



Financial information for the fourth quarter and full year 2017

Strong commercial end of year performance demonstrates the relevance of Orange Belgium's convergent and mobile data strategy

Orange Belgium Group delivered on all its 2017 targets. Dividend proposal of 0.50 euro.

FY 2017: Total service revenues + 1.5 % yoy with an adjusted EBITDA slightly up 0.7 % yoy on a like-for-like basis at group level, Q4 2017: + 28k postpaid net adds, +3.2 % yoy postpaid ARPU growth, +21k convergent Orange LOVE net adds in Belgium

Brussels, 7 February 2018 – Today, the Orange Belgium Group (Euronext Brussels: OBEL) publishes its results for the fourth quarter and full year 2017. The Orange Belgium Group ended the year 2017 with strong commercial results, demonstrating the success of the company's commercial strategy and execution. The company delivered on all its financial and commercial targets for 2017, while directing resources towards the company's future growth by investing in its convergent positioning.

- ✓ **With the support of the launch of the LOVE-concept early 2017, the convergent customer base increased to 103 thousand customers at the end of 2017**, surpassing the milestone of 100 thousand LOVE customers, adding 21 and 69 thousand LOVE customers, in the fourth quarter and full year 2017 respectively. The associated mobile customer base opting for a LOVE bundle has increased to 163 thousand active mobile customers, an increase of 34 and 106 thousand, in the fourth quarter and full year 2017 respectively. In 2017, close to 50 % of all Orange LOVE customers were new customers for Orange Belgium.
- ✓ **Orange Belgium's postpaid net additions reached 28 thousand in the fourth quarter of 2017, the highest result since 2011. Additionally, the fourth quarter postpaid ARPU growth accelerated thanks to the growing 4G data usage.** Orange Belgium ended the year 2017 with 2.32 million postpaid customers, adding 67.6 thousand customers over the year, underlining the growing nature of its core mobile business. This was achieved thanks to Orange Belgium's customer oriented 4G product portfolio and an active commercial fourth quarter, animated by a successful end-of-year campaign, the continued success of the 'Orange Thank You' loyalty program and the launch of Double Data for convergent customers. In December 2017, total traffic increased by 43 % year-on-year and 4G traffic represented 88 % of this total, compared to 80 % a year ago. The average mobile data usage of the smartphone user base amounted to 1.8 GB in December 2017 from 1.3 GB a year ago. This triggered a progressive shift towards offers with a higher data allowance, leading to a 3.2 % year-on-year increase of Orange Belgium's postpaid ARPU to 30 euros.
- ✓ **Orange Belgium Group realized a total turnover of 317.5 and 1,251.2 million euros** in the fourth quarter and full year 2017, respectively -1.3% and +0.8 % year-on-year. The full year 2017 performance was the result of 1/ a 0.1 % increase in mobile service revenues despite a 9.1 million euro decrease in MVNO revenues and a 36.4 million euro gross adverse impact from EU roaming regulation; 2/ a 21.8 % increase in fixed service revenues driven by the increase of Internet + TV LOVE customers and 3/ a 4.9 % decrease in mobile equipment sales and other revenues. The fourth quarter of 2017, in particular, was impacted by a 15.3 million euro year-on-year decrease in MVNO revenues following the strong decline in MVNO customers hosted on the Orange Belgium network.
- ✓ **The adjusted EBITDA of the Orange Belgium Group amounted to 61.9 and 302.2 million euros** in the fourth quarter and full year 2017. The adjusted EBITDA in the fourth quarter and full year 2016 benefited from a 15.5 million euro one-off related to the December 2016 Walloon pylon tax agreement. Excluding this effect the adjusted EBITDA year-on-year evolution was -1.8 % in the fourth quarter of 2017 and +0.7 % in full year 2017. This result was achieved thanks to a sound value management (higher postpaid customer base and ARPU) combined with rigorous cost control, mitigating the decrease in high-margin MVNO and EU roaming revenues. Moreover the full year 2017 EBITDA contribution of the standalone cable business of -18.5 million euros continued to weigh down on the overall performance of the Orange Belgium Group.
- ✓ **Orange Belgium Group invested 73.8 and 188.4 million euros in the fourth quarter and full year 2017 (+3.5 % and +12.4 % year-on-year)**, of which 11.3 and 46.8 million euros were related to the cable activities. As a result, the core capex amounted to 141.6 million euros in full year 2017, a decrease of 4.8 % year-on-year, still implying a 13.9 % core

capex/mobile service revenues ratio, underlining the continued investments in the network. The organic cash flow amounted to 65.9 million euros in full year 2017. **The net financial debt at the end of 2017 stood at 312.8 million euros**, implying a net financial debt/reported EBITDA ratio of 1.0x, illustrating the sound balance sheet position of the Orange Belgium Group.

- ✓ The Orange Belgium Group expects its total service revenues to grow in 2018 for the third year in a row and **aims at an adjusted EBITDA between 280 and 300 million euros in 2018**. This takes into account that the 2018 financial performance will be strongly affected by the loss of close to 30 million euros of MVNO revenues and the final adverse gross revenue and EBITDA impact of EU roaming regulation of 26 and 17 million euro respectively. **This adjusted EBITDA target highlights that the Orange Belgium Group's retail business is expected to grow substantially thanks to the ongoing monetization of its mobile network and the sustained focus on operational efficiency**. In addition, Orange Belgium Group expects its 2018 core investment (i.e. total investments excluding all cable related investments) to remain fairly stable compared to 2017.
- ✓ In line with the communication of last year, 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 to build out its network. Considering the performance of 2017 and the mid-term outlook, **the Board of Directors of the Orange Belgium Group has decided** to propose to the Annual General Meeting of Shareholder of May 2, 2018 **to pay an ordinary gross dividend for the financial year 2017 of 0.50 euro per share**.

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

"The past quarter, and by extension the full year 2017, demonstrated a very good commercial momentum. We achieved a multi-year peak growth of our postpaid customer base, combined with growing mobile data usage and ARPU. We also exceeded our target of 100,000 LOVE customers. These performances are the result of our consistent investment in customer experience, our leading 4G network, as well as the strong commitment of our employees.

To support our ambition, we adopt a bold challenger positioning, focusing on what's essential for our customers. As a first simple and disruptive move, we proudly announce the launch of the first mobile unlimited offer in Belgium.

Convergence remains a strategic focus, and we reiterate our mid-term target of 10 % broadband market share. Furthermore, to aim at turning our cable business break-even in the coming years, we are actively working on improving our efficiency, and at the same time we appeal to the regulators to substantially and quickly improve the financial and operational conditions for cable wholesale access. Strong regulatory improvements are required to ensure sustainable competition in Belgium.

Arnaud Castille, Chief Financial Officer, stated:

"Orange Belgium met its 2017 financial targets, providing growth in total service revenues, landing within its provided adjusted EBITDA guidance range and slightly lowering its core capex. All this was realized while fuelling both the growth of our postpaid and convergent base and in spite of the adverse factors. Apart from the expected improvement in customer experience, the key reasons for us to transform our digital operations are to make us even more competitive, to reduce the time-to-market for new services, to recoup network investment and to improve operational efficiency. Finally, I am happy to share with the Board of Directors our confidence in the mid-term outlook, and as such the Board of Directors proposes to pay out a gross dividend for the financial year 2017 of 0.50 euro per share."

1. Key operational highlights

- **Orange Belgium exceeded its objective of reaching 100 thousand LOVE customers before the end of 2017**

More and more Belgians are falling in love with Orange Belgium's convergent LOVE offer, which allowed Orange Belgium to exceed its objective of reaching 100 thousand LOVE customers before the end of 2017, and thereby confirming the entry of Orange Belgium into the convergent market for residential and small office/home office customers. Orange Belgium is progressively expanding its convergence customer base as more and more Belgians discover Orange Belgium's internet + TV offer and combine it with an attractive mobile subscription that meets their needs. Since September 2017, all postpaid and ZEN animal subscriptions that are part of a LOVE bundle also enjoy 100 % additional mobile data every month, an extra bonus that comes free of charge. So the more mobile subscriptions customers have within their LOVE combination, the more they can benefit from the double data bonus.
- **Orange Belgium enlarged its standard digital TV package with more premium live sports content**

Orange Belgium and Eleven Sports signed a deal on the distribution of Eleven Sports 3, the third channel of Eleven Sports, which is included in HD in Orange Belgium's standard digital TV package. The channel features live football matches from La Liga, Serie A or Ligue 1, in addition to many other live sports events such as all the games from the Euro Hockey League, Cage Warriors and UFC Fighting, Champions League Handball, Premier League Darts and the World Darts Championship. Currently the channel is available in Wallonia and in certain parts of Brussels in Orange Belgium's offering via the cable network of VOO. In Flanders, Orange Belgium is dependent on Telenet's cable network, with whom there is currently no agreement on integrating Eleven Sports 3 into the cable offer.
- **Orange Belgium's Christmas Fever campaign was a big commercial success**

Orange Belgium had a very animated commercial fourth quarter of 2017, which explains the strong commercial results that were achieved in the last quarter of the year. The overarching theme of the end of year campaign was built around the end of year festivities, with Christmas evening traditionally bringing families together to share the excitement sparked by the giving of gifts. This marketing initiative was co-led by the Orange Group and was the first of its kind, common to all European Orange countries. This 360° campaign was developed for TV, digital and print as well as via in-store activations and goodies. One of the highlights was the world's largest claw machine outside the Orange-shop in Antwerp. The claw machine was 18 meters long, 7 meters high and was controlled by remote. Anyone who bought a phone or subscription in the Orange-shop was offered the chance to grab a present with the machine. The hundreds of prizes to be won included high-end smartphones, smart watches, drones and gift vouchers.
- **2017 has been the year of 4G proliferation with widespread coverage and subscriber growth in full swing**

The increased usage of mobile data services in all aspects of people's lives has meant that customers' expectations have increased and that they typically expect an outstanding network quality. At the end of 2017, Orange Belgium's outdoor 4G network coverage stood at 99.7 %, while indoor coverage reached 93.5 %. 4G+ coverage has reached 62.9 %, and provides an extra blanket of mobile connectivity in areas where extra capacity is requested. It is basically like Orange Belgium is doubling the number of lanes on its motorway.
- **Orange Belgium boosts customer satisfaction by improving mobile coverage at home**

In the course of the fourth quarter of 2017, Orange Belgium started using network data, such as dropped calls, to identify and target eligible residential customers for a femtocell, i.e. a wireless access point radiating a relatively low power signal that is just enough to cover a limited area, typical residential homes or small office spaces. With the simple addition of a small scale base station inside their house, customers can benefit from greatly improved coverage and signal strength. It enables Orange Belgium to increase the probability of targeting a less satisfied customer with personalized telemarketing campaigns.
- **Orange Belgium is the first operator in Belgium to launch a nationwide NB-IoT and LTE-M network**

Orange Belgium inaugurated its Narrow Band-IoT (NB-IoT) and LTE-M network on the entire Belgian footprint, reaching immediately nationwide coverage both indoors and outdoors. These so-called "Mobile IoT"-technologies are Low Power Wide Area (LPWA) cellular network layers that can connect millions of everyday objects to the Internet and are designed for IoT applications that are low cost, use low data rates, and require long battery lives. NB-IoT and LTE-M networks co-exist with 2G, 3G, and 4G mobile networks and provide the best mobile coverage possible (up to +20dB compared to 2G/4G coverage), considerably improving signal penetration inside buildings. These technologies are also the safest solution for IoT connectivity as they operate in licensed spectrum bands, allowing them to benefit from all the security and privacy features of mobile networks, such as support for user identity confidentiality, entity authentication, confidentiality, data integrity, and mobile equipment identification. Today Orange Belgium is already using its Mobile IoT network together with the Flemish

government for a project with connected bikes in collaboration with Huawei and Sensinxs. In addition, Orange Belgium has started an 'Early Access' program for businesses and government organizations to try out the network and its services.

- **Orange Belgium is increasingly successful in using Big Data to better understand its customers' needs**
Orange Belgium is progressively rolling out a big data platform, taking benefit from its own data, provided by its network and by its sales and customer services, but also by analyzing customers' voice and data consumption. The aim of this initiative is for Orange Belgium to improve its network and infrastructure, enhance its existing products or create new ones, or enrich its overall customer relationships. In addition to a material improvement in the overall experience of Orange Belgium's customers, the use of big data also allows targeted investments in the network to be made, improvement in the performance of churn management, as well as increased effectiveness of revenue assurance and fraud detection.
- **Orange Belgium and Orange Business Services entered into an agreement to strengthen their collaboration**
Since the rebranding into Orange Belgium in 2016, the position of the company has strengthened in the business segment, also accentuated by its invigorated convergent position. Benefiting from its position, Orange Belgium wants to further strengthen its relationship with small, medium and big size businesses in Belgium to offer them a complete one-stop-shop service offering, bringing mobile and fixed connectivity in addition to a whole range of digital services. That is why Orange Belgium pursued a Sales Engagement agreement with Orange Business Services. The agreement aims to reinforce the commercial collaboration between the two companies, with a joint objective of serving more business customers, with a wider product offering and an even more improved service. Multinational customers of Orange Business Services will be able to rely even more on Orange Belgium's network resources and business capabilities, including the recently launched Mobile IoT network. Orange Belgium's business customers will be able to leverage Orange Business Services' expertise. Orange Business Services offers a full range of services, primarily in the fixed-line communications and IT services markets. As such, not only will both companies be able to provide digital solutions to allow work tools to become more mobile, more connected and more collaborative, but it will also allow companies to access private and hybrid cloud solutions as well as security solutions for the protection of all areas of their vital activities.
- **Orange Fab was launched in Belgium and Luxembourg with the selection of three promising scale-ups**
Orange Belgium selected Communithings, Zembro and Charlie24 to participate in the first season of Orange Fab in Belgium and Luxembourg. The main objectives for Orange Belgium with this first edition of Orange Fab are to create a commercial acceleration between the start-ups and the Business Units of Orange Belgium and Luxembourg and to help the start-ups grow thanks to Orange's worldwide footprint. Communithings provides smart parking solutions to help cities overcome traffic congestion linked with people looking for parking spaces. The jury was impressed with the platform support of NB-IoT by Communithings, perceived as synergetic with Orange Belgium's NB-IoT offering to the B2B market. Zembro's modern alarm system is an intelligent watch, designed for active seniors and constitutes a valuable addition to Orange Belgium's connected objects portfolio. Charlie24 was chosen because of its Assistance-on-Demand solution, enabling drivers to immediately access to a road assistance provided by local professionals at a clear and transparent price. This product solution might be integrated in Orange Belgium's services.
- **Telenet has accelerated the migration of its mobile customers towards the BASE network**
In May 2016, Orange Belgium and Telenet concluded an agreement on the terms and conditions for the termination of the Full MVNO Agreement, which provides Telenet with access to Orange Belgium's network. The termination agreement commits Telenet to pay Orange Belgium a guaranteed minimum of 150 million euros (excluding VAT) over the 3-year period of 2016-2018. In the third quarter of 2017 Telenet started the migration of its customers, hosted on the network of Orange Belgium, to the BASE network. This migration accelerated strongly throughout the fourth quarter of 2017. As a result and in addition to the migration out of the Lycamobile MVNO customer base earlier in 2017, the wholesale MVNO customer base of Orange Belgium declined strongly to reach 522.2 thousand customers at the end of December 2017, a decrease of 1,518.5 thousand customers compared to the end of December 2016.

2. Comments on the financial situation

2.1 Consolidated figures for the Orange Belgium Group

Orange Belgium group's consolidated key figures	FY 2017	FY 2016	Variation	Q4 2017	Q4 2016	Variation
Total number of connected SIM cards (Orange Belgium, Orange Luxembourg and MVNO's)	4,562.4	5998.7	-23.9 %	4,562.4	5998.7	-23.9 %
Mobile retail customers (excl. MVNO)	4,037.9	3,955.8	+2.1 %	4,037.9	3,955.8	2.1 %
Consolidated turnover (mio €)	1,251.2	1,241.6	+0.8 %	317.5	321.9	-1.3 %
Total service revenues (mio €)	1,110.1	1,093.3	+1.5 %	274.8	277.7	-1.1 %
Mobile equipment sales (mio €)	117.2	121.6	-3.6 %	35.2	37.9	-7.3 %
Adjusted EBITDA (mio €)	302.2	315.7	-4.3 %	61.9	78.5	-21.2 %
Adjusted EBITDA margin in % of total service revenues	27.2 %	28.9 %		22.5 %	28.3 %	
Reported EBITDA (mio €)	312.0	317.1	-1.6 %	60.0	79.9	-24.9 %
Reported EBITDA margin in % of total service revenues	28.1 %	29.0 %		21.8 %	28.8 %	
Consolidated net profit (mio €)	41.0	76.6	-46.5 %	-9.3	28.7	-132.3 %
Net profit per ordinary share (€)	0.68	1.28	-46.5 %	-0.15	0.48	-132.3 %
Net investment (mio €)	188.4	167.6	+12.4 %	73.8	71.3	+3.5 %
Net investment / Total service revenues	17.0 %	15.3 %		26.8 %	25.7 %	
Operational cash flow (mio €)	123.6	149.4	-17.3 %	-13.8	8.6	-260.7 %
Organic cash flow (mio €)	65.9	71.2	-7.4 %	-15.9	-22.9	-30.8 %
Net financial debt (mio €)	312.8	338.0	-7.4 %	312.8	338.0	-7.4 %

2.2 Consolidated statement of comprehensive income

Revenues

The Orange Belgium Group's consolidated turnover stood at 317.5 and 1,251.2 million euros in the fourth quarter and full year 2017, compared to 321.9 and 1,241.6 million euros in the fourth quarter and full year 2016, -1.3 % and +0.8 % year-on-year respectively.

The total service revenues amounted to 274.8 and 1,110.1 million euros in the fourth quarter and full year 2017, compared to 277.7 and 1,093.3 million euros in the fourth quarter and full year 2016, -1.1 % and +1.5 % year-on-year respectively.

This result was achieved as follows:

- Consolidated mobile service revenues stood at 250.0 and 1,021.4 million euros in the fourth quarter and full year 2017, -3.3 % and +0.1 % year-on-year respectively. The healthy fundamentals of the mobile business were clouded by the 15.3 and 9.1 million euros lower contribution of wholesale MVNO revenues in the fourth quarter and full year 2017, compared to the same period last year. In particular, the fourth quarter of 2017 was impacted by lower MVNO revenues. Excluding this MVNO impact, the growth in the fourth quarter of 2017 reached 2.9 % year-on-year (+1.1 % year-on-year for full year 2017), illustrating the successful value management of the company's product portfolio and customer mix. Furthermore, in addition to the MVNO effect, the fourth quarter and full year 2017 were impacted negatively by 8.4 and 36.4 million euros gross impact, following the implementation of the Roam-Like-at-Home regulation. When also taking this into account, the resulting underlying growth is even bigger, reaching +6.7 % and +5.1 % year-on-year in the fourth quarter and full year 2017, thereby further highlights the true growth character of the mobile business. Finally, the fourth quarter and full year 2017 also saw a 3.0 and 12.4 million euros decline in incoming SMS revenues, albeit these revenues generate no margin.
- Consolidated fixed service revenues increased strongly by 29.2 % and 21.8 % year-on-year in the fourth quarter and full year 2017 to reach 24.8 and 88.7 million euros, thanks to the strong uptake of the LOVE customer base and despite the lower revenues coming from legacy DSL related products.

The consolidated mobile equipment sales of the Orange Belgium Group amounted to 35.2 and 117.2 million euros in the fourth quarter and full year 2017, compared to 37.9 and 121.6 million euros last year, a decrease of 7.3 % and 3.6 % year-on-year in the fourth quarter and full year 2017.

Result of operating activities before depreciation and other expenses

Orange Belgium Group's adjusted EBITDA amounted to 61.9 and 302.2 million euros in the fourth quarter and full year 2017, compared to 78.5 and 315.7 million euros in the fourth quarter and full year 2016, a decrease of 21.2 % and 4.3 % year on year respectively. The adjusted EBITDA margins amounted to 22.5 % and 27.2 % of total service revenues in the fourth quarter and full year 2017 compared to 28.3 % and 28.9 % a year ago.

At the adjusted EBITDA level, three external elements need to be taken into account when assessing the evolution of the profitability in the fourth quarter and full year 2017:

- Following the agreement signed with the Walloon government in December 2016, the net positive impact in the fourth quarter and full year of 2016 amounted to 15.5 million euros. Adjusting the 2016 results for this impact, the adjusted EBITDA growth would be -1.8 % and +0.7 % year-on-year in the fourth quarter and full year 2017.
- The gross impact of EU-roaming amounted to 7.3 and 31.9 million euros in the fourth quarter and full year 2017. Therefore, excluding the positive impact of the agreement signed with the Walloon government and the negative regulatory EU roaming impact, the adjusted EBITDA in the fourth quarter and full year 2017 would have increased by 11.1 % and 12.7 % year-on-year, compared to the same period last year.
- The MVNO revenues in the fourth quarter and full year 2017 amounted to 7.5 and 71.1 million euros, compared to 22.8 and 80.3 million euros in 2016, a decline of 15.3 and 9.1 million euros year-on-year. In the absence of any subscriber acquisition and marketing costs, the wholesale MVNO revenues generally come with a higher margin than the retail revenues, implying that the lower MVNO revenues also have a considerable impact on the adjusted EBITDA.

The total operational expenses amounted to 255.6 and 949.0 million euros in the fourth quarter and full year 2017 compared to 243.3 and 926.0 million euros in the fourth quarter and full year 2016. The operational expenses related to the Internet + TV offering, including the monthly cable wholesale fee paid to the cable operators, amounted to 13.4 and 47.0 million euros in the fourth quarter and full year 2017, compared to 6.8 and 20.4 million euros in the fourth quarter and full year 2016.

The analysis of the different expenses by nature provides the following overview:

- Direct costs amounted to 161.1 and 565.8 million euros in the fourth quarter and full year 2017, compared to 148.4 and 530.4 million euros in the same period a year ago, an increase of 12.7 and 35.4 million euros, respectively. The purchase of materials was up in the fourth quarter of 2017, compared to the fourth quarter of 2016, mainly due to a very commercially active end-of-year subsidy campaign. However, over the full year 2017 the purchases of material were down due to lower standalone handset sales and a lower subsidy budget. The other direct costs increased substantially in the fourth quarter and full year 2017, mostly as a result of the increase in both wholesale access fees and in TV content related to the uptake of the convergent LOVE offer. Interconnection costs remained relatively stable as lower outgoing SMS costs were compensated by higher roaming costs.
- Labour costs amounted to 33.6 and 131.0 million euros in the fourth quarter and full year 2017 compared to 32.2 and 130.6 million euros a year ago, an increase of respectively 4.3 % and 0.3 % year-on-year.
- The indirect costs amounted to 60.9 and 252.3 million euros in the fourth quarter and full year 2017, compared to 62.8 and 264.9 million euros in the same periods last year, a decrease of 2.9 % and 4.8 %. This is mainly a result of lower commercial expenses and lower IT & Network expenses in the fourth quarter and full year 2017.

Reported EBITDA adjustments (in million €)	FY 2017	FY 2016	Variation	Q4 2017	Q4 2016	Variation
Adjusted EBITDA	302.2	315.7	-4.3%	61.9	78.5	-21.2%
Adjustments	+9.8	+1.4	Na	-1.9	+1.3	Na
- o/w other restructuring costs	+9.8	-15.7	Na	-1.9	-15.8	Na
- o/w other operating income	+0.1	+17.1	Na	0.0	+17.1	Na
Reported EBITDA	312.0	317.1	-1.6%	60.0	79.9	-24.9%

The reported EBITDA of the Orange Belgium Group amounted to 60.0 and 312.0 million euros in the fourth quarter and full year 2017 compared to 79.9 and 317.1 million euros a year ago. The reported EBITDA margin stood at 21.8 % and 28.1 % of total service revenues in the fourth quarter and full year 2017 respectively, compared to 28.8 % and 29.0 % a year ago. The adjustments of the EBITDA amounted to -1.9 and +9.8 million euros in the fourth quarter and full year 2017, compared to +1.3 and +1.4 million euros a year ago. The adjustments in the fourth quarter of 2017 were triggered by headcount related restructuring charges, while the full year 2017 adjustments were positive, largely due to a change in provision as a result of the mutual termination of a long-term partner contract.

Depreciation and other expenses

The depreciation and other expenses of the Orange Belgium Group amounted to 60.8 and 230.1 million euros in the fourth quarter and full year 2017, compared to 60.9 and 210.3 million euros for the same period in 2016, implying -0.1% and +9.4 % year-on-year respectively. The 19.8 million euro increase in depreciations for the full year 2017 was mostly related to the depreciation of the activated customer premises equipment (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. The useful life of this kind of assets is typically lower than the traditional network investments which have a greater useful life.

The Orange Belgium Group performs each year a goodwill impairment test, based on the calculated value using a discounted cash flow model. At the end of December 2017, a goodwill impairment of 17.9 million euros has been recognized related to Orange Luxembourg. A year ago, a turnaround for the 2016-2020 period was aimed for with a 9 % and 32 % compounded annual growth rate (CAGR) of revenues and adjusted EBITDA respectively, while capital expenses were expected to remain relatively stable. Although the commercial and financial performance of Orange Luxembourg in 2017 has improved remarkably, it is undeniable that competition and regulation have impacted the projected cash flows.

EBIT

The consolidated EBIT of the Orange Belgium Group amounted to -18.6 and 64.6 million euros in the fourth quarter and full year 2017, compared to 19.0 and 107.2 million euros recorded in the same periods last year. The EBIT margin in the fourth quarter and full year 2017 stood at -6.8 % and +5.8 % of service revenues, compared to 6.9 % and 9.8 % last year. The decline can be explained by the lower reported EBITDA, the higher depreciation charges and the effect of the recognition in the fourth quarter of a 17.9 million euro goodwill impairment charge related to Orange Luxembourg.

Financial result

The financial result in the fourth quarter and full year 2017 amounted to -1.3 and -4.9 million euros, slightly below the level achieved in 2016. This can be explained by the lower costs of the gross financial debt in line with the lower outstanding debt.

Taxes

Similar to the fourth quarter of 2016, the Orange Belgium Group recorded a tax benefit of 10.7 million euros compared to 11.2 million euros in the same period of the previous year. The tax expenses for the full year 2017 consequently amounted to 18.6 million euros, compared to 24.1 million euros in 2016. Orange Belgium's full year 2017 effective tax rate came out at 31.2 % compared to 23.9 % for full year 2016, the difference is mainly due to the impact of the non-deductible impairment of the participation in Orange Luxembourg.

Net profit

The consolidated net profit of the Orange Belgium Group amounted to -9.3 and 41 million euros in the fourth quarter and full year 2017, including the 17.9 million euro goodwill impairment related to Orange Luxembourg, compared to 28.7 and 76.6 million euros a year ago. Consequently, the net profit per share amounted to -0.15 and 0.68 euro in the fourth quarter and full year 2017, compared to 0.48 and 1.28 euro in the same periods last year.

2.3 Consolidated cash flow statement

The operational cash flow, defined as reported EBITDA minus net investments, amounted to -13.8 and 123.6 million euros in the fourth quarter and full year 2017 compared to 8.6 and 149.4 million euros in the fourth quarter and full year 2016.

Summary consolidated cash flow statement	FY 2017	FY 2016	Variation
Net cash provided by operating activities	266.8	298.9	-32.1
Net cash used in investing activities	-208.9	-228.7	19.8
Purchase of property, plant and equipment and intangible assets	-188.4	-167.6	-20.7
Net cash used in financing activities	-96.3	-28.4	-67.9
Cash and cash equivalents – closing balance	13.0	51.4	-38.4

The organic cash flow (which measures the cash flow provided by the operating activities, minus acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets), amounted to -15.9 and 65.9 million euros in the fourth quarter and full year 2017, compared to -22.9 and 71.2 million euros a year ago.

Net cash provided by operating activities

The net cash provided by operating activities stood at 266.8 million euros in full year 2017 versus 298.9 million euros in 2016. The funds generated from operations declined 26.6 million euros in full year 2017, compared to the funds generated in full year 2016. In 2017, Orange Belgium pursued its policy of actively managing its working capital requirement. Between 2016 and 2017, the 34.9 million euro increase in cash generated from the working capital was largely attributable to the increase in trade payables. This was related to the increase in visitor roaming and the decrease in inventories due to the successful year-end campaign and a better inventory management. Finally, as part of the other net cash out, the income tax paid mostly stands out, and was mainly the result of the payment of the balance of the 2015 income tax as well as the prepayment of the 2017 income tax. The 2017 prepayments were proportionally higher than in previous years in reaction to the changed tax incentives for early payments.

Net cash used in investing activities

The net cash used in investing activities amounted to a negative 208.9 million euros in 2017 versus a negative 228.7 million euros in 2016. The purchase of property, equipment and intangible assets amounted to 188.4 million euros (73.8 million euros in the fourth quarter of 2017), of which 46.8 million euros (11.3 million euros in the fourth quarter of 2017) are cable-related capital expenditures, of which close to 80 % was related to modems, set-top boxes and installations. The remaining cable-related capex was mainly related to IT investments that aim to optimize the provisioning chain and to maximize the customer experience. In 2017 and in line with the Walloon pylon tax agreement of December 2016, Orange Belgium invested part of the committed 20 million euros in the Walloon region.

Net cash used in financing

The net cash used in financing activities was a negative 96.3 million euros in 2017, versus a negative 28.4 million euros in 2016. In 2017, the cash spent in financing activities was largely attributable to the long-term debt repayment for a total of 70.1 million euros and the payment of the dividend related to the financial year 2016.

2.4 Consolidated statement of financial position

The consolidated statement of financial position amounted to 1,436.3 million euros on 31 December 2017, compared to 1,524.2 million euros at the end of December 2016.

Summary consolidated statement of financial position	FY 2017	FY 2016	Variation
Goodwill	66.4	80.1	-13.6
Other intangible assets	304.0	320.8	-16.8
Property, plant and equipment	809.9	830.0	-20.0
Total assets	1,436.3	1,524.2	-88.0
Net financial debt	312.8	338.0	-25.2
Total equity	542.0	532.4	9.6

The carrying amount of the non-current assets stood at 1,197.9 million euros at the end of December 2017, compared to 1,249.1 million euros at the end of 2016. The decrease was mainly due to the depreciation of property, plant and equipment and of the intangible assets, mainly spectrum, partially offset by capital expenditures. In addition, the goodwill

impairment related to Orange Luxembourg further lowered the non-current assets. Current assets decreased to 238.4 million euros at the end of December 2017 from 275.1 million euros at the end December 2016, almost entirely as a result of a lower amount of cash and cash equivalents.

The total equity of the Orange Belgium Group amounted to 542.0 million euros at the end of 2017, compared to 532.4 million euros at the end of 2016, a small increase of 9.6 million euros, almost entirely the net result of the 41.0 million euros retained earnings of 2017 balanced by the 30.0 million euros dividends paid related to the financial year 2016. Non-current liabilities decreased to 394.0 million euros at the end of 2017 from 465.4 million euros at the end of 2016, mainly the result of the 70.1 million euros repayment of the long-term debt related to the unsecured revolving credit facility, which matures in 2021. The current liabilities decreased to 500.2 million euros at the end of 2017 from 526.4 million euros at the end of 2016.

The ratio of net financial debt to adjusted/reported EBITDA is used by Orange Belgium to measure its ability to repay its debt, and more broadly to measure its financial strength. This ratio is commonly used by companies in the telecommunications sector.

Ratio of net financial debt	FY 2017	FY 2016	Variation
Net financial debt	312.8	338.0	-7.4 %
Adjusted EBITDA	302.2	315.7	-4.3%
Reported EBITDA	312.0	317.1	-1.6%
Ratio of Net financial debt/Adjusted EBITDA	1.0	1.1	
Ratio of Net financial debt/Reported EBITDA	1.0	1.1	

The net financial debt at the end of December 2017 stood at 312.8 million euros, compared to 338.0 million euros a year ago, a decrease of 7.4 % year-on-year. The net financial debt/reported EBITDA ratio at the end of December 2017 amounted to 1.0x compared to 1.1x at the end of December 2016. The total financial debt/total equity ratio decreased to 60.1 % at the end of 2017 from 73.1 % at the end of 2016.

2.5 Activities of the Orange Belgium Group by segment

The following gives a breakdown of Orange Belgium Group's activities in greater detail:

2.5.1. Activities in Belgium

Key financial figures of Orange Belgium S.A.	FY 2017	FY 2016	Variation	Q4 2017	Q4 2016	Variation
Total service revenues (mio €)	1,061.0	1,048.7	+1.2%	262.0	266.0	-1.5%
of which mobile services	978.3	980.3	-0.2%	238.9	248.0	-3.7%
of which fixed services	82.7	68.4	20.9%	23.1	18.0	+28.7%
Total turnover (mio €)	1,197.5	1,196.1	+0.1%	303.5	311.9	-2.7%

Key operating figures of Orange Belgium S.A.	Q4 2017	Q4 2016	Variation
ARPU (€/month/active customer)	26.3	24.8	5.9%
Mobile retail customers (excl. MVNO)	3,854.6	3,796.5	1.5%
Mobile customers (excl. IoT/M2M)	2,904.7	2,970.8	-2.2%
Of which postpaid	2,315.2	2,247.6	3.0%
Of which prepaid	589.5	723.1	-18.5%
IoT/M2M SIM cards	949.8	825.7	15.0%
Total number of MVNO customers (mobile telephony, incl. full MVNO)	522.2	2,040.7	-74.4%
Fixed broadband internet and TV customers	108.6	50.3	116.0%
Of which cable	102.9	33.4	208.2%
Fixed telephone lines	133.9	157.9	-15.2%

Mobile activities

Market Review

While the number of smartphones and mobile phones sold in Belgium has decreased in 2017, according to GFK, as the average lifetime of devices is increasing, it is certainly true that Belgians are increasingly spending their time and money on mobile devices. The use of mobile data is growing exponentially with the growing popularity of smartphones and tablets, but also of other connected devices such as watches, cars, bicycles, and much more. This in turn drives up demand for mobile broadband and consequently for large data volumes in the service portfolio. Increasingly, mobile applications are becoming the primary digital experience touch point for consumers and increasingly also for companies and governments. An example of the latter is 'Itsme', a mobile identification and digital privacy solution by the Belgian telecoms and banking sector. Recently the Belgian government decided to allow citizens to log in on secure portals, such as those for pensions or tax returns, through the Itsme app. The growing demand for mobile data connectivity is also increasingly coming from corporates to allow machines and production sites to be connected in order to improve their value chain, through the use of IT and cloud solutions.

Although it is still early days, the implementation of the EU Roam-Like-at-Home regulation, abolishing retail mobile roaming surcharges within Europe from 15 June 2017, has created an initial shift in the balance of 'roaming out' versus 'roaming in' traffic and revenues in Belgium. 'Roaming out' is the handling of the incoming and outgoing traffic generated outside Belgium on the network of a foreign mobile operator by Belgian subscribers, while 'roaming in' is the handling of the incoming and outgoing traffic generated within Belgium by the subscribers of a foreign mobile operator. Outbound/inbound roaming traffic ratios for the three mobile services (voice, SMS, data) typically tend to confirm a north/south divide in Europe between high-tourism southern locations and lower-tourism northern locations. Given its central location in Europe, Belgium has always been somewhat different, and the implementation of RLAH has further solidified this.

In its work plan for 2018, the Belgian telecom regulator BIPT has put forward that it will communicate its recommendations regarding the introduction of 5G on the Belgian market in course of the first quarter of 2018. They have indicated it is their intention to run the auctions for the assignment of the 700 MHz, 3.5 GHz and the re-assignment of the 900 MHz, 1,800 MHz, and 2,100 MHz by the end of 2018. However, the related licenses would only be attributed in the course of the first quarter of 2019.

Operational Review



Smartphone penetration stood at 73 %, while 4G and 4G+ smartphone penetration reached 58 % and 29 % at the end of 2017. In December 2017, total traffic has increased by 43 % year-on-year and 4G traffic represented 88 % of total traffic. Driven by the continued increase of mobile data consumption, average smartphone usage increased to 1.8 GB in December 2017 from 1.3 GB a year ago.

The commercial momentum throughout 2017 and, in particular, in the fourth quarter of 2017, remained very solid. At the end of December 2017, Orange Belgium's mobile retail customer base (excl. MVNO) stood at 3,854.6 thousand, an increase of 64.8 and 58.1 thousand compared to the previous quarter and the end of full year 2016. This was realized thanks to the strong growth of the postpaid and IoT/M2M customer base, only partially curbed by the decline of prepaid customers following the obligatory identification of prepaid users:

- Orange Belgium ended the year 2017 with 2.32 million postpaid customers, adding 67.6 thousand customers in 2017. In the fourth quarter of 2017, Orange Belgium realized 28.1 thousand net additions, the highest result since the fourth quarter of 2011. This was achieved thanks to a very successful end-of-year campaign, the continued success of the 'Orange Thank You'-loyalty program, the launch of Double Data for convergent customers and the strong appetite for 4G mobile data.
- The active prepaid customer base stood at 589.5 thousand at the end of 2017, a decrease of 18.0 and 133.7 thousand customers compared to the previous quarter and the end of 2016. While the first nine months of 2017 were strongly impacted by the obligatory identification of prepaid users, this was no longer the case in the fourth quarter of 2017, still resulting in a decline of the prepaid customer base by 18.0 thousand, though well below the declining run-rate of around 40 thousand from previous quarters.
- The commercial momentum for the IoT- and M2M segment accelerated towards the end of the year. At the end of December 2017, the number of active SIM cards hosted on the Orange Belgium network in the context of IoT/M2M activities increased to 949.8 thousand, an increase of 54.7 and 124.1 thousand compared to the end of the previous quarter and the end of the fourth quarter of 2016 respectively. It is important to highlight that Orange Belgium accounts almost entirely for all of the volume growth of the IoT/M2M market in Belgium (based on the publicly disclosed competitive figures). In addition, the growth of active SIM cards in the IoT/M2M segment is realized with an increasing number of customer relationships.

In addition to its retail activities, Orange Belgium also sustains an active wholesale business. At the start of 2017 Orange Belgium hosted 5 MVNO's on its network: Telenet and Lycamobile were obviously the biggest, in addition to Tellink, Galaxy and Transatel. As communicated, Lycamobile off-loaded its entire customer base from the Orange Belgium network in July 2017, while more recently Telenet started off migrating its customer base in the third quarter of 2017 and further accelerated its migration throughout the fourth quarter of 2017. As a result the wholesale MVNO customer base stood at 522.2 thousand customers at the end of December 2017, a decrease of 1.519 million customers compared to the end of December 2016.

With the departure of a large part of the MVNO customer base, Orange Belgium's total network customer base decreased to 4.377 million at the end of the fourth quarter of 2017, compared to 5.837 million at the end of the fourth quarter of 2016.

Financial Review

The blended ARPU increased year-on-year for the tenth consecutive quarter to 26.3 euros in the fourth quarter of 2017 from 24.8 euros a year ago. The year-on-year growth strengthened throughout 2017 from +2.2 % in the first quarter, to +3.5 % in the second quarter to +5.0 % in the third quarter of 2017 to finally end the fourth quarter with a year-on-year increase of +5.9 %. This result was achieved thanks to:

- A more favorable customer mix between postpaid and prepaid at the end of the fourth quarter of 2017 compared to the same period last year, i.e. 80 %/20 % vs. 76 %/24 % postpaid/prepaid;
- The postpaid ARPU increased to 30.0 euros in the fourth quarter of 2017 from 29.1 euros a year ago, an increase of 3.2 % year-on-year. This growth was achieved thanks to a progressive rebalancing of customers towards the mid-end offers. Although the implementation of the Roam-Like-at-Home had a significant impact, the decline was mitigated by an increased usage of mobile data within and outside Europe, in addition to an increase in visitor roaming traffic. The postpaid ARPU in the fourth quarter of 2017 was adversely impacted by the decline of SMS traffic and consequent decline of SMS interconnection revenues.
- The prepaid ARPU, for the first time in more than 4 years, showed a year-on-year increase of 0.6 % in the fourth quarter of 2017 to 11.9 euros, compared to 11.8 euros in the fourth quarter of 2016.

The increasing postpaid customer base and the increasing ARPU underline the sound execution of Orange Belgium's value-oriented customer management, which aims at sensibly increasing the value of its services for its customers, while reducing the effort to acquire/retain new and existing customers.

The mobile service revenues of Orange Belgium amounted to 238.9 and 978.3 million euros in the fourth quarter and full year 2017, compared to 248.0 and 980.3 million euros in the fourth quarter and full year 2016, a decrease of 3.7 % and 0.2 % respectively. The mobile service revenues are comprised of a number of revenue streams, such as customer-billed revenues including retail roaming, incoming revenues, visitor roaming, machine-to-machine and MVNO. The progressive rebalancing of customers towards the mid-end offers has clearly been a positive driver, despite its negative effect on out-of-bundle revenues. The gross negative impact of the implementation of Roam-Like-at-Home of 7.7 and 32.8 million euros in the fourth quarter and full year 2017 had a clear impact, though it was to some extent mitigated by the positive impact this new regulation had on visitor roaming revenues. The decline of SMS traffic resulted in a decline of SMS interconnection revenues of 2.9 and 12.2 million euros in the fourth quarter and full year 2017. Finally, the departure of the MVNO customers of Lycamobile and Telenet, resulted in a significantly lower contribution of wholesale MVNO revenues in the fourth quarter and full year 2017. The wholesale MVNO revenues amounted to 7.4 and 70.8 million euros in the fourth quarter and full year 2017 compared to 22.7 and 80.0 million euros a year ago, a decline of 15.3 and 9.2 million euros in the fourth quarter and full year 2017. In the fourth quarter of 2017, the lower contribution of MVNO revenues was the main explanation for the decline of the mobile service revenues, excluding this impact Belgian mobile service revenue growth would be close to +3 % year-on-year.

Fixed and convergent activities

Market Review

In October 2017, the Brussels Court of Appeal annulled the wholesale price decisions of December 2013 and February 2016 for access to the cable networks, while maintaining the effects of these decisions until 30 April 2018. At the same time the telecom and media regulators have continued their work with respect to the final market analysis decision of the TV and broadband market. However, they have not yet communicated on the progress they have made. In the next months, the Belgian Competition Authority and the European Commission should be notified, and the BIPT work plan for 2018 puts forward that a final decision should be ready in the course of the second quarter of 2018.

In December 2017, the BIPT published 2 draft market analysis decisions regarding the fixed voice markets. On the fixed voice termination market, it proposes to reduce the fixed termination rate from around 0.7 eurocents/min to 0.103 eurocents/min. On the fixed voice access and call origination market, it proposes to end the current regulation while the current regulated services should continue to be provided by Proximus until end 2019.

Operational Review

At the end of the fourth quarter of 2017, Orange Belgium had a total of 108.6 thousand fixed broadband internet + TV customers, compared to 50.3 and 93.6 thousand at the end of the fourth quarter of 2016 and the third quarter of 2017, respectively.

The biggest eye-catcher is obviously the achievement of reaching 102.9 thousand Internet and TV LOVE customers at the end of 2017, adding 21 and 69 thousand LOVE customers, in the fourth quarter and full year 2017 respectively. In the beginning of 2017 Orange Belgium had set this milestone as its ambition for the year and despite the promotional reaction of its competitors, it succeeded in achieving its target. Moreover, the associated mobile customer base opting for a LOVE bundle has increased to 163 thousand active mobile customers, an increase of 34 and 106 thousand, in the fourth quarter and full year 2017 respectively. In 2017, close to 50 % of Orange LOVE customers were new customers thereby underpinning the pertinence of Orange Belgium's convergent and mobile data strategy.

Financial Review

Orange Belgium's fixed service revenues increased strongly throughout 2017 thanks to the strong uptake of the LOVE offer, resulting in fixed service revenues in the fourth quarter and full year 2017 of 23.1 and 82.7 million euros, compared to 18.0 and 68.4 million euros in the fourth quarter and full year 2016, an increase of 28.7 % and 20.9 % year-on-year respectively.

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

Key financial figures of Orange Communications Luxembourg S.A.	FY 2017	FY 2016	Variation	Q4 2017	Q4 2016	Variation
Total service revenues (mio €)	52.4	48.7	7.6 %	13.5	12.5	8.5 %
of which mobile services	46.5	44.3	4.8 %	11.9	11.3	5.5 %
of which fixed services	6.0	4.4	36.0 %	1.7	1.2	36.6 %
Total turnover (mio €)	65.3	61.6	5.9 %	17.9	16.7	7.1 %

Key operating figures of Orange Communications Luxembourg S.A.	Q4 2017	Q4 2016	Variation
ARPU (€/month/active customer)	33.1	35.1	-5.7 %
Mobile retail customers (excl. MVNO)	183.3	159.3	15.1 %
Mobile customers (excl. IoT/M2M)	118.3	105.4	12.2 %
Of which postpaid	107.7	97.3	10.7 %
Of which prepaid	10.6	8.0	31.4 %
IoT/M2M SIM cards	65.0	53.9	20.6 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	2.4	2.2	6.2 %

Market Review

In December 2017, the Luxembourg Institute of Regulation provided an overview of the deployment of fixed infrastructure in the country as well as the evolution of the commercialization of broadband and very high speed Internet access. It appeared in particular that the VDSL (Very high-bit-rate digital subscriber), FTTH (Fiber to the Home) and coaxial, cable coverage is high. The number of fiber optic connections in dwellings and premises has increased by 22,200 units to reach a total of 165,600 connections or 57% of all dwellings and local premises. Another highlight was that the market share of alternative operators continued to grow.

Operational Review

Orange Luxembourg launched, in cooperation with G4S, a newly connected tele-monitoring service in Luxembourg, branded Smart Security. Home-monitoring can be done very simply via an intuitive and interactive application that sends personal notifications to the customer's mobile phone. In the case of an intrusion, a G4S agent will intervene rapidly. The offer includes a connected alarm, installation, maintenance and 24h/24h tele-monitoring. The offer is evolutionary and may be completed by other security-related elements such as the addition of video or other connected items. The package is offered in the form of a monthly fee with no significant investment for installation. Orange Luxembourg also opened its first Orange Smart Store, introducing a complete transformation in the customers' approach in the point of sale. The Smart Store is modern and trendy but the main purpose is to discover and test the product or solution which fits the customers the best. Upon entering the new Orange shop, customers have an easy access to experimental spaces like network and devices in the space "On the Move", Fiber and TV in the space "At Home", multimedia content in the space "Fun" and dedicated advisors.

At the end of the fourth quarter of 2017, Orange Luxembourg had 183.3 thousand SIM cards connected to its network, compared to 181.4 and 159.3 thousand at the end of the previous quarter and the fourth quarter of 2016, an increase of 1.9 and 24.0 thousand cards respectively. The performance in Luxembourg was also largely driven by the solid increase of the postpaid and IoT/M2M customer base. Particularly in the third quarter, the postpaid net adds were very strong thanks to an improved churn control in the B2B segment as well as the signing of some large accounts. In the residential segment, the growth was mainly realized thanks to continued uptake of convergent offers. Unlike Orange Belgium, the prepaid and MVNO customer base of Orange Luxembourg increased in the fourth quarter of 2017. Orange Luxembourg's fixed broadband internet and TV customers stood at 11.7 thousand at the end of the fourth quarter and full year 2017, an increase of 1.8 and 2.1 thousand respectively. This increase is explained by the successful launch of two new offers in September 2017: a high-speed fibre offer (La Fibre 100 % Fibre), and a simple broadband offer (Internet @ Home). In addition to these broadband offers, the growth was also supported by increasing importance of the convergent offers.

Financial Review

The total turnover in the fourth quarter and full year 2017 amounted to 17.9 and 65.3 million euros compared to 16.7 and 61.6 million euros in the same periods last year. Orange Luxembourg ended the fourth quarter and full year 2017 with total service revenues of 13.5 and 52.4 million euros, an increase of 8.5 % and 7.6 % year-on-year respectively. Orange Luxembourg's blended ARPU declined 5.7 % year-on-year to 33.1 euros in the fourth quarter of 2017.

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 and in the 2017 quarterly reports has been modified as follows:

Regulation of broadband and cable: Regarding the appeals against the cable wholesale price decisions of 2013 and 2016, the Court annulled on 25 October 2017 all price decisions for various reasons amongst which was cited lack of adequate motivation while the Court maintained the effects of the decisions until 30 April 2018.

Access to Telenet's cable network – own channel: Based on the decisions on regulated access to the cable networks Orange Belgium is entitled to offer “own channels” to its retail TV customers, i.e. channels that are not commercially offered by the cable operators. While VOO provided such an own channel (Eleven Sports 3) on its network, Telenet refused to offer such access at reasonable conditions. Beginning 2018, Orange Belgium initiated proceedings against Telenet for breach of its regulatory obligations before the Commercial Court of Antwerp.

5. Significant events after the end of the 2017 reporting period

No other significant events occurred after the end of the 2017 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.

Considering the financial and commercial performance of 2017 and the mid-term outlook, the Board of Directors will propose the Annual General Meeting of Shareholders on 2 May 2018 to distribute an ordinary gross dividend for the financial year 2017 of 0.50 euro per share. If approved, the payment of the gross ordinary dividend of 0.50 euro will be done on 16 May 2018 (ex-dividend date 14 May 2018; record date 15 May 2018).

7. Trends

The Orange Belgium Group expect its mobile commercial momentum to continue in 2018, resulting in a further increase of the postpaid customer base, in addition to the further uptake of the convergent LOVE customer base. Regarding its convergent position, Orange Belgium reiterates its commercial mid-term target of 10 % market share. Furthermore, to achieve a break-even of its cable business, Orange Belgium is actively working on gaining operational efficiency, but clearly also appeal on the reasonableness of the regulators to substantially improve the current financial and operational conditions for cable wholesale access in Belgium. Advances in both of these components are required to ensure fair and true competition in the fixed market in Belgium.

Despite the adverse impact of the loss of MVNO revenues and the regulatory impact of EU roaming, the Orange Belgium Group has set itself an ambitious target for 2018. It expects its total service revenues to grow in 2018 for the third year in a row and aims at an adjusted EBITDA between 280 and 300 million euros in 2018. This takes into account that the 2018 financial performance will be strongly affected by the loss of close to 30 million euros of MVNO revenues and the final adverse gross revenue and EBITDA impact of EU roaming regulation of 26 and 17 million euro respectively. This adjusted EBITDA target highlights that the Orange Belgium Group's retail business is expected to grow substantially thanks to the ongoing monetization of its mobile network and the sustained focus on operational efficiency. In addition, Orange Belgium Group expects its 2018 core investment (i.e. total investments excluding all cable related investments) to remain fairly stable compared to 2017.

On 22 December 2017, the Belgian parliament approved the corporate income tax reform act that includes among other a reduction of the corporate income tax rate. The income tax reform act was published in the Belgian Official Gazette on 29 December 2017, and hence is effective for fiscal year 2018. The nominal corporate income tax (CIT) rate is reduced from 33.99% to 29.58% in 2018 and to 25% in 2020.

8. Financial calendar

07-Feb-18	Financial results Q4 2017 (7:00 am CET) – Press release
07-Feb-18	Financial results Q4 2017 (2:00 pm CET) – Audio conference call/webcast
30-Mar-18	Start quiet period
20-Apr-18	Financial results Q1 2018 (7:00 am CET) – Press release
20-Apr-18	Financial results Q1 2018 (10:00 am CET) – Audio conference call
02-May-18	Annual General Meeting of Shareholders
14-May-18	Ex-dividend date*
15-May-18	Record date dividend*
16-May-18	Payment date dividend*
29-Jun-18	Start quiet period
20-Jul-18	Financial results Q2 2018 (7:00 am CET) – Press release
20-Jul-18	Financial results Q2 2018 (2:00 pm CET) – Audio conference call/webcast
28-Sep-18	Start quiet period
24-Oct-18	Financial results Q3 2018 (7:00 am CET) – Press release
24-Oct-18	Financial results Q3 2018 (10:00 am CET) – Audio conference call

* subject to AGM approval

Preliminary agenda still subject to potential changes

9. Conference call details

Date:	7 February
Time:	02:00 pm (CET), 01:00 pm (UK), 8:00 am (US/NY)
Conference call:	https://corporate.orange.be/en/financial-information

Please plan on accessing the conference call 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 2017	FY 2016	Q4 2017	Q4 2016
Trading of shares				
Average closing share price (€)	20.02	20.23	18.71	19.96
Average daily volume	55,457	75,320	48,731	75,333
Average daily value (€)	1,110,264	1,523,757	911,757	1,503,338
Shares and market values				
Total number of shares	60,014,414	60,014,414	60,014,414	60,014,414
Treasury shares	141,500	14,069	141,500	14,069
Outstanding shares	60,014,414	60,014,414	60,014,414	60,014,414
Closing price (€)	17.70	19.86	17.70	19.86
Market capitalization (€)	1,061,955,056	1,191,586,190	1,061,955,056	1,191,586,190

11. Quarterly results

		Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
ORANGE BELGIUM GROUP									
Mobile services									
Mobile retail customers (excl. MVNO)	in thousand	4,037.9	3,971.2	3,957.3	3,924.0	3,955.8	3,925.0	3,927.8	3 909.1
Mobile customers (excl. IoT/M2M)	in thousand	3,023.0	3,007.0	3,030.1	3,033.1	3,076.1	3,095.9	3,126.1	3 131.8
Postpaid	in thousand	2,423.0	2,389.1	2,371.6	2,348.5	2,345.0	2,334.8	2,330.0	2 311.1
Prepaid	in thousand	600.0	617.9	658.5	684.6	731.2	761.1	796.1	820.7
IoT/M2M SIM cards	in thousand	1,014.9	964.2	927.3	890.9	879.6	829.1	801.8	777.3
MVNO customers	in thousand	524.6	1,068.9	1,932.6	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	120.3	103.5	87.7	76.3	59.9	43.2	36.7	33.9
Fixed telephone lines	in thousand	136.0	142.6	151.3	157.6	158.6	159.4	165.6	171.0
ORANGE BELGIUM									
Mobile services									
Mobile retail customers (excl. MVNO)	in thousand	3,854.6	3,789.8	3,779.0	3,759.1	3,796.5	3,770.5	3,779.7	3 766.6
Mobile customers (excl. IoT/M2M)	in thousand	2,904.7	2,894.6	2,920.3	2,927.1	2,970.8	2,991.8	3,023.4	3 029.7
Postpaid	in thousand	2,315.2	2,287.1	2,271.7	2,250.5	2,247.6	2,238.3	2,234.8	2 217.0
Prepaid	in thousand	589.5	607.5	648.7	676.6	723.1	753.5	788.6	812.7
Mobile blended ARPU, three months average (incl. visitor roaming)	in EUR/month	26.3	25.9	25.4	24.5	24.8	24.7	24.5	24.0
Postpaid ARPU, three months average (incl. visitor roaming)	in EUR/month	30.0	30.0	29.3	28.9	29.1	29.2	29.0	28.6
Prepaid ARPU, three months average	in EUR/month	11.9	11.4	11.3	11.1	11.8	11.7	12.0	11.7
IoT/M2M SIM cards	in thousand	949.8	895.2	858.6	832.0	825.7	778.7	756.4	737.0
MVNO customers	in thousand	522.2	1,066.7	1,930.4	1,996.7	2,040.7	1,990.0	1,907.3	1 816.6
Fixed services									
Fixed broadband internet and TV customers	in thousand	108.6	93.6	77.8	66.3	50.3	34.2	28.0	25.9
Of which cable	in thousand	102.9	81.8	64.3	49.8	33.4	17.6	10.5	5.3
Fixed telephone lines	in thousand	133.9	142.1	150.7	157.0	157.9	158.5	164.7	169.9
ORANGE LUXEMBOURG									
Mobile services									
Mobile retail customers (excl. MVNO)	in thousand	183.3	181.4	178.3	164.9	159.3	154.5	148.1	142.4
Mobile customers (excl. IoT/M2M)	in thousand	118.3	112.4	109.7	106.0	105.4	104.1	102.7	102.1
Postpaid	in thousand	107.7	101.9	99.9	98.0	97.3	96.6	95.2	94.1
Prepaid	in thousand	10.6	10.5	9.8	8.0	8.0	7.5	7.5	8.0
Mobile blended ARPU, three months average (incl. visitor roaming)	in EUR/month	33.1	36.1	35.2	33.3	35.1	34.9	35.8	35.2
IoT/M2M SIM cards	in thousand	65.0	69.0	68.6	58.9	53.9	50.4	45.4	40.3
MVNO customers	in thousand	2.4	2.2	2.2	2.2	2.2	2.1	2.1	2.1
Fixed services									
Fixed broadband internet and TV customers	in thousand	11.7	9.9	9.9	10.0	9.6	9.1	8.6	8.0
Fixed telephone lines	in thousand	2.1	0.5	0.6	0.7	0.7	0.9	0.9	1.1

	Q4 2017	Q3 2017	Q2 2017	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	274.8	281.8	279.5	274.0	277.7	275.3	267.9	272.4
Mobile service revenues	in mio EUR	250.0	259.2	258.9	253.4	258.5	257.6	250.1	254.3
Fixed service revenues	in mio EUR	24.8	22.6	20.6	20.7	19.2	17.7	17.8	18.1
Adjusted EBITDA	in mio EUR	61.9	83.1	85.0	72.2	78.5	92.2	91.1	53.8
% of service revenues		22.5 %	29.5 %	30.4 %	26.3 %	28.3 %	33.5 %	34.0 %	19.8 %
Reported EBITDA	in mio EUR	60.0	94.4	85.7	71.9	79.9	91.7	91.7	53.7
% of service revenues		21.8 %	33.5 %	30.7 %	26.2 %	28.8 %	33.3 %	34.2 %	19.7 %
CAPEX	in mio EUR	73.8	37.4	45.0	32.2	71.3	34.2	37.8	24.3
% of service revenues		26.8 %	13.3 %	16.1 %	11.7 %	25.7 %	12.4 %	14.1 %	8.9 %
Operating cash flow	in mio EUR	-13.8	56.9	40.7	39.8	8.6	57.5	53.9	29.4
% of service revenues		-5.0 %	20.2 %	14.6 %	14.5 %	3.1 %	20.9 %	20.1 %	10.8 %
Net financial debt	in mio EUR	312.8	288.3	329.7	323.7	338.0	315.2	369.9	418.1
Net financial debt / Reported EBITDA		1.0	0.9	1.0	1.0	1.1	0.9	1.1	1.4

12. Consolidated financial statements

12.1. Statement of comprehensive income

in million EUR

	31.12.2017	31.12.2016
Mobile service revenues	1 021.4	1 020.5
Fixed service revenues	88.7	72.8
Other revenues	23.9	26.8
Mobile equipment sales	117.2	121.6
Total turnover	1 251.2	1 241.6
Purchase of material	-187.2	-190.7
Other direct costs	-378.6	-339.7
Direct costs	-565.8	-530.4
Labor costs	-131.0	-130.6
Commercial expenses	-43.1	-52.8
Other IT & network expenses	-86.6	-93.5
Property expenses	-57.7	-55.3
General expenses	-67.1	-58.7
Other indirect income	21.6	24.3
Other indirect costs	-19.3	-29.0
Indirect costs	-252.3	-264.9
Adjusted EBITDA	302.2	315.7
Adjustments	9.8	1.4
o/w other restructuring costs*	9.8	-15.7
o/w other operating income	0.1	17.1
Reported EBITDA	312.0	317.1
Depreciation and amortization	-230.1	-210.3
Impairment of goodwill	-17.9	0.0
Share of profits (losses) of associates	0.3	0.4
Operating profit (EBIT)	64.4	107.2
Financial result	-4.9	-6.5
Financial costs	-4.9	-6.5
Financial income	0.0	0.0
Tax expense	-18.6	-24.1
Net profit of the period **	41.0	76.6
Profit attributable to equity holders of the parent	41.0	76.6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Net profit for the period	41.0	76.6
Other comprehensive income (cash flow hedging, net of tax)	0.7	-1.3
Total comprehensive income for the period	41.7	75.3
Part of the total comprehensive income attributable to equity holders of the parent	41.7	75.3
Basic earnings per share (in EUR)	0.68	1.28
Weighted average number of ordinary shares	60 014 414	60 014 414
Diluted earnings per share (in EUR)	0.68	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. Consolidated statement of financial position

in million EUR

	31.12.2017	31.12.2016
ASSETS		
Goodwill	66.4	80.1
Other intangible assets	304.0	320.8
Property, plant and equipment	809.9	830.0
Interests in associates and joint ventures	4.0	3.7
Non-current financial assets	1.5	2.0
Other non-current assets	0.7	0.3
Deferred tax assets	11.3	12.3
Total non-current assets	1 197.9	1 249.1
Inventories	24.9	30.6
Trade receivables	184.8	175.7
Current financial assets	0.5	0.5
Current derivatives assets	0.1	3.1
Other current assets	2.7	1.0
Operating taxes and levies receivables	1.4	0.7
Prepaid expenses	11.0	12.1
Cash and cash equivalents	13.0	51.4
Total current assets	238.4	275.1
Total assets	1 436.3	1 524.2
EQUITY AND LIABILITIES		
Share capital	131.7	131.7
Legal reserve	13.2	13.2
Retained earnings (excl. legal reserve)	399.6	387.8
Treasury shares	-2.5	-0.3
Equity attributable to the owners of the parent	542.0	532.4
Total equity	542.0	532.4
Non-current financial liabilities	319.6	389.0
Non-current derivatives liabilities	3.0	4.7
Non-current employee benefits	0.3	0.6
Non-current provisions for dismantling	65.9	65.6
Non-current restructuring provisions	0.0	0.0
Other non-current liabilities	2.8	3.8
Deferred tax liabilities	2.5	1.7
Total non-current liabilities	394.0	465.4
Current financial liabilities	6.1	0.2
Current derivatives liabilities	0.1	3.1
Current fixed assets payable	56.2	68.8
Trade payables	212.6	167.7
Current employee benefits	30.0	31.8
Current provisions for dismantling	1.0	1.0
Current restructuring provisions	1.8	16.8
Other current liabilities	12.7	11.4
Operating taxes and levies payables	94.2	110.0
Current tax payables	23.3	56.9
Deferred income	62.3	58.7
Total current liabilities	500.2	526.4

12.3. Consolidated cash flow statement

in million EUR

	31.12.2017	31.12.2016
Operating activities		
Consolidated net income	41.0	76.6
Adjustments to reconcile net income (loss) to cash generated from operations		
Operating taxes and levies	8.5	18.2
Gains (losses) on disposal	-1.6	0.0
Depreciation, amortization and impairment	230.1	210.3
Change in provisions	-17.8	-7.8
Impairment of goodwill	17.9	0.0
Share of profits (losses) of associates and joint ventures	-0.3	-0.4
Operational net foreign exchange and derivatives	-0.2	-0.3
Finance costs, net	4.9	6.5
Income tax	18.6	24.1
Share-based compensation	0.1	0.3
Changes in working capital requirements		
Decrease (increase) in inventories, gross	5.7	-8.4
Decrease (increase) in trade receivables, gross	-7.2	32.7
Increase (decrease) in trade payables	44.5	0.5
Changes in other assets and liabilities	3.7	-12.9
Other net cash out		
Operating taxes and levies paid	-24.7	-22.2
Interest paid and interest rates effects on derivatives, net	-3.8	-5.4
Income tax paid	-52.4	-12.8
Net cash provided by operating activities	266.8	298.9
Investing activities		
Purchases (sales) of property, plant and equipment and intangible assets		
Purchases of property, plant and equipment and intangible assets	-188.4	-167.6
Increase (decrease) in fixed assets payables	-12.5	-60.1
Organic cash flow*	65.9	71.2
Cash paid for investment securities, net of cash acquired	-8.2	-2.1
Other proceeds from sales of investment securities, net of cash transferred	0.1	0.0
Decrease (increase) in securities and other financial assets	0.1	1.1
Net cash used in investing activities	-208.9	-228.7
Financing activities		
Long-term debt issuances	0.0	0.0
Long-term debt redemptions and repayments	-70.1	-19.9
Increase (decrease) of bank overdrafts and short-term borrowings	5.9	-8.2
Purchase of treasury shares	-2.2	-0.3
Dividends paid	-30.0	0.0
Net cash used in financing activities	-96.3	-28.4
Net change in cash and cash equivalents	-38.5	41.7
Cash and cash equivalents – opening balance	51.4	9.7
o/w cash	4.1	3.2
o/w cash equivalents	47.3	6.5
Cash change in cash and cash equivalents	-38.5	41.7
Cash and cash equivalents – closing balance	13.0	51.4
o/w cash	8.7	4.1
o/w cash equivalents	4.3	47.3

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

12.4. Consolidated statement of changes in equity

in million EUR

	Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity
Balance as at 1 January 2017	131.7	13.2	387.8	-0.3	532.4
Net profit for the period			41.0		41.0
Other comprehensive income			0.7		0.7
Total comprehensive income for the period			41.7		41.7
Own shares				-2.2	-2.2
Declared dividends			-30.0		-30.0
Balance as at 31 December 2017	131.7	13.2	399.6	-2.5	542.0

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

12.5. Segment information

31.12.2017	in million EUR			
	Belgium	Luxembourg	Intero elimination	Orange Belgium group
Mobile service revenues	978.3	46.5	-3.3	1 021.4
Fixed service revenues	82.7	6.0	0.0	88.7
Other revenues	21.9	2.0	0.0	23.9
Mobile equipment sales	114.6	10.8	-8.2	117.2
Total turnover	1 197.5	65.3	-11.5	1 251.2
Direct costs	-540.8	-36.5	11.5	-565.8
Labor costs	-121.3	-9.6	0.0	-131.0
Indirect costs	-241.2	-11.1	0.0	-252.3
Adjusted EBITDA	294.2	8.0	0.0	302.2
Reported EBITDA	304.0	8.0	0.0	312.0

31.12.2016	in million EUR			
	Belgium	Luxembourg	Intero 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

13. Statutory auditor's procedures

The statutory auditor, KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, represented by Jos Briers and Erik Clinck, has confirmed that the audit procedures, which have been substantially completed, have not revealed any material misstatement in the accounting information included in the Company's annual announcement.

14. Declaration by the persons responsible

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

- a) the consolidated 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 SIM card, including business and internet everywhere and IoT/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.
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 "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 changed since 31 December 2016 and now 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 %), Walcom Business solutions S.A. (100 %), Walcom Liège S.A. (100 %), A3COM S.A. (100 %) and A&S Partners S.A. (100 %).

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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