



Financial information for the first quarter of 2017

Orange Belgium delivers growth in both total service revenues and EBITDA and reaches a key milestone of 50k convergent customers supported by its LOVE offer

Brussels, 21 April 2017– Today, the Orange Belgium Group (Euronext Brussels: OBEL) published its results for the first quarter of 2017. In the period ended 31 March 2017, Orange Belgium's customers have continued to convert towards more data rich plans, driving value creation further with a positive effect on the postpaid ARPU. Orange Belgium is transitioning from a mobile-only operator into a high quality convergent operator with associated cross-sell opportunities and a balanced value and acquisition strategy.

- ✓ **Solid commercial momentum for Orange Belgium's convergent LOVE offer with 16 thousand net additions**
The introduction of Orange Belgium's convergent "LOVE" offer mid-February is an important booster for the company's overall brand awareness, and in particular for its convergent offer. At the end of the first quarter of 2017, Orange Belgium registered 50 thousand LOVE customers with 78 thousand attached mobile contracts, an increase of 16 and 21 thousand quarter-on-quarter respectively. In addition to the steady marketing effort of the LOVE offer, the 'easy switch'-campaign of the government in the second half of 2017 will further contribute to raising the level of awareness among the Belgian population. The success of convergence as an acquisition tool is confirmed in the first quarter of 2017 as the rate of newly acquired customers has increased compared to 2016.
- ✓ **Orange Belgium successfully stood by its customers in their increasing mobile data usage**
The demand fundamentals of the Belgian mobile market remained unchanged, underpinned by the continued increase in 4G smartphone penetration and mobile data usage. On the supply side, the market is very competitive with an increase in promotional activity in the first quarter of 2017. Orange Belgium remained focused on value creation with its strategy to monetise mobile data. The company developed its 4G smartphone penetration rates to above 50 %. The average monthly mobile data consumption of Orange Belgium's smartphone customer base has further stepped up in March 2017 to 1.5 GB, contributing to a 60 % year-on-year increase in total data traffic of which 4G now represents 83 %. As a result, the postpaid ARPU¹ has increased to 28.9 euros from 28.6 euros a year ago, despite the adverse EU roaming impact.
- ✓ **The Orange Belgium Group reached a total turnover of 307.2 million euros in the first quarter of 2017. Total services revenues came out at 274.0 million euros, up +0.6 % year-on-year with mobile service revenues - 0.4 % (+1.7 % excl. EU roaming impact) and fixed service revenues progressing well with a performance of +14.3 % year-on-year. The mobile services revenues in the first quarter of 2017 saw an accelerated decline in interconnection SMS revenues compared to the previous quarters.**
- ✓ **Orange Belgium Group's adjusted EBITDA was 72.2 million euros in the first quarter of 2017, an increase of 3.6 % year-on-year on a comparable basis, i.e. excluding the 2016 Walloon pylon tax provision of 15.8 million euros booked in the first quarter of 2016. This result was achieved despite the EU roaming impact.**
- ✓ **The Orange Belgium Group invested 32.2 million euros, including 11.4 million euros dedicated to cable, and generated an operational cash flow of 39.8 million euros in the first quarter of 2017. The net financial debt stood at 323.7 million euros at the end of the first quarter of 2017, resulting in a net financial debt/reported EBITDA ratio of 1.0x.**
- ✓ **Based on the results of the first quarter of 2017, the Orange Belgium Group reiterates its guidance for the financial year 2017: growth in total service revenues and an adjusted EBITDA between 290 and 310 million euros in 2017. This guidance shows a strong ambition especially taking into account the EU roaming regulation impact of 31.9 million euros in 2017. The Orange Belgium Group expects total capex excl. investments linked to the successful uptake of the Orange Internet + TV offer to remain fairly stable compared to 2016.**

¹ See page 12 for change in ARPU definition.

Michaël Trabbia, Orange Belgium's Chief Executive Officer, commented:

"The first quarter of 2017 was a significant milestone in the roll-out of our high-quality convergent services, as we reached 50.000 customers and we launched our LOVE proposition. The growing number of LOVE customers is confirming the quality of our offer and we are eager to expand our LOVE family as we aim to double that number of LOVE customers to 100.000 by the end of the year. In the medium term, we are confident that we can reach our ambition of 10 % broadband market share. Despite a competitive environment, we are pursuing our focus on value and our efforts on mobile data monetization. Customer experience is an additional key priority for our company. That is why we have started a comprehensive digital transformation plan, which will enable us to simplify our processes and improve our interactions with our customers."

Arnaud Castille, Chief Financial Officer added:

"We are transitioning from a mobile-only operator into a high quality convergent operator. This is why we started in the first quarter of 2017 by reducing the amount we invested in subsidised offers. We believe convergence will allow us to achieve considerable savings in terms of mobile customer acquisition and retention costs going forward by more effectively reaching out to new convergent customers and reducing our mobile churn. Progressively, we see this double upshot impacting our overall mobile business model positively. In addition, our digital transformation will help us drive a sustainable top line growth while further strengthening our cost structure."

1. Key financial and operational highlights

- **Orange Belgium took a next step in the reinforcement of its convergent offering**
The newly branded convergent offer “LOVE” was launched mid-February in Belgium and at the end of March in Luxembourg. This new umbrella concept allows communicating with the Belgian and Luxembourgian population using a fully personalized integrated mobile and fixed offering and should boost the overall Orange brand awareness as well as the awareness of its convergent offering. LOVE is a mobile, high speed Internet & TV tailor-made bundle that answers all the connectivity needs of the consumer on the go and at home with an abundance of data at the best price. In Belgium, this convergent umbrella offers customers the flexibility and freedom to choose the number of SIM cards and the associated voice & data allowances they need, combined with Orange Belgium’s high quality Internet + TV offer. LOVE combinations start from 57 euros/month (Hummingbird subscription of 8 euros combined with Orange Internet + TV at 49 euros). The LOVE combination of Eagle + Internet + TV of 78 euros/month is currently the best offer on the market for customers willing to be connected anytime and everywhere as it contains 10 GB of mobile data.
- **Orange Belgium opened its 5th Smart Store in Belgium**
Since Orange Belgium has launched its first Smart Store in Brussels in 2016, four additional Smart Stores have opened in Belgium, the most recent one in the largest shopping center in the country in March 2017. Orange Belgium’s Smart Stores enable customers to learn about and experience new Orange products. Orange Belgium’s strong retail presence is critical as it has become the company’s main customers acquisition channel.
- **Orange Belgium’s leading mobile network reinforced in 4G+; inception of 4.5G configuration tests**
Meanwhile, Orange’s 4G+ network, which offers speeds up to four times faster than 4G, is also gaining momentum. It already has outdoor coverage of around 55 %. Thanks to a better coordination of radio frequencies (upstream and downstream traffic) and a better traffic congestion management, Orange Belgium has succeeded in leveraging improvements in 4G+ to make a noticeable difference not only for 4G+ users but also for 4G users by optimizing the network capacity. At the same time, the company has also been carrying out 4.5G configuration tests which offer download speeds up to eight times higher than the 4G network by ensuring optimal coordination of three frequency bands. In 2017, Orange Belgium will continue its deployment of 4.5G configurations.
- **Orange Belgium’s deep indoor coverage provides high speed mobile internet in the Brussels metro**
Orange Belgium pursued its optimisation of the mobile broadband networks, paying particular attention to increasing the quality of deep indoor coverage. In collaboration with the Brussels Intercommunal Transport Company, STIB-MIVB, Orange Belgium has made 4G available on all metro lines and stations. As from March 2017, all Orange Belgium customers can benefit from a comprehensive high-speed mobile internet experience during their journey. Hence, Orange Belgium deployed 67 network installations to cover the entire Brussels metro and made specific investments to be able to manage the 80,000 MB of mobile data used daily during peak periods.
- **Orange Belgium rolled out a new prepaid ID registration process in 1,700 points of sale**
After the successful implementation of the prepaid identification process in all Orange-owned shops and on the Orange website in 2016, Orange Belgium now starts the roll-out of a new identification process in 1,700 Orange prepaid card points of sale. The authorized Orange prepaid card resellers (e.g. petrol stations, bookstores, etc.) have been equipped with terminals and offered training sessions. Customers’ identity cards can now be easily scanned using the wireless terminal in order to provide instant verification of authenticity. Once this step is successfully completed, the SIM card is activated.
- **Orange Belgium launched two new full control postpaid tariff plans: Zen Hummingbird and Zen Dolphin**
Orange Belgium launched two new capped postpaid plans under the name Zen. The two plans guaranty customers not to exceed their monthly budget, as additional consumption beyond their monthly allowance is blocked unless they extend their plan using prepaid vouchers. Moreover, the offering provides prepaid customer an excellent postpaid alternative that provides them with the same level of control on their monthly

spending, and is an adequate way to stimulate pre- to postpaid migration. The Zen plans come in two versions, both with unlimited SMS. The Hummingbird plan offers 100 MB data and 1.5 hour of calls for 8 euros per month, and Dolphin includes 1.5 GB and 2.5 hours for 15 euros. Customers can also combine the plans with an Orange LOVE subscription.

- **Orange Belgium's IoT services appeal to a new category of wholesale MVNO partners**

Orange Belgium's strategy to target MVNO partners that offer complementarity in terms of content or customer segment and therefore contribute to realizing a proper return on the accelerated network investments, has not changed. Orange Belgium will continue to pursue profitable wholesale agreements and is getting more requests from wholesale partners who are looking to expand their capabilities into IoT. Orange Belgium, and by extension the Orange Group, offer an outstanding network coverage which is critical for IoT services, both at national and European level.

- **Termination date of MVNO contract between Orange Belgium and Lycamobile fixed**

Orange Belgium acknowledged the decision of Lycamobile Belgium Limited ("Lycamobile") to acquire Telenet's MVNO subsidiary Ortel Mobile NV ("Ortel Mobile"). As part of this acquisition, Lycamobile signed a full MVNO agreement with Telenet using the BASE network. The current MVNO contract between Orange Belgium and Lycamobile would have ended at the end of March 2017, though in line with the provisions of the contract, Lycamobile has asked to extend its term by 6 months until the end of September 2017 to migrate its customers.

- **Orange Belgium provides professional and business customers with a secured payment solution**

Orange Belgium and Ingenico Payment Services have launched 'Orange Pro Payment', a mobile payment solution for professionals and business customers. The solution enables professionals to accept payment cards (Visa, MasterCard, Maestro) via a secure card reader connected to a smartphone or tablet using a bluetooth connection. The payment terminal together with the application acts as a mobile cashier that makes the payment immediate. The Orange Pro Payment solution is available at 119 euros (purchase terminal) + 9.95 euros/month (excl. VAT).

- **Orange Belgium's crowd monitoring solution is gaining traction**

In January 2017 Orange Belgium proudly announced that the Walloon Service for Public Roads received the "Agoria Smart Cities Award 2017" for their crowd monitoring initiative, which was powered by Orange Belgium. The solution is aiming at solving mobility problems resulting from the growing success of the Pairi Daiza family park. Orange Belgium's crowd monitoring solution offers numerous new possibilities for cities and municipalities, besides the monitoring of crowds. For instance, the tool can measure the impact of weather conditions, how a crowd is moving, the pressure on the feeder roads to and from the event, and much more. It can also help cities and municipalities improve their marketing. Day tourism, stay-over tourism, and the organization of events have major economic impacts on a city. New measurement techniques and "big data" analytical tools make it possible to detect and map out mobile devices and offer valuable information.

- **Orange Belgium is elected Top Employer**

Orange Belgium has been elected Top Employer for the sixth year in a row. The certificate is granted by the Top Employers Institute, an independent organization that compares work conditions with international standards. The institute conducts a survey each year, screening a large number of Belgian employers and making a thorough analysis of work conditions. This award recognizes the quality of the working environment Orange Belgium offers and its commitment to constantly improve and grow together and become an even better employer. In particular, Orange Belgium is seeking to become the reference digital and caring employer across Belgium and Luxembourg.

2. Comments on the financial situation

2.1 Consolidated figures for the Orange Belgium Group

Orange Belgium group's consolidated key figures	Q1 2017	Q1 2016	Variation
Total number of connected SIM cards (Orange Belgium S.A., Orange Communications Luxembourg S.A. and MVNO's)	5,922.9	5,727.7	+3.4 %
Consolidated turnover (mio €)	307.2	309.3	-0.7 %
Total service revenues (mio €)	274.0	272.4	+0.6 %
Mobile equipment sales (mio €)	27.1	31.1	-13.1 %
Adjusted EBITDA (mio €)	72.2	53.8	+34.0 %
Adjusted EBITDA margin in % of total service revenues	26.3 %	19.8 %	
Reported EBITDA (mio €)	71.9	53.7	+33.9 %
Reported EBITDA margin in % of total service revenues	26.2 %	19.7 %	
Consolidated net profit (mio €)	9.8	1.5	+571.3 %
Net profit per ordinary share (€)	0.16	0.02	+571.3 %
Net investment (mio €)	32.2	24.3	+32.4 %
Net investment / Total service revenues	11.7 %	8.9 %	
Operational cash flow (mio €)	39.8	29.4	+35.2 %
Organic cash flow (mio €)	14.3	-9.3	-253.2 %
Net financial debt (mio €)	323.7	418.1	-22.6 %

2.2 Consolidated statement of comprehensive income

Revenues

The Orange Belgium Group's consolidated turnover stood at 307.2 million euros in the first quarter of 2017, compared to 309.3 million euros in the first quarter of 2016, a decline of 0.7 % year-on-year. The consolidated turnover would have increased by 1.1 % year-on-year in the first quarter of 2017 excluding the regulatory impact of EU roaming of 5.3 million euro. The current transitory period to Roam-Like-At-Home runs until 14 June 2017 and allows operators to apply a surcharge up to the current regulated wholesale rates. After this date, retail roaming prices within the EU will be at the domestic retail prices for consumption within the "Fair Use Policy" (FUP).

Total service revenues amounted to 274.0 million euros in the first quarter of 2017, compared to 272.4 million euros in the first quarter of 2016, an increase of 0.6 % year-on-year. Excluding the impact of roaming price reductions in Europe, the total service revenues of the Orange Belgium Group would have increased by 2.6 % year-on-year in the first quarter of 2017.

The consolidated mobile equipment sales of the Orange Belgium Group amounted to 27.1 million euros in the first quarter of 2017, compared to 31.1 million euros last year, a decrease of 13.1 % year-on-year. The decline in the first quarter of 2017 is the result of the reduction in the number of subsidized devices and the reduction in the number of sold devices, partly explained by a different launch date of some popular models.

Result of operating activities before depreciation and other expenses

The adjusted EBITDA of the Orange Belgium Group amounted to 72.2 million euros in the first quarter of 2017, compared to 53.8 million euros in the first quarter of 2016. The adjusted EBITDA margin amounted to 26.3 % of service revenues in the first quarter of 2017 compared to 19.8 % in the same period a year ago. The year-on-year comparison basis for the first quarter of 2017 was favourable given the 15.8 million euros provision related to the 2016 Walloon pylon tax booked in the first quarter of 2016. The reduction of roaming prices in Europe had an adverse impact on the adjusted EBITDA of 5.3 million euros in the first quarter of 2017. Filtering out the effect of these elements, the adjusted EBITDA would still have increased by a solid 12.2 % year-on-year.

The total operational expenses amounted to 235.1 million euros in the first quarter of 2017 compared to 255.4 million euros in the first quarter of 2016, a decrease of 11.4 % year-on-year (or -1.9 % excluding the Walloon pylon tax provision in 2016). This decline is realized despite the increased cost base of the convergent

offering. The direct costs decreased by 2.7 % thanks to lower handset sales but also thanks to lower customer acquisition costs related to subsidies and commissions and despite the higher cable wholesale costs related to the Internet and TV offering. Labour costs stayed relatively stable compared to last year, again considering the ramp up of the convergent offer. Finally, once corrected for the provision taken in the first quarter of 2016, indirect costs decreased by 1.2 % year-on-year. This was thanks to lower IT & network expenses and despite increased marketing expenses in the framework of the convergent LOVE campaign launched in February 2017.

The operational expenses related to the Orange Internet + TV offering, including the monthly cable wholesale fee paid to the cable operators, amounted to 9.7 million euros in the first quarter of 2017, compared to 2.4 million euros in the first quarter of 2016.

Reported EBITDA adjustments (in million €)	Q1 2017	Q1 2016	Variation
Adjusted EBITDA	72.2	53.8	+34.0 %
Adjustments	-0.2	-0.1	Na
- o/w other restructuring costs	-0.2	-0.1	Na
- o/w other operating income	0.0	0.0	Na
Reported EBITDA	71.9	53.7	+33.9 %

The adjustments of EBITDA amounted to 0.2 million euros in the first quarter of 2017, compared to 0.1 million euros in the first quarter of 2016. Consequently, the reported EBITDA of the Orange Belgium Group amounted in the first quarter of 2017 to 71.9 million euros compared to 53.7 million euros a year ago, an increase of 33.9 % year-on-year. The reported EBITDA margin in the first quarter of 2017 stood at 26.2 % of service revenues, compared to 19.7 % a year ago.

Net profit

As a result of the previous items, the consolidated net profit of the Orange Belgium Group increased to 9.8 million euros in the first quarter of 2017 from 1.5 million euros in the first quarter of 2016. Consequently, the net profit per share amounted to 0.16 euro in the first quarter of 2017, compared to 0.02 euro in the same period last year.

2.3 Consolidated statement of financial position

The consolidated statement of financial position amounted to 1,467.2 million euros on 31 March 2017, compared to 1,524.2 million euros at the end of December 2016. The net financial debt at the end of March 2017 was 323.7 million euros, compared to 418.1 million euros a year ago, a decrease of 22.6 % year-on-year. The net financial debt/reported EBITDA ratio at the end of March 2017 amounted to 1.0x compared to 1.1x at the end of December 2016.

2.4 Consolidated cash flow statement

The Orange Belgium Group invested 32.2 million euros, i.e. 11.7 % of total service revenues, in the first quarter of 2017 compared to 24.3 million euros, or 8.9 % of total service revenues a year ago. The cable related capital expenditures amounted to 11.4 million euros in the first quarter of 2017. Orange Belgium has been working meticulously to ensure the mobile network quality is specifically optimised in geographical areas where user demand for mobile data is increasing. At the cell level, capacity is being increased by software updates and the activation of new frequency bands for potentially overloaded cells. At core network level, the company has extended its software and hardware capacities, and has simplified the used technologies. The backhaul network which provides communications between the core network and the base stations has also benefited from on-going optimization work, particularly fiber installations. All these investments have been done to preserve network quality as the company's key competitive advantage.

The operational cash flow, defined as reported EBITDA minus net investments, amounted to 39.8 million euros in the first quarter of 2017 compared to 29.4 million euros in the first quarter of 2016, an increase of 35.2 % year-on-year. The organic cash flow, which is an operational performance indicator in order to measure the cash flow provided by the operating activities, amounted to 14.3 million euros in the first quarter of 2017, compared to the negative organic cash flow generated in the first quarter of 2016 of -9.3 million euros.

2.5 Activities of the Orange Belgium Group by segment

In greater detail, the breakdown of Orange Belgium Group's activities is the following:

2.5.1. Activities in Belgium

Key financial figures of Orange Belgium S.A.	Q1 2017	Q1 2016	Variation
Total service revenues (mio €)	262.8	261.2	+0.6 %
of which mobile services	243.4	244.1	-0.3 %
of which fixed services	19.4	17.1	+13.3 %
Total turnover (mio €)	296.7	298.2	-0.5 %

Key operating figures of Orange Belgium S.A.	Q1 2017	Q1 2016	Variation
ARPU (€/month/active customer) ²	24.5	24.0	+2.2 %
Mobile retail customers (excl. MVNO)	3,759.1	3,766.6	-0.2 %
Mobile customers (excl. IoT/M2M)	2,927.1	3,029.7	-3.4 %
Of which postpaid	2,250.5	2,217.0	+1.5 %
Of which prepaid	676.6	812.7	-16.7 %
IoT/M2M SIM cards	832.0	737.0	+12.9 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	1,996.7	1,816.6	+9.9 %
Fixed broadband internet and TV customers	66.3	25.9	+155.9 %
Of which cable	49.8	5.5	+812.3 %
Fixed telephone lines	157.0	169.9	-7.6 %

Mobile activities

Market Review

The fundamentals of the Belgian mobile market on the demand side remained unchanged and are strongly underpinned by the continued increase in 4G smartphone penetration and mobile data usage. On the supply side the market has remained very competitive, in particular with an increase in promotional activity. The prepaid identification registration process started in December 2016 and will continue until early June 2017 to be completed. Belgian telecom minister Alexander De Croo issued a statement saying that violations are unacceptable and warned that violations would lead to heavy fines, judicial prosecution and even a possible loss of licenses.

Operational Review

The mobile data statistics for Orange Belgium have developed solidly with 68 % and 50 % smartphone and 4G smartphone penetration and average monthly mobile data consumption of 1.0 GB and 1.5 GB for the total and smartphone customer base respectively, translating into a 60 % year-on-year increase in total data traffic of which 4G now represents 83 %. As a result of this dynamic, the postpaid ARPU in Belgium increased to 28.9 euros from 28.6 euros a year ago, despite the EU roaming impact.

Orange Belgium's mobile retail customer base (excl. MVNO) stood out at 3,759.1 thousand at the end of the first quarter of 2017, a decrease of 7.5 thousand compared to the first quarter of 2016 and a decrease of 37.4 thousand compared to the previous quarter. Considering the relative value each of the three product categories within the retail customer base, i.e. postpaid, prepaid and IoT/M2M, represents, the volume decline has already been partly compensated by the improved product mix. Moreover, taking into consideration the increase in ARPU of the postpaid segment, Orange Belgium's strong focus on value is delivering.

At the end of the first quarter of 2017 the postpaid customer base stood at 2,250.5 thousand customers an increase of 33.5 and 2.9 thousand compared to the first quarter of 2016 and the previous quarter, respectively. Stimulated by the high reliability and speed of Orange Belgium's mobile network and by the rich device

² See page 12 for change in ARPU definition.

portfolio, 4G adoption among Orange Belgium's customers continued in the first quarter of 2017 with an increase of about 450.9 and 48.1 thousand active 4G users in the past 12 months and quarter respectively. Customers who move to 4G typically have a higher customer satisfaction and a greater appetite for mobile data, which in turn translates into a higher ARPU.

Orange Belgium's prepaid customer base came out at 676.6 thousand, a decline of 136.1 and 46.5 thousand from the first quarter 2016 and the previous quarter, respectively. This decline should be seen in the context of a prepaid market that has already been structurally declining for more than two years. The impact of the prepaid identification registration has currently limited itself to a considerable increase in the number of prepaid to postpaid migrations. From an operational point of view, Orange Belgium had already in 2016 implemented the necessary processes to identify all prepaid customers in all Orange Belgium's owned and controlled shops and on the Orange Belgium website. In the first quarter of 2017, Orange Belgium also started the roll-out of a new identification process in 1,700 Orange prepaid card points of sale. The authorised Orange prepaid card resellers (e.g. petrol stations, bookstores, etc.) have been equipped with terminals and were offered training sessions on how to use it.

The IoT-segment, formerly referred to as the M2M-segment, is a network of physical objects embedded with electronics, software, sensors, and network connectivity, including built-in mobile SIM cards, that enables these objects to collect data and exchange communications with one another or a database. At the end of the first quarter of 2017 832.0 thousand active SIM cards were hosted on the Orange Belgium network, an increase of 95.0 and 6.3 thousand compared to the first quarter of 2016 and the previous quarter, respectively. In the first quarter of 2017 the number of IoT/M2M cards declined due to the impact of a clean-up of 25 thousand inactive SIM cards.

The wholesale MVNO customer base came out at 1,996.7 thousand customers at the end of March 2017, an increase of 180.1 thousand customers compared to the end of the first quarter of 2016. Compared to the end of 2016 the MVNO customer base declined by 44.0 thousand customers. This decline is entirely driven by the ethnic segment, as all other segments showed a growth trend.

Including the MVNO customer base, Orange Belgium's total network customer base stood at 5,755.8 thousand at the end of the first quarter of 2017, an increase of 172.6 thousand compared to the first quarter of 2016 and a decline of 81.4 thousand compared to the previous quarter.

Financial Review

The blended ARPU increased in the first quarter of 2017 to 24.5 euros from 24.0 euros in the first quarter of 2016, an increase of 2.2 % year-on-year. This increase in ARPU is achieved despite the knock-on effects of the EU roaming regulation and thanks to a more favourable mix between postpaid and prepaid and an increase of the postpaid ARPU.

The postpaid ARPU increased from 28.6 euros in the first quarter of 2016 to 28.9 euros in the first quarter of 2017, an increase of 1.1 % year-on-year. The price erosion of the prepaid ARPU has continued in the first quarter of 2017 with a decline of 5.0 % year-on-year to 11.1 euros from 11.7 euros in the first quarter of 2016.

The mobile service revenues of Orange Belgium amounted to 243.4 million euros in the first quarter of 2017, compared to 244.1 million euros in the first quarter of 2016, a decline of 0.3 % year-on-year. However, excluding the EU roaming impact of 3.8 million euros, the mobile service revenues of Orange Belgium would have increased by 1.3 % year-on-year in the first quarter of 2017. Moreover, the mobile services revenues in the first quarter of 2017 saw an accelerated decline in interconnection SMS revenues compared to the previous quarters.

The wholesale MVNO revenues, included in the mobile service revenues, amounted to 23.0 million euros in the first quarter of 2017 compared to 21.5 million euros in the first quarter of 2016.

Fixed and convergent activities

Market Review

The Belgian telecom regulator BIPT and the media regulators (CSA, Medienrat, VRM) will present their conclusions on the review of the broadband and TV distribution markets in the coming months. This market review is aimed at reassessing the competitive situation of the broadband markets on the one hand and of the TV distribution market on the other hand. Orange Belgium argues the review should first lead to a reconfirmation of the finding of significant market power of the cable operators and should subsequently lead towards cost-plus based cable access wholesale charges. Once the draft document is published the consultation will last a couple of months, after which the regulatory process will have to be followed (consultation of the other regulators, submission to the European Commission), before a final decision can be taken and published.

In August 2016, the BIPT issued a decision regarding the fixed termination rates (FTR) setting these tariffs at 0.092 eurocent/min, from 0.502 eurocent/min for local-, 0.709 eurocent/min for regional and 0.909 eurocent/min for national connections previously, as from 1 November 2016. However, following an appeal lodged by some operators requesting the annulment of the BIPT decision, the Market Court, which operates as part of the Brussels Court of Appeal, has annulled the BIPT decision. The court ruled that the BIPT should have consulted the Belgian Competition Authority before the introduction of the rates. As a result of the procedural error, the BIPT announced that the tariffs, which were introduced in March 2012, are now valid again. Going forward, the authority is planning to initiate a new market analysis and introduce new fixed termination rates before the end of 2017.

Operational Review

After the successful launch of Orange Belgium's first nationwide convergent media campaign in September 2016, the company stepped up its effort to boost the overall Orange brand awareness and the awareness of its fixed internet and digital TV offering with the launch of the convergent "LOVE" offer mid-February. This new umbrella concept allows communicating with the Belgian and Luxembourgian population using a fully personalized integrated mobile + fixed offering and offers customers the flexibility and freedom to choose the number of SIM cards and the associated voice & data allowances they need, combined with Orange Belgium's high quality Internet + TV offer. LOVE combinations start from 57 euros/month (Hummingbird subscription of 8 euros combined with Orange Internet + TV at 49 euros). The LOVE combination of Eagle + Internet + TV of 78 euros/month is currently the best offer on the market for customers who like to be connected anytime and everywhere with 10 GB of mobile data.

In addition to the commercial success, the company is also making its initial steps forward in the industrialisation of its convergent business. This industrialisation relates to streamlining of Orange Belgium's client operated services, such as marketing, sales, activation and provisioning, and customers care in a convergent fashion, but also to the tighter convergent integration of Orange Belgium's back-end services (ERP, CRM, ...). This will allow Orange Belgium in the future to seek more revenues, to reduce its convergent churn and to realize forthcoming synergy savings.

At the end of the first quarter of 2017, Orange Belgium had a total of 66.3 thousand fixed broadband internet and TV customers, compared to 25.9 thousand at the end of the first quarter of 2016 and 50.3 thousand at the end of 2016. At the end of the first quarter of 2017, Orange Belgium registered 49.8 thousand Orange Love customers with 78.1 thousand attached mobile contracts, an increase of 16.4 and 21.4 thousand respectively.

The number of fixed telephone lines stood at 157.0 thousand at the end of the first quarter of 2017 compared to 169.9 thousand at the end of the first quarter of 2016.

Financial Review

Orange Belgium's fixed service revenues in the first quarter of 2017 amounted to 19.4 million euros, compared to 17.1 million euros in the first quarter of 2016, a solid increase of 13.3% year-on-year. The decline in legacy revenues from wholesale activities and in enterprise fixed revenues was more than compensated by the growth in residential fixed revenues related to the strong uptake of Orange Belgium's Internet + TV offer.

2.5.2. Activities in Luxembourg (Orange Communications Luxembourg S.A.)

Key financial figures of Orange Communications Luxembourg S.A.	Q1 2017	Q1 2016	Variation
Total service revenues (mio €)	12.0	11.9	+1.0 %
of which mobile services	10.7	10.9	-1.8 %
of which fixed services	1.3	1.0	+31.8 %
Total turnover (mio €)	14.0	15.9	-12.2 %

Key operating figures of Orange Communications Luxembourg S.A.	Q1 2017	Q1 2016	Variation
ARPU (€/month/active customer) ³	33.3	35.2	-5.4 %
Mobile retail customers (excl. MVNO)	164.9	142.4	+15.8 %
Mobile customers (excl. IoT/M2M)	106.0	102.1	+3.8 %
Of which postpaid	98.0	94.1	+4.1 %
Of which prepaid	8.0	8.0	-0.3 %
IoT/M2M SIM cards	58.9	40.3	+46.2 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	2.2	2.1	+4.9 %

Market Review

In line with the previous quarters, the market in Luxembourg remained strongly focused on convergence with all operators providing aggressive promotions on TV services and on mobile. The mobile portfolios of all operators are now aligned in terms of content and price.

Operational Review

At the end of March, Orange Luxembourg launched its version of LOVE, taking the opportunity of the Springbreak fair in Luxembourg to do so. The offer includes high speed broadband either by fibre or coaxial cable depending on eligibility (the internet comes in 3 maximum download speeds: 30 MB/s, 100 MB/s and 200 MB/s), a TV offering with more than 110 channels and optional packages to meet the needs of the whole family and a mobile offering with voice minutes, texts and mobile internet in Luxembourg and Europe. The new offer and related LOVE marketing campaign was very well received in the market with a direct positive impact on sales.

After the good results of the network measurement at the end of 2016, a communication campaign has been launched at the end of February 2017 to confirm the excellent network quality of Orange Luxembourg.

At the end of the first quarter of 2017, Orange Luxembourg had 164.9 thousand SIM cards connected to its network, compared to 142.4 thousand at the end of the first quarter of 2016, an increase of 15.8 % year-on-year. Although the biggest part of this growth can be subscribed to the solid growth of the IoT/M2M SIM cards, +46.2 % year-on-year, Orange Luxembourg further succeeded in growing its postpaid and MVNO customer base by 4.1 % and 4.9 % year-on-year respectively. The prepaid customer base remained stable in the first quarter of 2017 compared to the first quarter of 2016.

In the first quarter of 2017, Orange Luxembourg's fixed broadband internet and TV customers increased to 10.0 thousand customers, compared to 8.0 thousand in the first quarter of 2016.

Financial Review

Total service revenues stood at 12.0 million euros in the first quarter of 2017, compared to 11.9 million euros a year earlier, an increase of 1.0 % year-on-year. The mobile service revenues in the first quarter of 2017 declined by 1.8 % year-on-year. Considering the adverse impact of EU roaming regulation in the first quarter of 2017 of 1.5 million euros, the mobile service revenues were very strong in Luxembourg with an increase of 13.5 %. Orange Luxembourg's blended ARPU reached 33.3 euros in the first quarter of 2017 compared to 35.2 euros a year ago. Orange Luxembourg's total turnover in the first quarter of 2017 amounted to 14.0 million euros compared to 15.9 million euros during the same period last year. This decline is linked to lower mobile equipment sales as a result of lower broker sales towards third party retailers and a different launch date of some of the popular devices.

³ See page 12 for change in ARPU definition.

3. Financial risks and risks management

No change has occurred in comparison to the information contained in the 2016 annual report (p.63 and p.100-101).

4. Disputes

The information relating to disputes contained in the 2016 annual report has been modified as follows:

Masts: The total liability amount of taxes charged, plus default interest calculated at the legal rate, amounts to 105.1 million euros. The vast majority of this aggregated amount is disputed in court.

Regulation of broadband and cable: On 23 March 2017 the Court of Cassation dismissed the attack of Coditel/AIESH against the judgment of the Court of appeal of May 2015 which confirmed the CRC decisions of 2011 (market analysis decisions) imposing access obligations on cable network operators while also extending the wholesale access rights to Proximus for digital TV and internet. Regarding the appeals against the cable wholesale price decisions of 2013 and 2016, the ad hoc bilingual chamber created end 2016 decided in February 2017 to join the cases taking into account the risk for conflicting judgments and the links between the French and Dutch language attacks of the decisions (2013 & 2016). The Court will deliver two judgments (one judgment in Dutch and one judgment in French) on the attacks against the decisions of 2013 & 2016. Pleadings are scheduled in September 2017 and the judgments are expected in October 2017.

Fixed termination rates (FTR): In March 2017 the Court of Appeal annulled the “FTR” decision of 25 August 2016 for a procedural reason: the lack of consultation of the Belgian competition authority. The previous “FTR” decision now applies until the BIPT adopts a new decision (expected by 2018).

Access to Coditel Brabant (SFR) cable network (interim measures): In parallel to the damage proceedings launched in December 2016, Orange Belgium asked the Court interim measures in January 2017 to force Coditel Brabant to provide an effective wholesale service access in line with the investments implied by the cable regulation. Briefs are being exchanged, pleadings are planned in May 2017.

Lycamobile: On 19 February 2016, Lycamobile Belgium Limited and Lycamobile BVBA initiated legal proceedings against Orange Belgium (at that time Mobistar) before the Brussels Commercial Court claiming damages for the alleged belated commercial launch of Lycamobile’s 4G services. Orange Belgium considers this claim ungrounded. The case has been handled before the court at the hearing of 10 March 2017. We are currently awaiting the judgment.

5. Significant events after the end of the first quarter of 2017

No other significant events occurred after the end of the first quarter of 2017 reporting period.

6. Trends

The Orange Belgium Group reiterates its guidance for the financial year 2017: growth in total service revenues and an adjusted EBITDA between 290 and 310 million euros in 2017. This guidance shows a strong ambition especially taking into account the 31.9 million euros adverse impact of EU roaming regulation in 2017. Further, the Orange Belgium Group expects its total capex excluding investments linked to the successful uptake of the Orange Internet + TV offer to remain fairly stable compared to 2016.

The Orange Belgium Group estimates that the EU roaming regulation will have a gross negative impact of 36.4 million euros on the group’s service revenues and of 31.9 million euros on the group’s adjusted EBITDA in 2017.

7. Alignment with Orange S.A. reporting format

The computation of the average annual revenues per user (ARPU) has been changed in alignment with the updated financial communication of the Orange Group. It is now calculated by dividing the revenues from mobile (outgoing and incoming) voice and non-voice services and visitor roaming (in the case of the blended ARPU and postpaid ARPU), generated over the past three months, excluding IoT/M2M customers, by the weighted average number of customers over the same period, excluding IoT/M2M customers. The changes consist in using a three months average instead of a twelve months average.

Below table provides you with a summary overview of the previously reported ARPU and the newly reported ARPU:

		Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
ORANGE BELGIUM						
Mobile blended ARPU						
Old - annual rolling (incl. visitor roaming)	in EUR/month	24.6	24.5	24.3	24.2	24.0
Year-on-year variation	in %	2.6 %	2.7 %	1.7 %	2.3 %	1.3 %
New – three months average (incl. visitor roaming)	in EUR/month	24.5	24.8	24.7	24.5	24.0
Year-on-year variation	in %	2.2 %	4.1 %	1.4 %	2.7 %	2.4 %
Postpaid ARPU						
Old - annual rolling (incl. visitor roaming)	in EUR/month	29.0	29.0	28.8	28.8	28.7
Year-on-year variation	in %	1.3 %	1.8 %	1.5 %	3.4 %	3.3 %
New – three months average (incl. visitor roaming)	in EUR/month	28.9	29.1	29.2	29.0	28.6
Year-on-year variation	in %	1.1 %	2.8 %	-0.7 %	2.0 %	3.0 %
Prepaid ARPU						
Old - annual rolling	in EUR/month	11.7	11.8	11.9	11.9	12.0
Year-on-year variation	in %	-2.5 %	-3.4 %	-6.0 %	-10.4 %	-13.4 %
New – three months average	in EUR/month	11.1	11.8	11.7	12.0	11.7
Year-on-year variation	in %	-5.0 %	-3.4 %	0.7 %	-2.7 %	-7.9 %
ORANGE LUXEMBOURG						
Mobile blended ARPU						
Old - annual rolling (incl. visitor roaming)	in EUR/month	34.8	35.2	35.5	36.4	37.2
Year-on-year variation	in %	-6.5 %	-6.9 %	-6.7 %	-5.0 %	-4.0 %
New – three months average (incl. visitor roaming)	in EUR/month	33.3	35.1	34.9	35.8	35.2
Year-on-year variation	in %	-5.4 %	-3.3 %	-8.8 %	-8.6 %	-6.8 %

8. Financial calendar

21-Apr-17	Financial results Q1 2017 (7:00 am CET) – Press release
21-Apr-17	Financial results Q1 2017 (10:00 am CET) – Audio conference call
03-May-17	Annual General Meeting of Shareholders
15-May-17	Ex-dividend date*
16-May-17	Dividend record date*
17-May-17	Dividend payment date*
03-Jul-17	Start quiet period
26-Jul-17	Financial results Q2 2017 (7:00 am CET) – Press release
26-Jul-17	Financial results Q2 2017 (2:00 pm CET) – Audio conference call/webcast
02-Oct-17	Start quiet period
23-Oct-17	Financial results Q3 2017 (7:00 am CET) – Press release
23-Oct-17	Financial results Q3 2017 (10:00 am CET) – Audio conference call

* subject to AGM approval

Preliminary agenda still subject to potential changes

9. Conference call and webcast details

Date:	21 April 2017
Time:	10:00 am (CET), 09:00 pm (UK), 4:00 am (US/NY)
Conference call:	https://corporate.orange.be/en/financial-information

Please plan on accessing the conference call and webcast ten minutes prior to the scheduled start time.

10. Shares

Share trading volumes and closing prices are based on trades made on NYSE Euronext Brussels.

	Q1 2017	Q1 2016
Trading of shares		
Average closing share price (€)	21.10	19.53
Average daily volume	59 067	101 659
Average daily value (€)	1 248 387	1 968 880
Shares and market values		
Total number of shares	60 014 414	60 014 414
Treasury shares	11 600	40 000
Outstanding shares	60 014 414	60 014 414
Closing price (€)	20.04	19.68
Market capitalization (€)	1 202 688 856	1 181 083 668

11. Quarterly results

		Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
ORANGE BELGIUM GROUP						
Mobile services						
Mobile retail customers (excl. MVNO)	in thousand	3,924.0	3,955.8	3,925.0	3,927.8	3 909.1
Mobile customers (excl. IoT/M2M)	in thousand	3,033.1	3,076.1	3,095.9	3,126.1	3 131.8
Postpaid	in thousand	2,348.5	2,345.0	2,334.8	2,330.0	2 311.1
Prepaid	in thousand	684.6	731.2	761.1	796.1	820.7
IoT/M2M SIM cards	in thousand	890.9	879.6	829.1	801.8	777.3
MVNO customers	in thousand	1,998.9	2,042.9	1,992.1	1,909.3	1 818.7
Fixed services						
Fixed broadband internet and TV customers	in thousand	76.3	59.9	43.2	36.7	33.9
Fixed telephone lines	in thousand	157.6	158.6	159.4	165.6	171.0
ORANGE BELGIUM						
Mobile services						
Mobile retail customers (excl. MVNO)	in thousand	3,759.1	3,796.5	3,770.5	3,779.7	3 766.6
Mobile customers (excl. IoT/M2M)	in thousand	2,927.1	2,970.8	2,991.8	3,023.4	3 029.7
Postpaid	in thousand	2,250.5	2,247.6	2,238.3	2,234.8	2 217.0
Prepaid	in thousand	676.6	723.1	753.5	788.6	812.7
Mobile blended ARPU, three months average (incl. visitor roaming)	in EUR/month	24.5	24.8	24.7	24.5	24.0
Postpaid ARPU, three months average (incl. visitor roaming)	in EUR/month	28.9	29.1	29.2	29.0	28.6
Prepaid ARPU, three months average	in EUR/month	11.1	11.8	11.7	12.0	11.7
IoT/M2M SIM cards	in thousand	832.0	825.7	778.7	756.4	737.0
MVNO customers	in thousand	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	66.3	50.3	34.2	28.0	25.9
Of which cable	in thousand	49.8	33.4	17.6	10.5	5.3
Fixed telephone lines	in thousand	157.0	157.9	158.5	164.7	169.9
ORANGE LUXEMBOURG						
Mobile services						
Mobile retail customers (excl. MVNO)	in thousand	164.9	159.3	154.5	148.1	142.4
Mobile customers (excl. IoT/M2M)	in thousand	106.0	105.4	104.1	102.7	102.1
Postpaid	in thousand	98.0	97.3	96.6	95.2	94.1
Prepaid	in thousand	8.0	8.0	7.5	7.5	8.0
Mobile blended ARPU, three months average (incl. visitor roaming)	in EUR/month	33.3	35.1	34.9	35.8	35.2
IoT/M2M SIM cards	in thousand	58.9	53.9	50.4	45.4	40.3
MVNO customers	in thousand	2.2	2.2	2.1	2.1	2.1
Fixed services						
Fixed broadband internet and TV customers	in thousand	10.0	9.6	9.1	8.6	8.0
Fixed telephone lines	in thousand	0.7	0.7	0.9	0.9	1.1

	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
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ORANGE BELGIUM GROUP – Key financial figures

Total service revenues	in mio EUR	274.0	277.7	275.3	267.9	272.4
Mobile service revenues	in mio EUR	253.4	258.5	257.6	250.1	254.3
Fixed service revenues	in mio EUR	20.7	19.2	17.7	17.8	18.1
Adjusted EBITDA	in mio EUR	72.2	78.5	92.2	91.1	53.8
% of service revenues		26.3 %	28.3 %	33.5 %	34.0 %	19.8 %
Reported EBITDA	in mio EUR	71.9	79.9	91.7	91.7	53.7
% of service revenues		26.2 %	28.8 %	33.3 %	34.2 %	19.7 %
CAPEX	in mio EUR	32.2	71.3	34.2	37.8	24.3
% of service revenues		11.7 %	25.7 %	12.4 %	14.1 %	8.9 %
Operating cash flow	in mio EUR	39.8	8.6	57.5	53.9	29.4
% of service revenues		14.5 %	3.1 %	20.9 %	20.1 %	10.8 %
Net financial debt	in mio EUR	323.7	338.0	315.2	369.9	418.1
Net financial debt / Reported EBITDA		1.0	1.1	0.9	1.1	1.4

12. Glossary

Customer base (excl. MVNOs)	Number of customers with active SIM card, including business and internet everywhere and IoT/M2M.
Postpaid (excl. IoT/M2M)	Customer with whom Orange Belgium has a formal contractual agreement, billed on a monthly basis for access fees and any additional voice or data use.
Prepaid (excl. IoT/M2M)	Customer with whom Orange Belgium has written contract, paying in advance any data or voice use by purchasing vouchers in retail outlets for example.
IoT/M2M (Internet of things/ Machine to machine)	Exchange of information between machines that is established between the central control system (server) and any type of equipment, through one or several communication networks.
MVNO customers	Hosted MVNO customers on Orange Belgium's network
ARPU (three months average)	Average annual revenues per user (ARPU) are calculated by dividing the revenues from mobile (outgoing and incoming) voice and non-voice services and visitor roaming, generated over the past three months, excluding IoT/M2M, by the weighted average number of customers over the same period, excluding IoT/M2M customers. The weighted average number of customers is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of customers at the start and end of the month. Mobile ARPU is expressed as monthly revenues per customer.
Restatements	Restructuring/redundancy costs related to staff and other restructuring costs.
Reported EBITDA / Adjusted EBITDA	Reported EBITDA corresponds to the operating income before depreciation and amortization, before impairment of goodwill and fixed assets, and before share of profits (losses) of associates. Adjusted EBITDA corresponds to the Reported EBITDA adjusted for exceptional items.
Revenues by activity	Provide group revenues split in mobile services, fixed services, mobile equipment sales and other revenues.
Mobile service revenues	Customer billed revenues, incoming revenues, visitor roaming, domestic mobile interconnection (i.e. network sharing and domestic roaming agreement), IoT/M2M and MVNO.
Fixed service revenues	Include i) fixed narrowband, except equipment sales and rentals, ii) fixed broadband, iii) data infrastructure & managed networks, and global services, iv) fixed carriers services.
Mobile equipment sales	Include subsidized and non-subsidized equipment sales. It excludes accessories sales, according to future IFRS standards that will imply to display only equipment revenue directly linked to service.
Other revenues	Include i) fixed equipment sales and rentals, ii) mobile accessories sales, and iii) other revenues.
Operational cash flow	Reported EBITDA – net investments.
Organic cash flow	Net cash flow from operations, less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets.
Consolidation perimeter	The consolidation perimeter has not changed since 31 December 2015 and includes Orange Belgium S.A. (100 %), Orange Communications Luxembourg S.A. (100 %), Smart Services Network S.A. (100 %), IRISnet S.C.R.L. (accounted for by equity method - 28.16 %), Walcom S.A. (100 %) and Co.Station Brussels (accounted for by equity method – 20 %).

About Orange Belgium

Orange Belgium is one of the leading telecommunication operators on the Belgian market, with over 3 million customers, and in Luxembourg through its subsidiary Orange Luxembourg.

As a convergent actor, we provide mobile telecommunication services, internet and TV to private clients, as well as innovative mobile and fixed line services to businesses. Our high-performance mobile network supports 2G, 3G, 4G and 4G+ technology and is the subject of ongoing investments.

Orange Belgium is a subsidiary of the Orange Group, one of the leading European and African operators for mobile telephony and internet access, as well as one of the world leaders for telecommunication services to enterprises.

Orange Belgium is listed on the Brussels Stock Exchange (OBEL).

More information on: corporate.orange.be, www.orange.be or follow us on Twitter: [@pressOrangeBe](https://twitter.com/pressOrangeBe).

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