

Orange Belgium Financial results Q3 2017

Analysts and Investors
Roadshow presentation

A woman with long red hair is sitting cross-legged on a green lawn, looking at her smartphone. She is wearing a white t-shirt and blue jeans. Around her are various social media and shopping icons: a large red location pin, a blue thumbs-up icon, a blue envelope icon, a yellow starburst with the word 'SALE', a pair of sneakers, a small brown kitten, and several cupcakes. In the background, there are trees and a city skyline under a blue sky with white clouds. The word 'Love' is written in large white letters at the bottom left, with the 'o' being an orange square.

Love



Disclaimer

This presentation might contain forward-looking statements about Orange Belgium in particular for 2017. Although we believe these statements are based on reasonable assumptions, they are subject to numerous risks and uncertainties, including matters not yet known to us or not currently considered material by us, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ from the results anticipated in the forward-looking statements include, among others: the economic situation in Europe and more specifically in Belgium, the impact of price adjustments on the customer base resulting from competitive pressure, the evolution of the customer base, the effectiveness of Orange Belgium's convergent strategy including the success and market acceptance of the voice and data abundance plans in the business segment and of the Orange Internet + TV offers, of the Orange Belgium brand and other strategic, operating and financial initiatives, Orange Belgium's ability to adapt to the on-going transformation of the telecommunications industry, regulatory developments and constraints and the outcome of legal proceedings, risks and uncertainties related to business activity.

Section one

Business review



Michaël Trabbia
Orange Belgium, **CEO**

Key operational highlights in Belgium



2,287.1 K (+2.2 % yoy)

Postpaid customer base



15.5 K

Postpaid net additions in 3Q17



30.0 euros (+2.7 % yoy)

Postpaid ARPU



99.6 %

4G outdoor population coverage



56 %

4G smartphone penetration



1.7 GB

Average mobile data usage per month



81.8 K

Orange Love customers



17.5K

LOVE Net additions in Q3 17



128.6 K

Mobile customers in a LOVE package

A year impacted by an exceptional amount of exogenous events

Successfully managed thanks to Orange Belgium's agile structure



Roaming
regulation



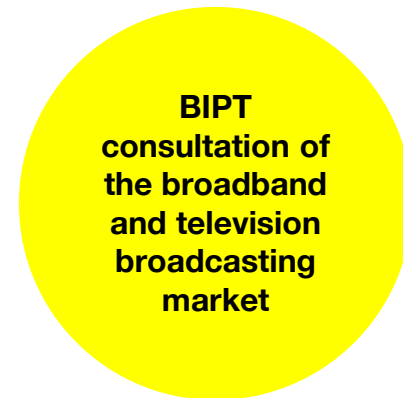
Prepaid
identification



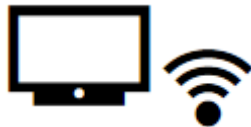
MTR cut



Termination
MVNOs



BIPT
consultation of
the broadband
and television
broadcasting
market



Fixed B2C
competition



Easy Switch



Continued OTT
substitution of SMS



Orange Belgium's key growth drivers

1

Convergence



2

Mobile data monetization



3

Customer experience



Orange Love offer provides an excellent quality & customer experience At the most attractive market price

39€/month

With Orange Eagle &
Eagle Premium

Internet 100 Mbps
Unlimited volume

70 TV channels

49€/month

With 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

Mobile data doubled for all LOVE
customers as of September 2017



Double
data
mobile

Doubled data for all mobile customers part of a LOVE package

Announces the next phase of Orange Belgium's convergent offering

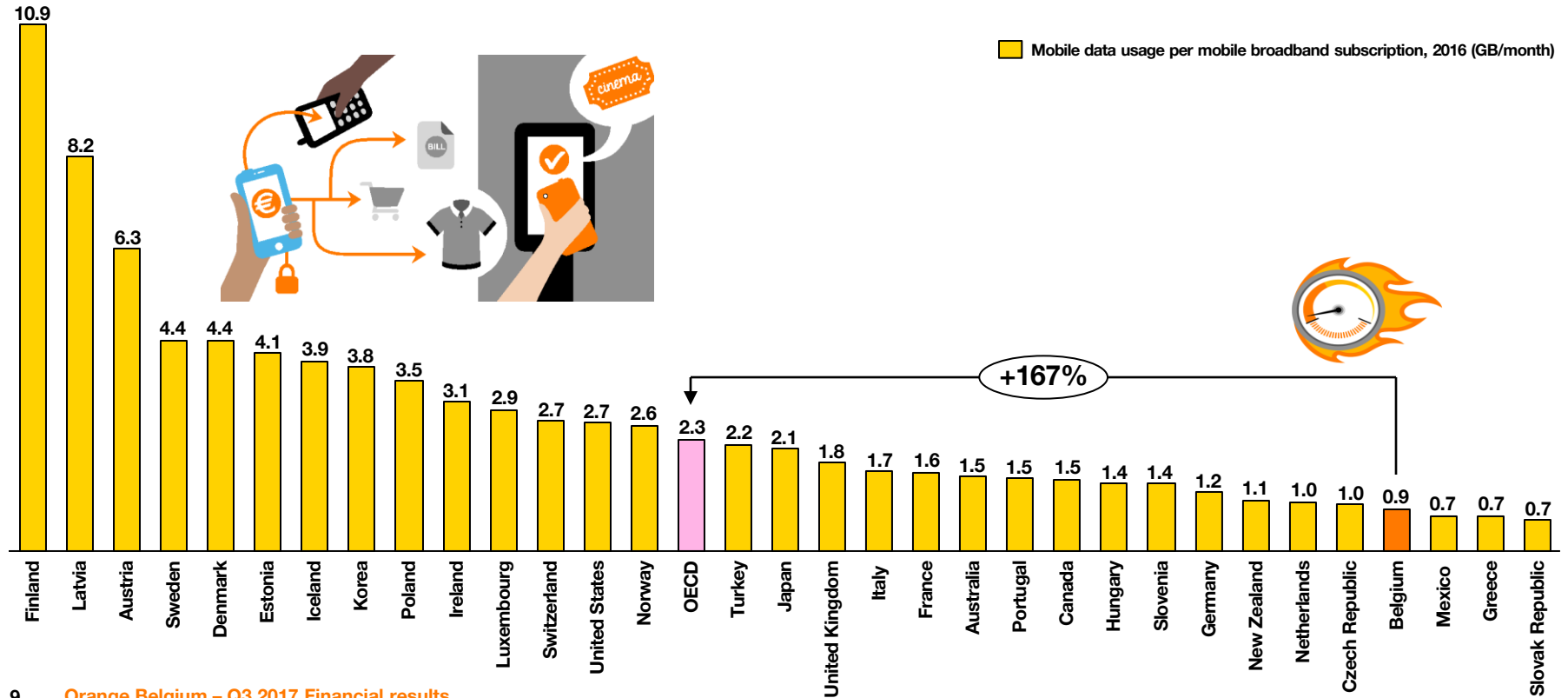
Hummingbird	Dolphin	Koala	Panther Limited Edition	Eagle	Eagle Premium
Just call	Calling and surfing at a sharp price	Lots of calling and surfing	Unlimited calls and intense surfing	Unlimited calling and surfing	Unlimited calling and surfing without boundaries
Double Data 0,1 GB 0,2 GB 1h30 call minutes Unlimited SMS Orange Cloud	Double Data 1,5 GB 3 GB 2h30 call minutes Unlimited SMS Orange Cloud	Double Data 3 GB 6 GB 5h call minutes Unlimited calls to Orange BE Unlimited SMS Orange Cloud Coyote	Double Data 5 GB 10 GB Unlimited calls Unlimited SMS Orange Cloud Coyote	Double Data 10 GB 20 GB Unlimited calls Unlimited SMS Orange Cloud Coyote	Double Data 10 GB 20 GB Unlimited calls Unlimited SMS Orange Cloud Coyote Volumes in UE & Best Destinations
Unlimited internet 100 Mbps	Unlimited internet 100 Mbps	Unlimited internet 100 Mbps	Unlimited internet 100 Mbps	Unlimited internet 100 Mbps	Unlimited internet 100 Mbps
TV Up to 70 channels	TV Up to 70 channels	TV Up to 70 channels	TV Up to 70 channels	TV Up to 70 channels	TV Up to 70 channels
57 €/month	64 €/month	74 €/month	82 €/month 75⁴⁰ €/month	78 €/month	99 €/month



- Incentivize existing customers to include all their SIM-cards in the convergent LOVE package
- Reinforce the attractiveness of the convergent LOVE offer in the market.

Belgian mobile data usage is still behind the European average ...

Providing an opportunity for additional mobile data monetization in the future

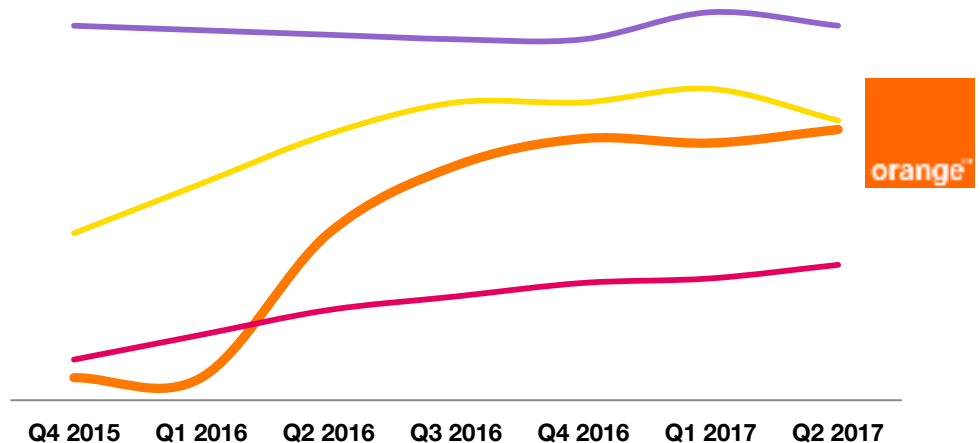


Solid improvement of the Orange brand awareness in Belgium

Potential to further increase the awareness of the convergent offer



Q2 2017 brand tracker



Question: Which mobile operators have you heard of ?

Acceleration of net additions in 3Q17 reassures year-end target of 100K In spite of competitive promotional activity

Love

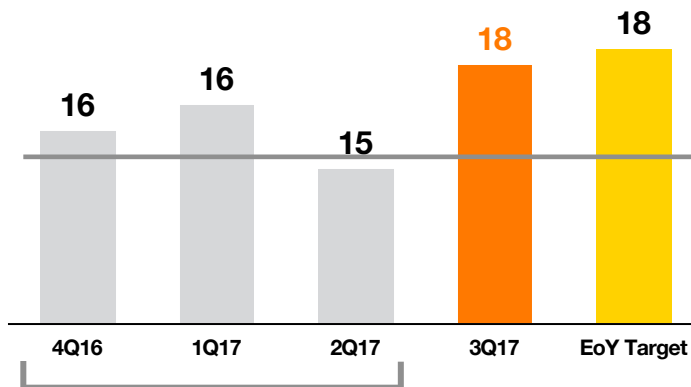


+17.5 K

Convergent customers



Net Love additions



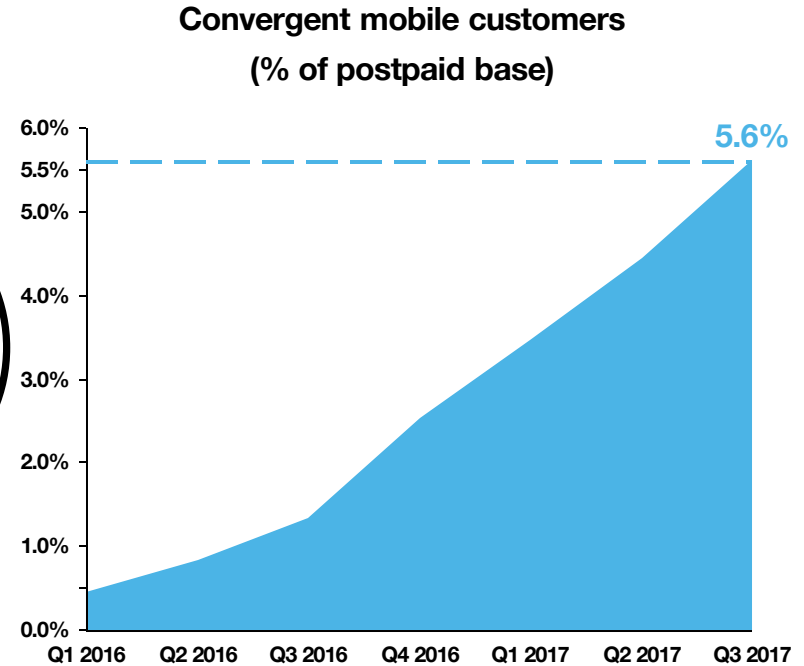
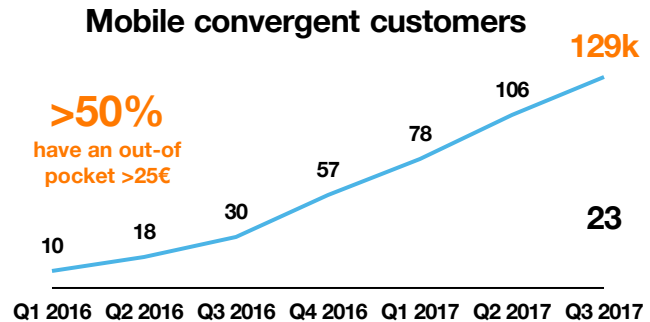
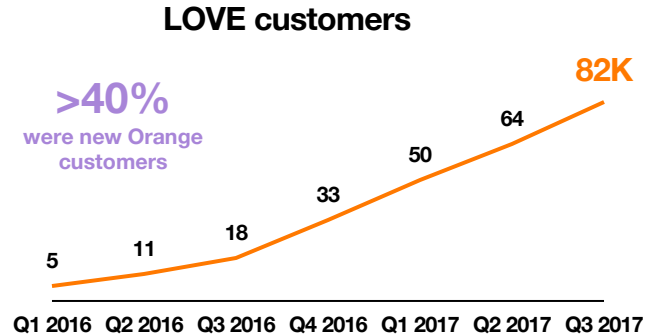
+15.5 avg

Acceleration thanks to :

- Easy Switch
- Double mobile data offer
- Improved product offering
- LOVE offer increases brand awareness

Orange Belgium's convergent model drives mobile cross-selling

Increased share of mobile convergent customers in total postpaid base



Easy Switch makes it easier for consumers to switch fixed operator

Progressively more consumers will make use of it

proximus



TV VLAANDEREN

Easy Switch enables :

- No service interruption
- No double billing
- Orange supports the whole termination process

Close to 1 out of 7 customers used Easy Switch in September

Love

Choose your product

Colibri

Dauphin

Koala

Panthere

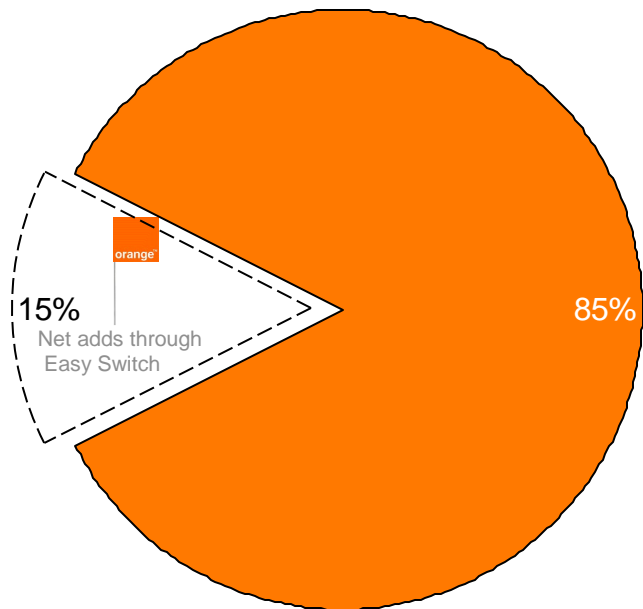
Aigle

Aigle Premium

Fill your data



Orange will do the rest

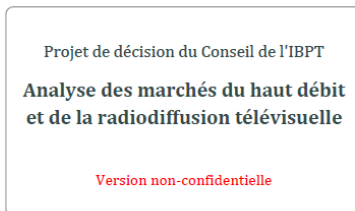


Orange Belgium welcomes the regulator's intention to stimulate competition in the fixed market and the move to a cost-plus approach

The wholesale access fee level should significantly decrease and the implementation should be as soon as possible in customers' interest



Institut Belge des services Postaux et Télécommunications



Mode de réponse à la présente consultation :

Délai de réponse : jusqu'au 15 septembre 2017
Adresse de réponse : consultation_ag@ibpt.be
Objet : CONSULT-2015-07
Personne de contact : Vincent Hanché, économiste principal (02 226 87 70)

Les réponses sont attendues par voie électronique à l'adresse ci-dessus.
Merci d'utiliser comme page de garde pour votre réponse le formulaire spécifique disponible à l'adresse suivante : http://www.ibpt.be/fr/operateurs/telecom/marches/formulaire_de_couverture_ajoutee_a_la_reponse_a_une_consultation_publice_ou_pensee_par_ibpt
Les réponses doivent indiquer clairement ce qui est confidentiel.
L'IBPT souhaite également que les commentaires renvoient aux paragraphes et/ou sections auxquels ils se rapportent.

Institut belge des services postaux et des télécommunications
Maison Royale - Boulevard du Roi Albert II - 1200 Bruxelles
Tel. 02 226 88 88 Fax 02 226 88 77 <http://www.ibpt.be>

Third party network access: *“The BIPT has identified high entry barriers, a high concentration level of the different markets and the evolutions of prices detrimental to users”. “The BIPT concludes that without regulation the retail markets situation would be unsatisfactory for users.” “BIPT consequently considers that the development of effective and sustainable competition requires that third operators should have access to the networks of Proximus and of the cable operators.”*

Fair tariffs: *“By fair, the BIPT means a price which may exceed the costs while keeping a link with costs. In other words, there can be a reasonable margin between the cost of the product and the wholesale price.”*

Broadband: *“New obligations concern broadband access sold separately from broadcasting access, and the access to the Europacketcable (a protocol used to provide telephony services).”*

Fibre: *“According to the BIPT, it is necessary to also open the fibre network that Proximus has started to roll out to competition, insofar as this network is destined to eventually replace the copper network of Proximus, which has significant market power.”*

Orange Belgium's key growth drivers

1

Convergence



2

**Mobile data
monetization**



3

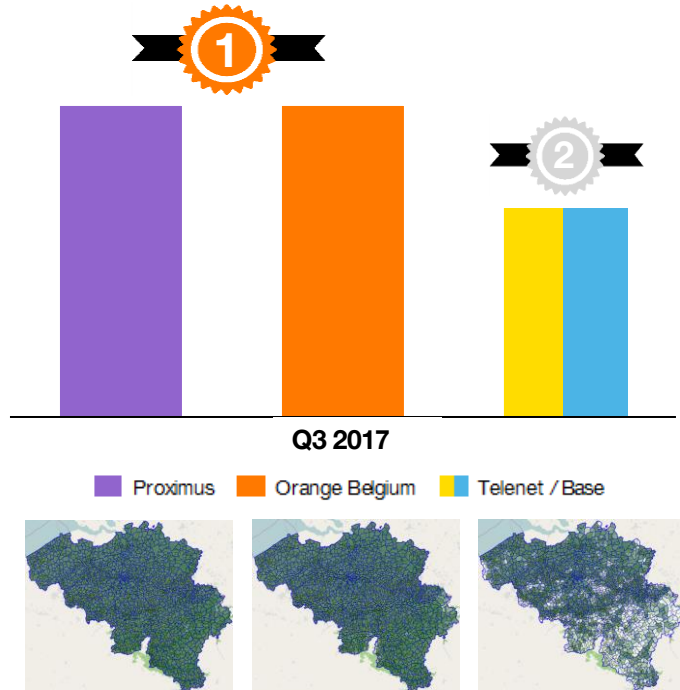
**Customer
experience**



3 mobile operators covering the Belgium market

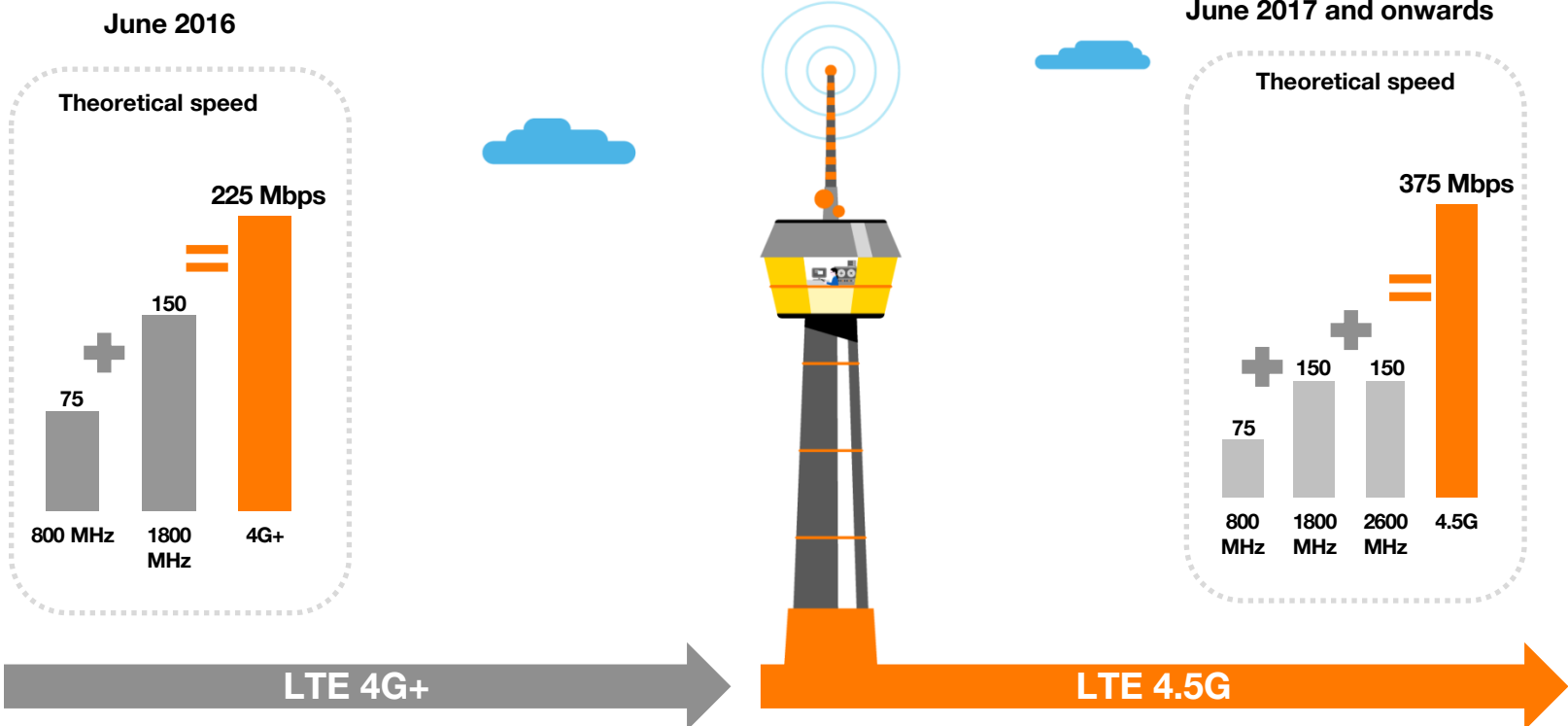
But 2 different kinds of networks

Territory 4G coverage rate



Orange Belgium strengthens its leading position as network operator

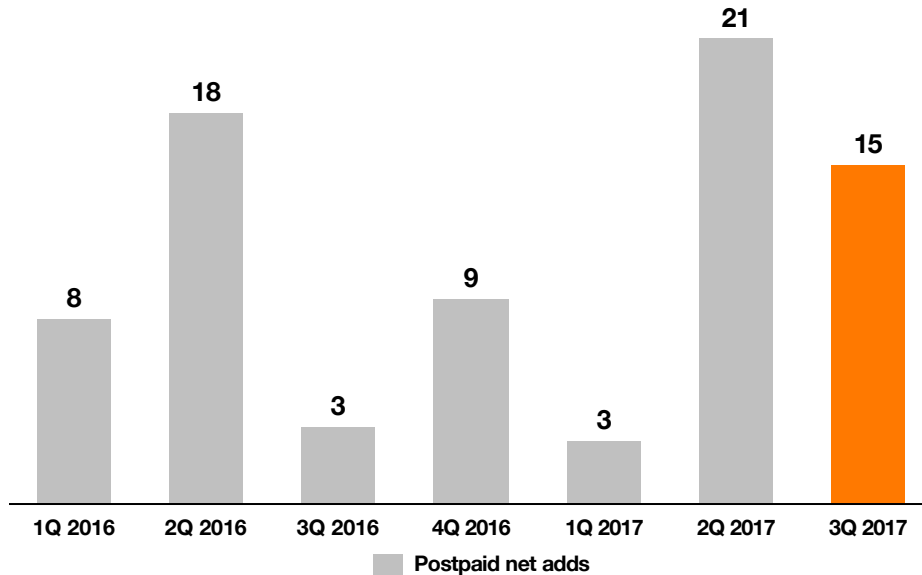
30 sites equipped with 4.5G technology adding capacity and speed



Sustained postpaid growth since the beginning of 2015

Combined with ARPU growth and lower acquisition & retention costs

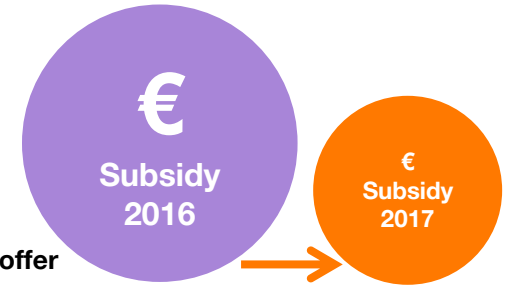
Quarterly postpaid net adds in Belgium ('k)



In spite of a significant reduction in the number of subsidized offers

Thanks to:

- + Strong postpaid offers
- + Smartphone instalment offer
- + Pre- to postpaid migration
- + Convergent uptake
- + Improved Churn management

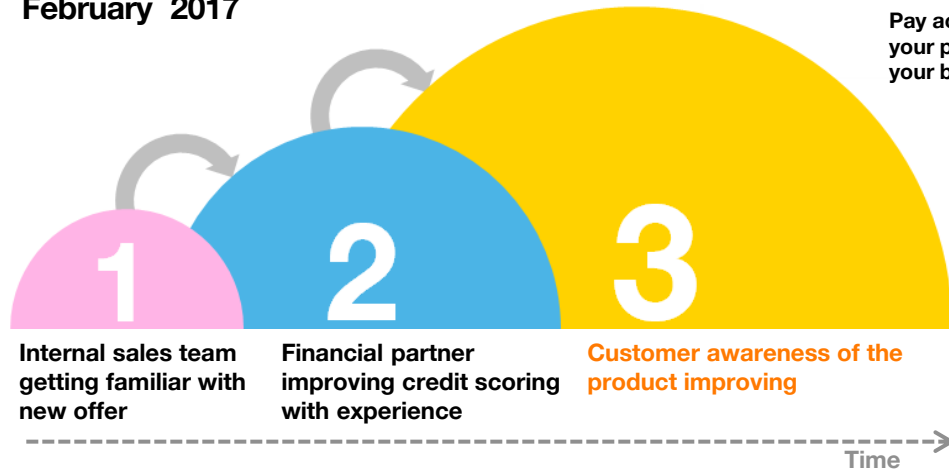


Interest in smartphone instalment offer is progressively growing

A smart way to address customers' needs while reducing acquisition and retention costs

Smartphone instalment offer

Launch date:
February 2017



Pay a small deposit and take your smartphone home today

Pay according to your pace : keep your budget

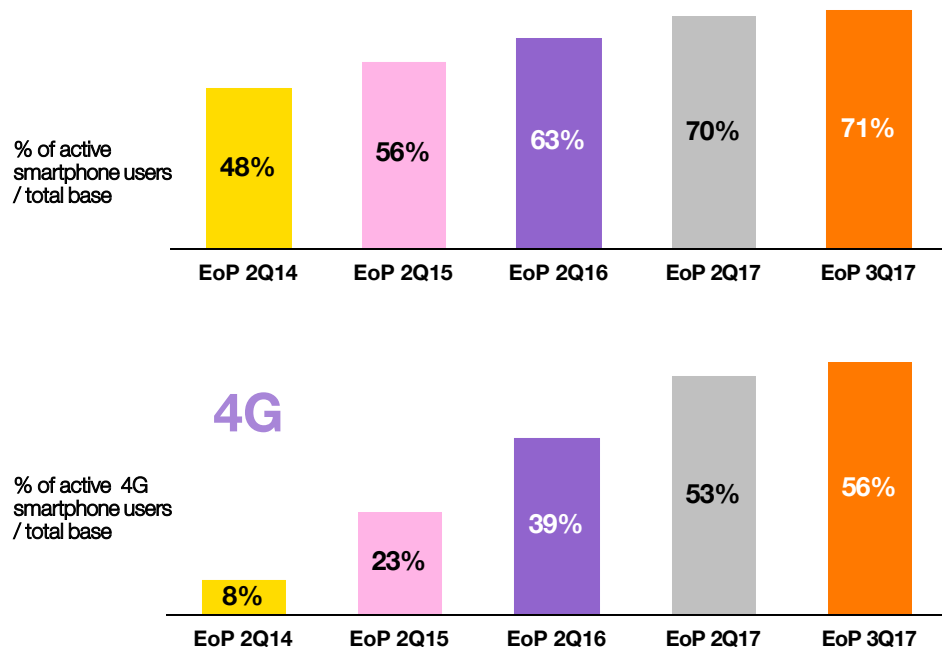


New iPhone 8 launched with instalment offer end of September 2017

4G smartphone penetration increased to 56 % of total customer base

4G+ devices are ramping up as well, reaching 24 % at the end of 3Q17

Orange Belgium's active smartphone penetration



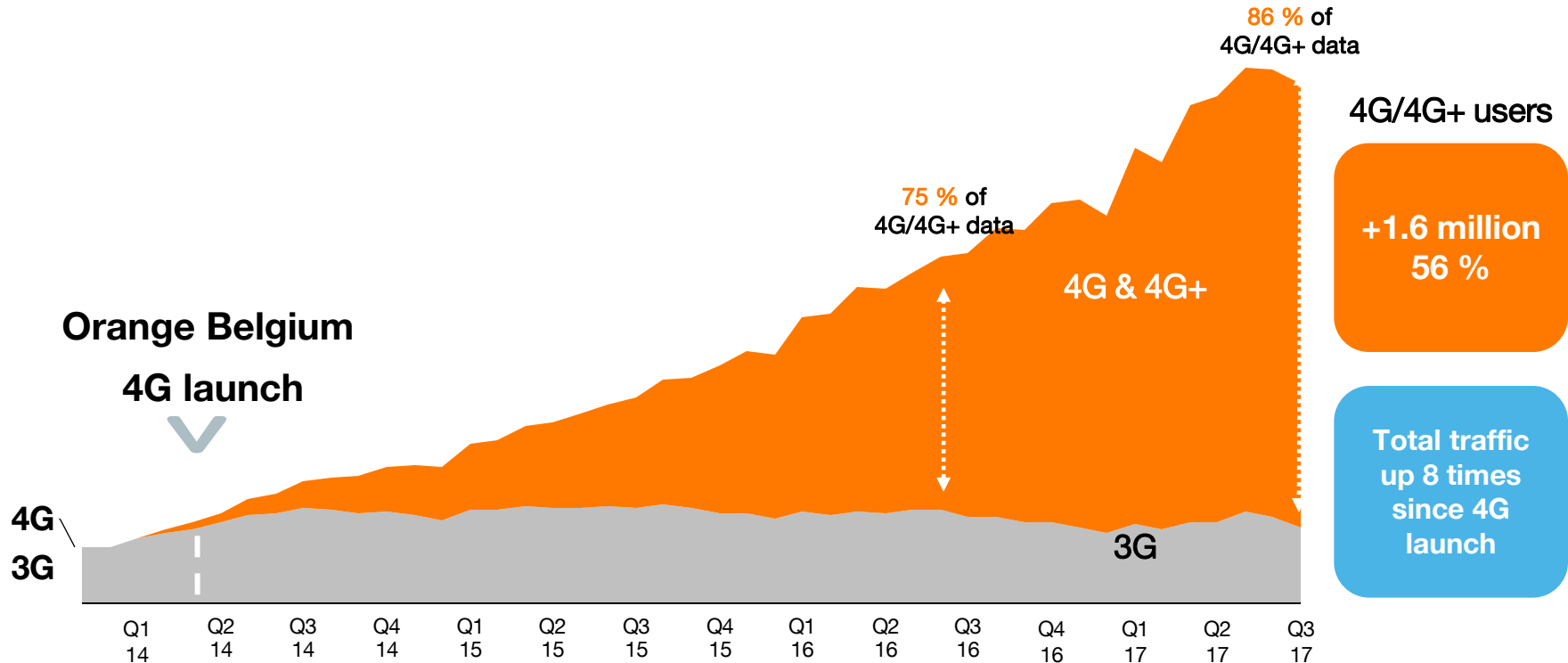
Smartphone penetration averages and forecasts

Region	2016	2021
North America	81 %	99 %
Western Europe	69 %	92 %
Central and Eastern Europe	57 %	92 %
Asia Pacific	46 %	81 %
Latin America	44 %	80 %
Middle East and Africa	19 %	71 %

Source: Cisco VNI Mobile, 2017

Total data traffic increased by 49 % year on year in September 2017

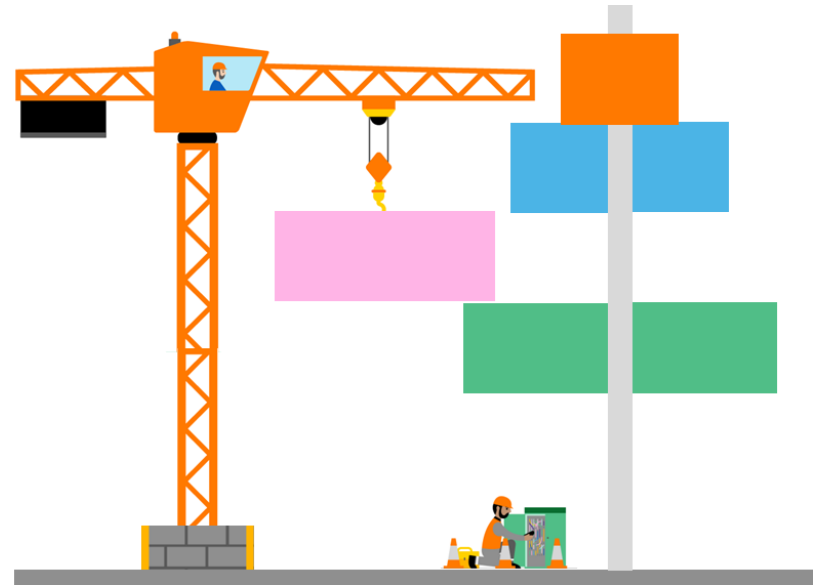
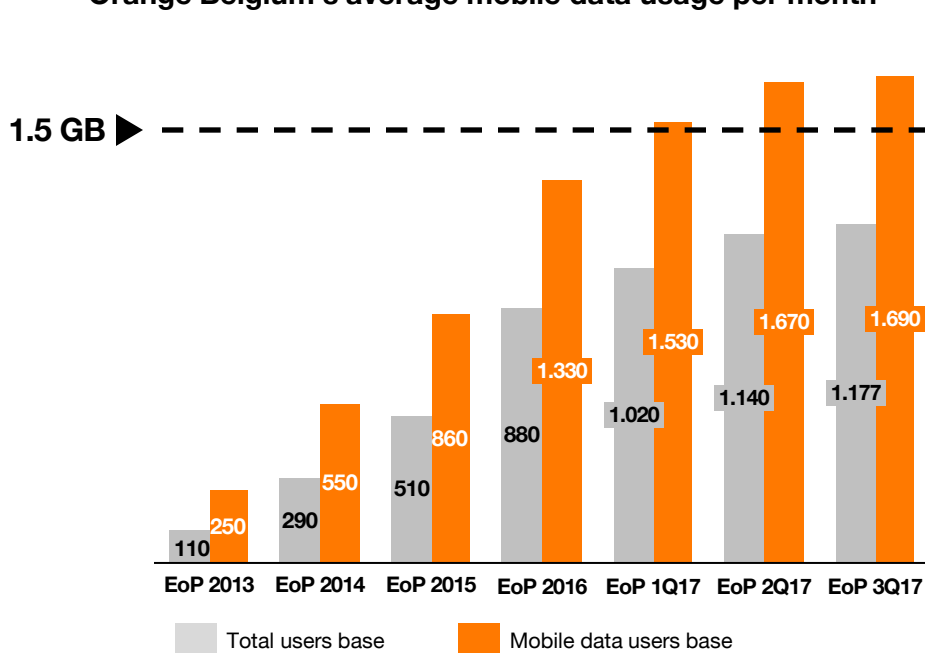
86 % of total data consumption is 4G/4G+ traffic



Mobile data usage continues to grow linearly

As customers fully embrace the benefits in their daily lives and work

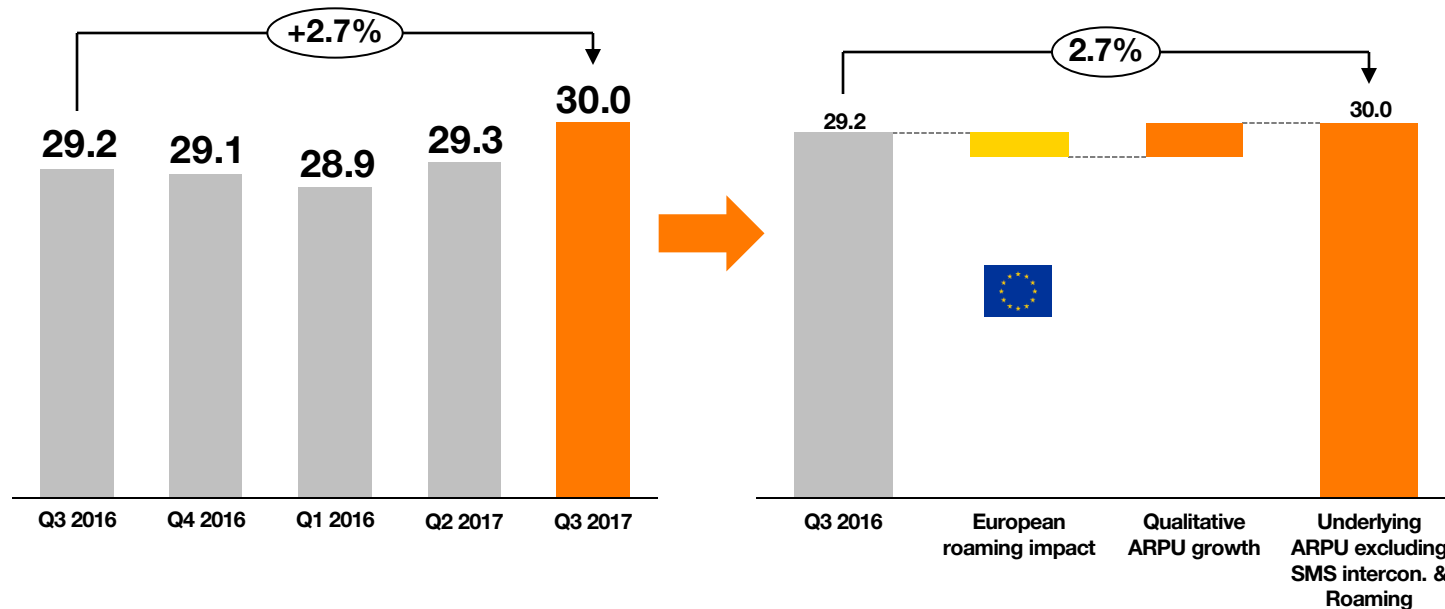
Orange Belgium's average mobile data usage per month



Qualitative ARPU growth leading to sustainable revenue growth

Ability to monetize mobile data confirmed

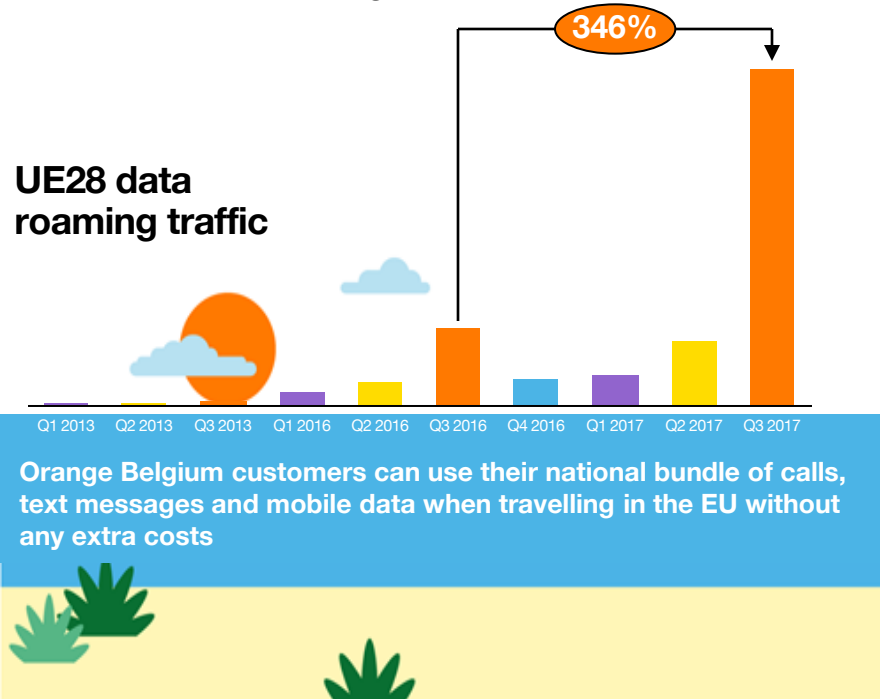
Postpaid ARPU increased YoY in Q3 2017



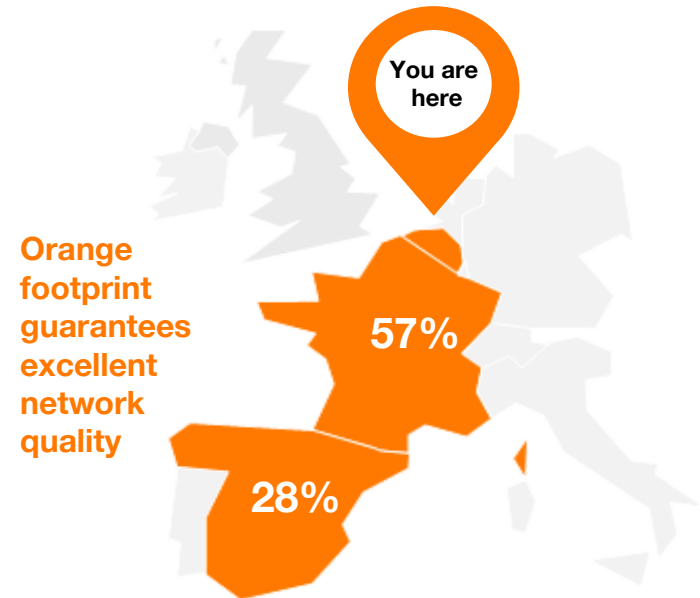
EU data and voice roaming increased 4.5x and 1.4x in 3Q17

Worry-free use of mobile data and voice when travelling in the EU

RLAH is evolving roaming from a high price, low volume business to a low price, high volume business



Belgians' most favorite travel destinations



Orange Belgium's key growth drivers

1

Convergence



2

**Mobile data
monetization**



3

**Customer
experience**



Orange Belgium's client oriented focus rewarded by its customers

This encourages the company to keep on strengthening its approach



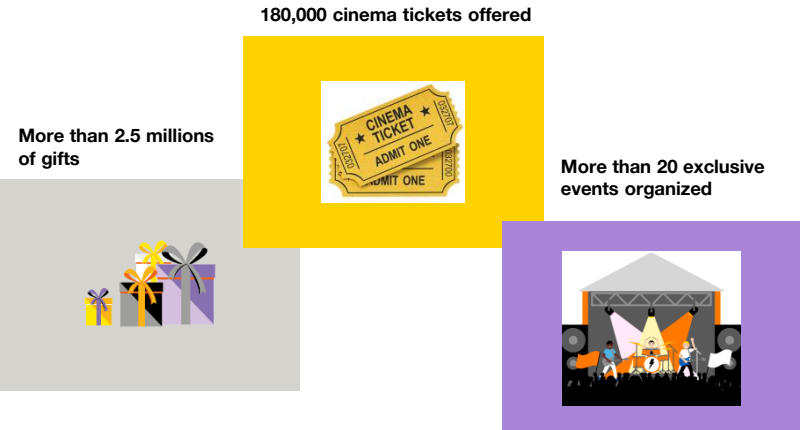
Orange Belgium's #1 in shop experience

Orange **loyalty** is also recognized by its customers

N°1 in postpaid for NPS "My operator rewards my loyalty"



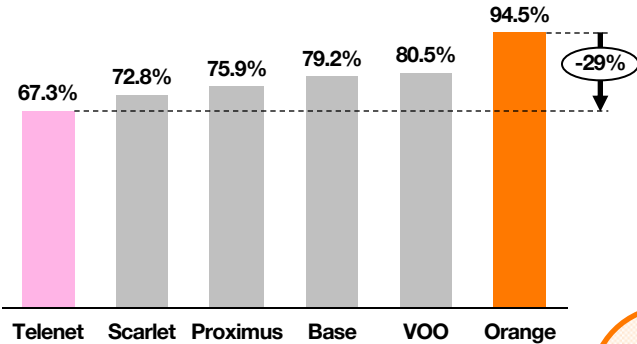
To what extent would you recommend this STORE to a friend / family member / acquaintance?



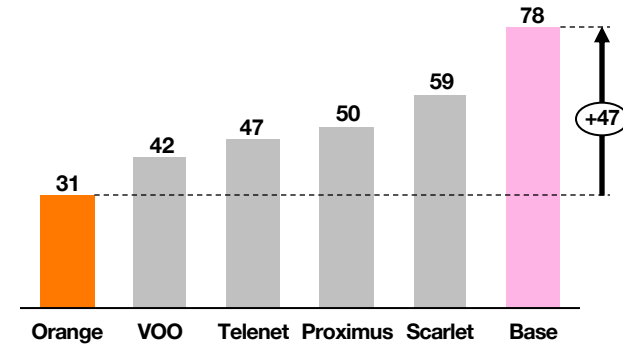
BIPT validates Orange Belgium's position as a customer oriented operator

Ranks Orange Belgium ahead of its competitors

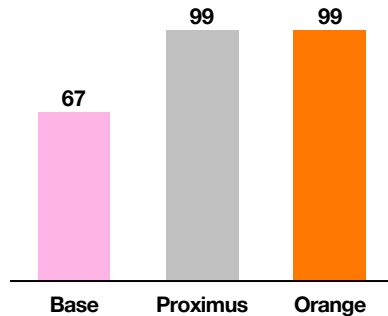
Rate of problems solved at first contact - All services



Customer service response time - Average helpdesk response time

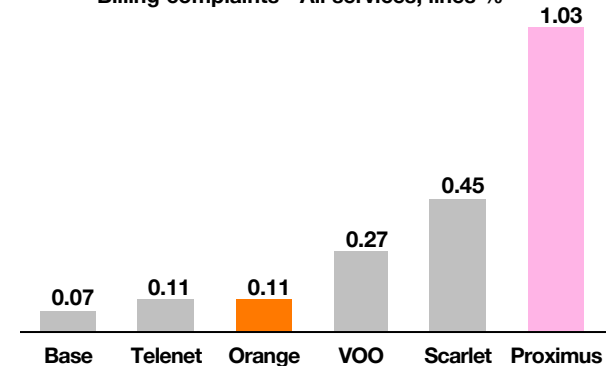


Coverage rate of 4G networks - Territory %



- Problems directly solved by telephone in > 94% of the cases. Orange Belgium ranked #1, well above competitors (> 15% difference).
- 31s average waiting time to enter in contact with Customer Care : 12 seconds better than the previous BIPT assessment.
- Barely 0.11% of calls received related to invoicing issues.
- Superior 3G and 4G quality : Orange Belgium ranks #1 ex-aequo with Proximus for network coverage.

Billing complaints - All services, lines %



Orange Belgium digital transformation

6 digital markers to shape Orange Belgium digital DNA



Easy Convergence

Use digital tools to minimize the subscription effort for a convergent offer



Communities

Community based services and engagement



Mobile first

B2C/B2B SMA: Mobile device is first for interaction on Care / Sale upgrade. B2B Mid/high: End-users are given more autonomy through the App by profile management

Orange Belgium Digital Vision

6 digital markers to shape OBEs digital promise



"Me, Anywhere, Anytime"

360° Customer information is available through any Channel
Seamless Omnichannel Experience



Personalized Offers

Analytics on Customer information used to send targeted offers i.e. past purchases, website



Real-Time Digital Life

Real-Time Activation of Services
Real-Time view on all Usages
(accurate details Voice, Data, Content)

Section two

Financial results overview



Arnaud Castille
Orange Belgium, CFO

Total service revenues

€ 835.4m

+2.4%

Year-on-year

Capex

€ 79.2m

-8.7%

Year-on-year

(Core Capex)

Adjusted EBITDA

€ 240.3m

+1.3%

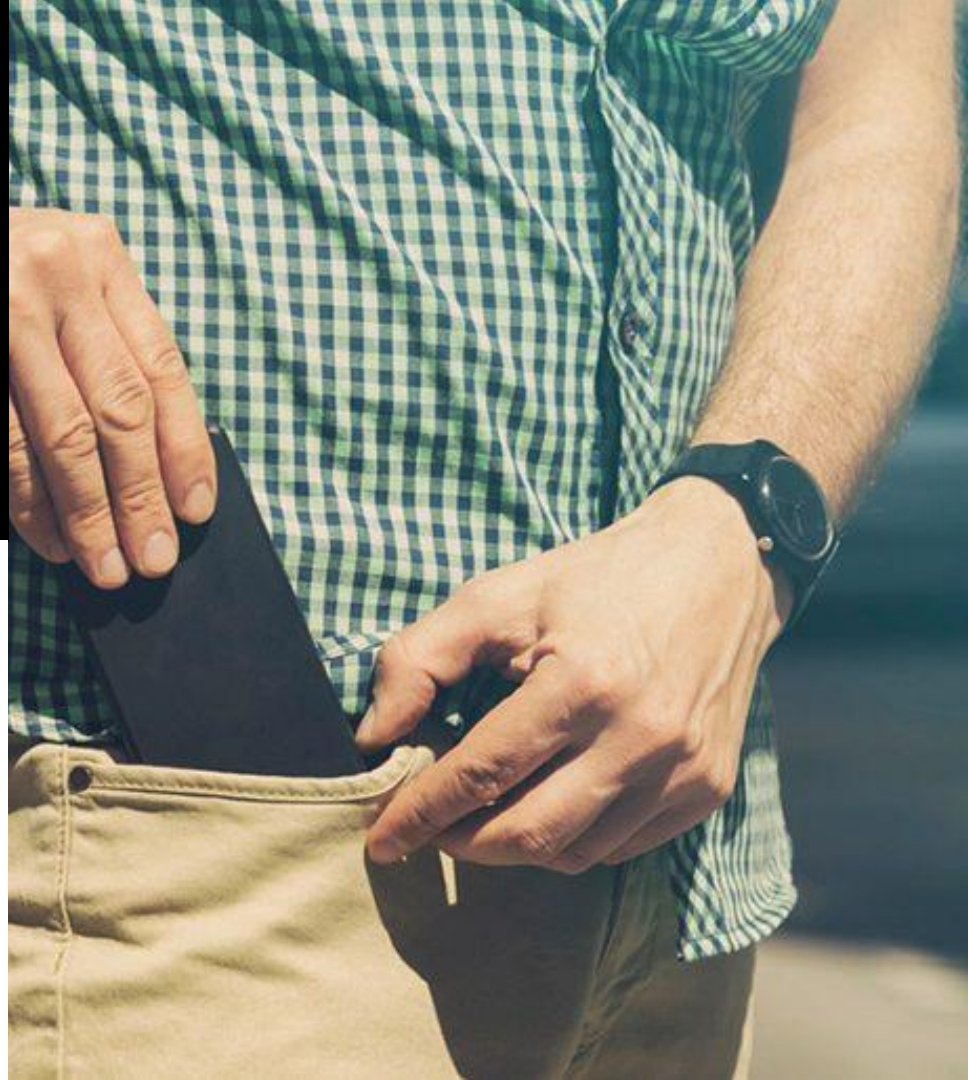
Year-on-year

Net debt

€ 288.3m

-8.5%

Year-on-year



Total service revenues growth of 2.4% (+6.1% yoy excl. EU roaming)

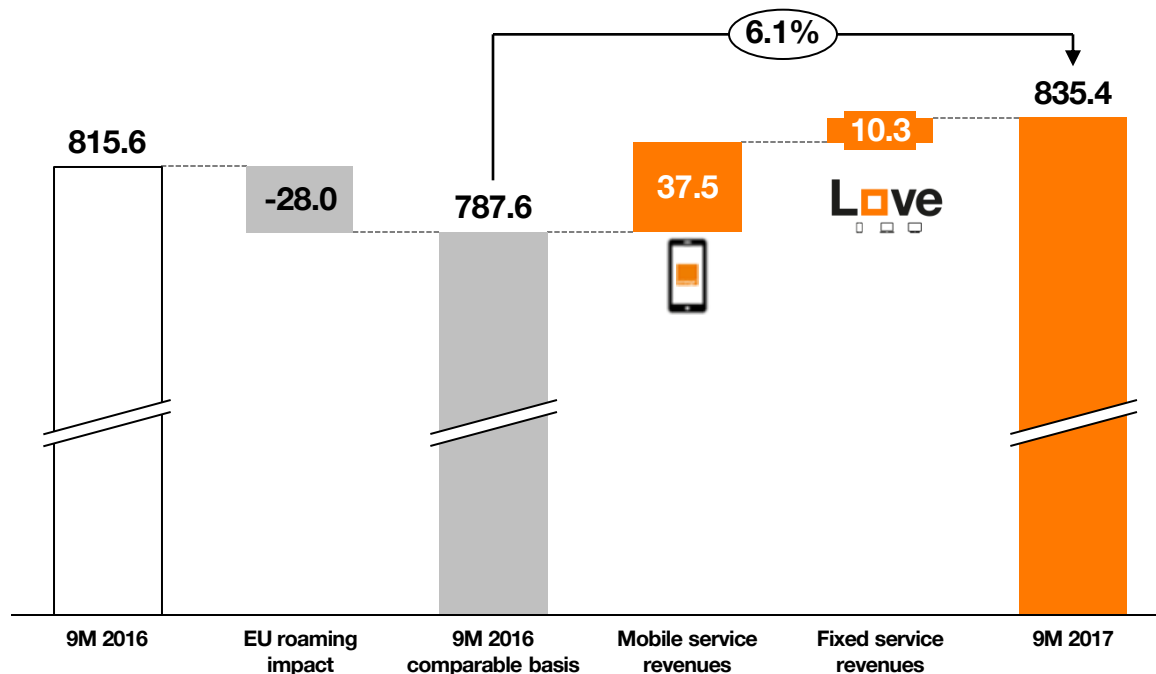
Driven by both mobile and fixed service revenues growth

9M 2017
Service revenues

€835.4m

+2.4% (yoy)

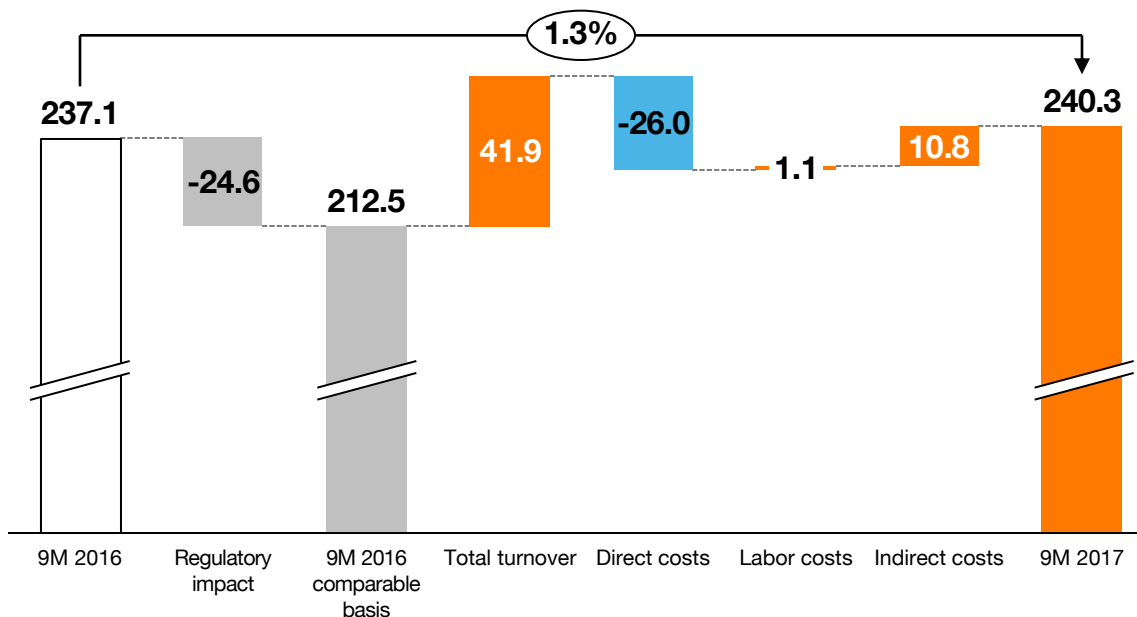
+€19.7m (yoy)



9M 2017 adjusted EBITDA growth of 1.3 %

Solid adjusted EBITDA despite EU roaming and negative cable EBITDA

In million euros



9M 2017
Adjusted EBITDA

€240.3m

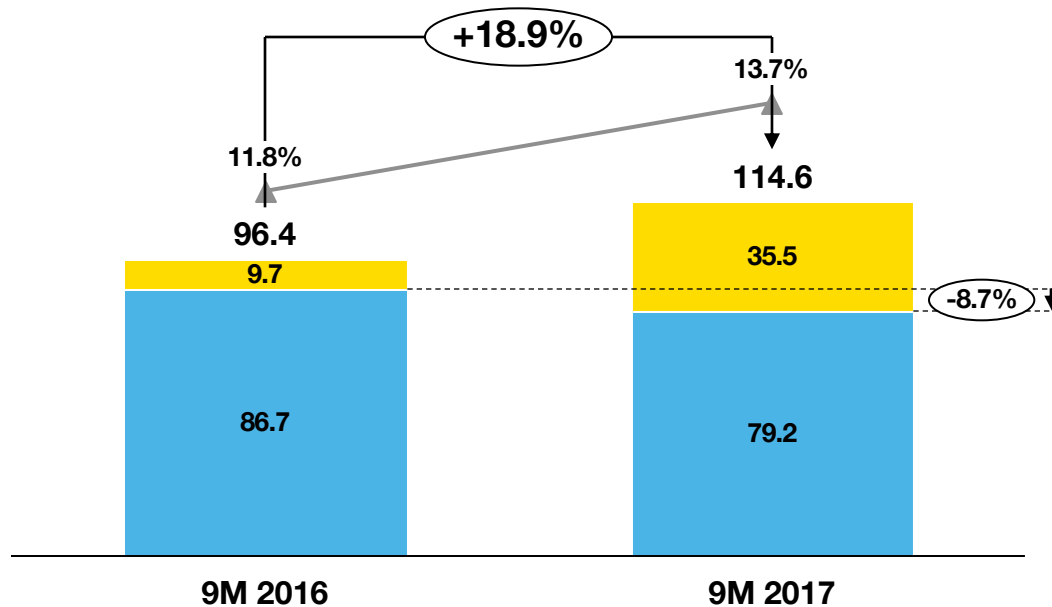
28.8% of Total
service rev.

+1.3% (yoy)

+€3.1m (yoy)

Total capex increased by 18.9 % yoy, linked to uptake of cable capex

Network investment normalization after accelerated 4G roll-out

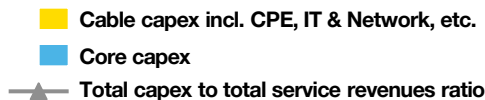


9M 2017
Capex

€114.6m

13.7% of Total
service revenues

- Total capex : +18.9% (yoy)
- Core capex: -8.7% (yoy)



Net financial debt: Solid EBITDA , working capital management and mobile capex normalization result in strong cash flow generation

Leverage: 2.1x

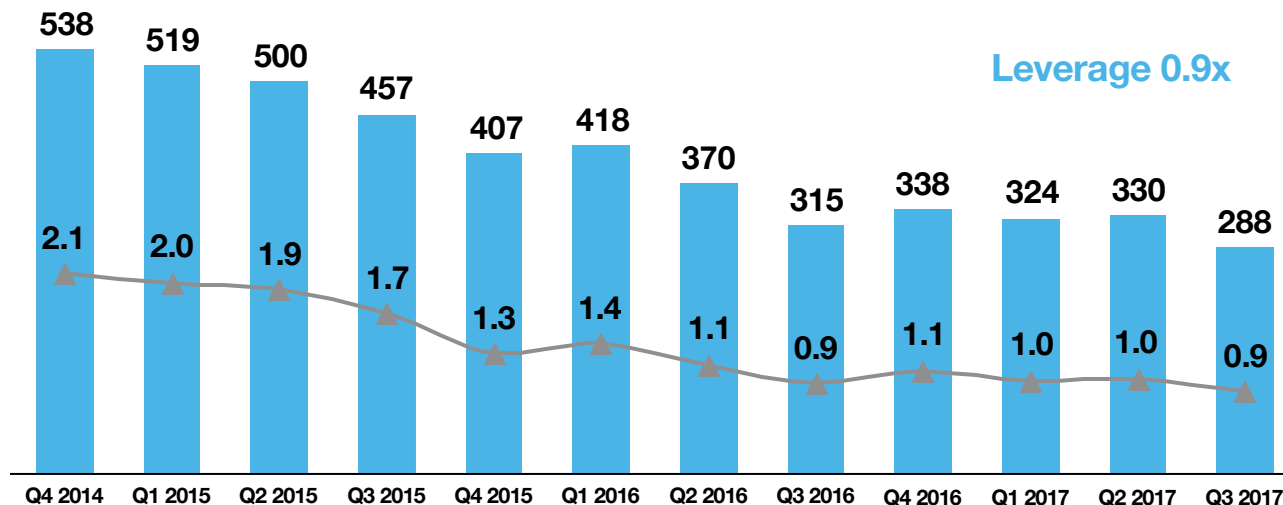
(in million euros)

9M 2017
Net financial debt

€288.3m

-8.5% (yoy)

- €26.9m (yoy)



■ Net financial debt

▲ Net financial debt/EBITDA ratio

Orange Belgium key financials

Solid financials with growing customer base and despite roaming impact

in €m	9M 2017	9M 2016	Var. (%)	Insight
Total service revenues	835.4	815.6	2.4%	<ul style="list-style-type: none"> Service revenues growth in spite of €28.0m roaming impact (+6.1% underlying growth)
Total turnover	933.7	919.8	1.5%	<ul style="list-style-type: none"> Reflecting service revenues growth but slightly lower mobile equipment revenues and less other revenues
Direct costs	-404.7	-382.0	5.9%	<ul style="list-style-type: none"> Increase in direct cost mainly due to cable uptake. Less gross subsidy costs and less SMS traffic.
Labor costs	-97.4	-98.5	-1.1%	<ul style="list-style-type: none"> Redeploying resources from legacy to growth
Indirect costs	-191.3	-202.2	-5.4%	<ul style="list-style-type: none"> Cable costs are partially offset by efficiency program
Adjusted EBITDA <i>(in % of service revenues)</i>	240.3 28.8%	237.1 29.1%	1.3%	<ul style="list-style-type: none"> Positively impacted by higher revenues
Reported EBITDA <i>(in % of service revenues)</i>	252.0 30.2%	237.2 29.1%	6.3%	<ul style="list-style-type: none"> Positively impacted by a change in provision as a result of the mutual termination of a long-term partner contract.
CAPEX <i>(in % of service revenues)</i>	114.6 13.7%	96.4 11.8%	18.9%	<ul style="list-style-type: none"> Cable volume related
Operational Cash Flow (EBITDA - CAPEX)	137.4	140.8	-2.4%	<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 2017	9M 2016	Var. (%)	Insight
Reported EBITDA	252.0	237.2	6.3%	
Net income	50.2	47.9	4.7%	
Earning per share	0.84	0.80	4.7%	
Net financial debt	288.3	315.2	-8.5%	Thanks to solid operational cash flow impacted by higher Capex and the payment of the 2015 income tax.
Net financial debt/Reported EBITDA	0.9	0.9		

Section three

2017 guidance

2017 financial guidance and outlook reiterated

Investing in future growth while protecting EBITDA margin

in million euros	Q1 2017	Q2 2017	H1 2017	Q3 2017	9M 2017	2017 guidance
Total service revenues	+0.6 %	+4.3 %	+2.4 %	+2.4 %	+2.4 %	To grow vs. 2016
Adjusted EBITDA	72.2	85.0	157.2	83.1	240.3	Between 290-310M€
Core capex excl. cable	20.7	30.5	51.2	27.9	79.2	Stable vs. 2016

Outlook

- ❑ Further increase of the level of brand awareness
- ❑ Growing postpaid and convergent customer base with a clear focus on value management
- ❑ Further development of data usage / monetization of 4G investment
- ❑ Gross EU roaming impact of 36.4M€ on revenues and of 31.9M€ on adjusted EBITDA
- ❑ Capex outlook includes the additional investments foreseen in the framework of the Walloon settlement agreement. Cable capex is success related.

Section four

Q&A

Appendix 1

Key financial figures

		Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
ORANGE BELGIUM GROUP – Key financial figures								
Total service revenues	in mio EUR	281.8	279.5	274.0	277.7	275.3	267.9	272.4
Mobile service revenues	in mio EUR	259.2	258.9	253.4	258.5	257.6	250.1	254.3
Fixed service revenues	in mio EUR	22.6	20.6	20.7	19.2	17.7	17.8	18.1
Adjusted EBITDA	in mio EUR	83.1	85.0	72.2	78.5	92.2	91.1	53.8
% of service revenues		29.5 %	30.4 %	26.3 %	28.3 %	33.5 %	34.0 %	19.8 %
Reported EBITDA	in mio EUR	94.4	85.7	71.9	79.9	91.7	91.7	53.7
% of service revenues		33.5 %	30.7 %	26.2 %	28.8 %	33.3 %	34.2 %	19.7 %
CAPEX	in mio EUR	37.4	45.0	32.2	71.3	34.2	37.8	24.3
% of service revenues		13.3 %	16.1 %	11.7 %	25.7 %	12.4 %	14.1 %	8.9 %
Operating cash flow	in mio EUR	56.9	40.7	39.8	8.6	57.5	53.9	29.4
% of service revenues		20.2 %	14.6 %	14.5 %	3.1 %	20.9 %	20.1 %	10.8 %
Net financial debt	in mio EUR	288.3	329.7	323.7	338.0	315.2	369.9	418.1
Net financial debt / Reported EBITDA		0.9	1.0	1.0	1.1	0.9	1.1	1.4

Appendix 2

Orange Belgium's figures

		Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
ORANGE BELGIUM								
Mobile services								
Mobile retail customers (excl. MVNO)	in thousand	3,789.8	3,779.0	3,759.1	3,796.5	3,770.5	3,779.7	3 766.6
Mobile customers (excl. M2M)	in thousand	2,894.6	2,920.3	2,927.1	2,970.8	2,991.8	3,023.4	3 029.7
Postpaid	in thousand	2,287.1	2,271.7	2,250.5	2,247.6	2,238.3	2,234.8	2 217.0
Prepaid	in thousand	607.5	648.7	676.6	723.1	753.5	788.6	812.7
Mobile blended ARPU, three months average (incl. visitor roaming)	in EUR/month	25.9	25.4	24.5	24.8	24.7	24.5	24.0
Postpaid ARPU, three months average (incl. visitor roaming)	in EUR/month	30.0	29.3	28.9	29.1	29.2	29.0	28.6
Prepaid ARPU, three months average	in EUR/month	11.4	11.3	11.1	11.8	11.7	12.0	11.7
IoT/M2M SIM cards	in thousand	895.2	858.6	832.0	825.7	778.7	756.4	737.0
MVNO customers	in thousand	1,066.7	1,930.4	1,996.7	2,040.7	1,990.0	1,907.3	1 816.6
Fixed services								
Fixed broadband internet and TV customers	in thousand	93.6	77.8	66.3	50.3	34.2	28.0	25.9
Of which cable	in thousand	81.8	64.3	49.8	33.4	17.6	10.5	5.3
Fixed telephone lines	in thousand	142.1	150.7	157.0	157.9	158.5	164.7	169.9

Appendix 3

Orange Luxembourg's figures

		Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
ORANGE LUXEMBOURG								
Mobile services								
Mobile retail customers (excl. MVNO)	in thousand	181.4	178.3	164.9	159.3	154.5	148.1	142.4
Mobile customers (excl. M2M)	in thousand	112.4	109.7	106.0	105.4	104.1	102.7	102.1
Postpaid	in thousand	101.9	99.9	98.0	97.3	96.6	95.2	94.1
Prepaid	in thousand	10.5	9.8	8.0	8.0	7.5	7.5	8.0
Mobile blended ARPU, three months average (incl. visitor roaming)	in EUR/month	36.1	35.2	33.3	35.1	34.9	35.8	35.2
IoT/M2M SIM cards	in thousand	69.0	68.6	58.9	53.9	50.4	45.4	40.3
MVNO customers	in thousand	2.2	2.2	2.2	2.2	2.1	2.1	2.1
Fixed services								
Fixed broadband internet and TV customers	in thousand	9.9	9.9	10.0	9.6	9.1	8.6	8.0
Fixed telephone lines	in thousand	0.5	0.6	0.7	0.7	0.9	0.9	1.1

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