

Orange Belgium Financial results FY 2016

Analysts and Investors
Roadshow 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



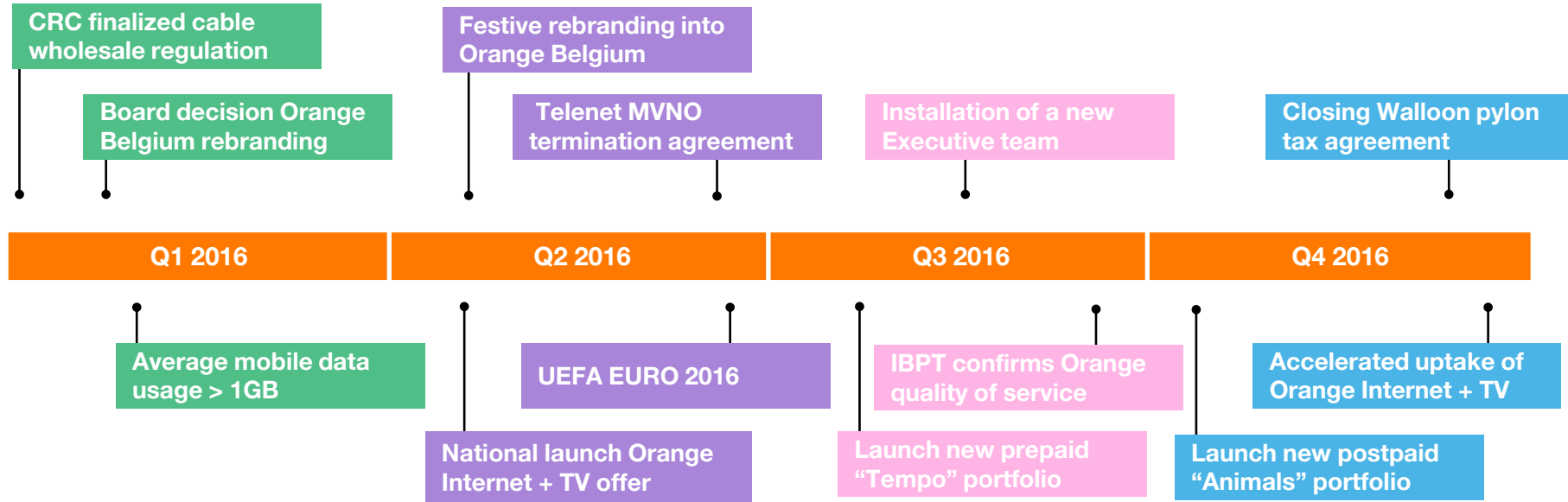
- **Excl. Walloon pylon tax:** € 300.2m

2) **Mobile capex:** around € 145m

- **2016 mobile capex:** € 148.8m



2016 key events



Orange Belgium's key growth drivers starting to pay off

1

**Mobile data
monetization**

2

Fixed convergence
opportunity

3

Customer
experience

**Leading 4G
network**

**Rich device
portfolio**

**Segmented
mobile data
portfolio**

360° services



A proud 4G & 4G+ network leader

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

99.6%



4G Outdoor

National population coverage

91.9%



4G Indoor

National population coverage

99.9%



4G+ Brussels

Population coverage

54%

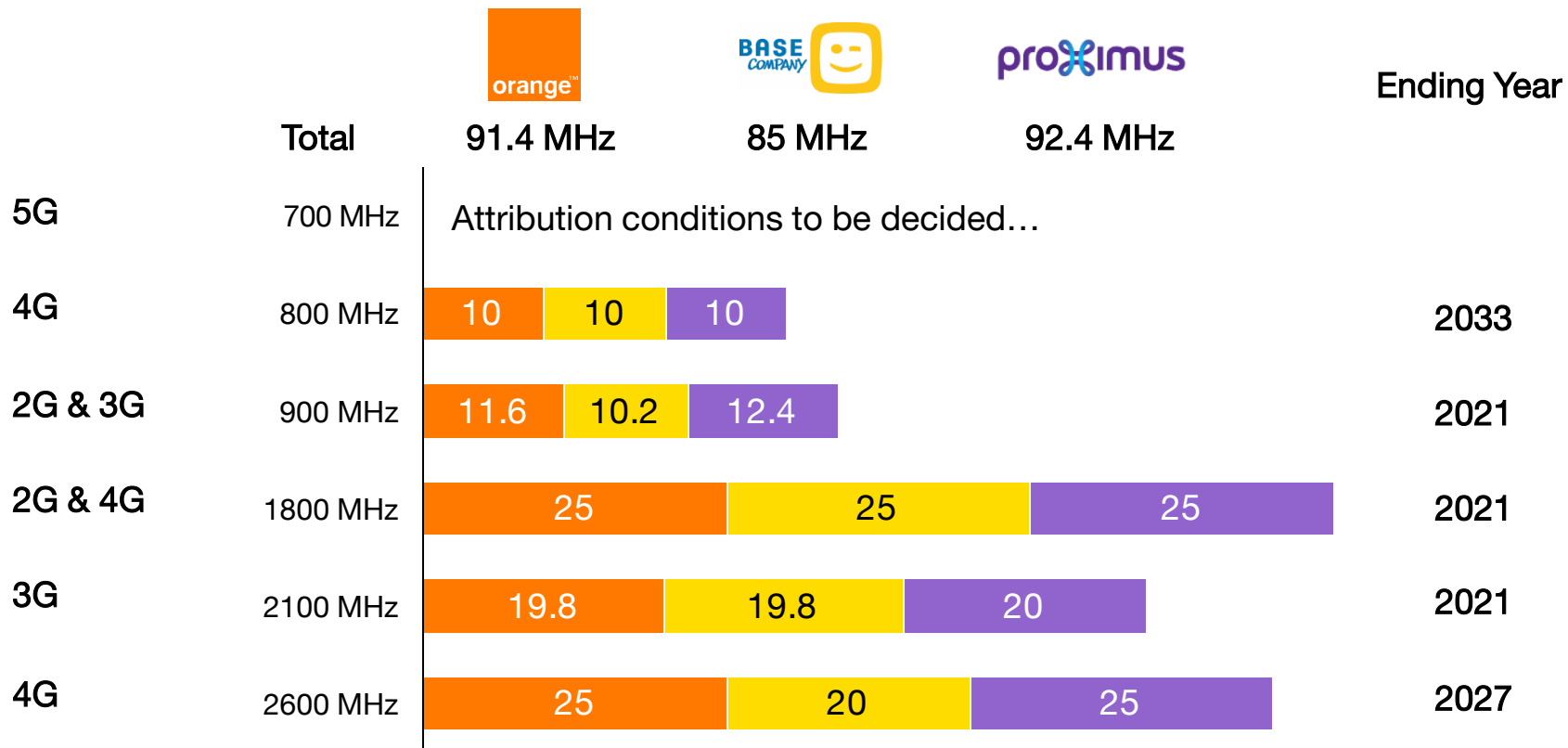


4G+

National population coverage

Orange Belgium spectrum portfolio

Spectrum portfolio more than sufficient to cover anticipated data growth



5G in preparation at Orange Belgium

Focusing on capacity and preparation of core mobile network and backhails

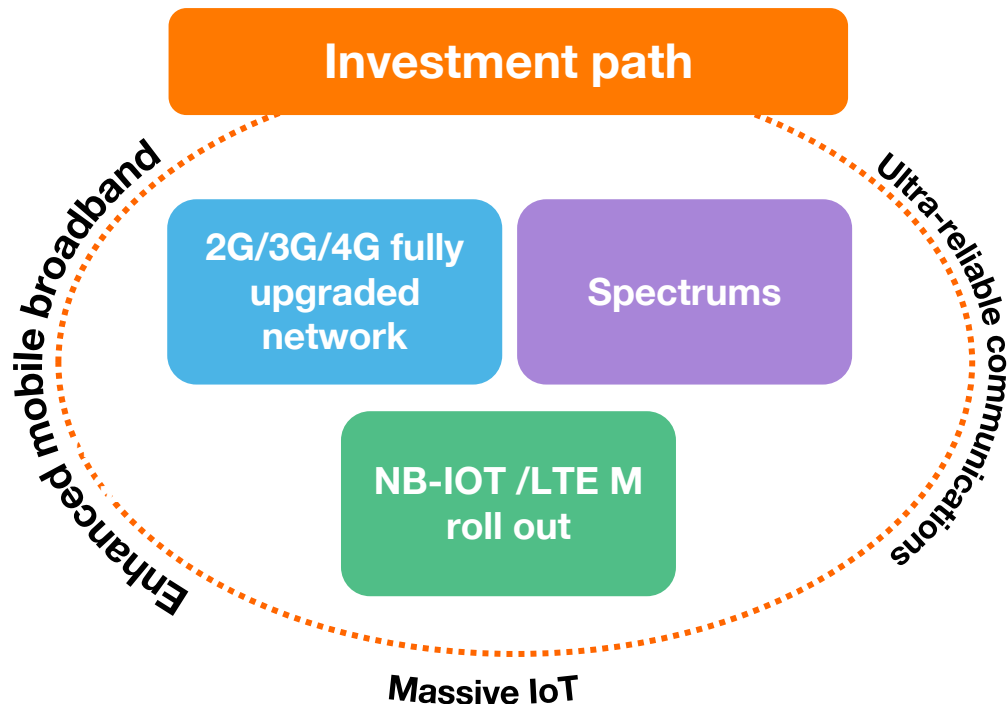
Orange Belgium's 5G Timeline:

Peak 4G capex 2014-2015

Sufficient spectrum for 4G
but extra spectrum needed for 5G

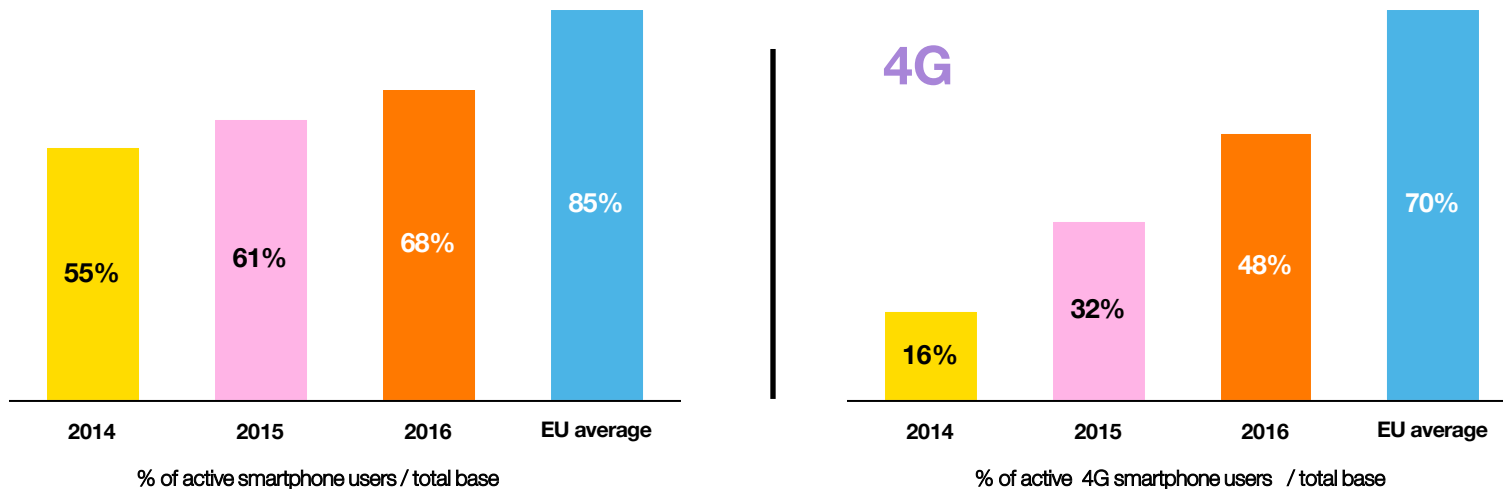
Meanwhile, increasing radio capacity

- Multi Carrier aggregation
- Fiber backhails
- Cell densification



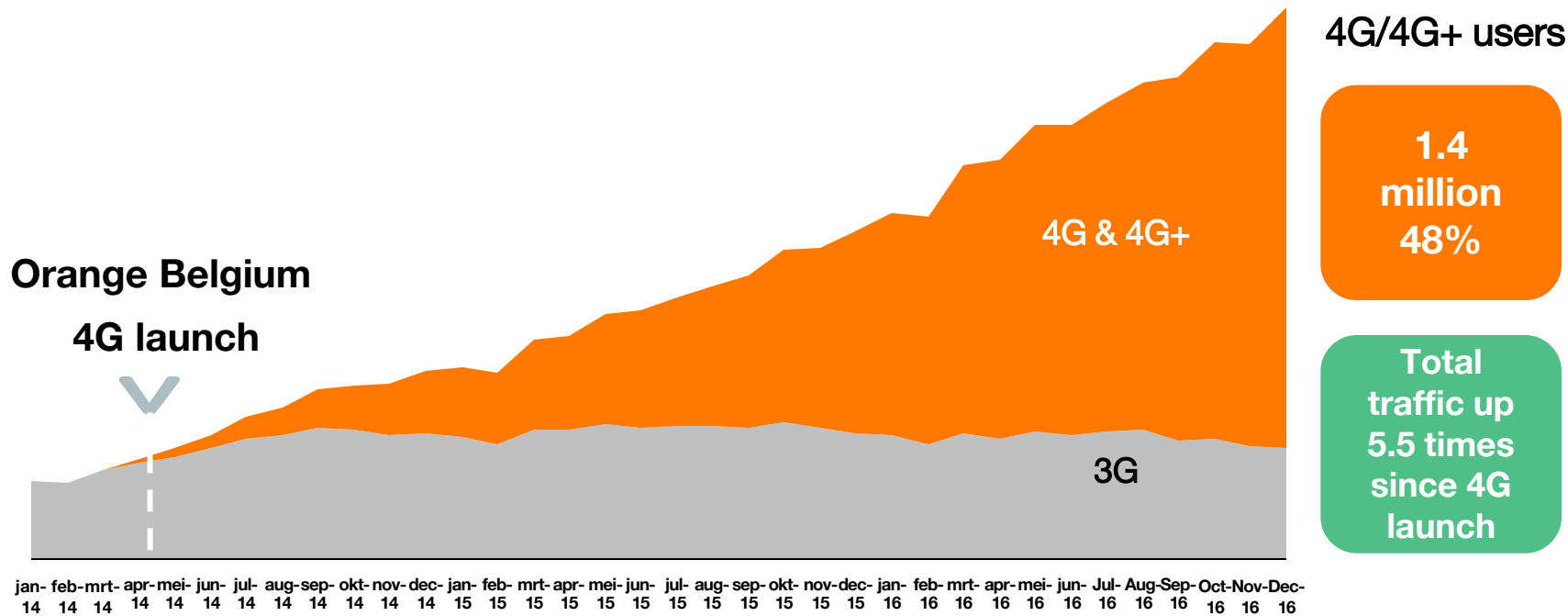
Active smartphone users reached 2.000.000 at the end of 2016 4G, and increasingly 4G+, takes the highest sales share

Orange Belgium's active smartphone penetration is catching up with EU averages



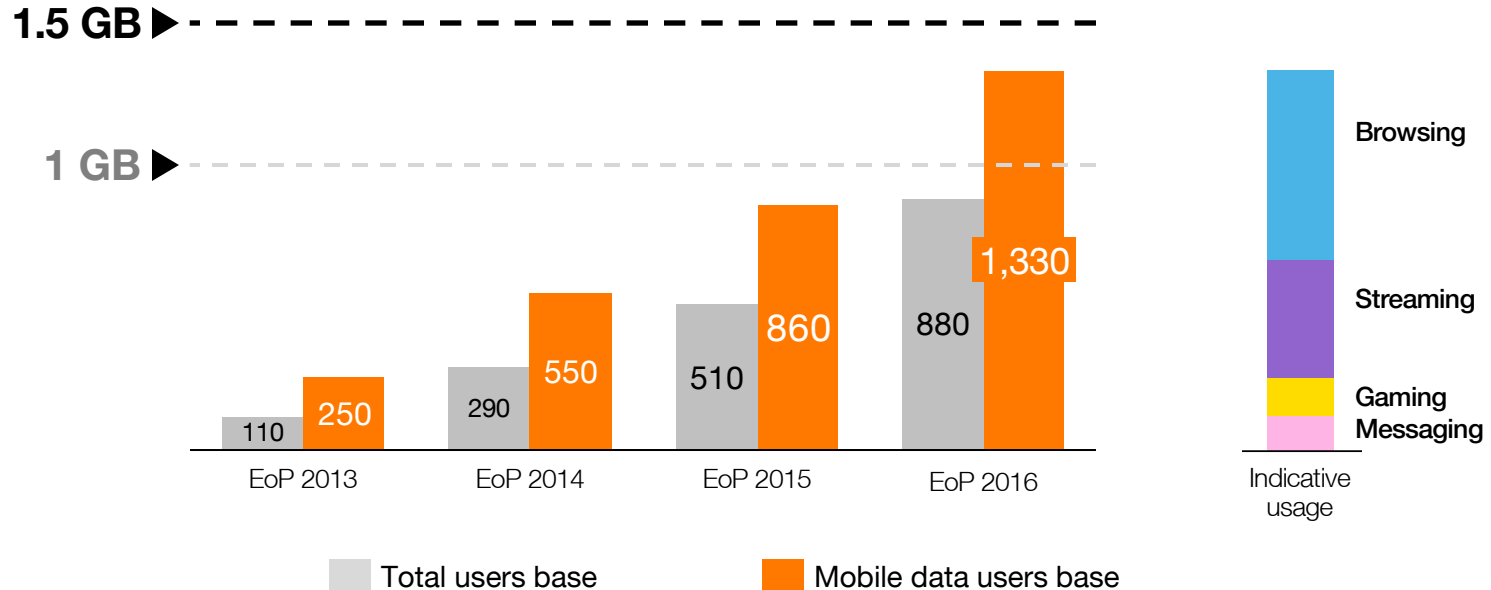
Total data traffic increased by 68% in 2016

80% of total data consumption is 4G/4G+ traffic



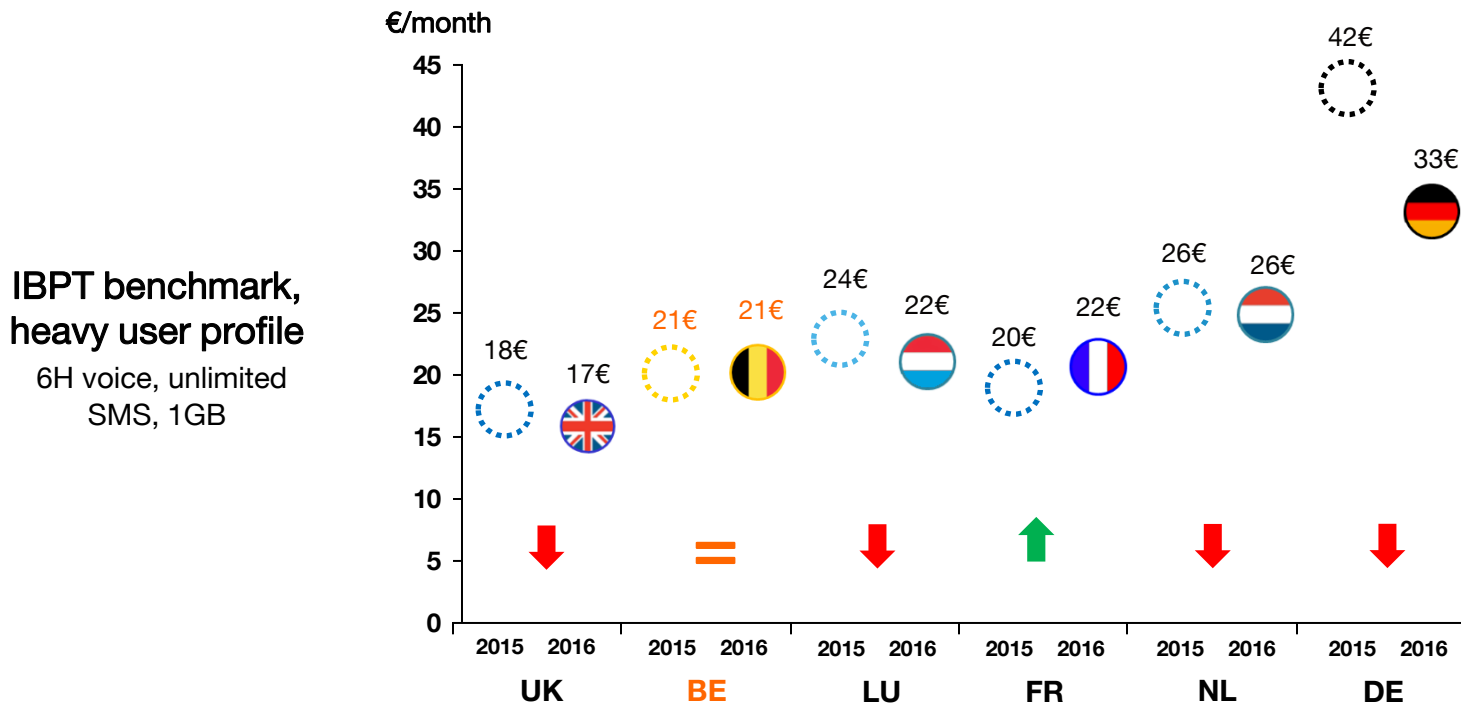
Mobile data usage continues to grow linearly

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















Belgian mobile prices remain among the most attractive according to the IBPT mobile price level benchmark

Orange Belgium's new portfolio leads the way for higher data users



New simplified Animal portfolio

Clear focus on customer experience, convergence and mobile data monetization

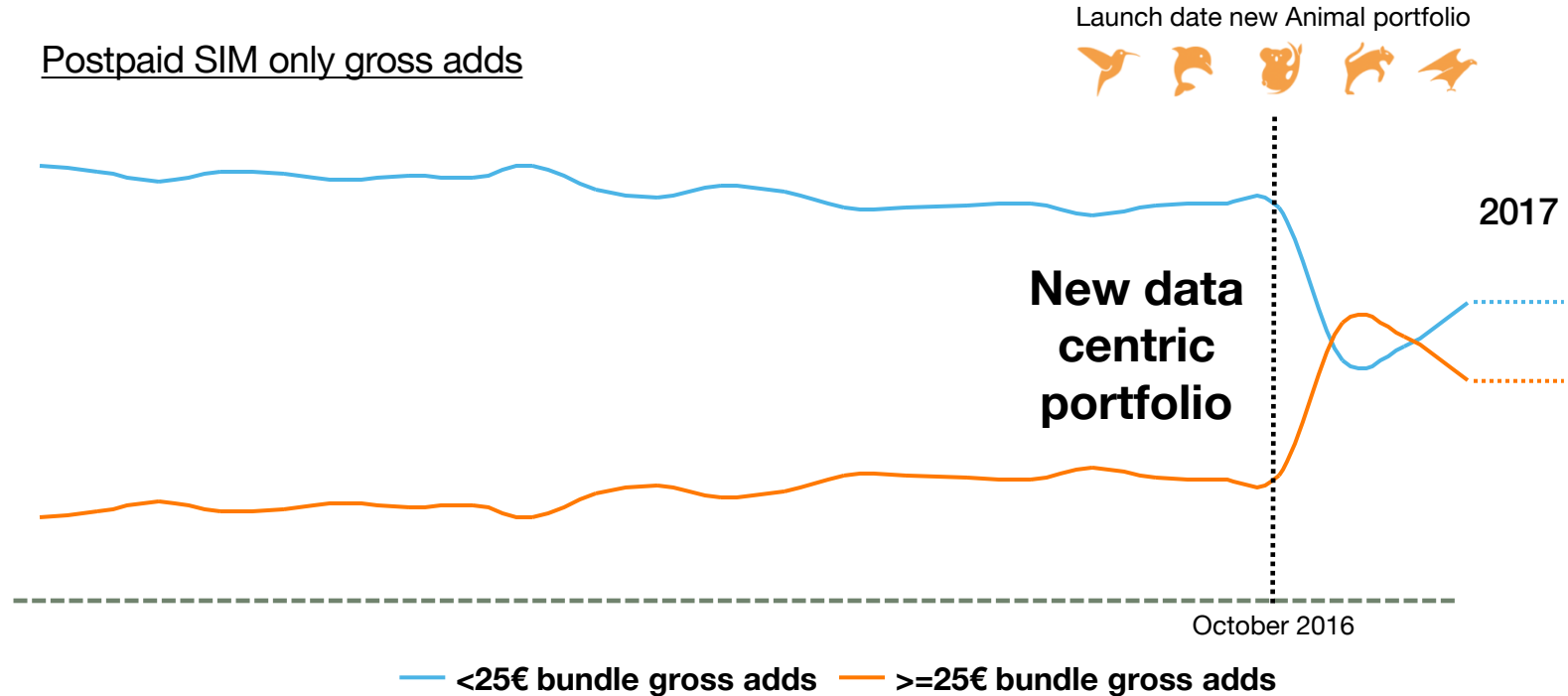
Tariff plans	 Hummingbird	 Dolphin	 Koala	 Panther	 Eagle	 Eagle Premium
Price/month	8€	15€	25€	33€	39€	60€
SMS	unlimited	unlimited	unlimited	unlimited	unlimited	unlimited
Call	90 min	150 min	300 min + unlimited to 	unlimited	unlimited	unlimited
Surf volume	100 MB	1,5 GB	3 GB	5 GB	10 GB	10 GB
Orange Cloud 	500 MB	16 GB	32 GB	32 GB	64 GB	500 GB
Advantages included			 iCOYOTE	 iCOYOTE	 iCOYOTE	 iCOYOTE
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)

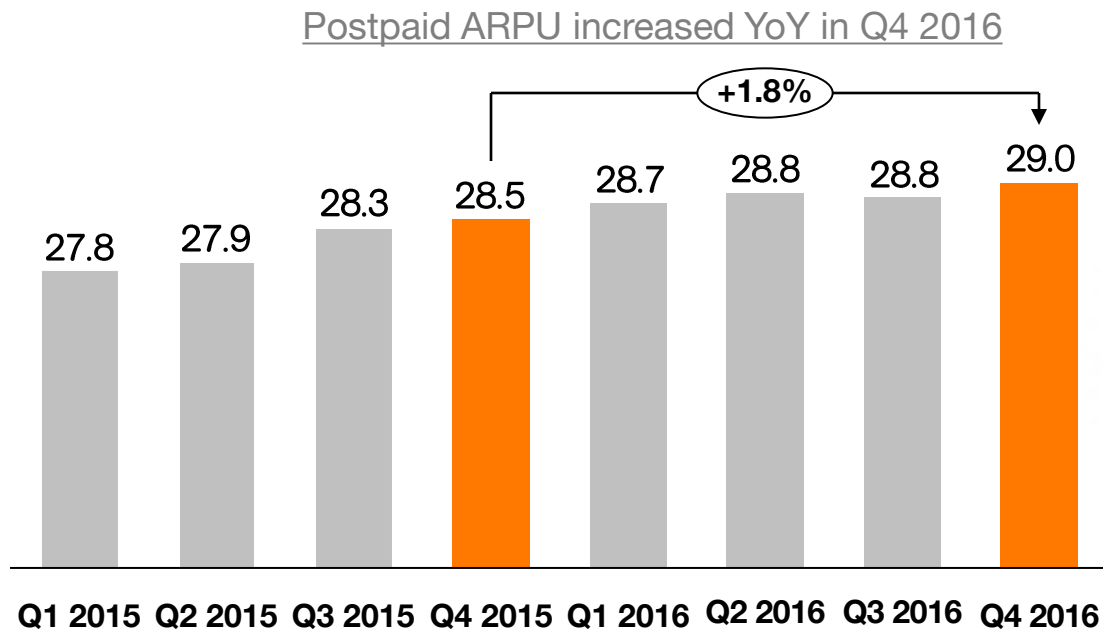
New postpaid portfolio is delivering on expectations

Close to half of the new SIM-only customers opt for a tariff plan of minimum 25 euros to benefit from more data



4G and data usage are driving postpaid ARPU growth

Ability to monetize mobile data confirmed

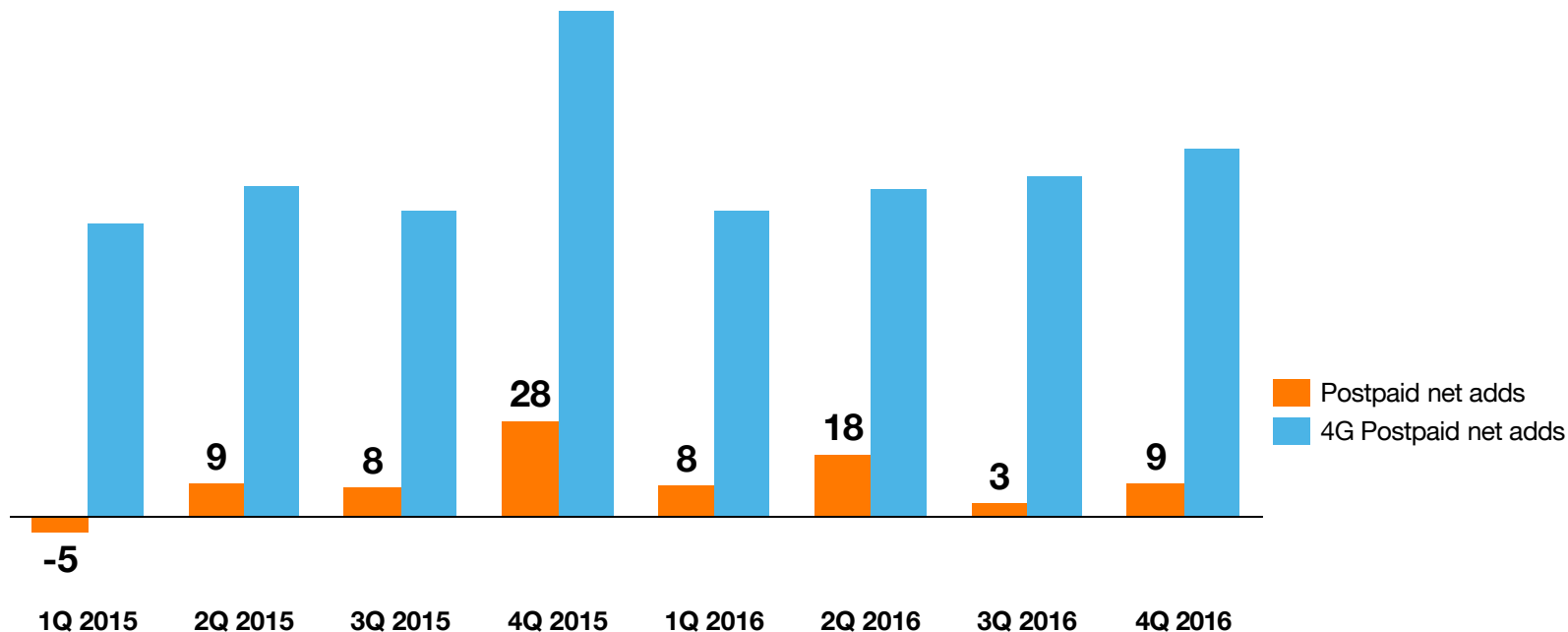


ARPU growth of 1.8 %
despite impact of roaming
regulation

Close to 100K 4G postpaid net additions each quarter

Seventh consecutive quarter in a row of postpaid growth

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



Orange Belgium's key growth drivers starting to pay off

1

Mobile data
monetization

2

**Fixed convergence
opportunity**

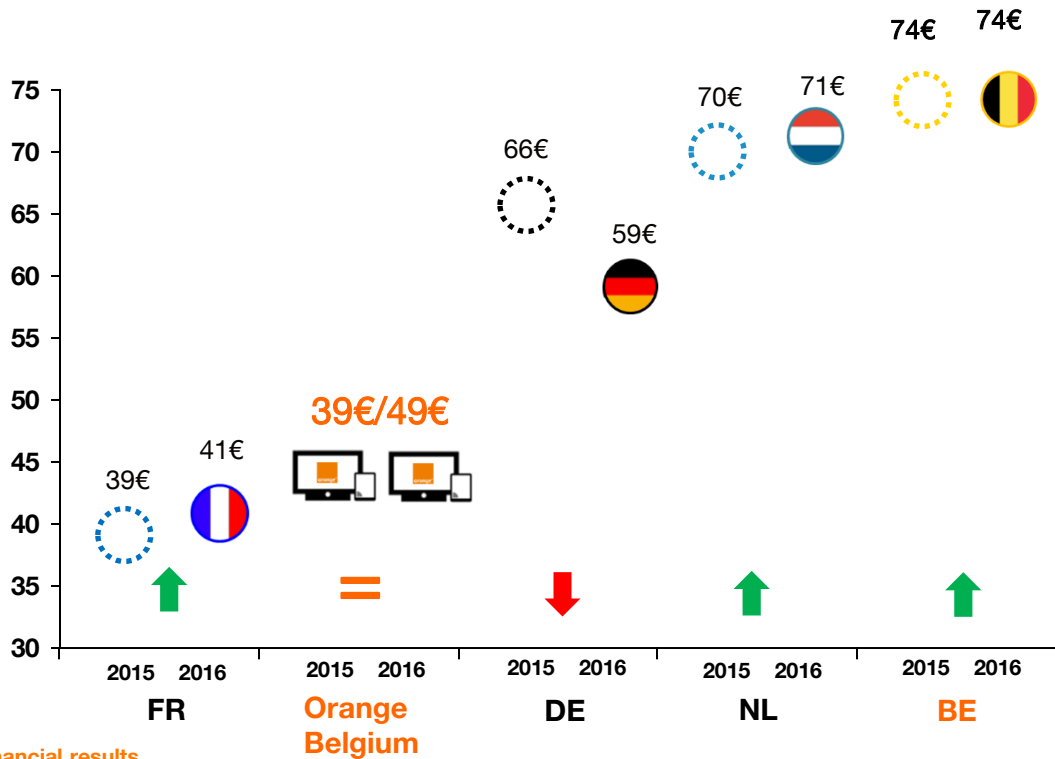
3

Customer
experience

3-play prices further increased according to IBPT price level benchmark

Current Belgian prices rank among the highest in Europe

IBPT benchmark, very high broadband
>100 Mbps + TV + fixed voice



Recently announced price increases not even included



+1.99%

January 10th, 2017

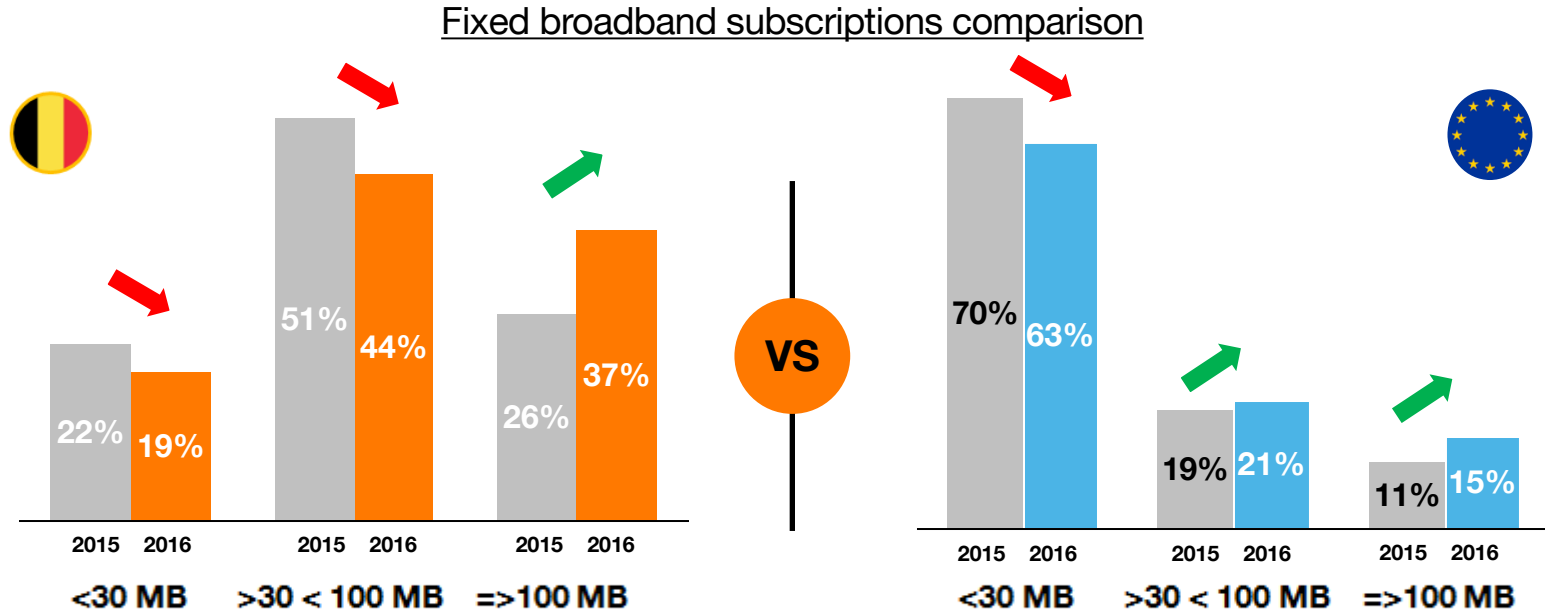


+4.7%

November 16th, 2016

Belgium consumers are attracted by very high speed broadband

Compared to EU averages Belgium consumers are leading the pack



The Orange Internet + TV offering provides an excellent quality at the most attractive market price and keeps on getting better

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



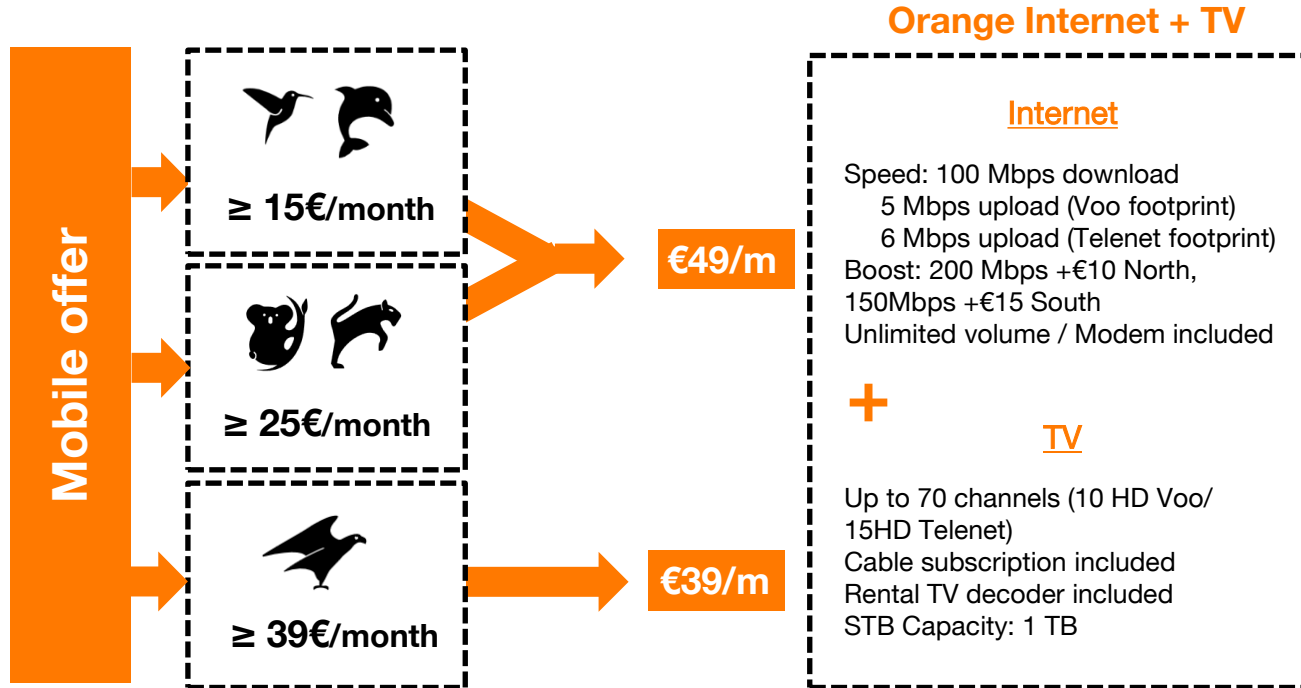
Evening&Weekend : 3€/month



extra TV decoder : 9€/month

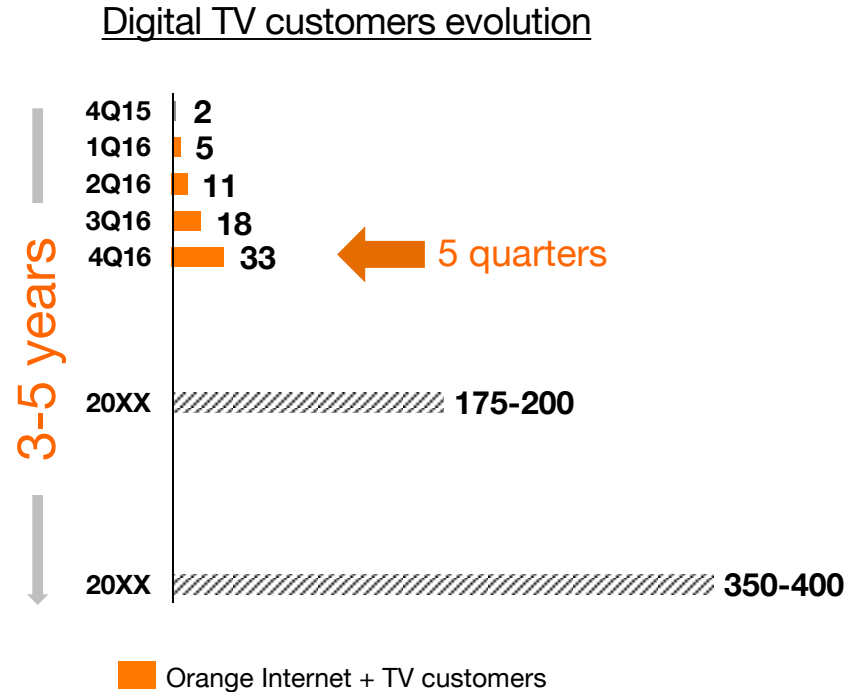
Driving the value creation story: “upsell cliff”

Stimulating upsell towards mid- and high end tariff plans



Orange Belgium Internet + TV evolution and mid-term target

Already 33.4K customers seven months after the national launch



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



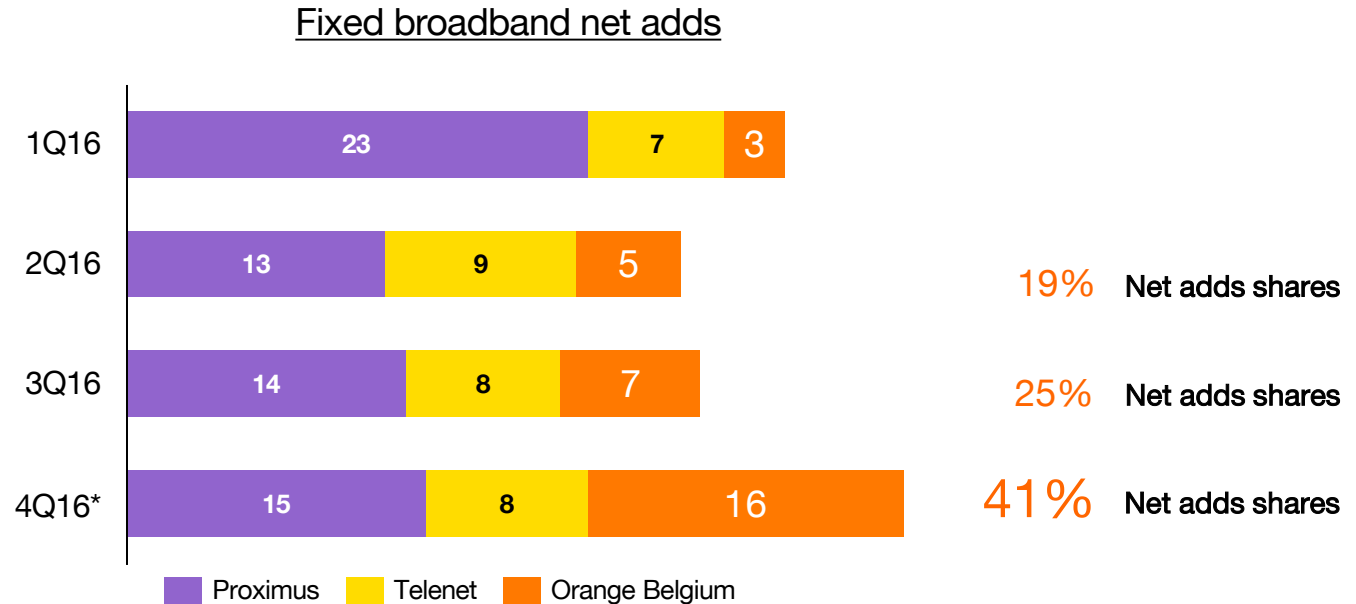
Orange Internet + TV



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

Orange Belgium established itself as a full convergent player

Orange Internet + TV net adds doubled in the fourth quarter of 2016



Orange Belgium is also a fully convergent operator

Addressing all segments of the B2B-market



Soho
« Internet + TV »



SME
« Shape & Fix »



Large accounts
« Trusted connectivity provider »

Orange Belgium's key growth drivers starting to pay off

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Mobile data
monetization

2

Fixed convergence
opportunity

3

**Customer
experience**

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

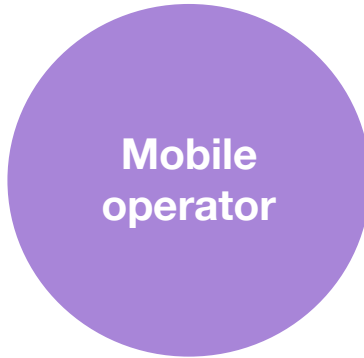
Increasing awareness will provide opportunities in fixed and mobile



Corporate Brand

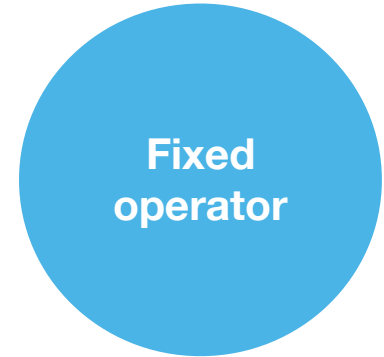
3 out of **5**

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

Rewarding loyalty to reduce churn with Orange Thank You

And increase the overall customer experience

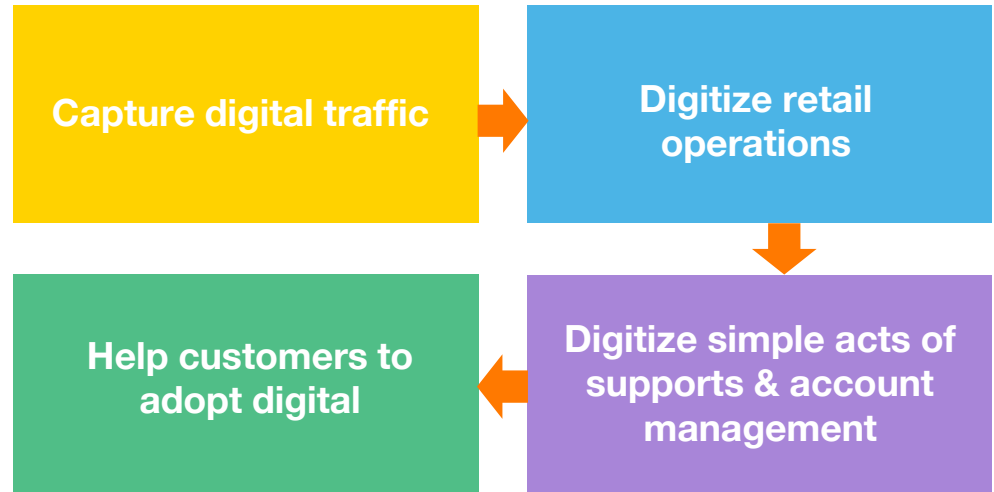
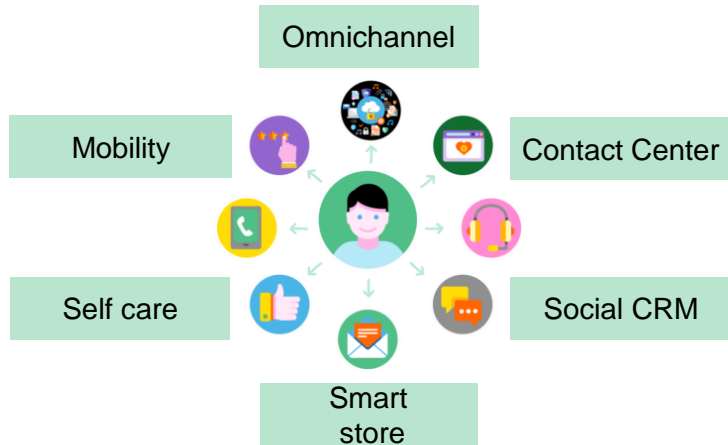


Targeted at prepaid and postpaid customers
Personalized 1-2-1 communication at regular frequency
Enter in contact with each specific segment

Memorial Van Damme
BasketBall
sport
Lady Gaga
Birthday gift
Gifts
Events
Mika
Cinema
music
Belgium Lion
Euro 2016

The customer at the heart of our strategy

Digitizing the experience and increasing customer engagement and value



50% of equipped customer base is a My Orange active user.

Orange Belgium opens new business opportunities with 4G IOT

Connecting objects that were previously too remote or expensive to connect

City-Of-Things (Antwerp)

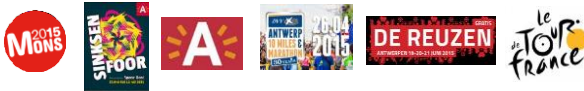
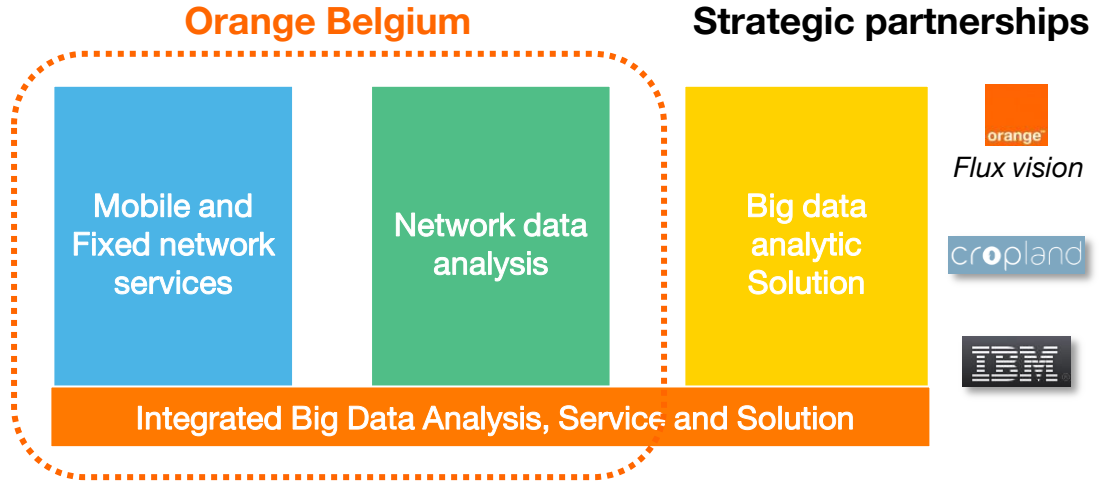
Innovate city & harbor

- Open ecosystem with 3GPP standardization
- **National coverage from day 1** : Software update on existing LTE network
- **Increased deep indoor** LTE coverage
- Licensed spectrum **guarantees quality of service**
- **Supports mobility** & roaming
- SIM card provides a **secure connection** (authentication & ciphering)



Orange Belgium' crowd monitoring partnership with start-up Cropland Rewarded by the AGORIA 2016 Smartcities award

- **Tailor-made:** customer support throughout the whole project life cycle
- **Flexible:** partnership with field specialized companies
- **Compliant:** customer data privacy protection ensured



Tourism / Events security / Crowd management / Transport / Infrastructure / Retail

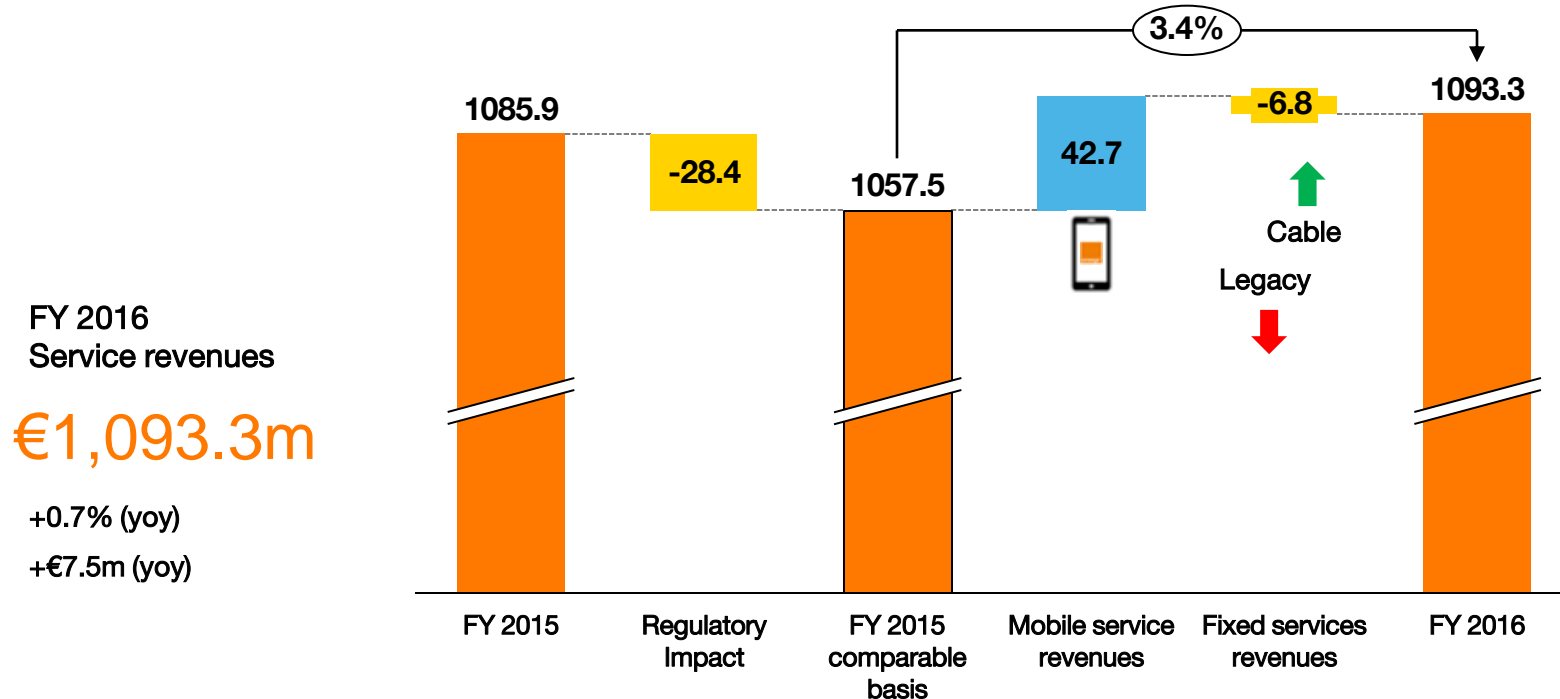
Section two

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



FY 2016
Service revenues

€1,093.3m

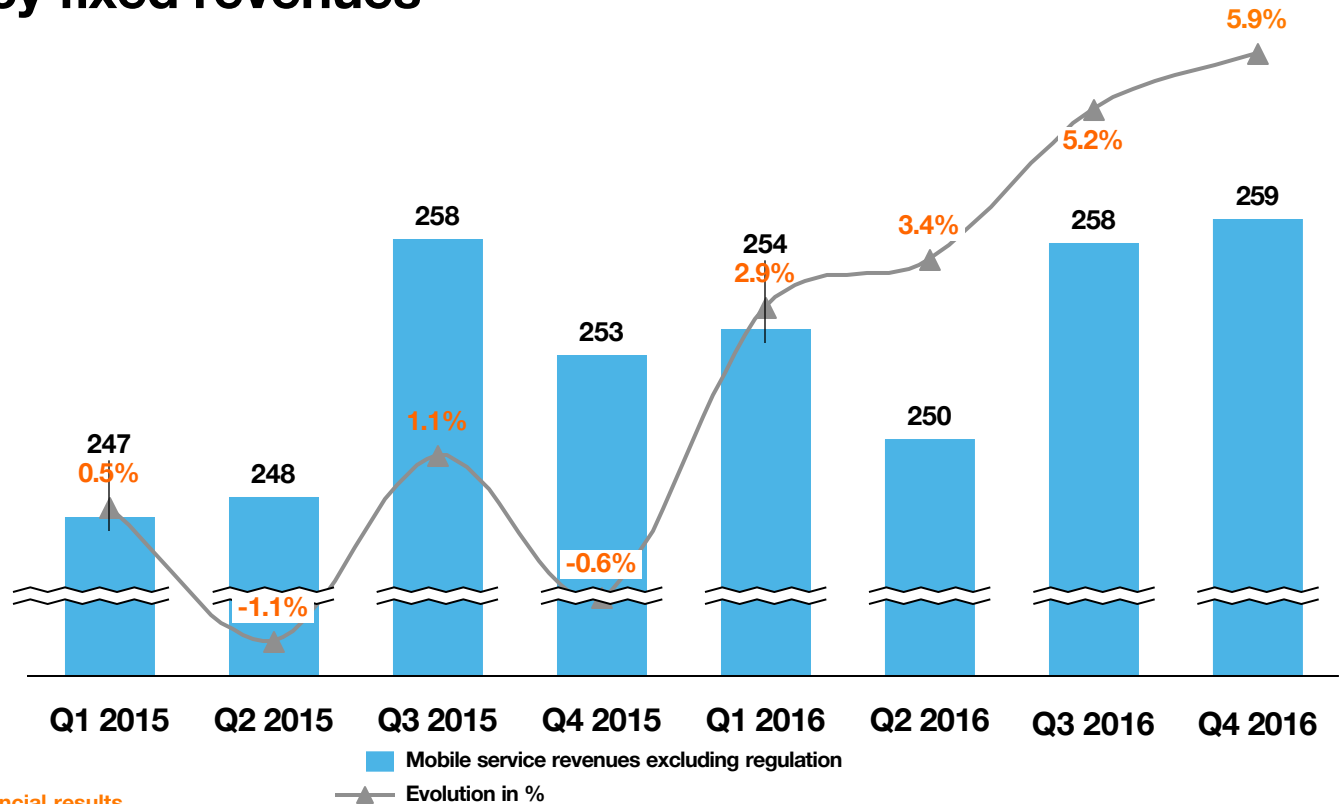
+0.7% (yoy)
+€7.5m (yoy)

Mobile service revenues increased 1.4% y-o-y excl. regulation

Fueled by mobile data growth, compensating EU roaming impact and erosion of legacy fixed revenues

FY 2016
Service revenues
€1,020.5m

+1.4% (yoy)
+€14.3m (yoy)



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".

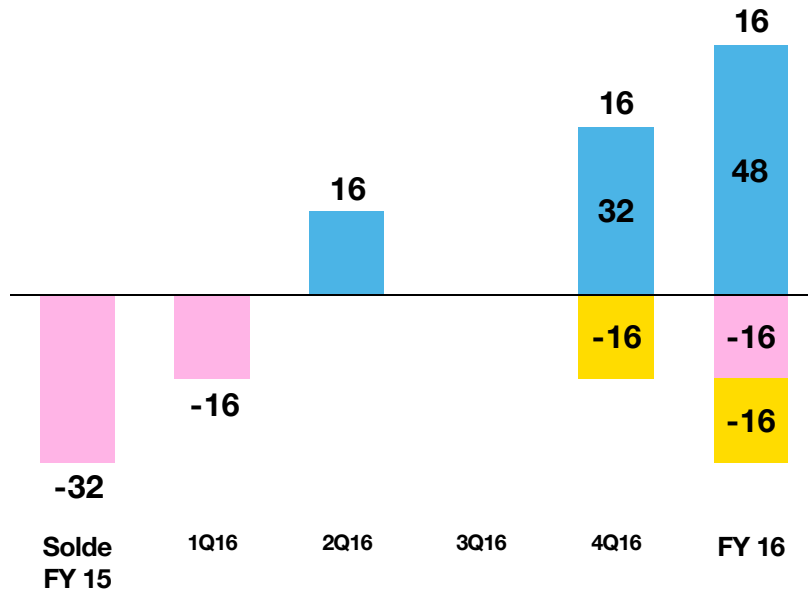
Lastly, the Region will emphasize to the municipalities and provinces the benefit, for all parties, with a view to optimal development of connectivity in the territories, of not taxing mobile infrastructure in the future, a point still being disputed on principle by telecom operators.

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



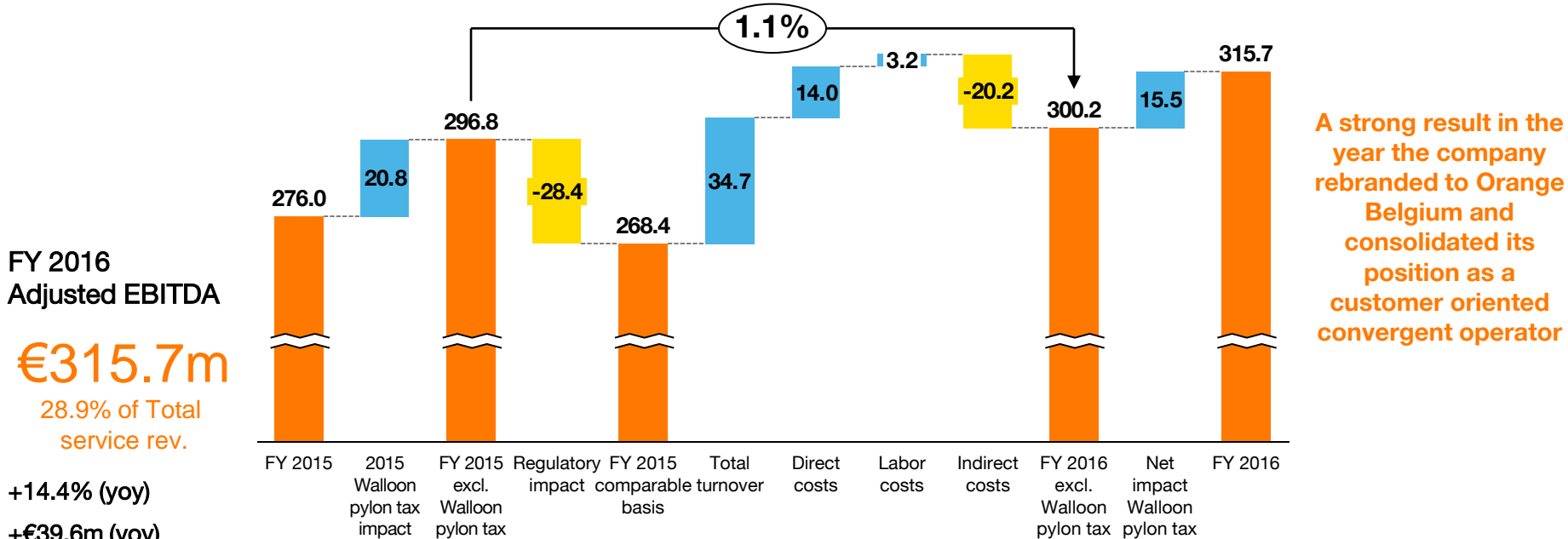
Walloon pylon tax provisions

Reversal Walloon pylon tax provisions

Settlement fee Walloon pylon tax agreement

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

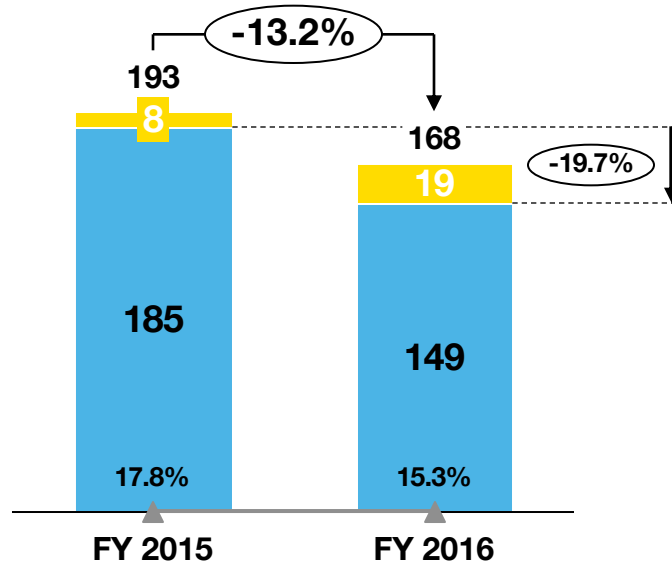
Network investment normalization after accelerated 4G roll-out

FY 2016
Capex

€167.7m

15.3% of Total
service revenues

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

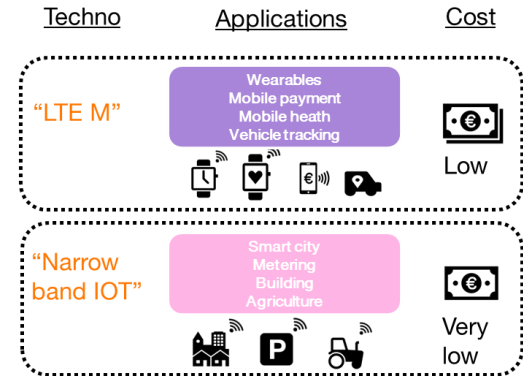


■ Cable capex incl. CPE, IT & Network, etc.

■ Core mobile capex

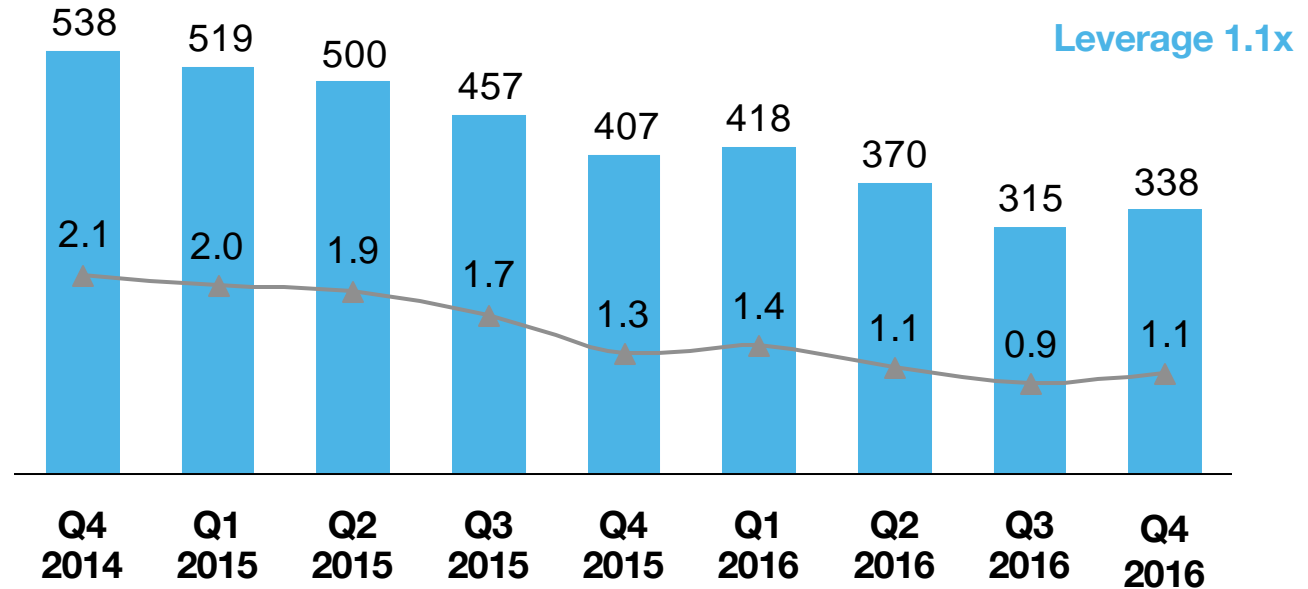
▲ Total capex to total service revenues ratio

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

Orange Belgium key financials

Improving financials with a growing customer base

in €m	FY 2016	FY 2015	Var. (%)	Insight
Total service revenues	1,093.3	1,085.9	1.4%	<ul style="list-style-type: none"> Mobile service revenue growth in spite of €28m roaming impact (+1.4% underlying growth)
Total turnover	1,241.6	1,235.4	0.5%	<ul style="list-style-type: none"> Reflecting services revenues growth but less mobile equipment revenues
Direct costs	-530.4	-544.4	-2.6%	<ul style="list-style-type: none"> Decrease stems from lower SMS interconnection costs, commissions and bad debt and in spite of wholesale cable cost increase linked to the uptake of the Orange Internet + TV offering.
Labor costs	-130.6	-133.9	-2.4%	<ul style="list-style-type: none"> Redeploying resources from legacy to growth
Indirect costs	-264.9	-281.1	-5.7%	<ul style="list-style-type: none"> Indirect costs positively impacted by Walloon pylon tax agreement.
Adjusted EBITDA <i>(in % of service revenues)</i>	315.7 28.9%	276.0 25.4%	14.4%	<ul style="list-style-type: none"> Positively impacted by higher revenues and less costs
Reported EBITDA <i>(in % of service revenues)</i>	317.1 29.0%	321.3 29.6%	-1.3%	<ul style="list-style-type: none"> 2015 impacted by Proximus settlement for €54m
CAPEX <i>(in % of service revenues)</i>	167.6 15.3%	193.1 17.8%	-13.2%	<ul style="list-style-type: none"> Investment normalization after 4G network roll-out
Operational Cash Flow (EBITDA - CAPEX)	149.4	128.2	16.5%	<ul style="list-style-type: none"> Reflecting EBITDA evolution

Orange Belgium consolidated net income and financial debt

Improving cash flow generation and debt profile

in €m	FY 2016	FY 2015	Var. (%)	Insight
Reported EBITDA	317.1	321.3	-1.3%	
EBIT	107.2	119.1	-10.0%	
Financial results	-6.5	-6.7	-3.4%	
Tax	-24.1	-35.8	-32.6%	
Net income	76.6	76.6	0.0%	
Earning per share	1.28	1.28		
Net financial debt	338.0	407.5	-17.1%	<ul style="list-style-type: none"> In light of the strong cash flow generation and reduced debt position, Orange paid the full outstanding amount of 52M€ related to the license for the 900MHz/1800MHz spectrum
Net financial debt/EBITDA	1.1	1.3		

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

Appendix 1

Key financial figures

		Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
ORANGE BELGIUM GROUP –									
Key financial figures									
Total service revenues	in mio EUR	277.7	275.3	267.9	272.4	271.9	276.8	268.9	268.2
Mobile service revenues	in mio EUR	258.5	257.6	250.1	254.3	253.3	257.7	248.0	247.2
Fixed service revenues	in mio EUR	19.2	17.7	17.8	18.1	18.6	19.1	20.9	21.0
Adjusted EBITDA	in mio EUR	78.5	92.2	91.1	53.8	47.9	86.0	72.2	69.9
% of service revenues		28.3%	33.5%	34.0%	19.8%	17.6%	31.1%	26.9%	26.0%
Reported EBITDA	in mio EUR	79.9	91.7	91.7	53.7	96.8	84.2	71.5	68.8
% of service revenues		28.8%	33.3%	34.2%	19.7%	35.6%	30.4%	26.6%	25.7%
CAPEX	in mio EUR	71.3	34.2	37.8	24.3	81.1	42.8	42.5	26.8
% of service revenues		25.7%	12.4%	14.1%	8.9%	29.8%	15.5%	15.8%	10.0%
Operating cash flow	in mio EUR	8.6	57.5	53.9	29.4	15.7	41.4	29.0	42.1
% of service revenues		3.1%	20.9%	20.1%	10.8%	5.8%	15.0%	10.8%	15.7%
Net financial debt	in mio EUR	338.0	315.2	369.9	418.1	407.5	457.0	499.8	518.5
Net financial debt / Reported EBITDA		1.1	0.9	1.1	1.4	1.3	1.7	1.9	2.0

Appendix 2

Orange Belgium's figures

		Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
ORANGE BELGIUM									
Mobile services									
Mobile retail customers (excl. MVNO)	in thousand	3,796.5	3,770.5	3,779.7	3 766.6	3 893.0	3 839.0	3 818.4	3 762.3
Mobile customers (excl. M2M)	in thousand	2,970.8	2,991.8	3,023.4	3 029.7	3 037.8	3 030.7	3 032.8	3 022.5
Postpaid	in thousand	2,247.6	2,238.3	2,234.8	2 217.0	2 208.5	2 180.9	2 172.6	2 163.3
Prepaid	in thousand	723.1	753.5	788.6	812.7	829.2	849.8	860.1	859.2
Mobile blended ARPU, annual rolling (incl. visitor roaming)	in EUR/month	24.5	24.3	24.2	24.0	23.9	23.9	23.6	23.7
Postpaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	29.0	28.8	28.8	28.7	28.5	28.3	27.9	27.8
Prepaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	11.8	11.9	11.9	12.0	12.2	12.7	13.3	13.8
M2M SIM cards	in thousand	825.7	778.7	756.4	737.0	855.3	808.3	785.7	739.8
MVNO customers	in thousand	2,040.7	1,990.0	1,907.3	1 816.6	1 784.6	1 696.6	1 990.4	1 710.0
Fixed services									
Fixed broadband internet and TV customers	in thousand	50.3	34.2	28.0	25.9	24.8	25.3	28.3	29.9
Of which cable	in thousand	33.4	17.6	10.5	5.3	2.3	0.8	0.6	0.3
Fixed telephone lines	in thousand	157.9	158.5	164.7	169.9	193.9	195.5	198.1	203.6

Appendix 3

Orange Luxembourg's figures

		Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
ORANGE LUXEMBOURG									
Mobile services									
Mobile retail customers (excl. MVNO)	in thousand	159.3	154.5	148.1	142.4	139.9	134.5	131.6	128.4
Mobile customers (excl. M2M)	in thousand	105.4	104.1	102.7	102.1	101.4	98.4	97.7	95.9
Postpaid	in thousand	97.3	96.6	95.2	94.1	91.6	87.0	85.7	83.0
Prepaid	in thousand	8.0	7.5	7.5	8.0	9.7	11.4	12.0	12.9
Mobile blended ARPU, annual rolling (incl. visitor roaming)	in EUR/month	35.2	35.5	36.4	37.2	37.9	38.1	38.3	38.8
M2M SIM cards	in thousand	53.9	50.4	45.4	40.3	38.5	36.1	34.0	32.6
MVNO customers	in thousand	2.2	2.1	2.1	2.1	2.1	2.0	2.0	2.0
Fixed services									
Fixed broadband internet and TV customers	in thousand	9.6	9.1	8.6	8.0	7.3	6.5	6.4	6.0
Fixed telephone lines	in thousand	0.7	0.9	0.9	1.1	1.2	0.5	1.3	1.7

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