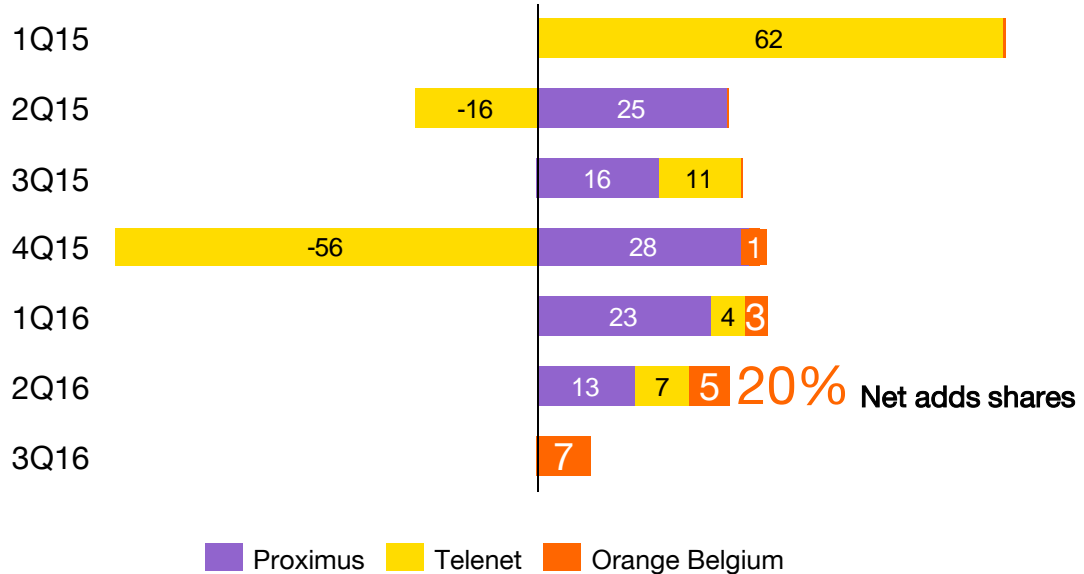


Fixed Broadband net adds



Orange Belgium achieved a fairly solid footing gradually transitioning from a mobile-only to a convergent player

Fixed broadband net adds



B2B Convergence



B2B Convergence

Orange Belgium is a fully convergent operator
addressing all segments of the B2B-market



SoHo



« Internet + TV »
Fixed + Mobile
Using cable regulation



SME



« Shape & Fix »
edpnet DSL
Mobiline



Large
accounts



« Trusted connectivity provider »
Technology agnostic
VDSL, Ethernet,
Fiber optics and 4G
Easy access to big cities

B2B Shape portfolio evolution



Reinforce data upsell path while addressing customers needs, confirming our value strategy

- Completing Shape portfolio with **more comfort**
- Assure **competitiveness** with **more flexibility**
- Mobile Data **offer for Heavy user**
- **Abundance** also in roaming with new Shape Traveller

Shape's special advantages

Flexibility

Manage your fleet by choosing the plan that is most appropriate for each employee's profile. Should your needs change, you can simply adjust the plan.

Transparency

Get a clear overview of all services and resources that we offer for monitoring your use and controlling your costs in real-time.

Comfort

Meet your employees' needs thanks to plans for unlimited calls and SMS or included calling minutes to Europe.

B2B convergence awareness campaign

Fulfill the specific requirements of our business customers

IP VPN + 4G

Connectivité

Mon business ne s'arrête jamais, quoi qu'il arrive

IP VPN + 4G

Déménager, c'est souvent compliqué. Alors, autant le faire dans les meilleures conditions. Grâce à la combinaison astucieuse de l'IP VPN et du 4G, votre entreprise bénéficie de tous les avantages d'un réseau fixe fiable, avec tout le flex que mobile. La garantie de rester performant en toutes circonstances.

Vous voulez combiner malin ? Surfez sur notre site business.orange.be/ipvpn

Vous rapprocher de l'essentiel orange

Shape & Fix

Connectivité

Au bureau, je suis sur tous les fronts

Shape & Fix

Orange vous facilite le travail multi-tâches.

Pour travailler efficacement, vous avez besoin de services adaptés à vos contraintes d'usage. Avec Shape & Fix, vous bénéficiez de la flexibilité fixe et mobile, sans que cela ait de conséquence sur vos performances. Et vous bénéficiez d'un service dédié grâce à un forfait unique et à une offre de service personnalisée.

Vous voulez combiner malin ? Allez sur notre site business.orange.be/shapefix

Vous rapprocher de l'essentiel orange

Shape & Fix Comfort

Connectivité

Fixe ou mobile, toujours joignable via un seul numéro

Shape & Fix Comfort

Etre en permanence au service de vos clients, c'est votre marque de fabrique. Avec Shape & Fix Comfort, vous bénéficiez de la flexibilité fixe et mobile, ainsi que d'un seul et unique numéro pour vous joindre. Et plus vous remplissez vos appels fixes par des appels mobiles, plus vous économisez.

Vous voulez combiner malin ? Allez sur notre site business.orange.be/shapefixcomfort

Vous rapprocher de l'essentiel orange

Section two

Financial results overview

9M 2016

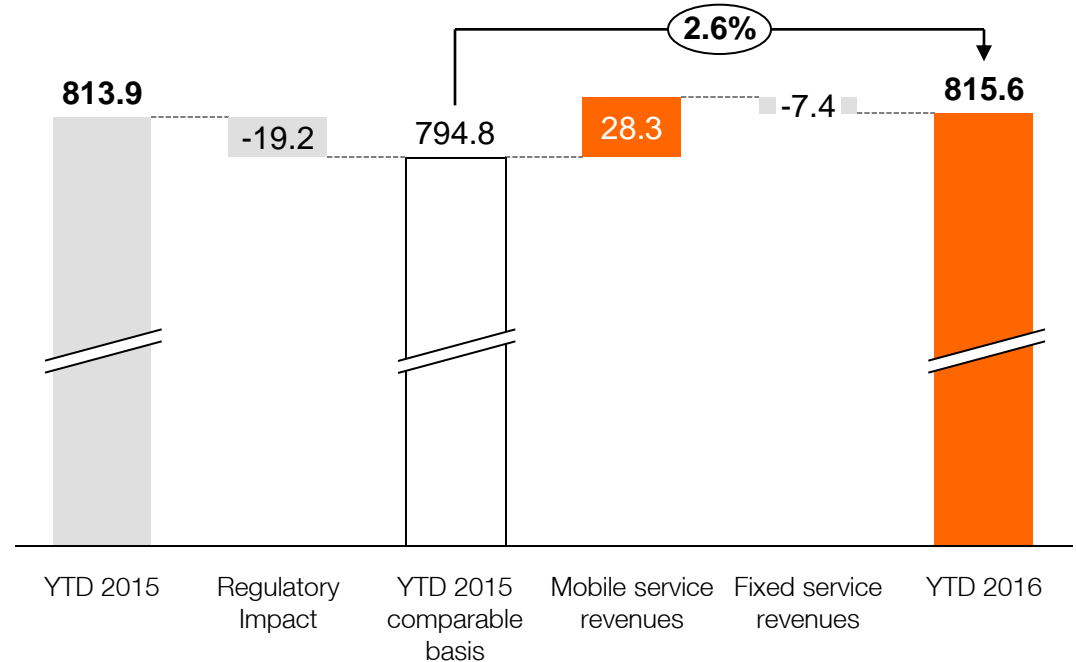
financial highlights



+1.2 % y-o-y Mobile service revenues EUR 762.0m	+4.0 % y-o-y Restated EBITDA EUR 237.1m
-14.0 % y-o-y CAPEX EUR 96.4m	-31.0 % y-o-y Net financial debt EUR 315.2m

Service revenues

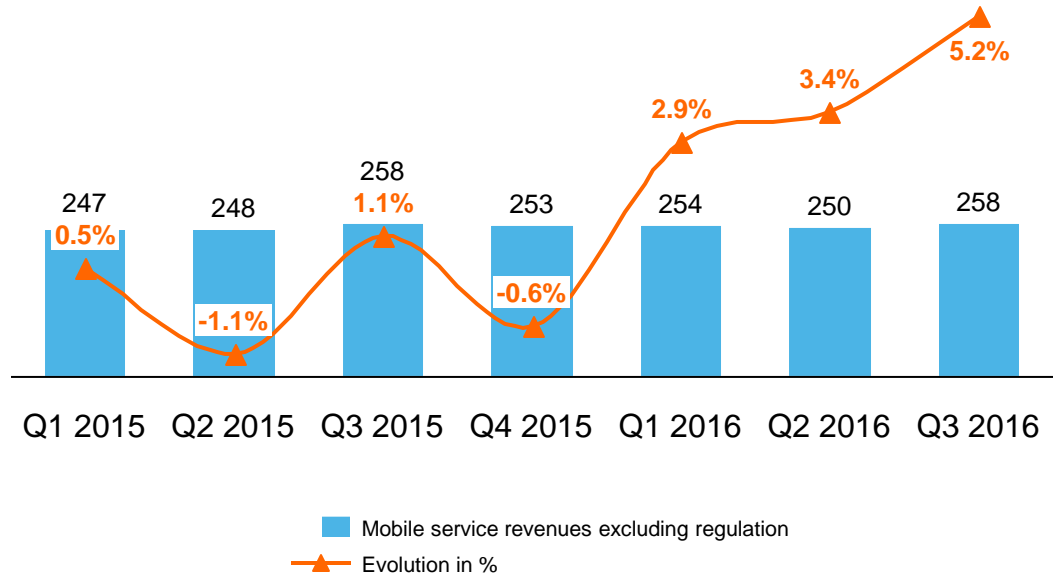
Total service revenues excl. EU reg. up 2.6% fueled by mobile data growth, compensating EU roaming impact and erosion of legacy fixed revenues



9M 2016
Service revenues
+0.2%
+€1.7m
€815.6m

Mobile service revenues excl. regulation

Increase of 5.2% y-o-y excl. regulation in spite of EU roaming impact starting Q2 and contract mix



9M 2016

9M 2016
Mobile service
revenues

+1.2%

+€9.1m

€762.0m

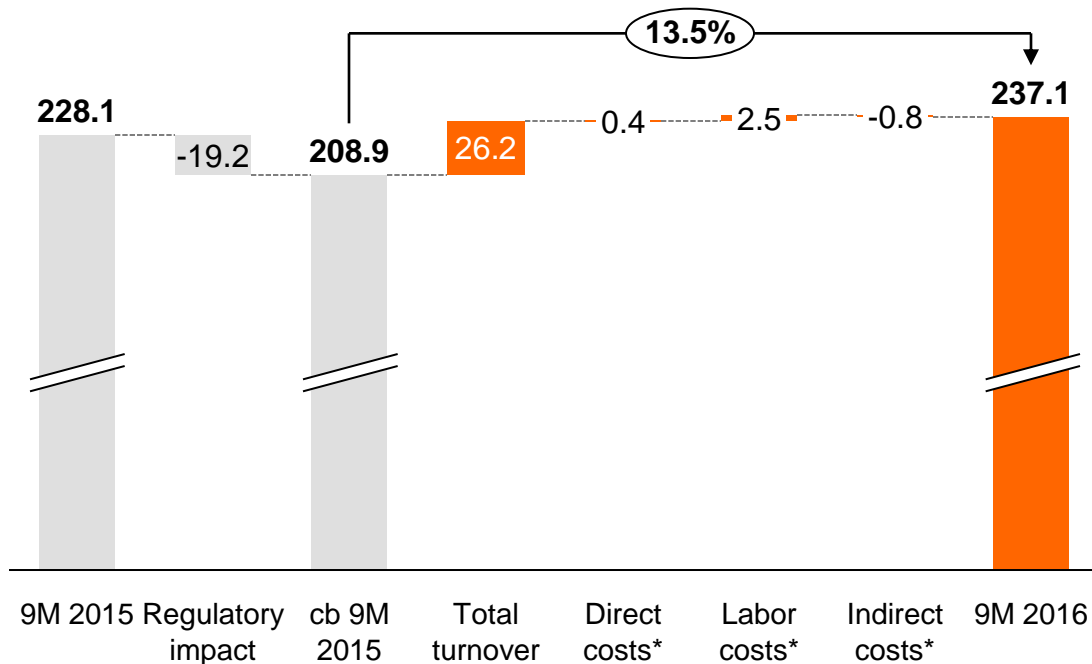
Restated EBITDA

9M 2016
Restated EBITDA

9M 2016
+4.0%
+€9.0m

€237.1m
29.1% of total
service rev.

Growth of 4.0 % y-o-y restated EBITDA
Driven by revenues increase and costs reduction

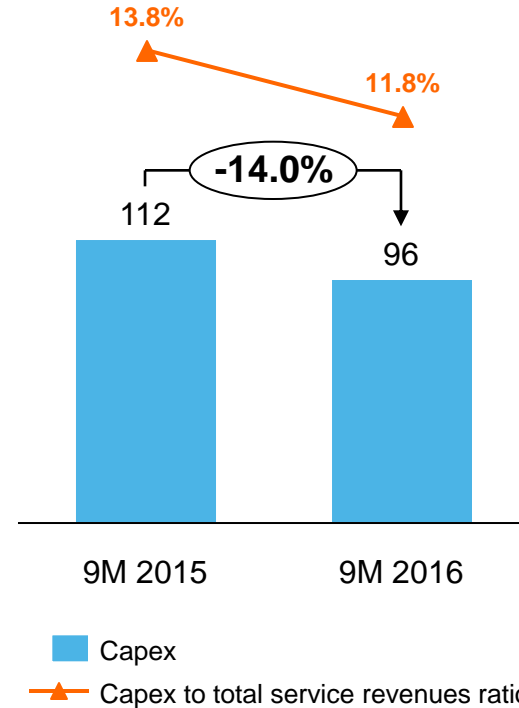


* Including cable costs

Capex

9M 2016 Capex
-14.0%
-€15.7m
€96.4m
11.8% of total
service rev.

Decrease of 14.0 % y-o-y Capex
investment normalization after 4G network roll-out



Net financial debt

9M 2016 Net financial debt

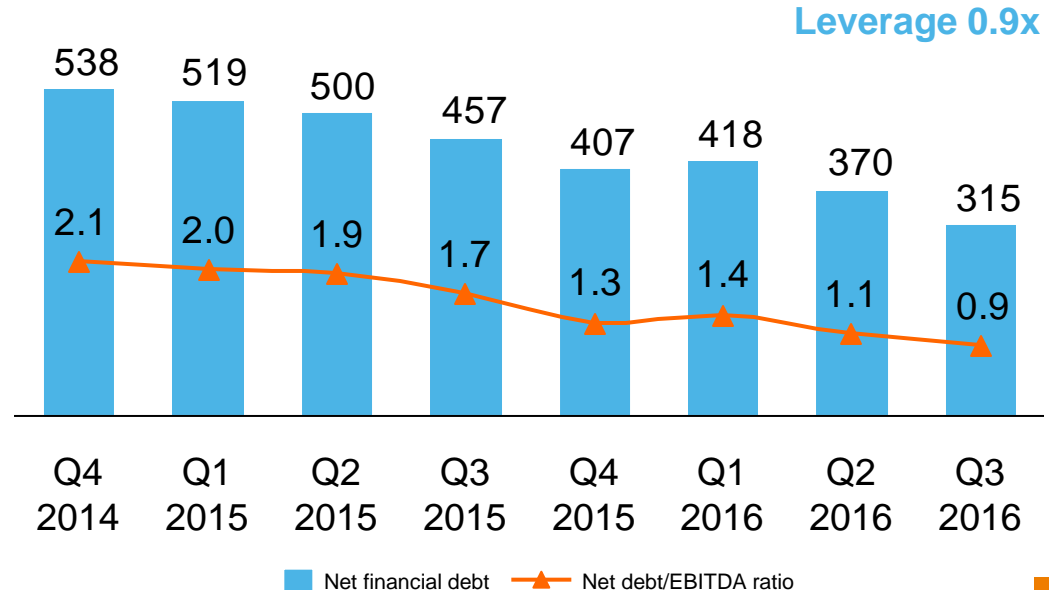
€315.2m

9M 2016
-31.0%
-€141.8m

Solid EBITDA and mobile capex normalization result in strong cash flow generation

Leverage: 2.1x

(in million euros)



Orange Belgium key financials

improving financials with a growing customer base

in €m	9M 2016	9M 2015	Var. (%)	Insight
Total service revenues	815.6	813.9	0.2%	<ul style="list-style-type: none"> Mobile service revenue growth despite €19.2m roaming impact (+2.6% underlying growth)
Total turnover	919.8	912.8	0.8%	<ul style="list-style-type: none"> Reflecting services revenues growth and higher handset sales
Direct costs	-382.0	-382.4	-0.1%	<ul style="list-style-type: none"> Decrease in spite of content costs with moderation of commissions paid to third parties
Labor costs	-98.5	-100.9	-2.4%	<ul style="list-style-type: none"> Redeploying resources from legacy to growth
Indirect costs	-202.2	-201.3	0.4%	<ul style="list-style-type: none"> Including cable and reversal of 2015 pylon tax
Restated EBITDA <i>(in % of service revenues)</i>	237.1 29.1%	228.1 28.0%	4.0%	<ul style="list-style-type: none"> Positively impacted by higher revenues and proper cost management
EBITDA <i>(in % of service revenues)</i>	237.2 29.1%	224.6 27.6%	5.6%	
CAPEX <i>(in % of service revenues)</i>	96.4 11.8%	112.1 13.8%	-14.0%	<ul style="list-style-type: none"> Investment normalization after 4G network roll-out
Operational Cash Flow (EBITDA - CAPEX)	140.8	112.5	25.2%	<ul style="list-style-type: none"> Reflecting EBITDA and capex evolution

Orange Belgium consolidated net income and financial debt

improving cash flow generation and debt profile

in €m	9M 2016	9M 2015	Var. (%)	Insight
EBITDA	237.2	224.6	5.6%	
EBIT	88.2	75.8	16.3%	
Financial results	-4.9	-5.3	-8.0%	
Tax	-35.4	-22.8	55.4%	
Net income	47.9	47.8	0.4%	
Earning per share	0.80	0.80		
Net financial debt	315.2	457.0	-31.0%	In light of the strong cash flow generation and reduced debt position, Orange Belgium will pay the full outstanding amount of 52M€ related to the license for the 900MHz/1800MHz spectrum
Net financial debt/EBITDA	0.9	1.7		

Section three

2016 guidance

Orange Belgium revised its 2016 guidance

investing in future growth while protecting EBITDA margin

- ❑ mobile price stabilization / market repair
- ❑ further development of data usage / monetization of 4G investment
- ❑ maximum gross roaming impact of 28.5M€ on revenues and EBITDA
- ❑ restated EBITDA includes reversal of 2015 Walloon pylon tax provision done in Q2
- ❑ October 2016 guidance revised upwards by 10M€ following strong financial & commercial performance YTD September 2016

in €m	2015 Actual	2016 guidance provided in Feb 2016	2016 guidance provided in July 2016	9M 2016	2016 guidance provided in Sept 2016
Mobile service revenues	1,006.2			762.0	
year-on-year	0.0 %			1.2 %	
Restated EBITDA excl. cable		270-290	285-305		
margin / year-on-year					
Restated EBITDA incl. cable	282.8			237.1	280-300
margin / year-on-year	26.0 % / +4.8 %			29.1% / 4.0 %	

Section four

Q&A

Investor Relations

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Siddy Jobe

Director

Investor Relations & Corporate
Finance



@PressOrangeBE



<https://www.linkedin.com/company/orange-belgium>



<https://corporate.orange.be>