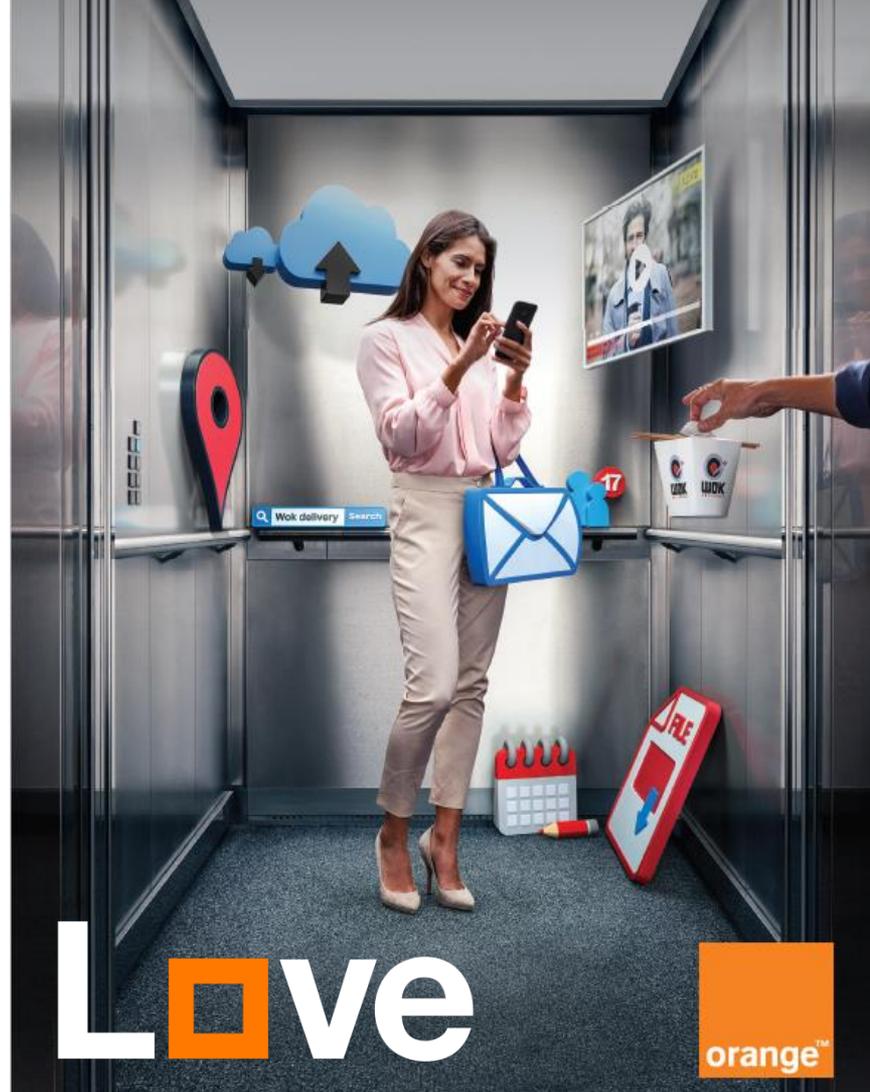


# Orange Belgium 2017 Financial Results

Analysts and Investors  
Roadshow presentation



Love



# Disclaimer

This presentation might contain forward-looking statements about Orange Belgium in particular for 2018. 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**

# Orange Belgium delivered on all its 2017 commercial and financial targets

LOVE convergent customers

> 103 K

**+69k**

Year-on-year



Total service revenues

€ 1,110m

**+1.5%**

Year-on-year



Postpaid mobile customers

> 2,315 K

**+ 68k**

Year-on-year

Postpaid ARPU

€ 30.0

**+3.2 %**

Year-on-Year

Total CAPEX

€ 188m (+12.4% YoY)

Core CAPEX

€ 142m (-4.8% YoY)

Adjusted EBITDA

€ 302m

**+0.7%**

Year-on-year

(on a like-for-like basis)

# Orange Belgium's key growth drivers

# 1

## Convergence

**Love**  
☐ ◻ ◻

**B2C**



Double data with  
Shape & Fix  
☐ ◻ ◻

**B2B**



# 2

## Mobile data monetization

**Smartphone**

**B2C/B2B**



**IoT/M2M**

**B2B**



# 3

## Customer experience



**Digital transformation**

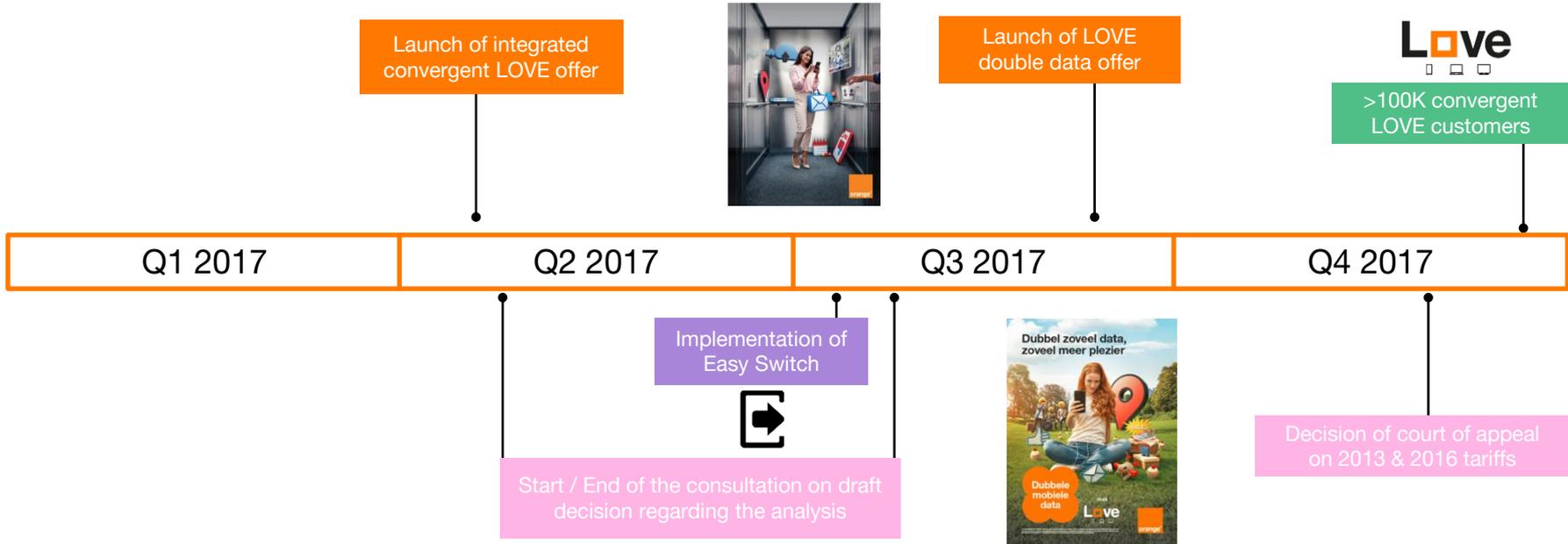


**Orange Thank You**



# Key convergent highlights of 2017

## Orange Belgium established itself as a convergent operator



Orange LOVE exceeded the milestone of 100 thousand customers  
~50 % of all new LOVE customers in 2017 were new to Orange Belgium



LOVE



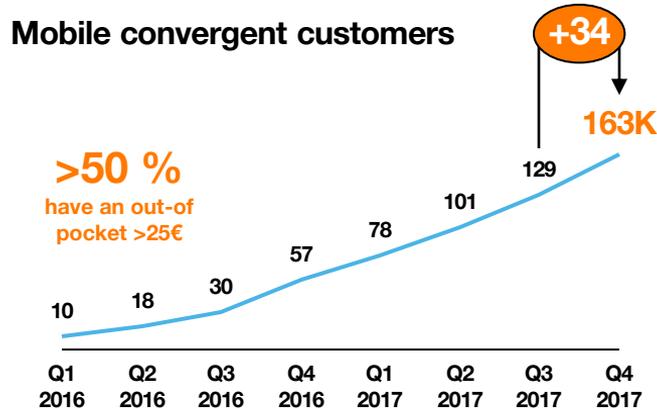
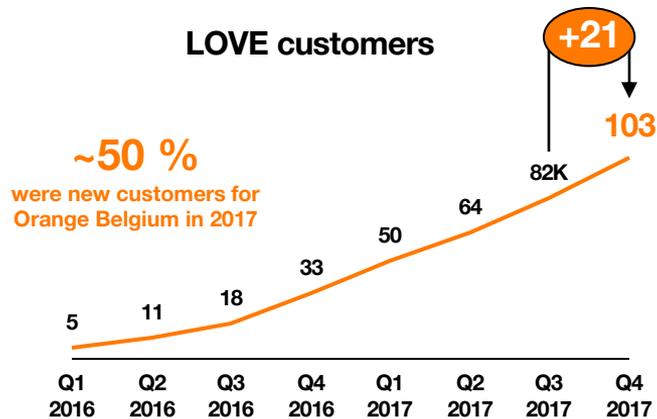
103 K

Convergent customers

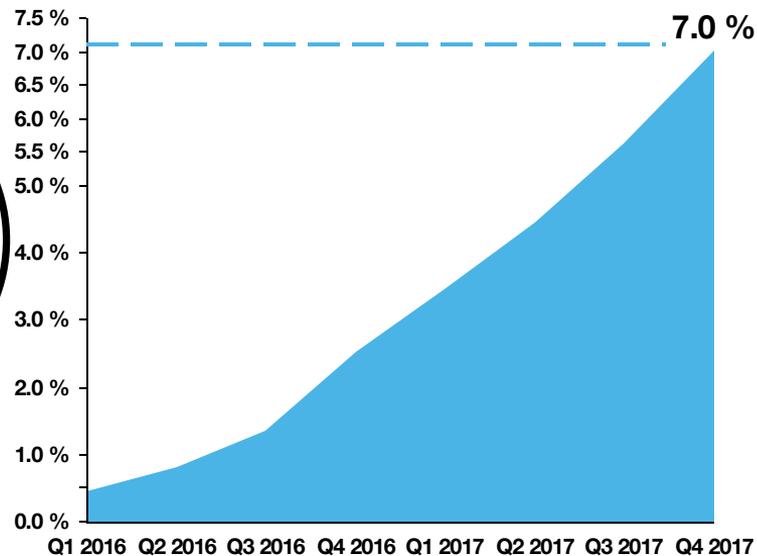


# Orange Belgium's convergent model drives mobile cross-selling

## Increased share of mobile convergent customers in total postpaid base



**Convergent mobile customers**  
(% of total postpaid base)



Orange Belgium – FY 2017 Financial Results



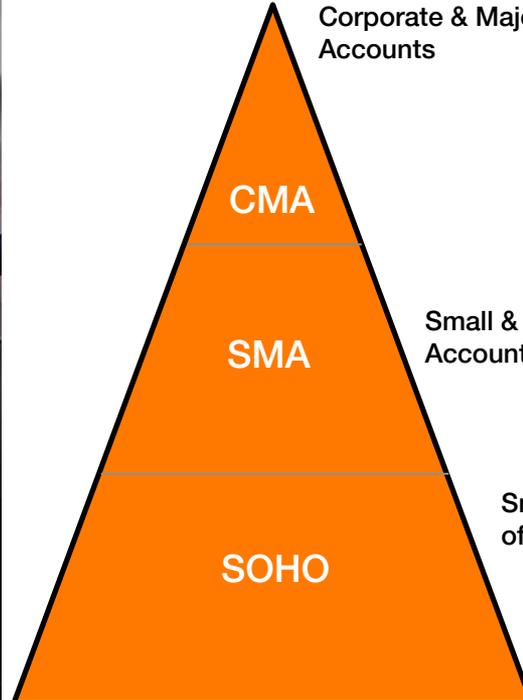
# Orange Belgium is also embracing convergence in the B2B-segment by understanding its customers and tailor products & services to their needs



## Segment

## Offer

## Go-to-market



**Dedicated Service Level Agreements**

**Direct sales**

**Indirect sales**

**Indirect sales + shops**

# Orange Belgium & Orange Business Services signed a sales agreement with the objective of extending our B2B services

Belgian convergent operator with strong local presence



Mobile connectivity  
Fixed connectivity  
Digital TV services  
Distribution channels  
Points-of-sales  
Brand recognition



**Boost sales**  
Increased commercial cooperation



**Increase customer satisfaction**  
A common Orange value proposition



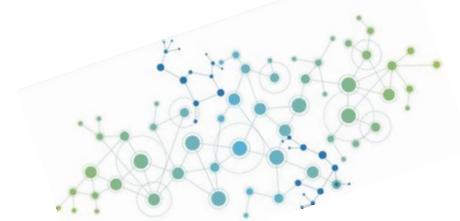
**Offer more services**  
A step further towards an IT convergence

Global integrator of communications products and services



**Business Services**

Enriched connectivity  
IoT and data analytics  
Cyberdefense  
Business innovation  
Collaborative workspace  
Flexible IT  
IT Services



# Orange Belgium's key growth drivers

# 1

## Convergence

**Love**



**B2C**



**B2B**

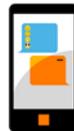


# 2

## Mobile data monetization

**Smartphone**

**B2C/B2B**



**IoT/M2M**

**B2B**



# 3

## Customer experience



**Orange Thank You**

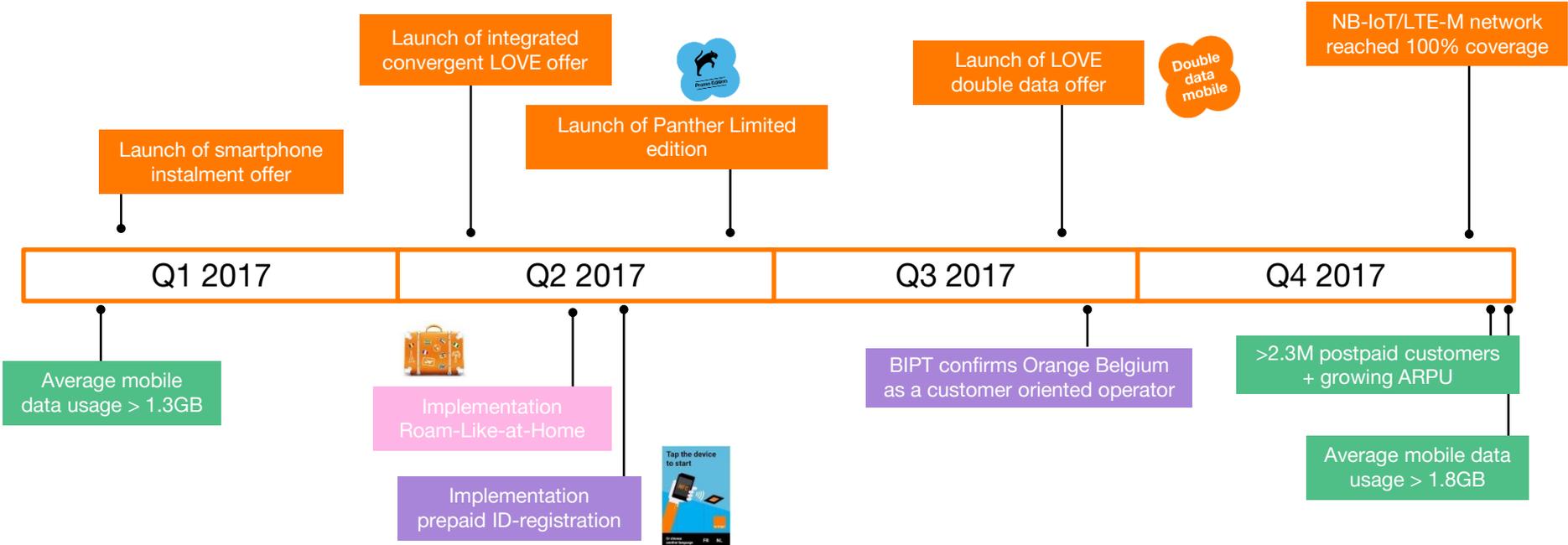


**Digital transformation**

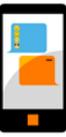


# Growing postpaid customer base and ARPU throughout 2017

## Sustaining its sound position in a competitive mobile market



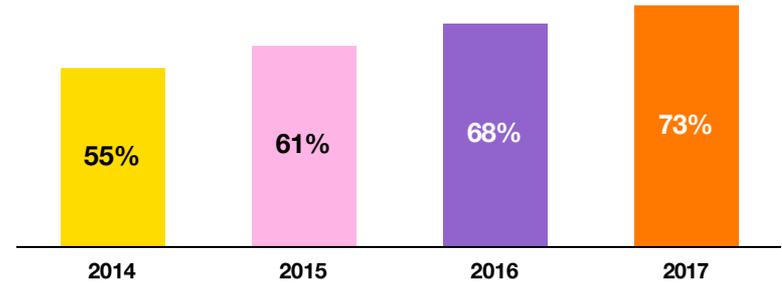
# 4G smartphone penetration increased to 59 % of total customer base



**4G coverage: 99.9%**  
(Belgian population)

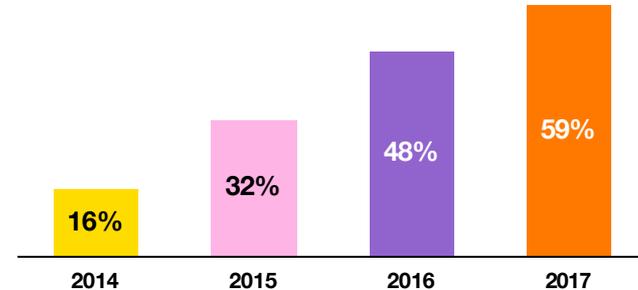
## Active smartphone penetration

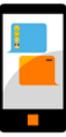
% of active smartphone users / total base



## Active 4G smartphone penetration

% of active 4G smartphone users / total base

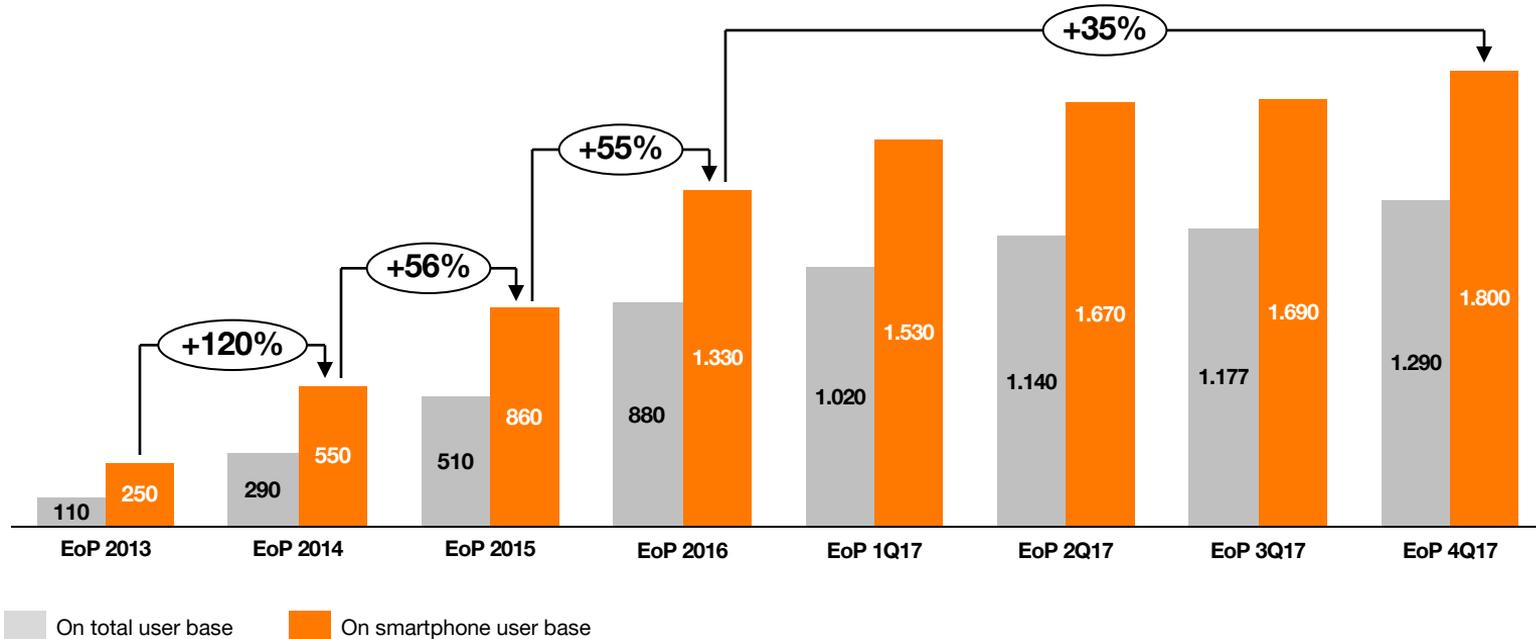


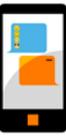


# Average mobile data usage/month of smartphone users up by 35% yoy

## Data usage is an individual journey, but everyone seems to want more of it

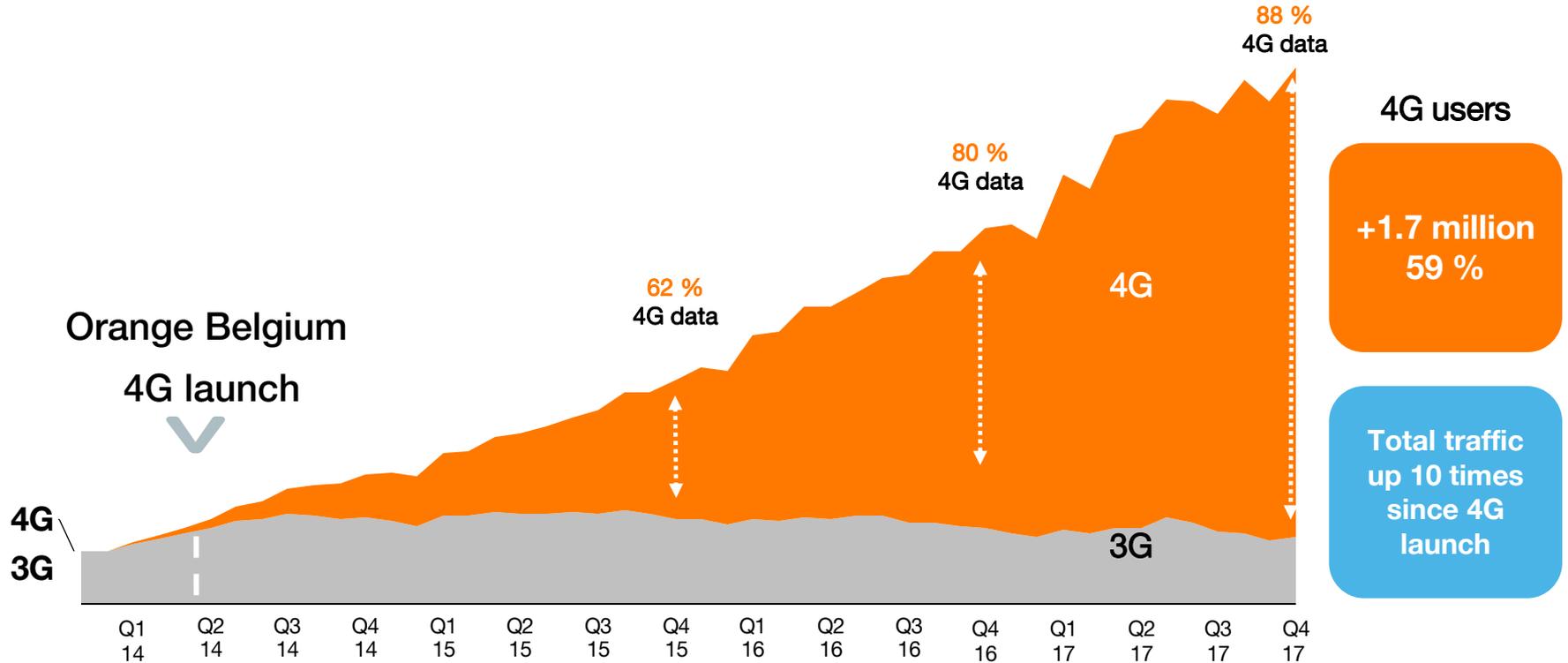
Orange Belgium's average mobile data usage per month



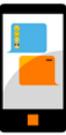


# Total data traffic increased by 43 % year on year in December 2017

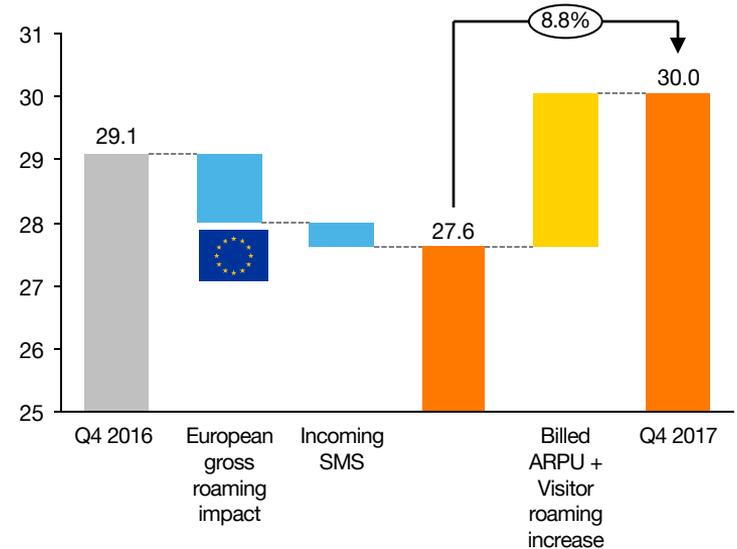
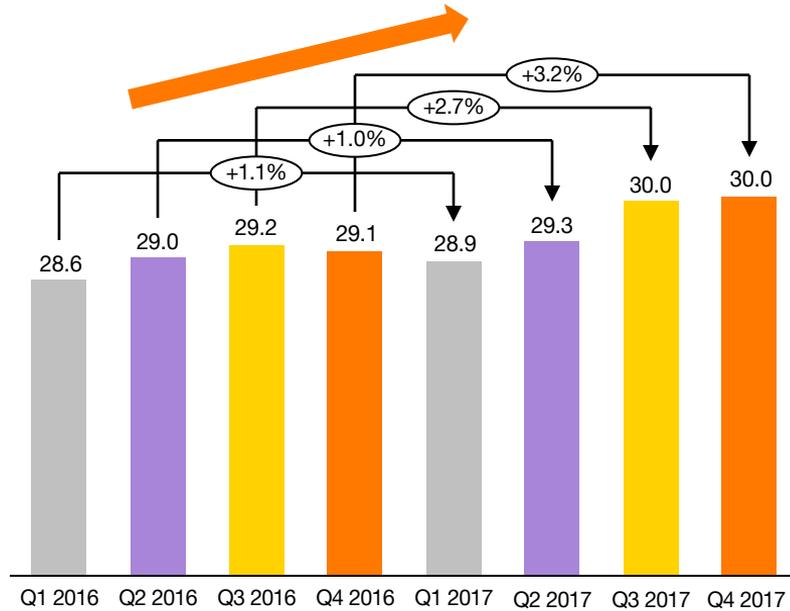
## 88 % of total data consumption is 4G traffic



# Confirmed postpaid ARPU growth thanks to sound value management



## Postpaid ARPU growth in Q4 2017

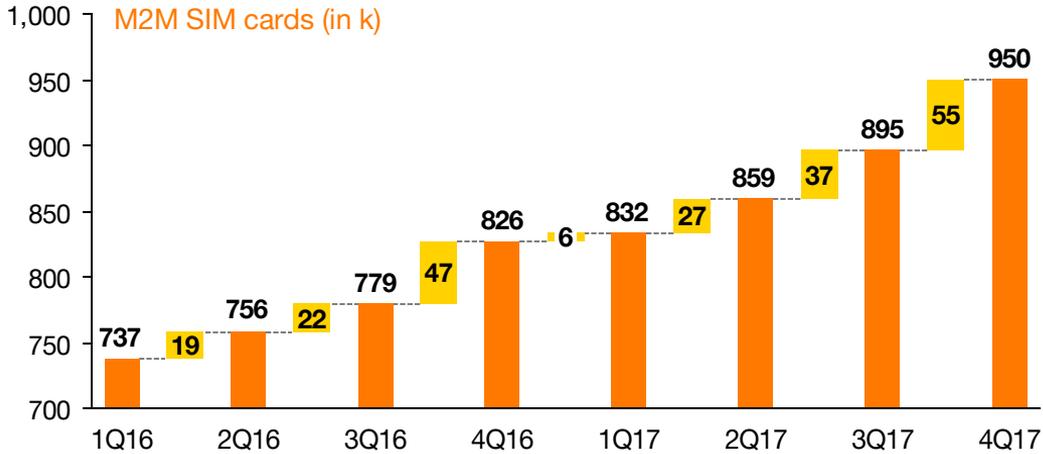
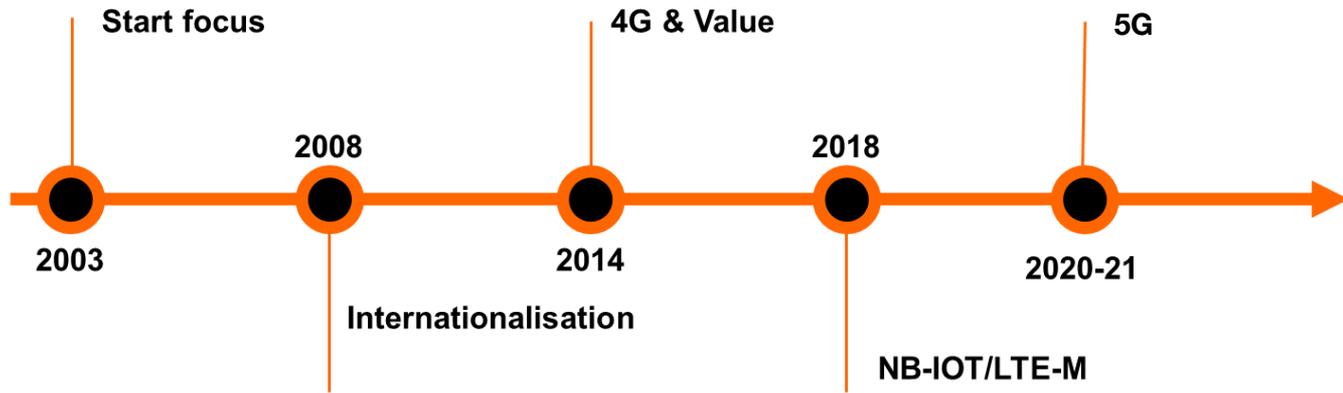


Postpaid ARPU, three months average (incl. visitor roaming)



# Leveraging 15 years of IoT/M2M experience to seize the future

## With the arrival of big data and AI, IoT/M2M is coming at age

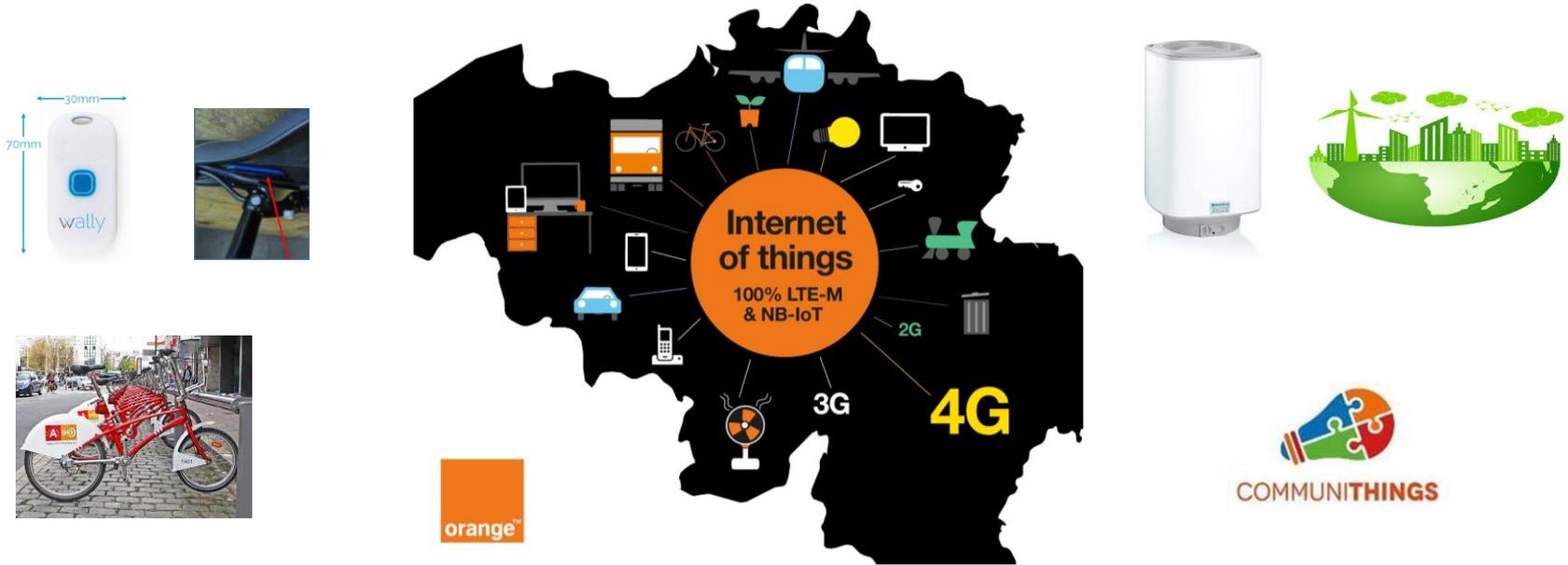


- M2M since 2003
- Dedicated platform (2G, 4G, LPWA)
- Dedicated Unit
- Experts, 24/7



# First nationwide network in Belgium to support Internet of Things

## Reaching immediately nationwide coverage both indoors and outdoors



Orange Belgium's Narrow Band-IoT (NB-IoT) and LTE-M network can connect millions of everyday objects to the Internet as it is designed for IoT applications that are low cost, use low data rates, and require long battery lives

# Orange Belgium's key growth drivers

# 1

## Convergence

**Love**



**B2C**



**B2B**

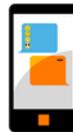


# 2

## Mobile data monetization

**Smartphone**

**B2C/B2B**



**IoT/M2M**

**B2B**



# 3

## Customer experience



**Digital transformation**



**Orange Thank You**



# Orange Belgium's digital services are being used by its customers

## By increasing customers' satisfaction, Orange invests in customer loyalty





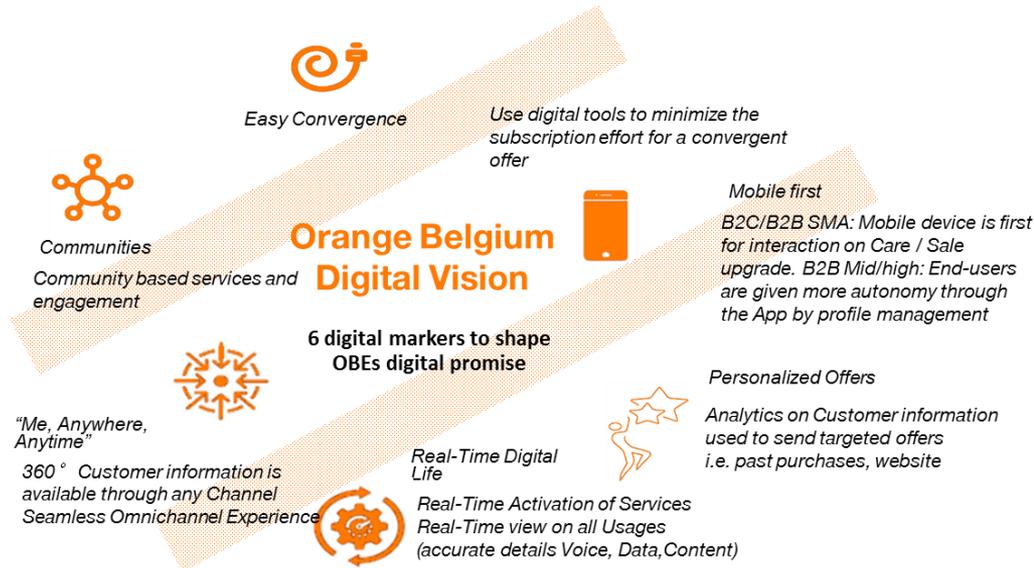
# Meet customers expectations with a best-in-class digital experience

## Its all about customer experience, revenue growth & operational efficiency



This program aims at offering an integrated, omni-channel user experience: on the desktop at home, on mobile devices on the go, over the phone with a customer service agent and in the Orange stores.

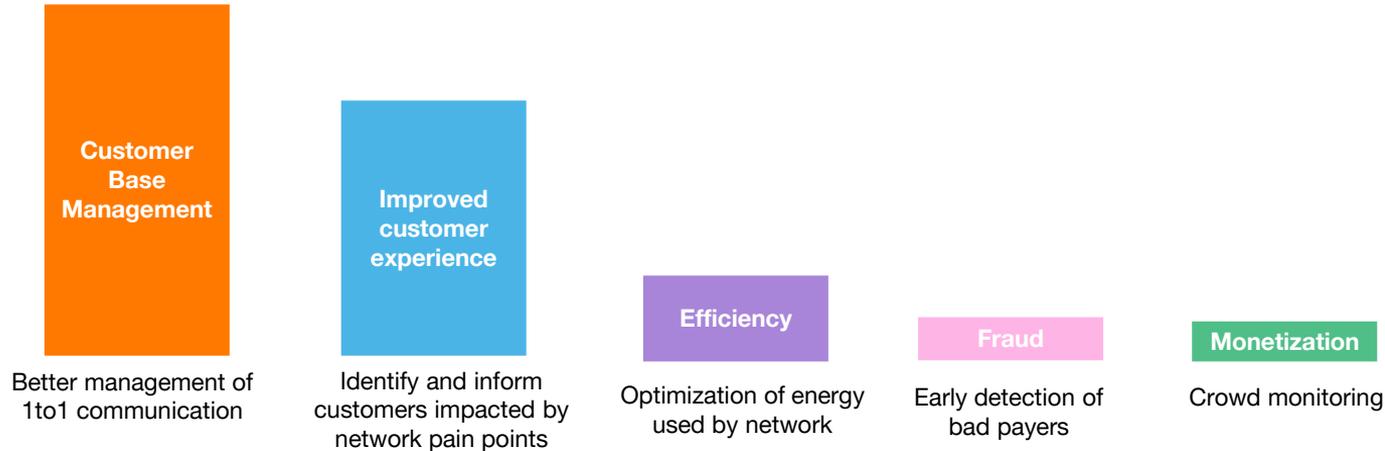
New advanced capabilities of digital selling, self-service and marketing, will boost value and increase efficiency



# Increasing usage of Big Data to better understand customers' needs



Orange Belgium is progressively rolling out a big data platform: Benefitting from the data provided by its network, sales, customer service and customers consumption patterns to optimize its offers.



The use of big data also allows more targeted investments in the network, improvements in churn management, as well as an increased effectiveness of revenue assurance and fraud detection.



# Orange Belgium kicked off the first season of Orange Fab Open innovation driving mobile innovation

**International accelerator**  
**Orange's worldwide footprint**

- 60 Subscriptions**
- 3 selected scale ups**
- Aiming at commercial synergies**

# 'Orange Thank You' develops customers that are more loyal

## Best Reward Loyalty program for both postpaid and prepaid customers



Orange Thank You boosts the community feeling of Orange Belgium's customers



Orange Thank You has a positive impact on churn management



Orange Thank You contributes to an improved Net Promoter Score



The use of the Orange Thank You-cinema promotion is picking up strongly



Thanks to the successful Christmas campaign the # of engaged customers peaked



More and more prepaid customers are making use of Orange Thank You

# Section two

# Financial results overview



**Arnaud Castille**  
**Orange Belgium, CFO**

**Total service revenues**

€ 1,110 m

**+1.5 %**

Year-on-year

**Total CAPEX**

€ 188m

**+12.4 %**

Core CAPEX

€ 142m

**-4.8%**

Year-on-year

**Adjusted EBITDA**

€ 302m

**+0.7 %**

Year-on-Year

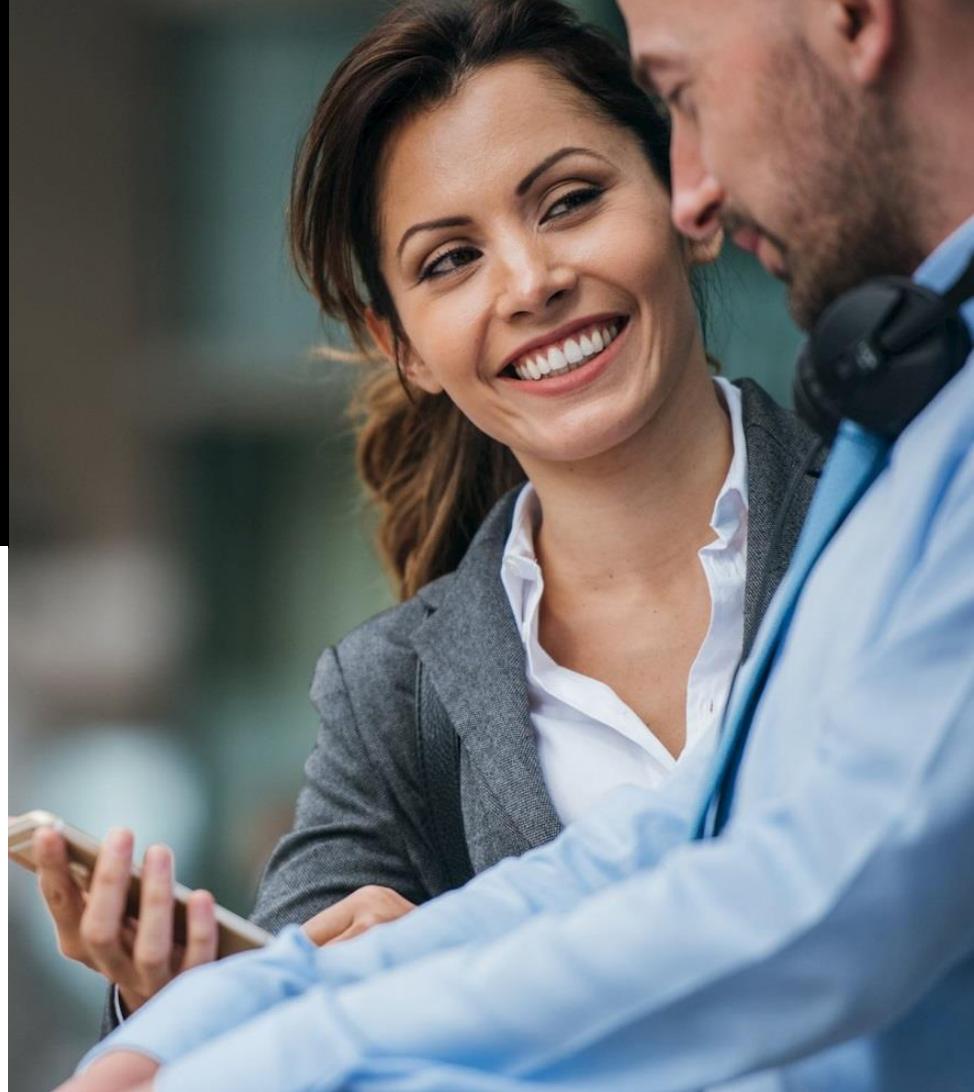
(on a like-for-like basis)

**Net debt**

€ 313m

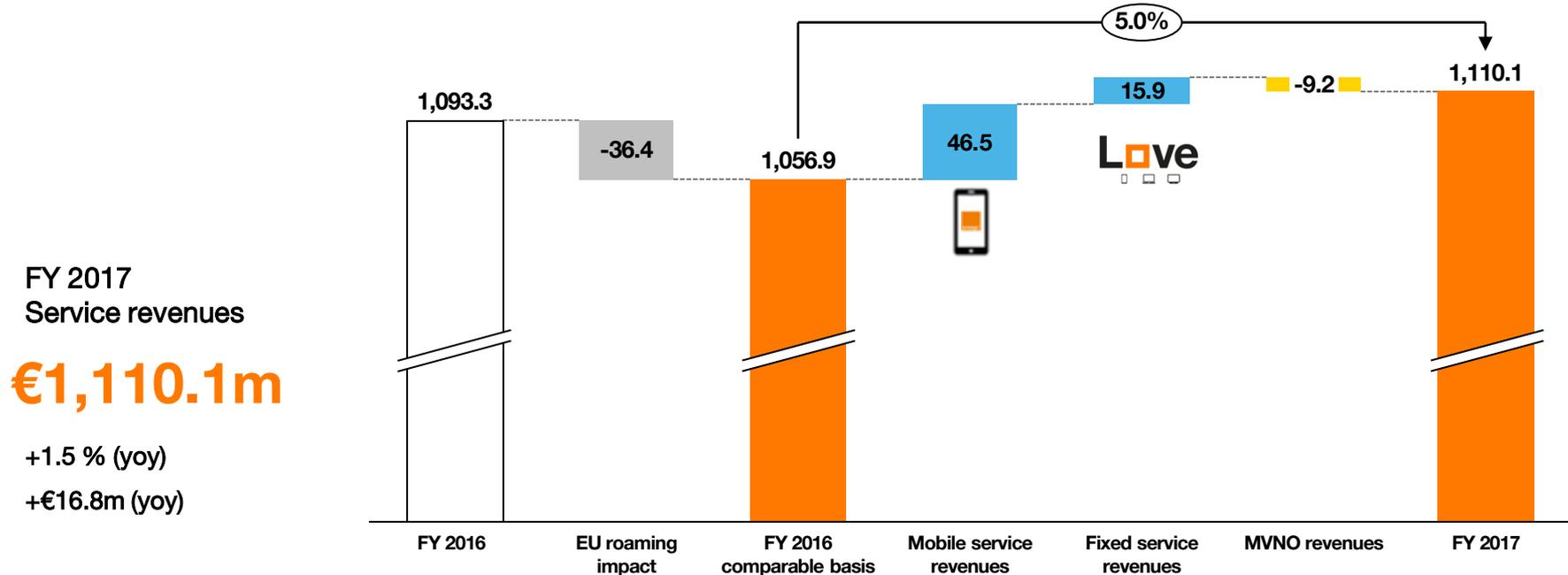
**-7.4 %**

Year-on-year



# Growing total service revenues with +1.5 % yoy (+5 % yoy excl. EU roaming) despite less MVNO revenues, less incoming SMS revenues but thanks to more billed services, more visitor roaming and more fixed revenues

Services revenues year-on-year evolution *in million euros*



FY 2017  
Service revenues

**€1,110.1m**

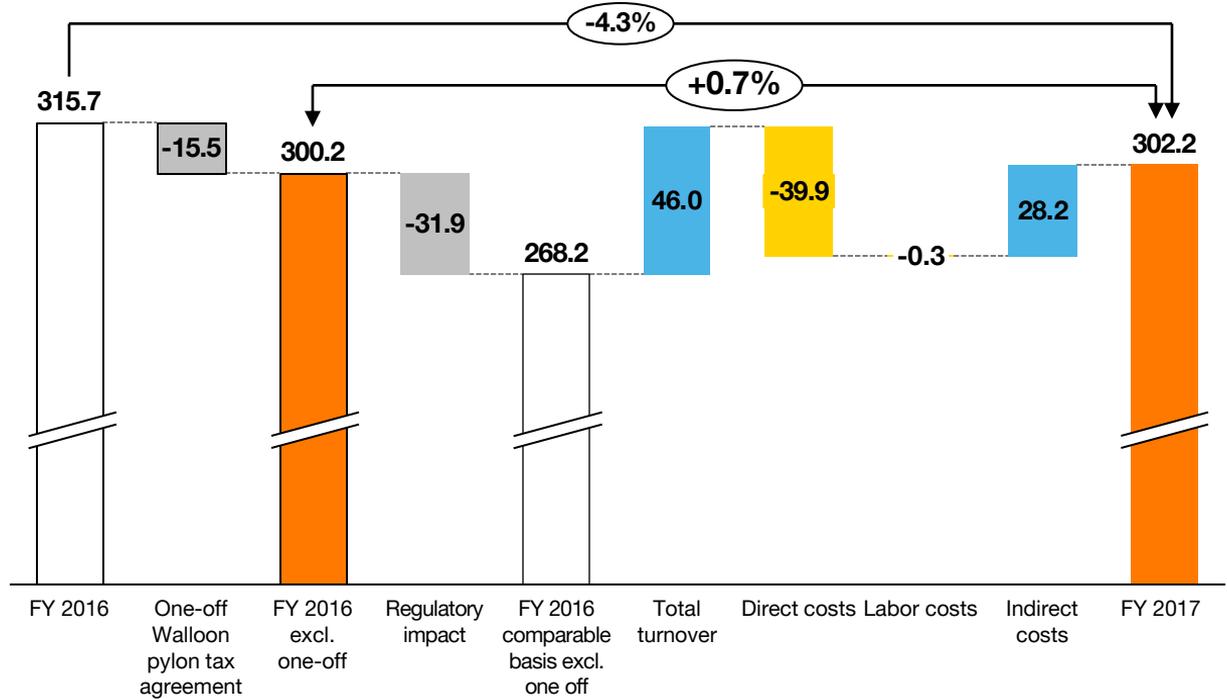
+1.5 % (yoy)

+€16.8m (yoy)

Mobile service revenues are presented net of EU roaming gross impact

# Strong underlying performance thanks to solid revenue and cost control

Adjusted EBITDA evolution *in million euros*



FY 2017  
Adjusted EBITDA

**€302.2m**

27.2 % of Total  
service rev.

-4.3 % (yoy)

+0.7 % yoy excl. 2016 pylon tax one-off

-€13.5m (yoy)

+€2.0m excl. 2016 pylon tax one-off

# Total capex up by 12 % yoy, mainly linked to increasing cable volumes

## Further network investment normalization after accelerated 4G roll-out

**FY 2017**

**Total CAPEX**

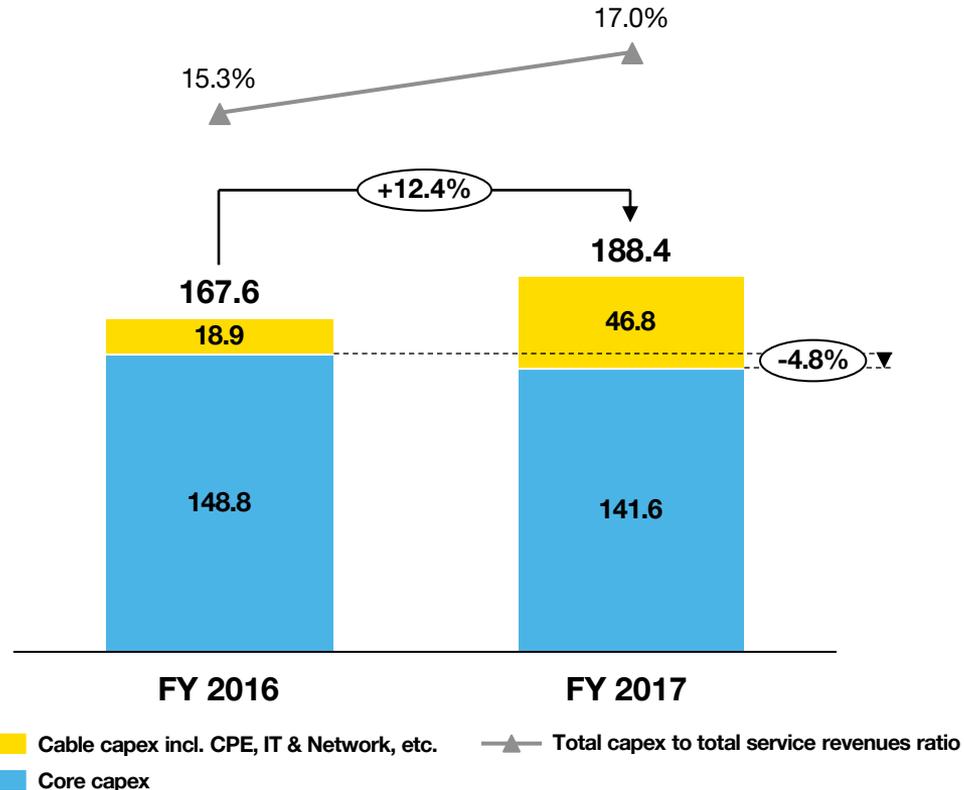
**€ 188m**

- +12.4 % yoy
- 17.0 % of total service revenues

**Core CAPEX**

**€ 142m**

- -4.8 % yoy
- 12.8 % of total service revenues



## Orange Belgium key financials

### Strong underlying results balanced by MVNO, EU roaming and cable impact

in €m	FY 2017	FY 2016	Var. (%)	Insight
Total service revenues	1,110.1	1,093.3	+1.5%	<ul style="list-style-type: none"> <li>Mobile service revenue growth despite €9m lower MVNO revenues and €36m roaming impact, thanks to strong mobile data monetisation and fixed service revenue increase</li> </ul>
<b>Total turnover</b>	<b>1,251.2</b>	<b>1,241.6</b>	<b>+0.8%</b>	<ul style="list-style-type: none"> <li>Reflecting total service revenues growth but less mobile equipment revenues and less other revenues</li> </ul>
Direct costs	-565.8	-530.4	6.7%	<ul style="list-style-type: none"> <li>More direct costs, mainly due to cable</li> </ul>
Labor costs	-131.0	-130.6	0.3%	
Indirect costs	-252.3	-264.9	-4.8%	
<b>Adjusted EBITDA</b>	<b>302.2</b>	<b>315.7</b>	<b>-4.3%</b>	<ul style="list-style-type: none"> <li>Adjusted EBITDA slightly up 0.7 % yoy when considering the 2016 pylon tax one-off</li> <li>Impacted by EU-roaming regulation and higher cable related costs, compensated by higher service revenues and solid cost control</li> </ul>
<i>(in % of service revenues)</i>	<i>27.2 %</i>	<i>28.9 %</i>		
<b>Reported EBITDA</b>	<b>312.0</b>	<b>317.1</b>	<b>-1.6%</b>	
<i>(in % of service revenues)</i>	<i>28.1 %</i>	<i>29.0 %</i>		
<b>CAPEX</b>	<b>188.4</b>	<b>167.6</b>	<b>12.4%</b>	<ul style="list-style-type: none"> <li>Mainly related to higher cable volumes, only partially compensated by lower core capex</li> </ul>
<i>(in % of service revenues)</i>	<i>17.0 %</i>	<i>15.3 %</i>		
<b>Operational Cash Flow (EBITDA - CAPEX)</b>	<b>123.6</b>	<b>149.4</b>	<b>-17.3%</b>	

# Consolidated net income impacted by goodwill impairment

## Declining net financial debt thanks to solid cash flow generation

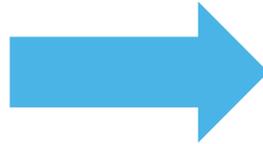
in €m	FY 2017	FY 2016	Var. (%)	Insight
<b>Reported EBITDA</b>	<b>312.0</b>	<b>317.1</b>	<b>-1.6 %</b>	
<b>EBIT</b>	<b>64.4</b>	<b>107.2</b>	<b>-39.9 %</b>	<ul style="list-style-type: none"> <li>• Depreciations higher mainly due to the depreciation of the activated customer premises equipment related to cable</li> <li>• Impacted by the €17.9m goodwill impairment related to Orange Luxembourg</li> </ul>
<b>Net income</b>	<b>41.0</b>	<b>76.6</b>	<b>46.5 %</b>	
Earning per share	0.68	1.28	-46.6 %	
<b>Net financial debt</b>	<b>312.8</b>	<b>338.0</b>	<b>-7.4 %</b>	<ul style="list-style-type: none"> <li>• Thanks to solid operational cash flow and despite the payment of the 2016 dividend, the impact of higher total capex and the high amount of income tax paid, related to the balance of the 2015 income tax as well as the higher prepayment of the 2017 income tax.</li> </ul>
Net financial debt/Reported EBITDA	1.0	1.1		

# Section three

## 2018 guidance



2018 financial guidance and outlook



Dividend proposal

# 2018 financial guidance highlights growth of retail business monetization of mobile network & sustained focus on operational efficiency

2018 Guidance	
Total service revenues	To grow vs. 2017
Adjusted EBITDA	280-300€m
Core capex excl. cable	Stable vs. 2017

## Outlook

- Further uptake of the postpaid and convergent LOVE customer base
- Focus on operational efficiency
- Expected regulatory improvement of the current financial and operational conditions for cable wholesale access
- MVNO revenues are expected to decline by €30M
- Gross EU roaming impact of €26M on revenues and of €17M on adjusted EBITDA
- Corporate income tax in Belgium to decline from 33.99 % in 2017 to 29.58 % in 2018 and 25.00% in 2020

# Proposal to pay dividend of 0.50 euro for financial year 2017

## Maintaining a balanced and sound financial position

- 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 2017 of 0.50 euro per share.
- If approved, the payment of the ordinary dividend will be done on 16 May 2018 (ex-dividend date: 14 May 2018; record date: 15 May 2018).

# Adopting a bold challenger positioning, focusing on what's essential for our customers.

Orange LOVE @ 39€



Panther Limited Edition



And ....

# Orange Belgium launches the first unlimited mobile subscription in Belgium

Primeur  
in België



**Full  
unlimited**

voor 40 €

Omdat het  
écht telt



De 100 MB van de 4G LTE Speed Pack zijn beschikbaar tot 31/12/2017. Deze zijn niet te combineren met andere Speed Packs. Het bedrag van de 4G LTE Speed Pack wordt automatisch afgetrokken van de 4G LTE Speed Pack. Het bedrag van de 4G LTE Speed Pack wordt automatisch afgetrokken van de 4G LTE Speed Pack.



# Section four

## Q&A



# Appendix 1

## Key financial figures

Q4 2017 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	274,8	281,8	279,5	274,0	277,7	275,3	267,9	272,4
Mobile service revenues	in mio EUR	250,0	259,2	258,9	253,4	258,5	257,6	250,1	254,3
Fixed service revenues	in mio EUR	24,8	22,6	20,6	20,7	19,2	17,7	17,8	18,1
Adjusted EBITDA	in mio EUR	61,9	83,1	85,0	72,2	78,5	92,2	91,1	53,8
% of service revenues		22.5%	29.5%	30.4%	26.3%	28.3%	33.5%	34.0%	19.8%
Reported EBITDA	in mio EUR	60,0	94,4	85,7	71,9	79,9	91,7	91,7	53,7
% of service revenues		21.8%	33.5%	30.7%	26.2%	28.8%	33.3%	34.2%	19.7%
CAPEX	in mio EUR	73,8	37,4	45,0	32,2	71,3	34,2	37,8	24,3
% of service revenues		26.8%	13.3%	16.1%	11.7%	25.7%	12.4%	14.1%	8.9%
Operating cash flow	in mio EUR	-13,8	56,9	40,7	39,8	8,6	57,5	53,9	29,4
% of service revenues		-5.0%	20.2%	14.6%	14.5%	3.1%	20.9%	20.1%	10.8%
Net financial debt	in mio EUR	312,8	288,3	329,7	323,7	338,0	315,2	369,9	418,1
Net financial debt / Reported EBITDA		1.0	0.9	1.0	1.0	1.1	0.9	1.1	1.4

## Appendix 2

# Orange Belgium's figures

		Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
<b>ORANGE BELGIUM</b>									
<b>Mobile services</b>									
Mobile retail customers (excl. MVNO)	in thousand	3,854.6	3,789.8	3,779.0	3,759.1	3,796.5	3,770.5	3,779.7	3 766.6
Mobile customers (excl. IoT/M2M)	in thousand	2,904.7	2,894.6	2,920.3	2,927.1	2,970.8	2,991.8	3,023.4	3 029.7
Postpaid	in thousand	2,315.2	2,287.1	2,271.7	2,250.5	2,247.6	2,238.3	2,234.8	2 217.0
Prepaid	in thousand	589.5	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	26.3	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	30.0	29.3	28.9	29.1	29.2	29.0	28.6
Prepaid ARPU, three months average	in EUR/month	11.9	11.4	11.3	11.1	11.8	11.7	12.0	11.7
IoT/M2M SIM cards	in thousand	949.8	895.2	858.6	832.0	825.7	778.7	756.4	737.0
MVNO customers	in thousand	522.2	1,066.7	1,930.4	1,996.7	2,040.7	1,990.0	1,907.3	1 816.6
<b>Fixed services</b>									
Fixed broadband internet and TV customers	in thousand	108.6	93.6	77.8	66.3	50.3	34.3	28.0	26.1
Of which cable	in thousand	102.9	81.8	64.3	49.8	33.4	17.7	10.5	5.5
Fixed telephone lines	in thousand	133.9	142.1	150.7	157.0	157.9	158.5	164.7	169.9

## Appendix 3

# Orange Luxembourg's figures

		Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
<b>ORANGE LUXEMBOURG</b>									
<b>Mobile services</b>									
Mobile retail customers (excl. MVNO)	in thousand	183.3	181.4	178.3	164.9	159.3	154.5	148.1	142.4
Mobile customers (excl. IoT/M2M)	in thousand	118.3	112.4	109.7	106.0	105.4	104.1	102.7	102.1
Postpaid	in thousand	107.7	101.9	99.9	98.0	97.3	96.6	95.2	94.1
Prepaid	in thousand	10.6	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	33.1	36.1	35.2	33.3	35.1	34.9	35.8	35.2
IoT/M2M SIM cards	in thousand	65.0	69.0	68.6	58.9	53.9	50.4	45.4	40.3
MVNO customers	in thousand	2.4	2.2	2.2	2.2	2.2	2.1	2.1	2.1
<b>Fixed services</b>									
Fixed broadband internet and TV customers	in thousand	11.7	9.9	9.9	10.0	9.6	9.1	8.6	8.0
Fixed telephone lines	in thousand	2.1	0.5	0.6	0.7	0.7	0.9	0.9	1.1

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