



Financial information for the fourth quarter and full year 2016

Orange Belgium reached the high end of its 2016 financial target, established itself as a full convergent player and benefitted from a strong momentum in mobile data
Dividend reinitiated at 0.50 euro

Brussels, 9 February 2017– Today, the Orange Belgium Group (Euronext Brussels: OBEL) published its results for the fourth quarter and full year 2016. In 2016, the Orange Belgium Group was able to successfully establish its position as a customer oriented convergent operator in Belgium and Luxembourg. The rebranding and the launch of the convergent Orange Internet + TV offer have yielded sound results. The new mobile postpaid portfolio allows an ARPU accretive proposition that responds to the strong demand for mobile data services. Orange Belgium has succeeded in 2016 in generating more operational cash flow and has strengthened its financial position by focussing on its cost management and by the normalisation of the investments following the peak of the last years.

- ✓ **Orange Belgium Group has demonstrated its ability to be a full convergent player in the Belgium market.** Orange Belgium ended the year with 33.4 thousand Orange Internet + TV customers and 56.7 thousand associated postpaid SIM cards. Close to 30 % of them were new Orange customers. In the fourth quarter of 2016, Orange Belgium accelerated the net adds of Orange Internet + TV customers to 15.8 thousand, more than the double of the previous quarter.
- ✓ **Orange Belgium Group continued to succeed in monetizing mobile data, leveraging its leading 4G network.** The postpaid ARPU in Belgium increased to 29.0 euros versus 28.5 euros a year ago, despite EU roaming impact, supported by the new postpaid portfolio and the increase of 4G penetration. Orange Belgium surpassed 2 million active smartphone users and added 117 and 456 thousand 4G customers in the fourth quarter and full year 2016. In December 2016, total traffic has increased by more than 68 % year-on-year and 4G traffic represented more than 80 % of total traffic.
- ✓ **Orange Belgium Group realized a total turnover of 321.9 and 1,241.6 million euros** in the fourth quarter and full year 2016. The total turnover benefitted from a strong performance of **total service revenues, which grew by +2.1 % and +0.7 % year-on-year (+5.7 % and +3.4 % excl. EU roaming impact)**, driven by the solid growth in mobile service revenues, reaching its highest level since 2013, but also thanks to a return to fixed service revenues growth in the last quarter of 2016 driven by the Orange Internet + TV uptake.
- ✓ **Orange Belgium Group reached the high end of its 2016 financial target**, which was upgraded in October 2016. The adjusted EBITDA in the fourth quarter and full year 2016 amounted to 78.5 and 315.7 million euros, an increase of 63.9 % and 14.4 % compared to the same period last year. Excluding the impact of the agreement with the Walloon government on pylon taxes, **the 2016 adjusted EBITDA amounted to 300.2 million euros, +1.1 % year-on-year**. This result was achieved despite 28.4 million euros EU roaming gross impact. The Orange Belgium Group invested 167.6 million euros, including 18.9 million euros cable capex, and generated an **operational cash flow of 149.4 million euros in 2016. The net financial debt stood at 338.0 million euros at the end of 2016, implying a net financial debt/reported EBITDA ratio of 1.1x.**
- ✓ The Orange Belgium Group expects its total service revenues to grow in 2017 and **aims at an adjusted EBITDA between 290 and 310 million euros in 2017. This guidance compares to the 300.2 million euros realised in 2016 and shows a strong ambition especially taking into account the 31.9 million euros adverse impact of EU roaming regulation 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.
- ✓ The Orange Belgium Group aims to balance the appropriate cash returns to equity holders with the requirement of maintaining a balanced and sound financial position, while leaving sufficient leeway to continue to invest in its convergent strategy and the build out of its network. Hence, **the Board of Directors of the Orange Belgium Group has decided to propose the Annual General Meeting of Shareholder of May 3, 2017 to pay an ordinary gross dividend for the financial year 2016 of 0.50 euro per share.**

Michaël Trabbia, Orange Belgium's Chief Executive Officer, commented: "2016 was a transforming year for Orange Belgium, from mobile-only to fixed-mobile convergence. The successful launch of our Orange Internet + TV offer laid the foundation for becoming the convergent operator that brings the most value to the Belgian consumer. The rebranding from Mobistar to Orange - a leading and warm worldwide telecommunications brand - has started to illustrate its potential, with the UEFA Euro 2016 sponsoring by Orange, the Go Europe summer offer which allowed our postpaid customers to roam like at home in the EU, of which 7 Orange countries, and the Orange VR headset launch. In 2017, we will accelerate the acquisition of convergent customers, in line with our mid-term target of 10 % market share, by further leveraging our brand, our best - owned mobile and regulated access to fixed - networks nationwide, and our innovation. We will also continue accompanying our customers with their growing mobile data usage, thanks to our new portfolio and our targeted network investments. Finally, we will set a new customer experience ambition for the coming years, by simplifying and reviewing our operating model and launching a 360° digital transformation program. Together with the management team, we are strongly committed to execute this growth strategy and create value for our shareholders, our employees and our customers."

Arnaud Castille, Chief Financial Officer added: "It is our ambition to reiterate the strong financial and operating performance of 2016 in 2017. The uptake of 4G smartphones and the growing customer demand for mobile data will provide support for our mobile ARPU development despite the impact of EU roaming regulation. As we drive the uptake of our Orange Internet + TV offering, we will develop our mobile customer base through retention, upselling and acquisition mechanisms. Our digital transformation is a priority, building up investments and a more cost efficient organisation that better serves customers. Finally, I am proud that the financial and commercial performance of the Orange Belgium Group in 2016 provides us with the means to strive additional shareholder value in 2017. This will allow our Board of Directors to propose a dividend of 0.50 euro per share for the financial year 2016."

1. Key financial and operational highlights

- **Orange Belgium keeps focusing on network and customer service quality**

In January 2017, the quality of the Orange Belgium mobile network was evaluated by the independent office Commsquare. The results testify the very high quality of the Orange Belgium network (coverage and speed). In particular, Orange Belgium offers the best voice quality (Orange Belgium is the only operator to provide HD voice in 2G and 3G) and indoor 4G coverage and as well the most reliable streaming quality. Earlier in 2016, the IBPT had also confirmed the superior quality of Orange Belgium's customer service.
- **Orange passed the threshold of 2 million active smartphone users in Belgium**

Customer demand for high speed mobile data continued to grow swiftly in the fourth quarter of 2016, stimulated by the high reliability and speed of Orange Belgium's mobile network. In the fourth quarter of 2016, Orange Belgium passed the threshold of 2 million active smartphone users. In particular, conversion to 4G among Orange Belgium's customers accelerated in the fourth quarter of 2016 with an increase of more than 117 thousand active postpaid 4G users, reflecting the continued high demand from customers for high speed mobile access. 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. The total average data usage increased from 511 MB in December 2015 to 879 MB in December 2016, while the average data usage of the smartphone population jumped up from 862 MB to 1.33 GB over the same period.
- **The new postpaid portfolio supported a solid increase of the ARPU**

In Belgium, the new postpaid portfolio which was launched in October 2016 delivered on expectations, with a higher penetration of tariff plans of 25 euros or more, compared to the run-rate witnessed in the previous quarters. Close to half of the new SIM-only customers opted for a tariff plan of minimum 25 euros, while existing customers have migrated quicker than before to the mid- & high-end segment. This dynamic allowed for a further increase of the postpaid ARPU in Belgium at 29.0 euros and thereby more than neutralizing the adverse effect of the EU roaming regulation.
- **Orange Belgium's convergent customer uptake shifted to a higher level**

Orange Belgium succeeded in maintaining its commercial momentum in mobile throughout the fourth quarter of 2016 in a highly competitive market environment. In Belgium, Orange added 9.4 thousand postpaid customers in the fourth quarter of 2016, resulting in a total postpaid customer base of 2,247.6 thousand customers at the end of December 2016, or an increase of 39.1 thousand customers in 2016. In the context of a rapid declining prepaid market, Orange Belgium's prepaid customer base declined by 30.4 thousand customers in the fourth quarter of 2016, reaching a total prepaid customer base of 723.1 thousand customers, or a decrease of 106.1 thousand customers compared to the end of 2015. Orange Belgium's M2M/IoT segment progressed well with the addition of 47.0 thousand active SIM cards on its network in the fourth quarter of 2016, reaching a total base of 825.7 thousand. The Orange Internet + TV offer was successful with 15.8 thousand new customers in the fourth quarter of 2016, bringing the total to 33.4 thousand Orange Internet + TV customers with close to 56.7 thousand SIM cards associated to them.
- **Orange Belgium has rolled out its prepaid identification process in all customer touch points**

Orange Belgium has rolled out its prepaid identification process for all new and existing customers at national level in all Orange shops and on its website. Following the entry into force on 7 December 2016 of a new Royal Decree, operators must record the national ID number or passport number of all prepaid customers before activating a SIM. Existing customers must also register their details within six months or face SIM card deactivation. At the end of December 2016, Orange Belgium had 723.1 thousand prepaid cards, or a prepaid market share of about 20 %.
- **Orange Belgium reached an agreement on the Walloon tax on mobile infrastructures**

Orange Belgium and the other mobile network operators have reached an agreement with the Walloon government on the issue of taxing mobile infrastructures. In the framework of the digital strategy for Wallonia, the Walloon Government will guarantee favorable conditions for the rapid development of high-speed connectivity, by taking measures that are designed to encourage operators to invest in their networks: 1/ the

agreement states that the Walloon Region will no longer levy any taxes on telecom infrastructure. The Walloon Region will also emphasize to municipalities and provinces the importance of not taxing mobile infrastructure in the future, with a view to optimally develop connectivity in the territories, which would benefit all; 2/ the Walloon Region will also implement a legislative, regulatory and administrative framework designed to facilitate the deployment of telecom infrastructures; 3/ all parties have agreed on settling the still unresolved disputes. On this matter, the operators have agreed to pay a combined settlement fee of 45 million euros, payable over four years. The part of Orange Belgium amounts to 16.1 million euros, of which a first tranche was paid in December 2016; and lastly 4/ the mobile operators have agreed to invest a combined amount of 60 million euros over the next three years on top of their Walloon region investment plans for this period. The part of Orange Belgium amounts to 20 million euros.

- **Orange Belgium implements NB-IoT and LTE-M to support the development of Internet of Things (IoT)**
Orange Belgium is deploying NB-IoT and LTE-M technologies across its mobile network. Collectively known as Mobile IoT, the LTE-M and NB-IoT technologies are Low Power Wide Area (LPWA) cellular network layers that will allow millions of everyday objects to be connected to the Internet of Things. The rollout of both technologies mainly involves a software upgrade to Orange Belgium's existing 4G network meaning that the rollout of Mobile IoT will deliver nationwide coverage immediately. The technologies are currently field tested with partners and business clients, before being commercially launched in the second half of 2017.
- **Orange Belgium has launched its Orange TV app**
The Orange TV app, available for iOS and Android, allows customers to check the programme guide on mobile phones and tablets for the past 30 days and 14 days ahead. Customers are also able to schedule and/or record programs using the TV app to completely control the decoder. Users can also search for programs and share TV listings over Facebook, WhatsApp and Twitter. Mobile live TV is planned to be added in 2017.
- **Exclusive virtual reality experience thanks to the Orange VR1 headset and dedicated Orange VR app**
In November 2016, Orange Belgium launched Orange VR1 headset, a high quality virtual reality device that goes beyond gaming and makes virtual reality experiences available for everyone, thanks to its affordable price. Accompanying the headset is the 'Orange VR 360' application which allows customers to use VR tutorials to ensure a quick and easy set-up, plus immediate access to 360 video content, games and services so they can experience real-life moments.

2. Comments on the financial situation

2.1 Consolidated figures for the Orange Belgium Group

Orange Belgium group's consolidated key figures	FY 2016	FY 2015	Variation	Q4 2016	Q4 2015	Variation
Total number of connected SIM cards (Orange Belgium S.A., Orange Communications Luxembourg S.A. and MVNO's)	5,998.7	5,819.6	+3.1%	5,998.7	5,819.6	+3.1%
Consolidated turnover (mio €)	1,241.6	1,235.4	+0.5%	321.9	322.6	-0.2%
Total service revenues (mio €)	1,093.3	1,085.9	+0.7%	277.7	271.9	+2.1%
Mobile equipment sales (mio €)	121.6	128.0	-5.0%	37.9	39.6	-4.3%
Adjusted EBITDA (mio €)¹	315.7	276.0	+14.4%	78.5	47.9	+63.9%
Adjusted EBITDA margin in % of total service revenues	28.9%	25.4%		28.3%	17.6%	
Reported EBITDA (mio €)	317.1	321.3	-1.3%	79.9	96.8	-17.5%
Reported EBITDA margin in % of total service revenues	29.0%	29.6%		28.8%	35.6%	
Consolidated net profit (mio €)	76.6	76.6	+0.0%	28.7	28.8	-0.5%
Net profit per ordinary share (€)	1.28	1.28	+0.0%	0.48	0.48	-0.5%
Net investment (mio €)	167.6	193.1	-13.2%	71.3	81.1	-12.1%
Net investment / Total service revenues	15.3%	17.8%		25.7%	29.8%	
Operational cash flow (mio €)	149.4	128.2	+16.5%	8.6	15.7	-45.4%
Organic cash flow (mio €)	71.2	130.5	-45.4%	-22.9	49.5	-146.3%
Net financial debt (mio €)	338.0	407.5	-17.1%	338.0	407.5	-17.1%

2.2 Consolidated statement of comprehensive income

Revenues

The Orange Belgium Group achieved a solid financial performance with a consolidated turnover of 321.9 and 1,241.6 million euros in the fourth quarter and full year 2016, compared to 322.6 and 1,235.4 million euros in the fourth quarter and full year 2015, a growth of -0.2 % and +0.5 % year-on-year, respectively. The impact of the EU roaming regulation amounted to 9.2 and 28.4 million euros in the fourth quarter and full year 2016, respectively. On a comparable basis, the total consolidated turnover would have increased by 2.7 % and 2.9 % in the fourth quarter and full year 2016 respectively, once corrected for the regulatory EU roaming impact.

The growth in total service revenues of the Orange Belgium Group accelerated in the fourth quarter of 2016, thanks to a positive development in both mobile and fixed service revenues, resulting in a stabilization of the total service revenues in full year 2016. Total service revenues amounted to 277.7 and 1,093.3 million euros in the fourth quarter and full year 2016 compared to 271.9 and 1,085.9 million euros in the fourth quarter and full year 2015, an increase of 2.1 % and 0.7 % year-on-year, respectively. Excluding the aforementioned regulatory impact, the total service revenues of the Orange Belgium Group would have increased by 5.7 % and 3.4 % year-on-year in the fourth quarter and full year 2016, as a result of a growing ARPU trend and a higher portion of postpaid customers in the overall mix.

The consolidated mobile equipment sales of the Orange Belgium Group amounted to 37.9 and 121.6 million euros in the fourth quarter and full year 2016, compared to 39.6 and 128.0 million euros last year, a decrease of 4.3 % and 5.0 % year-on-year.

¹ The name of EBITDA and Restated EBITDA are modified from the fourth quarter of 2016 onwards, in order to clarify our disclosures (no confusion with normative changes) and to be consistent with other groups. The nature and components of these aggregates are not modified, it is only a change of name. It means that:

- Restated EBITDA becomes Adjusted EBITDA, and
- EBITDA becomes Reported EBITDA, and
- Restatements of EBITDA becomes Adjustments of EBITDA.

Result of operating activities before depreciation and other expenses

The adjusted EBITDA of the Orange Belgium Group amounted to 78.5 and 315.7 million euros in the fourth quarter and full year 2016, compared to 47.9 and 276.0 million euros in the fourth quarter and full year 2015. The adjusted EBITDA margin amounted to 28.3 % and 28.9 % of service revenues respectively in the fourth quarter and full year 2016 compared to 17.6 % and 25.4 % in the same periods a year ago.

The year-on-year comparison in the fourth quarter of 2016 has been strongly influenced by 1/ the Walloon pylon tax provision of 10.0 million euros booked in the fourth quarter of 2015, following the rectification notice received at the end of December 2015 from the Walloon tax administration; and 2/ the agreement in principle on the issue of taxing mobile infrastructures with the current Walloon government, signed in December 2016. As a result of this agreement the Orange Belgium Group reversed in the fourth quarter of 2016 the Walloon pylon tax provision for the year 2014 and 2016 for a total amount of 31.6 million euros, while at the same time recognized a settlement fee of 16.1 million euros. The net balance resulted in the fourth quarter of 2016 in a positive one-off contribution to the adjusted EBITDA of 15.5 million euros. If we would strip the adjusted EBITDA for all Walloon pylon tax related fluctuations in 2015 and 2016, both creation and reversal of provisions as well as the settlement fee, the adjusted EBITDA would have increased in 2016 by 1.1 % to 300.2 million euros, despite 28.4 million EU roaming impact.

The regulatory EU roaming impact on the adjusted EBITDA amounted to 9.2 and 28.4 million euros in the fourth quarter and full year 2016. The net impact of the EU Roaming Regulation was substantially lower. The greatest negative impact was mainly the result of lower roaming revenues from voice and SMS traffic, and to a much lesser extent from mobile data which benefitted from a higher usage. Revenues from roaming visitors evolved positively as a result of the positive demand elasticity of visitors in Belgium.

In a commercially active fourth quarter of 2016, the Orange Belgium Group succeeded in driving down all major cost lines. The total operational expenses amounted to 243.3 and 926.0 million euros in the fourth quarter and full year 2016 compared to 274.7 and 959.4 million euros in the fourth quarter and full year 2015, a decrease of 11.4 % and 3.5 % year-on-year. The comparison is obviously impacted by the timing of the recording and the consequent reversal of the different provisions related to the Walloon pylon tax in 2015 and 2016. However, when neutralizing the effect of the Walloon pylon tax, the cost management performance remained solid in 2016. The operational expenses related to the Orange Internet + TV offering, including the monthly cable wholesale fee paid to the cable operators, amounted to 20.4 million euros in 2016, compared to 6.8 million euros incurred in 2015.

Direct costs amounted to 148.4 and 530.4 million euros in the fourth quarter and full year 2016 compared to 162.0 and 544.4 million euros in the fourth quarter and full year 2015, a solid decrease of 8.4 % and 2.6 % year-on-year. The 8.4 % year-on-year decline in the fourth quarter of 2016 in direct costs stems from lower SMS interconnection costs, standalone and subsidized handset sales, commissions and bad debt and is realized in spite of the increasing wholesale cable cost in line with the uptake of the Orange Internet + TV offering.

Labor costs reached 32.2 and 130.6 million euros in the fourth quarter and full year 2016 compared to 32.9 and 133.9 million euros in the fourth quarter and full year 2015, a decrease of 2.3 % and 2.4 % year-on-year, resulting from lower salaries and other benefits and social contributions.

Indirect costs amounted to 62.8 and 264.9 million euros in the fourth quarter and full year 2016 compared to 79.7 and 281.1 million euros in the fourth quarter and full year 2015, a strong decrease of 21.3 % and 5.7 % year-on-year. Neutralizing the effect of the Walloon pylon tax in 2015 and 2016, the indirect costs would have increased by 12.2 % and 7.7 % as a result of higher commercial expenses linked to rebranding and the launch of the convergent offer, that are not fully compensated by lower IT and network expenses.

Reported EBITDA adjustments (in million €) ²	FY 2016	FY 2015	Variation	Q4 2016	Q4 2015	Variation
Adjusted EBITDA	315.7	276.0	+14.4 %	78.5	47.9	63.9 %
Adjustments	+1.4	45.3	Na	+1.3	+48.9	Na
- o/w other restructuring costs	-15.7	-8.7	Na	-15.8	-5.1	Na
- o/w other operating income	+17.1	+54.0	Na	+17.1	+54.0	Na
Reported EBITDA	317.1	321.3	-1.3 %	79.9	96.8	-17.5 %

The adjustments of EBITDA amounted to 1.3 and 1.4 million euros in the fourth quarter and full year 2016, compared to 48.9 and 45.3 million euros in the fourth quarter and full year 2015.

The Orange Belgium Group booked in the fourth quarter of 2016 a restructuring charge of 15.8 million euros, mainly linked to the on-going transformation of its distribution network. This restructuring charge was more than compensated by a positive contribution of 17.1 million euros in other operating income in the fourth quarter of 2016. Following the winding down of the temporary association Irisnet, which was a joint venture between Orange S.A. and Proximus S.A., in the fourth quarter of 2016 the Orange Belgium Group was able to collect a doubtful receivable and hence reversed the related provision for bad debt, in addition to the associated default interests.

The adjustments in 2015 were mainly linked to the settlement fee of 54.0 million euros received from Proximus S.A. following a settlement linked to all outstanding litigations related to the former practice of applying tariffs for mobile telecommunication services that were differentiating on-net and off-net voice communications.

Consequently, the reported EBITDA of the Orange Belgium Group amounted in the fourth quarter and full year 2016 to 79.9 and 317.1 million euros compared to 96.8 and 321.3 million euros a year ago, a decrease of 17.5 % and 1.3 % year-on-year. The reported EBITDA margin in the fourth quarter of 2016 stood at 28.8 % of service revenues, compared to 35.6 % a year ago, and 29.0 % in 2016, compared to 29.6 % in 2015.

Depreciation and other expenses

The depreciation and other expenses of the Orange Belgium Group amounted to 60.9 and 210.3 million euros in the fourth quarter and full year 2016 respectively, compared to 53.5 and 202.2 million euros for the same period in 2015. In line with the ramp up of the Orange Internet + TV customer base, the investments in the installation of new service equipment at the customer premises (such as the set-top boxes, modems and remotes used by customers, as well as the associated activation and installation costs of the Orange Internet + TV offering) are also ramping up. As a consequence, Orange Belgium started depreciating the associated customer premises equipment over the useful life of the asset.

EBIT

The consolidated EBIT of the Orange Belgium Group amounted to 19.0 million euros in the fourth quarter of 2016, compared to 43.3 million euros recorded in the fourth quarter of 2015. This decline is the result of the higher reported EBITDA in the fourth quarter of 2015, considering the positive contribution of the 54.0 million euros settlement fee in October 2015. Secondly, the EBIT was in 2016 impacted by the higher depreciation charges. As a result, the consolidated EBIT of the Orange Belgium Group amounted to 107.2 million euros in 2016, compared to 119.1 million euros in 2015. The EBIT margin in the fourth quarter and full year 2016 stood at 6.9 % and 9.8 % of service revenues, compared to 15.9 % and 11.0 % last year.

Financial result

The financial result in the fourth quarter and full year 2016 amounted to -1.6 and -6.5 million euros and were relatively stable compared to the respective periods last year. This can be explained by lower interest charges

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in line with the lower outstanding debt, fully counterbalanced by increased interest charges related to the interest rate swap.

Taxes

In the fourth quarter of 2016 the Orange Belgium Group recorded a tax benefit of 11.2 million euros. Similar to previous years, the Orange Belgium Group was able to benefit from an investment tax deduction of 9.5 million euros in the fourth quarter of 2016, compared to 8.3 million euros in 2015. The tax expenses for the full year 2016 amounted to 24.1 million euros, compared to 35.8 million euros in 2015. Orange Belgium's effective tax rate came out at 23.9 % in 2016 compared to 31.9 % in 2015. Regional taxes and contributions are not tax deductible in Belgium. In full year 2015, Orange Belgium recorded a higher net impact of provisions related to the Walloon pylon tax than in 2016, hence the taxable basis came out higher in 2015 compared to 2016. This largely explains the variation in income tax and effective tax rate between 2015 and 2016.

Net profit

As a result of the previous items, the consolidated net profit of the Orange Belgium Group remained relatively stable and amounted to 28.7 and 76.6 million euros in the fourth quarter and full year 2016. The net profit per share stood at 0.48 and 1.28 euro in the fourth quarter and full year 2016, exactly the same amount for the periods last year.

2.3 Consolidated statement of financial position

The consolidated statement of financial position amounted to 1,524.2 million euros on 31 December 2016, compared to 1,517.4 million euros at the end of December 2015.

The carrying amount of the non-current assets stood at 1,249.1 million euros at the end of December 2016, compared to 1,280.5 million euros at the end of 2015. Current assets increased from 236.9 million euros at the end of 2015 to 275.1 million euros at the end of December 2016, mainly as a result of a higher amount of cash and cash equivalents and the higher inventory position reflecting the build-up of equipment supply for the convergent Orange Internet + TV offer.

The total equity of the Orange Belgium Group increased by 75.3 million euros, almost entirely as a result of the evolution of retained earnings, to 532.4 million euros at the end of 2016, compared to 457.1 million euros at the end of 2015. This is the highest level since the end of 2007. As a result the total financial debt/equity ratio decreased from 91.3 % at the end of 2015 to 73.1 % at the end of 2016. Non-current liabilities decreased from 484.1 million euros at the end of 2015 to 465.4 million euros at the end of 2016, mainly a result of 20.0 million euros lower non-current financial liabilities. The current liabilities decreased by 49.8 million euros from 576.2 million euros at the end of 2015 to 526.4 million euros at the end of 2016.

The net financial debt at the end of December 2016 was 338.0 million euros, compared to 407.5 million euros a year ago, a decrease of 17.1 % year-on-year. This reduction in net financial debt is the result of the strong cash flow generation throughout 2016, in particular given the advancement of the 900MHz/1800MHz spectrum license payment of 52 million euros in December 2016. The net financial debt/reported EBITDA ratio at the end of December 2016 amounted to 1.1x compared to 1.3x at the end of December 2015.

2.4 Consolidated cash flow statement

Investments in the mobile network remained strong with the continued deployment of 4G, primarily to further boost the indoor coverage, and the on-going investments in the transmission and core network. At the end of December 2016, Orange Belgium had an outdoor/indoor 4G population coverage of 99.6 %/ 91.9 %, while the 4G+ coverage came out at 54.0 %. Moreover, in line with the uptake of the Orange Internet + TV customer base, Orange Belgium has further ramped up its investments in customer premises equipment (CPE) such as the set-top boxes, modems and TV remotes, as well as the associated activation and installation costs of the Orange Internet +TV offering. As a result the Orange Belgium Group invested 167.6 million euros, i.e. 15.3 % of total service revenues, compared to 193.1 million euros, or 17.8 % of total service revenues a year ago. The cable related capital expenditures amounted to 18.9 million euros in 2016, hence excluding this success-

related cable capital expenditures the total investments in 2016 would have amounted to 148.8 million euros or 13.6 % of total service revenues.

The operational cash flow, defined as reported EBITDA minus net investments, amounted to 149.4 million euros in 2016 compared to 128.2 million euros in 2015, an increase of 16.5 % year-on-year. In 2014, the operational cash flow only amounted to 40.1 million euros, underlining again the significant turnaround the company has made in 2015 and 2016. The organic cash flow, which is an operational performance indicator in order to measure the cash flow provided by the operating activities, amounted to 71.2 million euros in 2016, compared to the organic cash flow generated in 2015 of 130.5 million euros. This decrease mainly relates to the advancement of the 900MHz/1800MHz spectrum license payment of 52 million euros in December 2016 as communicated previously.

2.5 Activities of the Orange Belgium Group by segment

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

2.5.1. Activities in Belgium

Key financial figures of Orange Belgium S.A.	FY 2016	FY 2015	Variation	Q4 2016	Q4 2015	Variation
Total service revenues (mio €)	1,048.7	1,040.1	+0.8 %	266.0	260.6	+2.1 %
of which mobile services	980.3	963.6	+1.7 %	248.0	242.9	+2.1 %
of which fixed services	68.4	76.5	-10.6 %	18.0	17.7	+1.5 %
Total turnover (mio €)	1,196.1	1,188.1	+0.7 %	311.9	312.3	-0.1 %

Key operating figures of Orange Belgium S.A.	Q4 2016	Q4 2015	Variation
ARPU (€/month/active customer)	24.5	23.9	+2.7 %
Mobile retail customers (excl. MVNO)	3,796.5	3,893.0	-2.5 %
Mobile customers (excl. M2M)	2,970.8	3,037.8	-2.2 %
Of which postpaid	2,247.6	2,208.5	+1.8 %
Of which prepaid	723.1	829.2	-12.8 %
M2M SIM cards	825.7	855.3	-3.5 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	2,040.7	1,784.6	+14.4 %
Fixed broadband internet and TV customers	50.3	24.8	102.9 %
Of which cable	33.4	2.3	Na
Fixed telephone lines	157.9	193.9	-18.6 %

Mobile activities

Market Review

Similar to the previous quarters of 2016, the market showed a continued strong demand for mobile data services in the fourth quarter of 2016. The prepaid/postpaid mix is further shifting towards contract subscriptions. Apart from the converging features of prepaid and postpaid offerings, other drivers such as the prepaid identification registration, and the growing popularity of convergent bundles, coupled service and device contracts are accelerating this evolution. The continued increase in smartphone penetration is increasingly correlating with the growth in 4G smartphones as the majority of devices hitting the market are 4G devices. On the supply side, the fourth quarter of 2016 saw the introduction of a number of new mobile offers in the market, with the aim of accommodating the continued demand for mobile data, by making the mid- and high-end tariff plans more accessible.

The Government appointed a new IBPT Council. Michel Van Bellinghen is the new president of the IBPT. The other 3 Council members (Axel Desmedt, Luc Van Fleteren and Jack Hamande) were IBPT Council members before. The Council is nominated for a 6-year period.

A decision to review the mobile termination rates is expected in the first half of 2017.

In December 2016, the IBPT published its annual benchmarking study of residential prices of telecom products in Belgium and its neighbouring countries. It concluded that after the price decreases in Belgium between 2012 and 2014 the prices of Belgian tariff plans for mobile telephony (postpaid) have remained stable since 2015. Nevertheless Belgium has fallen in the ranking as the price level in neighbouring countries, apart from France, decreased further. Belgium has an average score for all profiles. However, for a profile including 300 minutes, unlimited texting and 1 GB of data, Belgium comes in second place as the cheapest. Furthermore the IBPT observes that the price differences between the different countries are becoming less and less distinct: the prices in the cheapest country (usually France) increased while the mobile prices in the most expensive country (Germany) dropped. The IBPT also found that Belgium holds a good position for prepaid customers (who still make up nearly 40 % of the mobile callers in Belgium). Prepaid bundles including

data have become cheaper compared to last year. Bundles without data but with a lot of call minutes on the other hand increased more strongly.

Operational Review

At the end of 2016, Orange Belgium's mobile retail customer base (excl. MVNO) came out at 3,796.5 thousand, an increase of 26.0 thousand versus the previous quarter. The underlying year-on-year trend of the mobile retail customer base compared to the end of 2015 was strong with 116.4 thousand net additions. However, in the first quarter of 2016 the number of M2M/IoT cards declined due to the impact of a clean-up of 213 thousand SIM cards related to a M2M-wholesale partner that ended its activities.

Customer demand for high speed mobile data continued to grow swiftly in the fourth quarter of 2016, stimulated by the high reliability and speed of Orange Belgium's mobile network. In the course of the fourth quarter of 2016, Orange passed the threshold of 2 million active smartphone users in Belgium. In particular, 4G adoption among Orange Belgium's customers accelerated in the fourth quarter of 2016 with an increase of more than 117 thousand active 4G users, reflecting the continued high demand from customers for high speed mobile access. 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. At the end of the fourth quarter of 2016, the smartphone penetration across the entire customer base stood at 68 %, while 4G and 4G+ smartphone penetration reached 48 % and 10 % respectively. In December 2016, total traffic has increased by more than 68 % year-on-year and total 4G traffic represented more than 80 % of total traffic. The total average data usage increased from 511 MB in December 2015 to 879 MB in December 2016, while the average data usage of the smartphone population jumped up from 862 MB to 1.33 GB over the same period. These averages include postpaid and prepaid, residential and enterprise customers, as well as customers with or without (4G) smartphone.

Orange Belgium succeeded in maintaining its commercial momentum in mobile throughout the fourth quarter of 2016 in a highly competitive market environment. Orange Belgium added 9.4 thousand postpaid customers in the fourth quarter of 2016, resulting in a total postpaid customer base of 2,247.6 thousand customers at the end of December 2016, or an increase of 39.1 thousand customers in 2016. In the context of a rapid declining prepaid market, Orange Belgium's prepaid customer base declined by 30.4 thousand customers in the fourth quarter of 2016, reaching a total prepaid customer base of 723.1 thousand customers, or a decrease of 106.1 thousand customers compared to the end of 2015.

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 fourth quarter of 2016 825.7 thousand active SIM cards were hosted on the Orange Belgium network, an increase of 47.0 thousand compared to the previous quarter. In the first quarter of 2016 the number of M2M/IoT cards declined due to the impact of a clean-up of 213 thousand SIM cards related to a M2M-wholesale partner that ended its activities.

The wholesale MVNO customer base came in at 2,040.7 thousand customers at the end of December 2016, an increase of 50.7 and 256.1 thousand customers compared to the end of the third quarter of 2016 and the end of 2015, respectively. The fourth quarter of 2016 saw a deceleration in the net addition trend for all major MVNO's compared to the run-rate of the previous quarter.

Including the MVNO customer base, Orange Belgium's total network customer base stood at 5,837.2 thousand at the end of 2016, an increase of 76.6 thousand compared to the previous quarter, or 159.6 thousand compared to the end of 2015.

Financial Review

Orange Belgium's blended ARPU further increased in the fourth quarter of 2016 to 24.5 euros compared to 23.9 euros a year ago and 24.3 euros in the third quarter of 2016, an increase of 2.7 % year-on-year and 1.0 % quarter-on-quarter, respectively. In addition to a greater mix of smartphone postpaid customers versus prepaid customers in the total subscriber base, the blended ARPU was supported by an increase in the postpaid ARPU and a smaller decline in the prepaid ARPU.

In Belgium, the newly launched postpaid portfolio delivered on its expectations with a higher penetration of tariff plans of 25 euros or more, when compared to the run-rate in previous quarter. Close to half of the new SIM-only customers opt for a tariff plan of minimum 25 euros, while existing customers are migrating quicker than before to the mid- & high-end segment. This dynamic allowed for a further increase of the postpaid ARPU in Belgium to 29.0 euros, compared to 28.5 euros a year ago and 28.8 euros in the third quarter of 2016. This is a remarkable result considering the adverse effect of the EU roaming regulation. The year-on-year decline in the prepaid ARPU has further levelled off in the fourth quarter of 2016 to reach -3.4 % year-on-year versus -13.4 %, -10.4 % and -6.0 % year-on-year in the first, second and third quarter of 2016.

The mobile service revenues of Orange Belgium amounted to 248.0 and 980.3 million euros in the fourth quarter and full year 2016, compared to 242.9 and 963.6 million euros in the fourth quarter and full year of 2015, an increase of 2.1 % and 1.7 % year-on-year. Excluding the EU roaming impact of 7.8 and 24.5 million euros, the mobile service revenues of Orange Belgium would have increased by 5.5 % and 4.4 % year-on-year in the fourth quarter and full year 2016.

The wholesale MVNO revenues, included in the mobile service revenues, amounted to 22.8 and 80.3 million euros in the fourth quarter and full year 2016 compared to 23.4 and 84.2 million euros in the fourth quarter and full year of 2015.

Fixed and convergent activities

Market Review

The Belgian telecom regulator IBPT and the media-regulators (CSA, Medienrat, VRM) continued their work on the review of the fixed broadband and TV-distribution markets. Draft decisions are expected to be submitted for consultation in the first half of 2017. The previous market analysis for these markets dates back to 2011 and was the basis for the current wholesale cable regulation. Orange Belgium expects that the current review should lead to a reconfirmation of the finding of significant market power of the cable operators in the TV-distribution market and that cost-plus based wholesale charges should apply for wholesale cable access.

The annual benchmarking study of the IBPT also looked into the residential prices of fixed telecom products in Belgium and its neighbouring countries. One of the main conclusions of the survey is that the average price level for triple play (including fixed telephony, Internet and television) in Belgium has increased in 2016 compared to last year, both for fast and ultrafast Internet. Generally speaking, triple play in Belgium remains expensive compared to the neighbouring countries. In the course of the fourth quarter of 2016, both Proximus and Telenet announced price increases of 2 % to close to 5 % that will be applicable as of the first quarter of 2017.

The “Easy Switch” Royal Decree to make it easier for customers to change fixed telecom service provider, including for bundled packages, was published and the due date for the implementation of this Decree is 1 July 2017.

The request of an alternative operator to suspend the IBPT’s decision regarding the market for fixed voice call termination on individual networks, which imposed a tariff decrease from 0.502 eurocent/min to 0.092 eurocent/min from 1 November 2016, was declined by the Court. Briefs now need to be exchanged on the merits.

Operational Review

The launch of Orange Belgium’s first nationwide convergent media campaign has successfully increased the overall awareness of the Orange Internet + TV offer in Belgium. Moreover, the wider availability of the Orange Internet + TV in more distribution channels further supported the uptake of the offering. Thanks to these initiatives, Orange Belgium’s Orange Internet + TV offer prospered with 15.8 thousand new customers in the fourth quarter of 2016, a clear acceleration versus the 7.0 net adds in the third quarter of 2016. As a result of this strong performance, the total Orange Internet + TV customer base reached 33.4 thousand with close to 56.7 thousand SIM cards associated to them.

At the end of 2016, Orange Belgium had a total of 50.3 thousand fixed broadband internet and TV customers, compared to 34.2 thousand at the end of the third quarter of 2016 and 24.8 thousand at the end of 2015. The number of fixed telephone lines stood at 157.9 thousand compared to 193.9 thousand at the end of 2015.

Financial Review

Orange Belgium's fixed service revenues in the fourth quarter and full year 2016 amounted to 18.0 and 68.4 million euros respectively, compared to 17.7 and 76.5 million euros for the respective periods last year. For the first time in a long period the fixed service revenues returned to growth in the fourth quarter of 2016, thanks to the uptake of the Orange Internet + TV offer.

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

Key financial figures of Orange Communications Luxembourg S.A.	FY 2016	FY 2015	Variation	Q4 2016	Q4 2015	Variation
Total service revenues (mio €)	48.7	47.9	+1.6 %	12.5	11.9	+4.5%
of which mobile services	44.3	44.8	-1.1 %	11.3	11.0	+2.0%
of which fixed services	4.4	3.1	+39.7 %	1.2	0.9	+35.1%
Total turnover (mio €)	61.6	64.8	-4.8 %	16.7	18.5	-9.7%

Key operating figures of Orange Communications Luxembourg S.A.	Q4 2016	Q4 2015	Variation
ARPU (€/month/active customer)	35.2	37.9	-6.9 %
Mobile retail customers (excl. MVNO)	159.3	139.9	+13.9 %
Mobile customers (excl. M2M)	105.4	101.4	+4.0 %
Of which postpaid	97.3	91.6	+6.3 %
Of which prepaid	8.0	9.7	-17.4 %
M2M SIM cards	53.9	38.5	+40.0 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	2.2	2.1	+7.3 %

Market Review

The market in Luxembourg remained strongly focused on convergence with all operators providing aggressive promotions on TV services. The annual benchmarking study of the IBPT also looked into the residential prices of telecom products in Luxembourg. A few observations and some evolution trends can be deduced from the analysis. Tariff plans for telecom products in Luxembourg generally remain above the average of other countries' tariffs, except for mobile services for intensive consumption profiles and fixed telephony. Mobile prices have decreased in Luxembourg in the course of 2016 for almost all user profiles, both for postpaid as well as prepaid customers. It should be noted that some tariff plans in Luxembourg often include minutes of roaming (as well as data) and minutes of international calls, which is not accounted for in this study. The average fixed triple play price in Luxembourg remains, together with Belgium, among the most expensive in the survey.

Operational Review

Orange Luxembourg was certified by Systemics-PAB, which performs vendor independent network quality measurements across mobile network technologies, as the operator offering the best quality of experience in mobile services in Luxembourg. Moreover, Orange Luxembourg also achieved the best results for both mobile data and voice KPIs in Luxembourg.

At the end of the fourth quarter of 2016, Orange Luxembourg had 159.3 thousand SIM cards connected to its network, compared to 139.9 thousand at the end of Q4 2015, an increase of 4.8 and 19.4 thousand compared to the previous quarter and the end of 2015. Orange Luxembourg succeeded in growing its postpaid, prepaid and MVNO customer base. The postpaid customer base slightly increased in the fourth quarter of 2016 to reach 97.3 thousand customers at the end of 2016, an increase of 5.7 thousand customers compared to the end of 2015. The growth of the postpaid customer base continues to be supported by the convergent positioning of Orange Luxembourg. In the fourth quarter of 2016, Orange Luxembourg's fixed broadband internet and TV customers increased to 9.6 thousand customers, the prepaid customer base reached 8.0 thousand customers, while the M2M sim card base increased to 53.9 thousand. Orange Luxembourg enriched its Orange Internet + TV offer with the addition of two HD channels, Eleven and Eleven Sports. Furthermore Orange Luxembourg offered its new convergent customers in promotion a free installation and activation.

Financial Review

Total service revenues stood at 12.5 and 48.7 million euros in the fourth quarter and full year 2016, compared to 11.9 and 47.9 million euros a year earlier, an increase of 4.5 % and 1.6 %, as a result of higher fixed service revenues. The mobile service revenues turned positive again in the fourth quarter of 2016, after two quarters of negative growth, resulting in a full year 2016 decline of 1.1 % year-on-year. Considering the adverse impact of EU roaming regulation in the fourth quarter and full year 2016 of 1.4 and 4.0 million euros, the mobile service revenues were very strong in Luxembourg with an increase of 16.8 % and 8.5 %. The introduction of new services in the high-end plans allowed to reduce the postpaid ARPU erosion. Orange Luxembourg's blended

ARPU reached 35.2 euros in the fourth quarter of 2016 compared to 37.9 euros a year ago. Orange Luxembourg's total turnover in the fourth quarter and full year 2016 amounted to 16.7 and 61.6 million euros compared to 18.5 and 64.8 million euros the same periods last year. In the fourth quarter of 2016, Orange Luxembourg saw a decline in mobile equipment sales as a result of lower broker sales towards third party retailers. These results make management confident about the turnaround and the realisation of the long term strategic plan.

3. Financial instruments, financial risks management objective and policy

No change has occurred in comparison to the information contained in the 2015 annual report (p.14).

4. Disputes

The information relating to disputes contained in the 2015 annual report and in the 2016 quarterly reports has been modified as follows:

Masts: The total liability amount of taxes charged, plus default interest calculated at the legal rate, amounts to 103.0 million euros. The vast majority of this aggregated amount is disputed in court.

Protocol Agreement Walloon taxes: On 22 December 2016 the three mobile operators and the Walloon government have concluded an agreement in principle on the issue of taxing mobile infrastructure and to settle the dispute on the Walloon regional taxes for 2014. Orange Belgium engages itself to pay an amount of 16.1 million euros over 4 years (i.e. 2016-2019) and to invest an incremental amount of 20 million euros in telecom infrastructure in the Walloon region in the period 2017-2019. In turn, the Walloon Region undertakes to no longer levy taxes on telecom infrastructure and to implement a legislative, regulatory and administrative framework designed to facilitate the deployment of this infrastructure. Also the Walloon Region will discourage taxation by municipalities and provinces on telecom infrastructure. The operators will be entitled to deduct such local taxes levied in 2016-2019 by Walloon municipalities or provinces from the 2019 settlement and investment amounts.

Fixed termination rates (FTR): On 25 August 2016 the IBPT published its decision on the "wholesale tariffs for call termination on the public telephone network provided at a fixed location", determining the new rates ("the FTR-decision"). In October 2016 3StarsNet attacked the IBPT decision, asking the suspension and annulment of the FTR-decision criticizing i.a. the outdated market analysis (2012) and the risk on their business model. Proximus also attacks the decision pointing out i.a. procedural defaults and errors in the cost model. Orange Belgium intervened in both proceedings to support the decision. On 30 November 2016, the Court of Appeal rejected the suspension request. Briefs now need to be exchanged on the merits.

Access to Coditel Brabant (SFR)'s cable network: After Orange Belgium paid the provision for the cable wholesale access set-up fees to Coditel Brabant, Coditel Brabant failed to provide such access within the regulatory 6-month period. This, in combination with the lack of progress on the development of an effective wholesale service, prompted Orange to initiate legal action against Coditel for breach of its regulatory obligations end of December 2016. A timeline for the proceedings must still be defined.

5. Significant events after the end of the 2016 reporting period

No other significant events occurred after the end of the 2016 reporting period.

6. Shareholder remuneration

The Orange Belgium Group aims to balance the appropriate cash returns to equity holders with the requirement of maintaining a balanced and sound financial position, while leaving sufficient leeway to continue to invest in its convergent strategy and the build out of its network.

Accordingly the Board of Directors will propose the Annual General Meeting of Shareholders on 3 May 2017 to distribute a gross ordinary dividend for the financial year 2016 of 0.50 euro per share. If approved, the payment of the gross ordinary dividend of 0.50 euro will be done on 17 May 2017 (ex-dividend date 15 May 2017; record date 16 May 2017).

7. Trends

Our ambitions for 2017 are clear. Orange Belgium aims to grow its postpaid and convergent customer base with a clear focus on value management. Orange has all necessary assets at its disposal in Belgium and Luxembourg: a state-of-the-art 4G network, a strong national and international brand and an attractive mobile and convergent portfolio at an attractive price.

In terms of brand awareness, in particular the extent to which Belgian consumers are able to recognise Orange as a provider of mobile and fixed services, the company has already made excellent progress in 2016. However, the level of brand awareness has still a lot of potential to improve and thereby supporting the overall delivery of the company's growth ambition. The progressive reinforcement of the Orange Internet + TV offering via additional features and more content will certainly act as a motor for future growth and will allow Orange to further increase its convergent household market share in Belgium and Luxembourg.

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.

The Orange Belgium Group expects its total service revenues to grow in 2017 and aims at an adjusted EBITDA between 290 and 310 million euros in 2017. This guidance compares to the 300.2 million euros realised in 2016 and 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. This capex outlook includes the additional investments foreseen in the framework of the Walloon settlement agreement.

8. Financial calendar

03-Apr-17	Start quiet period
20-Apr-17	Financial results Q1 2017 (7:00 am CET) – Press release
20-Apr-17	Financial results Q1 2017 (10:00 am CET) – Audio conference call
03-May-17	Annual General Meeting of Shareholders
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

Preliminary agenda still subject to potential changes

9. Conference call and webcast details

Date: 9 February 2017
Time: 2:00 pm (CET), 1:00 pm (UK), 8:00 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.

	FY 2016	FY 2015	Q4 2016	Q4 2015
Trading of shares				
Average closing share price (€)	20.23	19.04	19.96	20.94
Average daily volume	75,320	130,607	75,333	106,447
Average daily value (€)	1,515,010	2,449,134	1,513,240	2,230,199
Shares and market values				
Total number of shares	60,014,414	60,014,414	60,014,414	60,014,414
Treasury shares	14,069	0	14,069	0
Outstanding shares	60,014,414	60,014,414	60,014,414	60,014,414
Closing price (€)	19.86	22.33	19.86	22.33
Market capitalization (€)	1,191,586,190	1,340,121,865	1,191,586,190	1,340,121,865

11. Quarterly results

			Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
ORANGE BELGIUM GROUP										
Mobile services										
Mobile retail customers (excl. MVNO)	in thousand		3,955.8	3,925.0	3,927.8	3 909.1	4 032.9	3 973.5	3 950.1	3 890.7
Mobile customers (excl. M2M)	in thousand		3,076.1	3,095.9	3,126.1	3 131.8	3 139.1	3 129.1	3 130.4	3 118.4
Postpaid	in thousand		2,345.0	2,334.8	2,330.0	2 311.1	2 300.1	2 268.0	2 258.3	2 246.3
Prepaid	in thousand		731.2	761.1	796.1	820.7	839.0	861.2	872.1	872.1
M2M SIM cards	in thousand		879.6	829.1	801.8	777.3	893.8	844.4	819.6	772.3
MVNO customers	in thousand		2,042.9	1,992.1	1,909.3	1 818.7	1 786.7	1 698.7	1 992.4	1 711.9
Fixed services										
Fixed broadband internet and TV customers	in thousand		59.9	43.2	36.7	33.9	32.1	31.8	34.6	35.9
Fixed telephone lines	in thousand		158.6	159.4	165.6	171.0	195.1	196.0	199.4	205.3
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
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

Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
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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

12. Consolidated financial statements

12.1 Condensed consolidated statement of comprehensive income

	in million EUR	
	31.12.2016	31.12.2015
Mobile service revenues	1 020.5	1 006.2
Fixed service revenues	72.8	79.6
Other revenues	26.8	21.5
Mobile equipment sales	121.6	128.0
Total turnover	1 241.6	1 235.4
Purchase of material	-190.7	-185.6
Other direct costs	-339.7	-358.8
Direct costs	-530.4	-544.4
Labor costs	-130.6	-133.9
Commercial expenses	-52.8	-41.3
Other IT & network expenses	-93.5	-100.7
Property expenses	-55.3	-53.7
General expenses	-58.7	-57.5
Other indirect income	24.3	21.6
Other indirect costs	-29.0	-49.5
Indirect costs	-264.9	-281.1
Adjusted EBITDA	315.7	276.0
Adjustments	1.4	45.3
o/w other restructuring costs*	-15.7	-8.7
o/w other operating income	17.1	54.0
Reported EBITDA	317.1	321.3
Depreciation and amortization	-210.3	-202.2
Share of profits (losses) of associates	0.4	-0.1
EBIT	107.2	119.1
Financial result	-6.5	-6.7
Financial costs	-6.5	-6.7
Financial income	0.0	0.0
Tax expense	-24.1	-35.8
Net profit of the period **	76.6	76.6
Profit attributable to equity holders of the parent	76.6	76.6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Net profit for the period	76.6	76.6
Other comprehensive income (cash flow hedging)	-1.3	-2.0
Total comprehensive income for the period	75.3	74.6
Part of the total comprehensive income attributable to equity holders of the parent	75.3	74.6
Basic earnings per share (in EUR)	1.28	1.28
Weighted average number of ordinary shares	60 014 414	60 014 414
Diluted earnings per share (in EUR)	1.28	1.28
Diluted weighted average number of ordinary shares	60 014 414	60 014 414

* Restructuring costs consist of contract termination costs and redundancy charges.

** Since there are no discontinued operations, the profit or loss of the period corresponds to the result of continued operations.

12.2 Condensed consolidated statement of financial position

in million EUR

	31.12.2016	31.12.2015
ASSETS		
Goodwill	80.1	80.1
Other intangible assets	320.8	347.4
Property, plant and equipment	830.0	840.4
Interests in associates and joint ventures	3.7	3.2
Non-current financial assets	2.0	0.7
Other non-current assets	0.3	0.3
Deferred tax assets	12.3	8.4
Total non-current assets	1 249.1	1 280.5
Inventories	30.6	21.5
Trade receivables	175.7	184.4
Current financial assets	0.5	1.1
Current derivatives assets	3.1	2.2
Other current assets	1.0	0.6
Operating taxes and levies receivables	0.7	0.8
Prepaid expenses	12.1	16.6
Cash and cash equivalents	51.4	9.7
Total current assets	275.1	236.9
Total assets	1 524.2	1 517.4
EQUITY AND LIABILITIES		
Share capital	131.7	131.7
Legal reserve	13.2	13.2
Retained earnings (excl. legal reserve)	387.8	312.2
Treasury shares	-0.3	0.0
Equity attributable to the owners of the parent	532.4	457.1
Total equity	532.4	457.1
Non-current financial liabilities	389.0	409.0
Non-current derivatives liabilities	4.7	0.0
Non-current employee benefits	0.6	0.0
Non-current provisions for dismantling	65.6	60.1
Non-current restructuring provisions	0.0	2.1
Other non-current liabilities	3.8	10.8
Deferred tax liabilities	1.7	2.0
Total non-current liabilities	465.4	484.1
Current financial liabilities	0.2	8.2
Current derivatives liabilities	3.1	4.2
Current fixed assets payable	68.8	128.8
Trade payables	167.7	169.8
Current employee benefits	31.8	36.5
Current provisions for dismantling	1.0	0.9
Current restructuring provisions	16.8	0.0
Other current liabilities	11.4	10.2
Operating taxes and levies payables	110.0	114.2
Current tax payables	56.9	42.9
Deferred income	58.7	60.5
Total current liabilities	526.4	576.2
Total equity and liabilities	1 524.2	1 517.4

12.3 Condensed consolidated cash flow statement

in million EUR

	31.12.2016	31.12.2015
Operating activities		
Consolidated net income	76.6	76.6
Adjustments to reconcile net income (loss) to funds generated from operations		
Operating taxes and levies	18.2	38.8
Depreciation, amortization and impairment	210.3	202.2
Change in provisions	-7.8	-0.7
Share of profits (losses) of associates and joint ventures	-0.4	0.1
Operational net foreign exchange and derivatives	-0.3	0.9
Finance costs, net	6.5	6.7
Income tax	24.1	35.8
Share-based compensation	0.3	0.0
Changes in working capital requirements		
Decrease (increase) in inventories, gross	-8.4	-2.0
Decrease (increase) in trade receivables, gross	32.7	9.2
Increase (decrease) in trade payables	0.5	13.2
Changes in other assets and liabilities	-12.9	-5.5
Other net cash out		
Operating taxes and levies paid	-22.2	-16.6
Interest paid and interest rates effects on derivatives, net	-5.4	-6.5
Income tax paid	-12.8	-10.3
Net cash provided by operating activities	298.9	341.8
Investing activities		
Purchases (sales) of property, plant and equipment and intangible assets		
Purchases of property, plant and equipment and intangible assets	-167.6	-269.3
Increase (decrease) in fixed assets payables	-60.1	57.9
Organic cash flow*	71.2	130.5
Cash paid for investment securities, net of cash acquired	-2.1	-3.6
Decrease (increase) in securities and other financial assets	1.1	9.4
Net cash used in investing activities	-228.7	-205.6
Financing activities		
Long-term debt issuances	0.0	540.0
Long-term debt redemptions and repayments	-19.9	-675.0
Increase (decrease) of bank overdrafts and short-term borrowings	-8.2	2.3
Purchase of treasury shares	-0.3	0.0
Net cash used in financing activities	-28.4	-132.6
Net change in cash and cash equivalents	41.7	3.6
Cash and cash equivalents – opening balance	9.7	6.1
o/w cash	3.2	3.0
o/w cash equivalents	6.5	3.1
Cash change in cash and cash equivalents	41.7	3.6
Cash and cash equivalents – closing balance	51.4	9.7
o/w cash	4.1	3.2
o/w cash equivalents	47.3	6.5

(*) Net cash flow from operations less acquisitions of tangible and intangible assets plus proceeds from disposals of tangible and intangible assets.

12.4 Condensed consolidated statement of changes in equity

in million EUR

	Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity
Balance as at 1 January 2016	131.7	13.2	312.2		457.1
Net profit for the period			76.6		76.6
Other comprehensive income			-1.3		-1.3
Total comprehensive income for the period			75.3		75.3
Other			0.3		0.3
Own shares				-0.3	-0.3
Balance as at 31 December 2016	131.7	13.2	387.8	-0.3	532.4

in million EUR

	Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity
Balance as at 1 January 2015	131.7	13.2	238.7		383.7
Impact of IAS 8 on SIM cards			-1.1		-1.1
Net profit for the period			76.6		76.6
Other comprehensive income			-2.0		-2.0
Total comprehensive income for the period			74.6		74.6
Balance as at 31 December 2015	131.7	13.2	312.2		457.1

12.5 Segment information

	in million EUR			
31.12.2016	Belgium	Luxembourg	Interco elimination	Orange Belgium group
Mobile service revenues	980.3	44.3	-4.1	1 020.5
Fixed service revenues	68.4	4.4	0.0	72.8
Other revenues	25.5	1.4	0.0	26.8
Mobile equipment sales	121.9	11.6	-12.0	121.6
Total turnover	1 196.1	61.6	-16.1	1 241.6
Direct costs	-513.1	-33.0	15.7	-530.4
Labor costs	-121.1	-9.6	0.0	-130.6
Indirect costs	-251.2	-14.1	0.4	-264.9
Adjusted EBITDA	310.7	5.0	0.0	315.7
Reported EBITDA	312.1	5.0	0.0	317.1

	in million EUR			
31.12.2015	Belgium	Luxembourg	Interco elimination	Orange Belgium group
Mobile service revenues	963.6	44.8	-2.2	1 006.2
Fixed service revenues	76.5	3.1	0.0	79.6
Other revenues	21.4	0.2	-0.1	21.5
Mobile equipment sales	126.6	16.6	-15.2	128.0
Total turnover	1 188.1	64.8	-17.5	1 235.4
Direct costs	-525.7	-36.4	17.6	-544.4
Labor costs	-124.2	-9.7	0.0	-133.9
Indirect costs	-266.5	-14.5	-0.1	-281.1
Adjusted EBITDA	271.8	4.2	0.0	276.0
Reported EBITDA	317.1	4.2	0.0	321.3

13. Statutory auditor's procedures

The statutory auditor has confirmed that the audit activities on the consolidated financial statements have been substantially completed and that no significant corrections have been identified that would have to be made to the financial information contained in the press release.

14. Declaration by the persons responsible

We, the undersigned, Michaël Trabbia, CEO, and Arnaud Castille, CFO, declare that to our knowledge:

- a) the financial statements drawn up in accordance with the prevailing accounting standards, give a faithful image of the assets, financial situation and results of the issuer and the companies included within its consolidation;
- b) the management report contains an accurate overview of the business activities evolution, the results and the financial situation of the issuer and the companies included within its consolidation, and a description of the main risks and uncertainties they are confronted to.



Michaël Trabbia
CEO



Arnaud Castille
CFO

15. Glossary

Customer base (excl. MVNOs)	Number of customers with active simcard, including business and internet everywhere and M2M.
Postpaid (excl. 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. 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.
M2M/IoT (Machine to machine/ Internet of things)	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 (annual rolling)	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 twelve months, excluding "machine to machine", by the weighted average number of customers over the same period, excluding "machine to machine" 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), machine-to-machine 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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