

Orange Belgium Financial results FY 2016

Analysts and Investors presentation

09 February 2017



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**

Total service revenues

€ 1 093m

+0.7%

Year-on-year

Capex

€ 168m

-13.2%

Year-on-year

Adjusted EBITDA

€ 315.7m

(€ 300.2m excl. Walloon pylon tax)

+14.4%

(+1.1% excl. Walloon pylon tax)

Year-on-year



Orange Belgium reached the high end of its 2016 financial target

1) **Adj. EBITDA:** € 280-300m



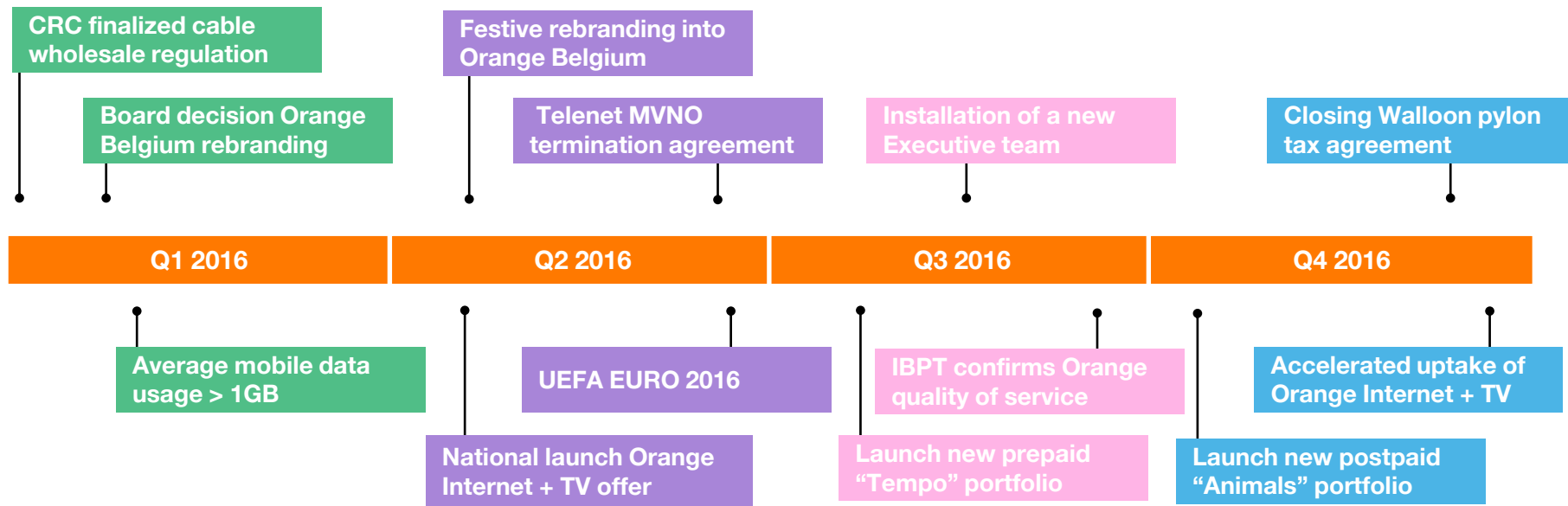
- **Excl. Walloon pylon tax:** € 300.2m

2) **Mobile capex:** around € 145m

- **2016 mobile capex:** € 148.8m



2016 key events



Orange Belgium's key growth drivers starting to pay off

1

**Fixed convergence
opportunity**

2

**Mobile data
monetization**

3

**Customer
experience**

33.4 K

Orange Internet + TV customers

+15.8 K in Q4 2016

More than double of previous quarter

~30 %

Orange Internet + TV customers

New Orange Belgium customers

56.7 K

Associated Postpaid SIM cards

1.7 x

Average contracts per convergent household

Customer experience

Installation



Broadband



TV



Content

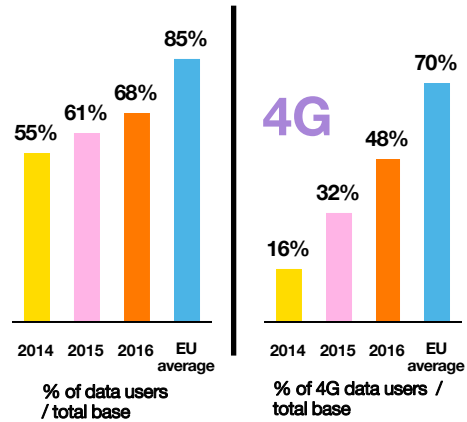


Orange Internet + TV

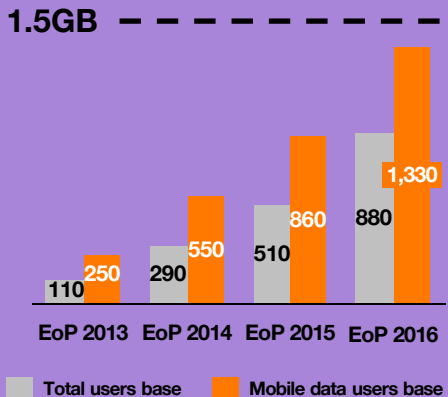


“Orange Belgium is demonstrating its ability to become a full convergent player”

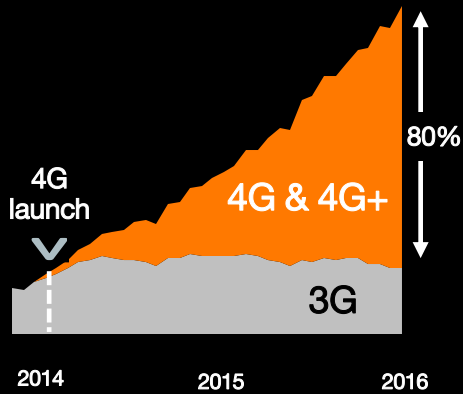
Active mobile data user penetration



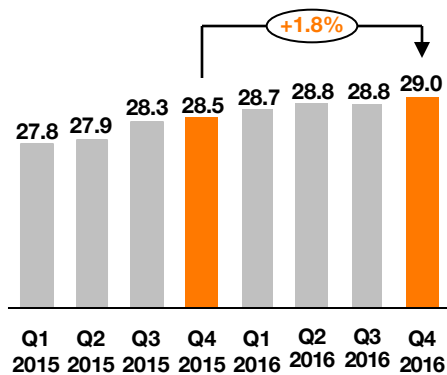
Average usage per subscriber



4G data volume growth since launch



Postpaid ARPU increased



Mobile

+ 39 K
postpaid
net adds
in 2016

+ 456K
4G
postpaid
net adds
in 2016

“Orange Belgium continued to succeed in monetizing mobile data leveraging its leading 4G network”

After only 6 months Orange brand is recognized by the market in Belgium

Increasing awareness will provide opportunities in fixed and mobile



Corporate Brand

3 out of **5**

customer
spontaneously aware
of Orange



3 out of **5**

customer
spontaneously aware of
mobile offer



1 out of **3**

customer
spontaneously aware of
the Orange fixed offer

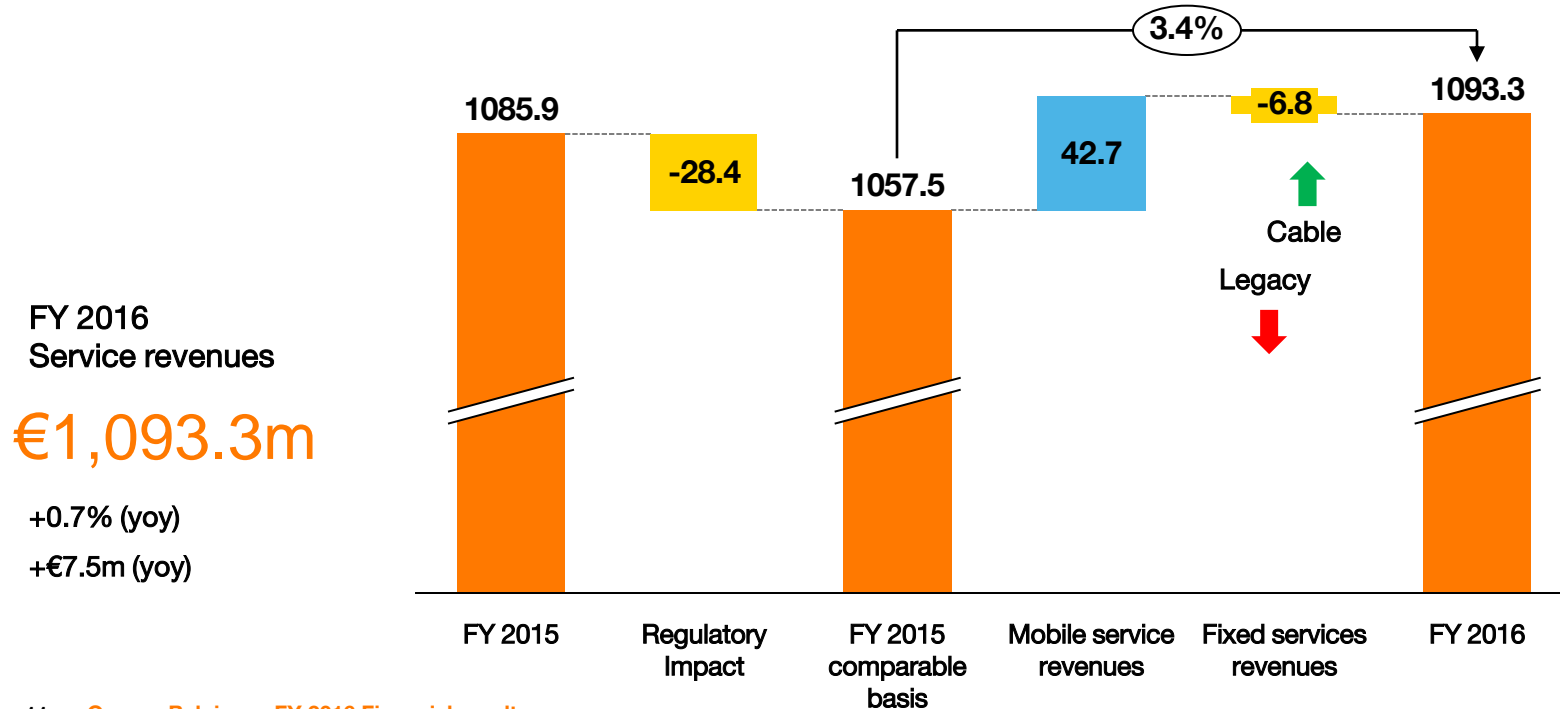
Section two

Financial results overview



Arnaud Castille
Orange Belgium, CFO

Total service revenues +0.7% (+3.4% excluding EU roaming impact)
Driven by solid mobile service revenues growth, reaching its highest level since 2014, and a return to fixed service revenues growth in 4Q16



Pylon tax agreement puts an end to a period of uncertainty

The agreement had a positive adj. EBITDA impact of € 15.5m in 4Q16



Joint Press Release
Brussels, 23 December 2016

Walloon government and mobile operators seal agreement for an even more connected Wallonia

The Walloon government and mobile operators have announced that they have reached an agreement in principle on the issue of taxing mobile infrastructures, paving the way for an ambitious collaboration on the digital Wallonia of tomorrow.

In the framework of the digital strategy for Wallonia, "Digital Wallonia", Jean-Claude Marcourt, Vice-Minister-President and Minister of Economy and Foreign Commerce of the Walloon Government, confirms his willingness to make Wallonia a "Giga Region": "An ambitious policy for deploying super-fast mobile needs to be accompanied by measures designed to encourage operators to invest in their networks throughout the territory". And he adds, "We are creating, together with all the stakeholders of the sector, favorable conditions for the rapid development of high-speed connectivity for the benefit of the Region's economy. New opportunities will be offered to all companies and the population".

This agreement states that the Walloon Region undertakes to no longer levy any taxes on telecom infrastructure and to implement a legislative, regulatory and administrative framework designed to facilitate the deployment of this infrastructure. As well, the parties have agreed on how to settle the still unresolved dispute to the amount of 45 million euro for all operators. Minister for the Budget Christophe Lacroix adds that "We are creating a predictability that is favorable to all stakeholders, while guaranteeing operators a suitable legal framework and a fiscal framework conducive to investment".

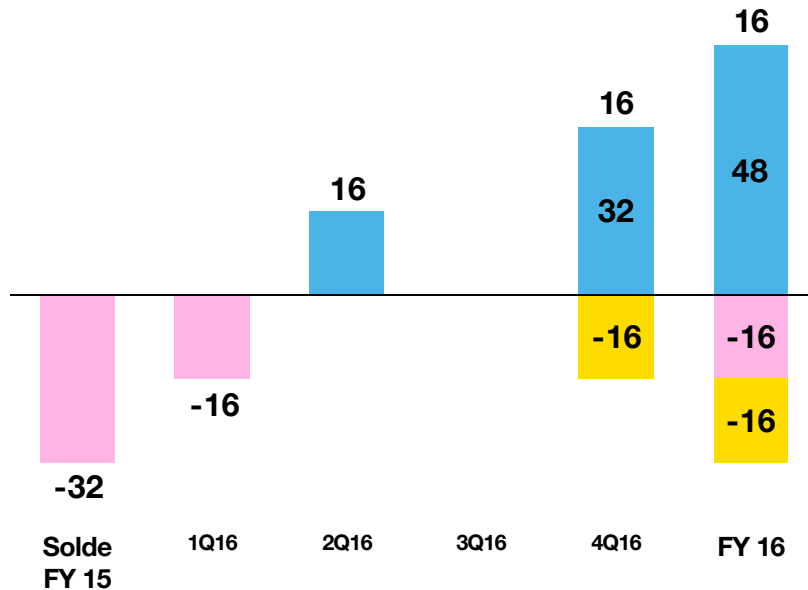
Lastly, the Region will emphasize to the municipalities and provinces the benefit, for all parties, with a view to optimal development of connectivity in the territories, of not taxing mobile infrastructure in the future, a point still being disputed on principle by telecom operators.

Meanwhile, mobile operators have agreed to invest a total of 60 million euro over the next three years on top of the investment already planned as part of their Walloon region investment plans for this period.

The goal of this additional investment is to reinforce the super-fast coverage of residential areas that have a certain shortfall, as well as in areas with a particular advantage or specific needs (areas of economic, industrial and commercial activity).

"This agreement puts an end to a period of uncertainty for Wallonia", claims Paul Furlan, Minister of Local Government and City Policy, who explains that, "these new bases are also aimed at encouraging local authorities to promote investments and connectivity in their area".

"This is a balanced agreement that gives the region every chance of achieving its digital strategy while also allowing for open collaboration with the government in the interests of



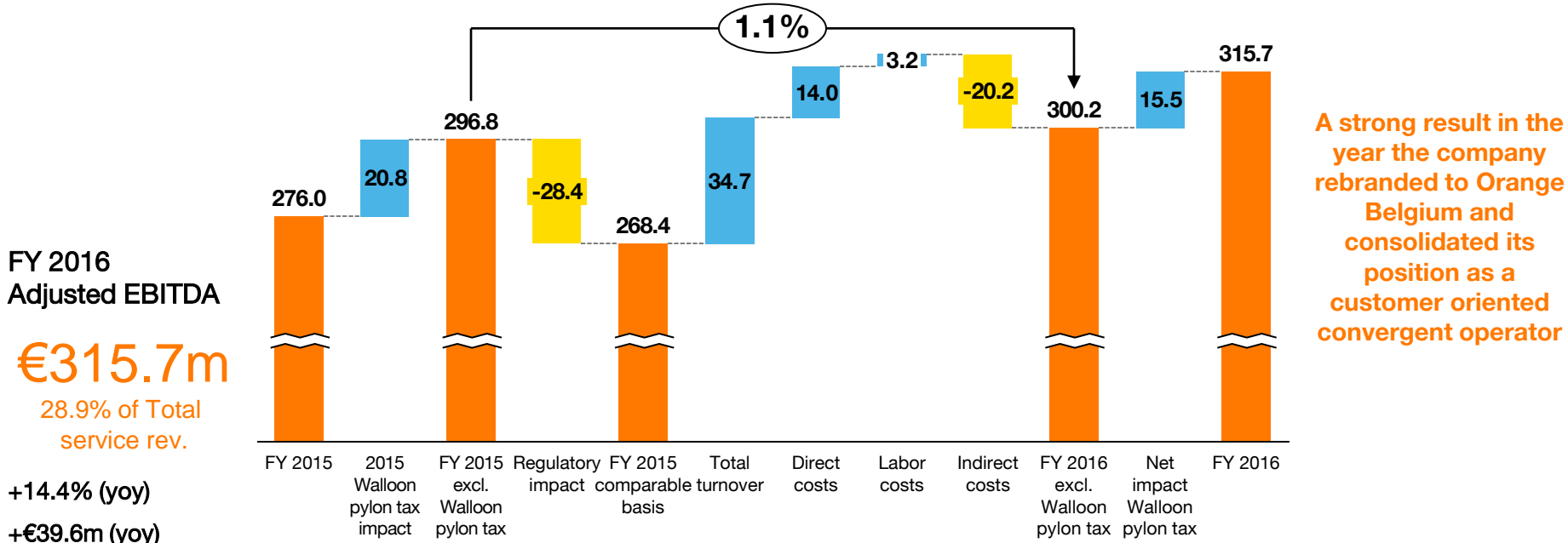
Walloon pylon tax provisions

Settlement fee Walloon pylon tax agreement

Reversal Walloon pylon tax provisions

Orange Belgium delivered strong results in 2016

In addition to the rebranding into Orange and the consolidation of its position as a customer oriented convergent operator



Total capex decrease of 13.2 % y-o-y, including lift off cable capex

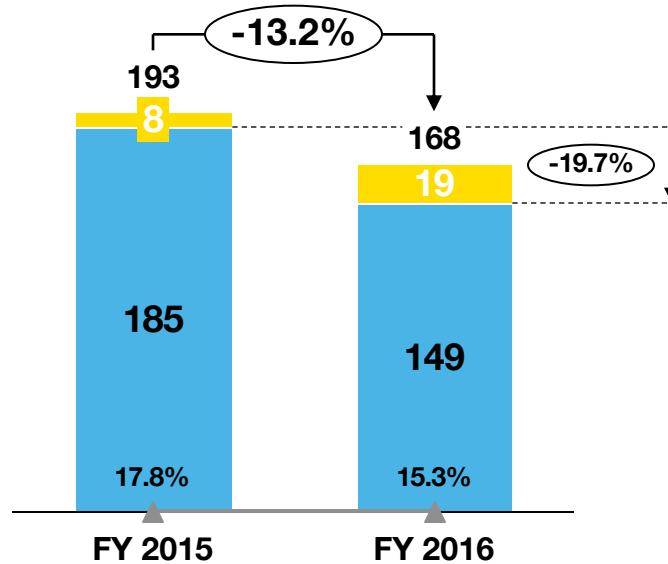
Network investment normalization after accelerated 4G roll-out

FY 2016
Capex

€167.7m

15.3% of Total
service revenues

- Total capex : -13.2% (yoy)
- Core mobile capex: -19.7% (yoy)

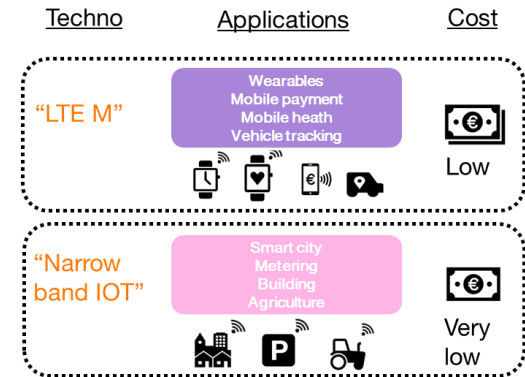


■ Cable capex incl. CPE, IT & Network, etc.

■ Core mobile capex

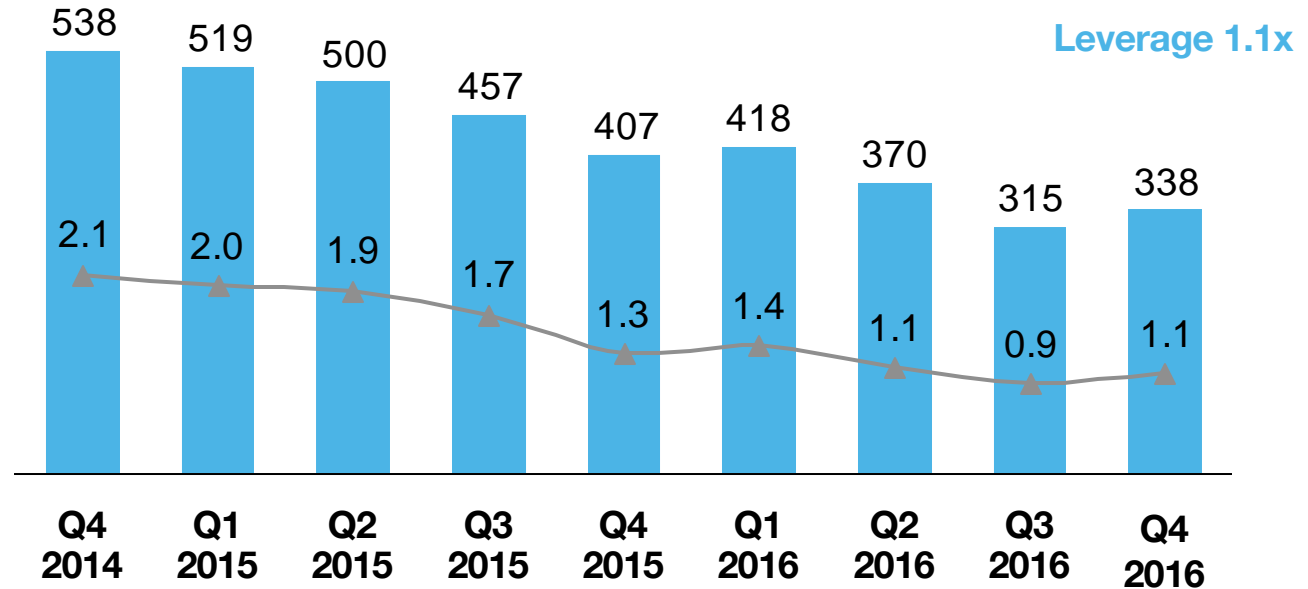
▲ Total capex to total service revenues ratio

Orange Belgium continues to invest in its network by boosting 4G indoor coverage, 4G+ deployment, rolling out fiber backhauling and the launch of Narrow Band IoT and LTE-M



Net financial debt: Solid EBITDA and mobile capex normalization Result in strong cash flow generation (including 52M€ spectrum fees)

Leverage: 2.1x
(in million euros)



FY 2016
Net financial debt

€338.0m

-17.1% (yoy)

- €69.5m (yoy)

■ Net financial debt ▲ Net debt/EBITDA ratio

Section three

2017 guidance

2017 financial guidance and outlook

Investing in future growth while protecting EBITDA margin

in million euros	2017 guidance
Total service revenues	To grow vs. 2016
Adjusted EBITDA	290-310
Core capex excl. cable	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.

The Board of Directors of propose the AGM to reinstate dividend

Creating additional shareholder value in 2017

- Orange Belgium aims to provide an appropriate cash returns to equity holders while maintaining a balanced and sound financial position, thereby leaving sufficient leeway to continue to invest in its convergent strategy and the build out of its network.
- The Board of Directors will propose the AGM to distribute a ordinary dividend for the financial year 2016 of 0.50 euro per share.
- If approved, the payment of the ordinary dividend of 0.50 euro will be done on 17 May 2017.



0.50
euro

**Ordinary dividend for the
financial year 2016 of
0.50 euro per share**

One last thing...



Section four

Q&A

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