



Financial information for the first nine months of 2016

Solid mobile service revenues with +7.2 % restated EBITDA growth in Q3 lead Orange Belgium to upgrade its 2016 guidance

Clear focus on convergence and customer experience

Brussels, 21 October 2016 – Today, the Orange Belgium Group (Euronext Brussels: OBEL) publishes its results for the third quarter and first nine months of 2016. Following the rebranding and the national launch of the Orange Internet + TV offer in Belgium in the second quarter of 2016, Orange Belgium maintains an intense and sustained activity in the third quarter of 2016 with the launch of a new convergent and data centric mobile portfolio. In the third quarter of 2016, the Orange Belgium Group succeeded in realizing a solid restated EBITDA (+ 7.2 % year-on-year), supported by stable mobile service revenues and a constant focus on cost management, more than offsetting 13.0 million euros EU roaming impact.

- ✓ In the third quarter and first nine months of 2016 the Orange Belgium Group realized a total turnover of 311.1 and 919.8 million euros, an increase of 1.7 % and 0.8 % year-on year (+6.2 % and +2.9 % underlying growth once adjusted for the 13.0 and 19.2 million euros EU roaming impact). This performance has been fuelled by a solid growth in mobile service revenues of 5.2 % and 3.9 % year-on-year in the third quarter and first nine months of 2016 once adjusted for EU roaming, reflecting both a growing postpaid customer base (+57.3 thousand) and sustained postpaid ARPU evolution (+1.5 %) in Belgium, compared to September 2015.
- ✓ In combination with the positive development of the top line, a tireless focus on cost management allowed the Orange Belgium Group to absorb the fixed costs related to the cable launch and the adverse impact of EU roaming. The restated EBITDA amounted to 92.2 and 237.1 million euros in the third quarter and first nine months of 2016, equivalent to a 7.2 % and 4.0 % growth year-on-year. The Group pursued its efforts on cost transformation in the third quarter of 2016 that translated into lower commissions paid to third-party distributors, a reduction in labor costs and a further decrease in IT and network expenses. This operational performance, in addition to the mobile capex normalization, led to a net financial debt to EBITDA ratio of 0.9x from 1.7x a year ago, reflecting a strong operational cash flow in the third quarter of 2016, up 38.9 % year-on-year or 25.2 % year-on-year in the first nine months of 2016.
- ✓ The rebranding from Mobistar to Orange has been positively welcomed by the Belgian population. Riding the wave of the UEFA EURO 2016 sponsorship, and alongside the Go Europe roaming promotion during summer, Orange Belgium is increasingly perceived as a convergent operator. The first Orange Internet +TV advertising campaign launched in September 2016 as well as the newly launched advertising campaign that is currently supporting the launch of the new mobile product portfolio, will further establish Orange as a strong and convergent brand in Belgium.
- ✓ The Orange Internet + TV customer base developed favorably in the third quarter of 2016, reaching 17.6 thousand billed convergent customers, supported by a competitive pricing for a high quality product. While upselling campaigns towards existing mobile customers continue being a success, the go-to-market has progressively evolved in September 2016 towards the acquisition of people that are not yet Orange Belgium clients as more distribution channels (Carrefour, Media Markt) were opened. Towards the end of the third quarter of 2016 there was a clear acceleration in gross adds driven by the first Orange Internet + TV advertising campaign.
- ✓ Both the postpaid customer base and ARPU have now increased for six consecutive quarters. In a competitive and promotional market, Orange Belgium's postpaid customer base grew by 3.5 thousand

customers in the third quarter of 2016, ahead of the launch of Orange Belgium's new mobile and convergent portfolio. For the first nine months of 2016 Orange Belgium added 29.7 thousand postpaid customers. Furthermore, 4G adoption amongst Orange Belgium's customers continued with an increase of close to 100 thousand active postpaid 4G users in the third quarter of 2016. Supported by the continued increase of 4G smartphone penetration and mobile data usage, the postpaid ARPU increased further to 28.8 euro in the third quarter of 2016, an increase of 1.5 % year-on-year, in spite of the impact of EU roaming regulation, reflecting the ability to upsell tariff plans and to monetize mobile data growth.

- ✓ As a result of this strong financial and commercial performance over the first nine months of 2016, the Orange Belgium Group is upgrading its restated EBITDA guidance by 10 million euros for the 2016 financial year by revising the guidance to 'between 280 and 300 million euros *including* 15 million euros cable costs' from 'between 285 and 305 million euros *excluding* cable costs' previously.

Michaël Trabbia, Orange Belgium's Chief Executive Officer, commented: *"In the first nine months of 2016, with the rebranding from Mobistar to Orange and the successful national launch of the Orange Internet + TV offer, we laid the groundwork of our strategic ambition to become a convergent operator in Belgium. Our momentum in the third quarter of 2016 confirms our ability to monetize mobile data and to progressively attract new customers through our qualitative convergent proposition, which brings the most value to the Belgian customers. The purpose of our new mobile and convergent portfolio is to meet the increasing data usage of our customers, while creating a more consistent upsell dynamic."*

Commenting on the recent announcements and changes in the management team of Orange Belgium, Michaël Trabbia added: *"I'm very pleased with our new executive team, who will translate our strategy into action and brings together a solid staff of talented and committed people."*

Further to these appointments, Jan Steyaert, Chairman of Orange Belgium's Board of Directors, stated: *"On behalf of the Board of Directors, I would like to express our full confidence in the new management team to turn the promising convergence launch into a winning strategy."*

1. Key financial and operational highlights

- **New management team with a focus on customer experience, convergence and 4G data monetization**

Michaël Trabbia took over the role of Chief Executive Officer from September 2016 with the aim of successfully establishing the Orange Internet & TV offering in Belgium and confirming the return to profitable growth of the Orange Belgium Group. Since his appointment several changes to the executive committee have been made: Arnaud Castille will take on the function of Chief Financial Officer from December 2016. Further, there was the appointment of Ingrid Gonnissen as Chief Enterprise Officer, Alain Obyn as Chief Transformation & Digital Officer (previously Chief Customer Service Officer) and Stéphane Janssens as Chief Customer Experience Officer (promoted from the position of purchasing director). Werner De Laet has been named as Chief Wholesale & Innovation Officer in addition to his current role as CEO of Orange Luxembourg.

- **IBPT service barometer confirms excellent quality of Orange Belgium's customer service and 4G network**

The IBPT aims with the publication of this quarterly quality barometer to increase the transparency on the quality of telecommunications services, in particular network and services quality, in Belgium. The barometer largely confirmed the excellent quality of Orange Belgium's customer service and 4G network. In terms of customer service KPI, Orange Belgium customer call services had one of the fastest response times with the higher efficiency rate in terms of problems solved at 1st contact. Both in relative as well as in absolute terms, Orange Belgium has an extremely low level of customer complaints about invoices. In terms of network coverage KPI (4G) Orange Belgium remains a leading operator in Belgium.

- **Orange Belgium's active 4G postpaid customer base increased by close to 100 thousand**

Following the strong net adds performance in the second quarter of 2016, the postpaid customer base continued to increase in the third quarter of 2016, although at a lower level with 3.5 thousand net adds. This resulted in a total postpaid customer base of 2,238.3 thousand customers at the end of September 2016. 4G adoption among Orange Belgium's customers continued with an increase of close to 100 thousand active postpaid 4G users in the third quarter of 2016. At the end of September 2016 Orange Belgium's M2M/IoT segment hosted 778.7 thousand active SIM cards on its network, an increase of 22.4 thousand from the previous quarter.

- **4G mobile data monetization allows a more sustainable growing postpaid ARPU**

While the postpaid ARPU remained stable quarter-on-quarter at 28.8 euros, it increased by 1.5 % year-on-year, despite the material adverse impact of EU roaming regulation. The proportion of billed revenues is gradually increasing as a result of the 4G mobile data monetization, effectively redistributing the customer mix and hence resulting in a more sustainable constitution of the postpaid ARPU.

- **Orange Belgium's "Go Europe" promotion has been a huge success**

The "Go-Europe" promotion, which offered all Orange Belgium's residential postpaid subscribers to use their existing national bundle to call, surf and text anywhere in Europe without additional charges between June 1 and August 31, 2016, has been a huge success. During this period close to 260 thousand customers activated the Go Europe option and their associated data usage abroad rose 16-fold from a year ago, leading to extra out-of-bundle mobile service revenues. Moreover, the data usage of customers that did not activate the Go Europe, increased significantly compared to last year.

- **Orange Belgium has launched a new postpaid portfolio for its residential and professional customers**

Belgian consumers are embracing mobile data like never before, evidenced by the continued increase in smartphone penetration, in particular 4G devices and the rapid increase in the usage pattern. In this context, focusing on customer segments is at the core of Orange Belgium's efforts to be a customer driven operator. Orange Belgium launched its new simplified 'Animal' portfolio in order to respond to these changes in consumer usage and expectations with an extra focus being given to mobile data. This updated portfolio allows Orange Belgium to actively develop its frontbook through all sales channels and with a clear up-sell strategy in mind. On the low-end of the portfolio, where the majority of our customers resides, the unlimited Facebook/Twitter feature was replaced by an increase in the data allowance of 0.5 GB up to 1.5 GB. The mid-end of the portfolio, ranging from 25 to 39 euros, was enriched by adding

more data, making the up-sell sales pitch more attractive to customers that are hitting the ceiling of their 1GB data allowance. The high-end of the portfolio was equally enriched to also make this segment more attractive to the most heavy users. In combination with the Orange Internet + TV offering, Orange Belgium's convergent bundles are, by far, the most attractive convergent offers in the Belgium market. This revamped portfolio should also allow for a more even distribution of the customer mix across the entirety of the range, as in the past the mix was strongly skewed to the low-end of the offer range.

- **Orange Belgium has revamped its main prepaid portfolio with three new tariff options**

Prepaid customers prefer prepaid above postpaid tariff plans for 3 main reasons: light usage, cost control and freedom. Based on this, Orange Belgium revamped its main prepaid portfolio in order to respond to the connectivity needs of each type of prepaid consumer: 'Tempo Giga' for the uber-digitals, 'Tempo Touch' for the low data users and 'Tempo Easy' for the voice users. Apart from the new tariff grid, the other big evolution is the name change with the reintroduction of the 'Tempo' naming, which still benefits of a strong awareness and immediate recognition to a prepaid and Orange product. Moreover it allows customers to clearly differentiate Orange Belgium's prepaid offers from its postpaid offers. Further, Orange Belgium rebranded its alternative prepaid offering '1617' into 'Maghreb Mobile', a prepaid offer primarily intended for Belgian residents who make many calls to Morocco, Algeria and Tunisia, three countries belonging to the North African region commonly known as the Maghreb. The name change aims to make the offer clearer to consumers and to assert the identity of the product.

- **Updated Shape offering responds to the demand of SMEs and SoHo customers**

In September 2016, Orange Belgium also introduced a fully renewed and completed Shape-offering which better addresses the changing needs of SME and SoHo customers, who need a fully convergent offering. The main changes in this offering are: 1/ an additional formula, specifically for workers who only want to be reachable for voice calls, namely 'Shape Start' for just 3 euros per month; 2/ an adaptation of the 'Shape Intense' formula for intensive data users and 3/ an improved 'Shape Traveller' formula, the most interesting offer for employees travelling abroad. In combination with Orange Belgium's fixed line solution 'Fix', 'Shape & Fix' offers an all-in-one package that responds to the demand of SME and SoHo customers.

- **Orange Belgium became the main sponsor of the national basketball teams and national basketball league**

Orange Belgium became the proud main sponsor of the national basketball teams - the Belgian Lions and Belgian Cats - and the Pro-league, Belgium's national top level championship. In order to continue the establishment of the Orange brand in Belgium, Orange Belgium has partnered with the governing bodies of basketball in Belgium. This sponsorship deal will help Orange Belgium to reinforce its brand awareness. Basketball is the number 1 indoor team sport in Belgium with close to 100,000 affiliated members. Orange Belgium was also one of the main sponsors of the Memorial Van Damme, which is a top international athletics meeting that is part of the IAAF Diamond League.

2. Comments on the financial situation

2.1 Consolidated figures for the Orange Belgium Group

Orange Belgium group's consolidated key figures	9M 2016	9M 2015	Variation	Q3 2016	Q3 2015	Variation
Total number of connected SIM cards (Orange Belgium S.A., Orange Communications Luxembourg S.A. and MVNO's)	5,917.2	5,672.2	+4.3%	5,917.2	5,672.2	4.3 %
Consolidated turnover (mio €)	919.8	912.8	+0.8 %	311.1	306.0	+1.7 %
Total service revenues (mio €)	815.6	813.9	+0.2 %	275.3	276.8	-0.6 %
Mobile equipment sales (mio €)	83.6	88.3	-5.3 %	28.0	25.7	+9.0 %
Restated EBITDA (mio €)	237.1	228.1	+4.0 %	92.2	86.0	+7.2 %
Restated EBITDA margin in % of total service revenues	29.1 %	28.0 %		33.5 %	31.1 %	
EBITDA (mio €)	237.2	224.6	+5.6 %	91.7	84.2	+9.0 %
EBITDA margin in % of total service revenues	29.1 %	27.6 %		33.3 %	30.4 %	
Consolidated net profit (mio €)	47.9	47.8	+0.4 %	22.2	22.7	-1.8 %
Net profit per ordinary share (€)	0.80	0.80	+0.4 %	0.37	0.38	-1.8 %
Net investment (mio €)	96.4	112.1	-14.0 %	34.2	42.8	-20.0 %
Net investment / Total service revenues	11.8 %	13.8 %		12.4 %	15.5 %	
Operational cash flow (mio €)	140.8	112.5	+25.2 %	57.5	41.4	+38.9 %
Organic cash flow (mio €)	94.1	81.0	+16.3 %	55.3	43.9	+25.9 %
Net financial debt (mio €)	315.2	457.0	-31.0 %	315.2	457.0	-31.0 %

2.2 Consolidated statement of comprehensive income

Revenues

The consolidated turnover of the Orange Belgium Group amounted to 311.1 and 919.8 million euros in the third quarter and the first nine months of 2016, compared to 306.0 and 912.8 million euros in the third quarter and the first nine months of 2015, an increase of 1.7 % and 0.8 % year-on-year, respectively. The impact of the EU roaming regulation amounted to 13.0 and 19.2 million euros in the third quarter and the first nine months of 2016, respectively. Excluding this regulatory impact, the total consolidated turnover would have increased by 6.2 % and 2.9 % in the third quarter and first nine months of 2016 respectively.

The total service revenues of the Orange Belgium Group amounted to 275.3 and 815.6 million euros in the third quarter and the first nine months of 2016 compared to 276.8 and 813.9 million euros in the third quarter and the first nine months of 2015, resulting in an evolution of -0.6 % and +0.2 % year-on-year, respectively. Excluding the regulatory impact of 13.0 and 19.2 million euros the total service revenues of the Orange Belgium Group would have increased by 4.3 % and 2.6 % year-on-year in the third quarter and the first nine months of 2016.

For the first time this year, the consolidated mobile equipment sales of the Orange Belgium Group showed an increase in the third quarter of 2016, up 9.0 % year-on-year. Over the first nine months of 2016 however, the consolidated mobile equipment sales were still down 5.3 % compared to the same period last year. In absolute terms, the consolidated mobile equipment sales of the Orange Belgium Group amounted to 28.0 and 83.6 million euros in the third quarter and first nine months of 2016, compared to 25.7 and 88.3 million euros last year.

Result of operating activities before depreciation and other expenses

The restated EBITDA of the Orange Belgium Group amounted to 92.2 and 237.1 million euros in the third quarter and first nine months of 2016, compared to 86.0 and 228.1 million euros in the third quarter and first nine months of 2015, an increase of 7.2 % and 4.0 % year-on-year, respectively. The restated EBITDA

margin amounted to 33.5 % and 29.1 % of service revenues respectively in the third quarter and first nine months of 2016 compared to 31.1 % and 28.0 % in the same periods a year ago.

The regulatory EU roaming impact on the restated EBITDA amounted to 13.0 and 19.2 million euros in the third quarter and in the first nine months of 2016. Hence, excluding the regulatory EU roaming impact, the restated EBITDA in the third quarter of 2016 would have increased by 26.3 % compared to the third quarter of 2015, while the restated EBITDA in the first nine months of 2016 would have increased 13.5 % year-on-year.

Direct costs have decreased marginally by 0.1 % year-on-year to 382.0 million euros in the first nine months of 2016, coming from 382.4 million euros a year ago. The year-to-date trend at the end of June stood at -1.6 % year-on-year, though the direct costs increased by 3.1 % year-on-year in the third quarter of 2016. This increase is mainly explained by the rise in cost of equipment sold in line with the increase in the equipment sales figure in the third quarter of 2016. It is also worth noting that the roaming interconnect costs went up as well as a result of the Go Europe promotion in July and August, which triggered a strong increase in the roaming volumes consumed. The direct costs were further impacted in the third quarter of 2016 by higher content costs related to the launch of the Orange Internet + TV offering. On the positive side, the commissions paid to third party-distributors declined in the third quarter of 2016 compared to the same period last year.

Labor costs have decreased by 2.4 % year-on-year to 98.5 million euros in the first nine months of 2016, from 100.9 million euros a year ago. In the third quarter of 2016, overall labor costs strongly decreased by 10.0 % year-on-year resulting from lower salaries and social contributions.

Indirect costs amounted to 202.2 million euros in the first nine months of 2016 compared to 201.3 million euros in the first nine months of 2015, a small increase of 0.4 % year-on-year. Indirect costs in the third quarter of 2016 however decreased markedly by 2.3 % year-on-year, mainly as a result of lower IT and network expenses.

The total operational expenses amounted to 682.6 million euros in the first nine months of 2016 compared to 684.7 million euros in the first nine months of 2015, a small decrease of 0.3 % year-on-year. The operational expenses related to the Orange Internet + TV offering, including the monthly cable wholesale fee paid to the cable operators, amounted to 13.6 million euros in the first nine months of 2016, compared to 3.8 million euros incurred in the first nine months of 2015.

EBITDA restatements (in million €)	9M 2016	9M 2015	Variation	Q3 2016	Q3 2015	Variation
Restated EBITDA	237.1	228.1	4.0 %	92.2	86.0	7.2 %
Restatements	0.1	-3.6	Na	-0.5	-1.9	Na
- o/w other restructuring costs	0.1	-3.6	Na	-0.5	-1.9	Na
- o/w other operating income	0.0	0.0	Na	0.0	0.0	Na
EBITDA	237.2	224.6	5.6 %	91.7	84.2	9.0 %

The EBITDA of the Orange Belgium Group amounted in the third quarter and first nine months of 2016 to 91.7 and 237.2 million euros compared to 84.2 and 224.6 million euros a year ago, an increase of 9.0 % and 5.6 % year-on-year. The EBITDA margin in the third quarter of 2016 stood at 33.3 % of service revenues, compared to 30.4 % a year ago, or 29.1 % in the first nine months of 2016, compared to 27.6 % in the first nine months of 2015.

Net profit

The consolidated net profit of the Orange Belgium Group amounted to 22.2 and 47.9 million euros in the third quarter and first nine months of 2016, compared to 22.7 and 47.8 million euros in the third quarter and first nine months of 2015, an evolution of -1.8 % and +0.4 % year-on-year. Despite the higher operational profit and lower financial expenses, the net result decreased slightly in the third quarter of 2016 mainly as a result of higher income tax expenses. The net profit per share stood at 0.37 and 0.80 euro in the third quarter and the first nine months of 2016, compared to 0.38 and 0.80 euro in the third quarter and first nine months of 2015.

2.3 Consolidated statement of financial position

The consolidated statement of financial position amounted to 1,468.4 million euros on 30 September 2016, compared to 1,517.4 million euros at the end of December 2015.

The net financial debt at the end of September 2016 was 315.2 million euros, compared to 457.0 million euros a year ago, a decrease of 31.0 % year-on-year, and compared to 369.9 million euros the previous quarter. This reduction in net financial debt comes on the back of a resilient cash flow generation and implies a net financial debt/EBITDA ratio of 0.9x at the end of September 2016, compared to 1.7x at the end of September 2015 and 1.1x at the end of the previous quarter.

2.4 Consolidated cash flow statement

In the first nine months of 2016, the Orange Belgium Group invested 96.4 million euros, i.e. 11.8 % of total service revenues, compared to 112.1 million euros a year earlier. In the third quarter of 2016 the investments stood at 34.2 million euros, 12.4 % of total service revenues, a decrease of 20.0 % year-on-year. Investments related to the mobile network remained solid as the network roll-out continues, even though population coverage is now almost universal in the whole market. That is why Orange Belgium is now mainly concentrating on upgrading existing connections (through launching carrier aggregation, for example). As a result of the gradual scaling up of the Orange Internet + TV offering, Orange Belgium's cable related investments have softly picked up. Although Orange Belgium does not need to invest in the core cable infrastructure, Orange Belgium does need to invest in the installation of new service equipment at the customer premises. As a consequence, Orange Belgium capitalizes and depreciates all customer premises equipment (CPE) 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, over the useful life of the asset. These investments allow Orange Belgium to ensure an impeccable quality level for its customers and with respect for the agreed installation terms. In the first nine months of 2016, Orange Belgium invested 9.7 million euro in cable related capital expenditures. At the same time, the programme to improve the overall customer experience expanded in the third quarter with the planned opening of a new Smart Store.

The operational cash flow, defined as EBITDA minus net investments, amounted to 140.8 million euros in the first nine months of 2016, up compared to 112.5 million euros in the first nine months of 2015, an increase of 25.2 %. The organic cash flow, which is an operational performance indicator in order to measure the cash flow provided by the operating activities, amounted to 94.1 million euros in the first nine months of 2016, compared to the organic cash flow generated in the first nine months of 2015 of 81.0 million euros, an increase of 16.3 %. This increase in organic cash flow was mainly due to the increase in EBITDA and the slowdown in capital expenditures on tangible and intangible assets, which more than offset the negative impact of higher cash income taxes paid in the first nine months of 2016.

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.	9M 2016	9M 2015	Variation	Q3 2016	Q3 2015	Variation
Total service revenues (mio €)	782.7	779.5	0.4%	265.3	265.5	-0.1%
of which mobile services	732.2	720.7	1.6%	248.7	246.9	0.7%
of which fixed services	50.4	58.8	-14.2%	16.6	18.6	-10.7%
Total turnover (mio €)	884.1	875.8	0.9%	300.0	293.3	2.3%

Key operating figures of Orange Belgium S.A.	Q3 2016	Q3 2015	Variation
ARPU (€/month/active customer)	24.3	23.9	1.7%
Mobile retail customers (excl. MVNO)	3,770.5	3,839.0	-1.8%
Mobile customers (excl. M2M)	2,991.8	3,030.7	-1.3%
Of which postpaid	2,238.3	2180.9	+2.6 %
Of which prepaid	753.5	849.8	-11.3 %
M2M SIM cards	778.7	808.3	-3.7%
Total number of MVNO customers (mobile telephony, incl. full MVNO)	1,990.0	1,696.6	17.3%
Fixed broadband internet and TV customers	34.2	25.3	35.2%
Of which cable	17.6	0.8	Na
Fixed telephone lines	158.5	195.5	-18.9%

Mobile activities

Market Review

The market showed a continued strong demand for mobile data services, while voice and SMS services remained pretty robust. 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 registration, the growing popularity of convergent bundles and the increasing popularity of coupled service and device contracts are accelerating this evolution. The continuing 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 third quarter saw the introduction of a number of new mobile offers in the market.

Operational Review

At the end of September 2016, Orange Belgium's retail mobile customer (excl. MVNO) base came out at 3,770.5 thousand, a decline of 9.2 thousand versus the previous quarter, entirely driven by the decline in prepaid customers.

At the end of the third quarter of 2016, the smartphone penetration across the entire customer base stood at 65 %, while 4G and 4G+ smartphone penetration reached 44 % and 9 % respectively. In September 2016, total 4G traffic represented 75 % of total traffic. From June to September 2016, the average total data usage/sim/month of Orange Belgium increased from 679 MB to 763 MB, while the average data usage/sim/month of the smartphone population jumped up from 1.1 GB to 1.2 GB over the same period. These averages include both postpaid and prepaid, residential and enterprise customers, as well as customers with or without (4G) smartphone.

Following the strong net adds performance in the second quarter of 2016, the postpaid customer base continued to increase in the third quarter of 2016 as well, although at a lower level with 3.5 thousand net adds in the past quarter, resulting in a total postpaid customer base of 2,238.3 thousand customers at the end of September 2016. The prepaid customer base stood at 753.5 thousand at the end the first nine

months of 2016, a decline of 35.0 thousand versus the previous quarter. Since the launch of the new portfolio late August 2016, the prepaid net adds trend improved compared to the beginning of the period.

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 quarter 778.7 thousand active SIM cards were hosted on the Orange Belgium network, an increase of 22.4 thousand compared to the previous quarter.

The wholesale MVNO customer base came in at 1,990.0 thousand customers at the end of September 2016, an increase of 82.8, a similar run-rate as in the previous quarter.

Including the MVNO customer base, Orange Belgium's total network customer base stood at 5,760.5 thousand at the end of September 2016, an increase of 73.5 thousand compared to the previous quarter, or 224.9 thousand compared to the end of September 2015.

Financial Review

Orange Belgium's blended ARPU amounted to 24.3 euros in the third quarter of 2016 compared to 23.9 euros a year ago and 24.2 euros in the previous quarter, an increase of 1.7 % year-on-year and 0.4 % quarter-on-quarter, respectively. This increase is largely driven by the increased 4G mobile data usage on Orange Belgium's networks and a greater mix of smartphone postpaid customers versus prepaid customers in the total subscriber base.

While the postpaid ARPU in the third quarter of 2016 remained stable compared to the previous quarter at 28.8 euros, it increased by 1.5 % year-on-year, despite the adverse EU roaming impact. The postpaid ARPU is computed to include both the revenues billed to the customer each month for usage in line with their chosen tariff plan, and in case of roaming overages or premium services, as well as the revenues generated from incoming voice calls, SMS and visitor roaming payable between operators within the regulatory interconnection regime. The proportion of billed revenues is gradually increasing as a result of the 4G mobile data monetization, effectively redistributing the customer mix and hence resulting in a more sustainable constitution of the postpaid ARPU.

Despite the 6.0 % year-on-year decline in the prepaid ARPU in the third quarter of 2016, the year-on-year trend is improving. The prepaid ARPU even stabilized for the first time in more than three years on a quarter-on-quarter basis.

The mobile service revenues of Orange Belgium amounted to 248.7 and 732.2 million euros in the third quarter and first nine months of 2016, compared to 246.9 and 720.7 million euros in the third quarter and first nine months of 2015, an increase of 0.7 % and 1.6 % year-on-year. Excluding the EU roaming impact of 11.3 and 16.6 million euros, the mobile service revenues of Orange Belgium would have increased by 5.6 % and 4.0 % year-on-year in the third quarter and first nine months of 2016.

The wholesale MVNO revenues, included in the mobile service revenues, amounted to 22.3 and 57.2 million euros in the third quarter and first nine months of 2016 compared to 22.7 and 60.5 million euros in the third quarter and first nine months 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 broadband and TV-distribution markets. During the summer months, the regulators put forward a qualitative market questionnaire. On the basis of the answers to this questionnaire, together with the quantitative view of the market, a draft decision will be developed and submitted for market consultation. Orange Belgium expects that this draft could be published by the end of 2016 at the earliest. This market review is aimed at reassessing the competitive situation of the broadband markets on the one hand and of the TV distribution market on the other hand. The previous market analysis for these markets dates back to 2011 and was the basis for the current wholesale cable regulation. In this respect, the current review should

first lead to a reconfirmation of the finding of significant market power of the cable operators and should then lead towards cost-plus based cable access wholesale charges.

The Royal Decree to make it easier for customers to change fixed telecom service provider, including for bundled packages, was published. Customers changing provider will be able to fill out a "simple migration mandate", giving their new provider responsibility for ensuring all their services are transferred with the minimum possible disruption to the recipient operator while avoiding double billing. The decree also covers issues for operators managing the process, such as identification of subscribers and availability of technicians for installation, and ensures that customers have all the information necessary on their online customer zone in order to transfer their services to a new provider. The due date for the implementation of this Decree is 1 July 2017. Another decree covers a change to the minimum information required on customer bills. Going forward operators will be required to include on all bills at what date consumers are no longer tied to a contract and can change provider without penalty. The changes will apply both to consumers as well as SoHo clients.

The Belgian telecom regulator IBPT also published its decision regarding the market for fixed voice call termination on individual networks. The decision provides for a substantial decrease of the fixed voice termination rates. As such Belgium will apply fixed termination charges of 0.092 eurocent/min from 1 November 2016 coming from 0,502 eurocent/min previously.

Operational Review

Following the national launch of the Orange Internet + TV offer on 10 May 2016 Orange Belgium, in line with its phased and segmented launch, gradually scaled up its commercial intensity with respect to the new offer. Orange Belgium made steady progress with its Orange Internet + TV offering in both operation scale and value creation through continued improvement in the six fronts of products, tariff setting, brand recognition, marketing and sales, distribution channels and service. In that respect the focus in July and August was mainly oriented to segmented, direct one-to-one actions, this changed towards the end of the third quarter of 2016, as more distribution channels (Carrefour, Media Markt) were opened. The launch of the first nationwide Orange Internet + TV media campaign highlights the next phase in the go-to-market strategy with almost all building blocks in place.

Despite the typical summer lull, with in particular a lot of families on Holiday in July and August, Orange Belgium realized 7.0 thousand net adds in the third quarter of 2016, reaching a total cable customer base of 17.6 thousand customers. The uptake of additional services, such as the 'Evening & Weekend'-option, has been relatively good. At the end of August, Orange Belgium ended the test period for its Orange Internet + TV offering, as such all testers were offered a commercial offer. The test that was launched in 2015 on a wider scale, among other things, helped to significantly improve the overall product installation process, as well as all the features of the Orange Internet + TV offering, and the after-sales services.

At the end of the first nine months of 2016, Orange Belgium had a total of 34.2 thousand fixed broadband internet and TV customers, compared to 28.0 thousand at the end of the previous quarter. The number of fixed telephone lines declined by 6.1 thousand, reaching a total of 158.5 thousand compared to 164.7 thousand at the end of the previous quarter.

Financial Review

Orange Belgium's fixed service revenues in the third quarter and first nine months of 2016 amounted to 16.6 and 50.4 million euros respectively, compared to 18.6 and 58.8 million euros for the respective periods last year. The fixed service revenues continued to decline as a result of the lower sales of legacy DSL-and wholesale carrier activities, while the Orange Internet + TV revenues did not yet contribute meaningfully, as a result of the low starting base.

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

Key financial figures of Orange Communications Luxembourg S.A.	9M 2016	9M 2015	Variation	Q3 2016	Q3 2015	Variation
Total service revenues (mio €)	36.2	36.0	+0.6 %	12.1	11.9	+2.2 %
of which mobile services	33.1	33.8	-2.1 %	11.0	11.4	-3.1 %
of which fixed services	3.2	2.2	+41.5 %	1.1	0.5	+121.2 %
Total turnover (mio €)	44.9	46.3	-2.9 %	14.4	15.7	-8.3 %

Key operating figures of Orange Communications Luxembourg S.A.	Q3 2016	Q3 2015	Variation
ARPU (€/month/active customer)	35.5	38.1	-6.7 %
Mobile retail customers (excl. MVNO)	154.5	134.5	+14.9 %
Mobile customers (excl. M2M)	104.1	98.4	+5.8 %
Of which postpaid	96.6	87.0	+11.0 %
Of which prepaid	7.5	11.4	-33.6 %
M2M SIM cards	50.4	36.1	+39.6 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	2.1	2.0	+2.4 %

Market Review

The market in Luxembourg remained strongly focused on convergence with all operators providing aggressive promotions on TV services. The iPhone 7 launch caught traction in the Luxembourgish market.

Operational Review

Orange Luxembourg successfully launched its new mobile portfolio, sustaining the gross adds performance of its high end tariff plans and convergence with a new back-to-school dual play offer including only internet and TV without voice features. At the end of September 2016, Orange Luxembourg had 154.5 thousand SIM cards connected to its network, compared to 148.1 thousand at the end of the previous quarter. Orange Luxembourg's postpaid customer base increased by 1.4 thousand in the third quarter of 2016 to 96.6 thousand customers compared to the previous quarter. The growth of the postpaid customer base was driven by a solid increase in gross adds and by a significant decrease of the churn, partly resulting from the new convergent positioning of Orange Luxembourg. In line with the trend of the first half of 2016, many prepaid customers continued to migrate to postpaid offers in the third quarter of 2016 mainly resulting from the phasing out of anonymous prepaid cards, expedited with regular SMS waves. Anonymous cards should definitely end in December 2016 by law.

Financial Review

Total service revenues stood at 12.1 and 36.2 million euros in the third quarter and first nine months of 2016, compared to 11.9 and 36.0 million euros a year earlier, an increase of 2.2 % and 0.6 %, as a result of higher fixed service revenues. Mobile service revenues have decreased 3.1 % and 2.1 % year-on-year in the third quarter and first nine months of 2016. However considering the adverse impact of EU roaming regulation in the third quarter and first nine months of 2016 of 1.7 and 2.6 million euros, the mobile service revenues were very strong in Luxembourg. Excluding the EU roaming impact total service revenues would have increased by 18.9 % and 8.3 %. Orange Luxembourg's blended ARPU reached 35.5 euros in the third quarter of 2016 compared to 38.1 euros a year ago. Orange Luxembourg registered a very strong increase in fixed service revenues although the relative contribution of the fixed activities to the total service revenues remained small. Orange Luxembourg's total turnover in the third quarter and first nine months of 2016 amounted to 14.4 and 44.9 million euros compared to 15.7 and 46.3 million euros the same periods last year, a decrease of 8.3 % and 2.9 %, entirely driven by the EU roaming impact and the decrease in low-margin mobile equipment sales.

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 first quarter and first semester 2016 report has been modified as follows:

Masts: The total liability amount of taxes charged, plus default interest calculated at the legal rate, amounts to 121.9 million euros. This aggregated amount is disputed in court.

Proximus' refusal to negotiate a commercial agreement: On 15 September 2016, the Court of appeal dismissed Orange's claim considering among other things that Proximus was entitled to be concerned by Orange negotiations with the cable operators and that Proximus' dominant position for the commercial wholesale offers was not established.

Unpaid invoices - Legal obligation to cooperate: As part of the Royal Decree of 9 January 2003 on the modalities for the legal obligation to cooperate in legal actions relating to electronic communications, Orange Belgium provides services to public prosecutor, courts, etc. The fees that Orange Belgium may charge for the services rendered are defined in the above Royal Decree. The Belgian State, represented by its Minister of Justice, is debtor of these amounts. On 19 June 2014 Orange Belgium has summoned the Belgian State to pay its overdue amount. During the introductory hearing of 19 September 2014 a schedule for the filing of trial briefs has been set between the parties. The case has been handled before the Brussels Court of First Instance at the hearing of 9 September 2015. By interim judgment of 14 October 2015, the court ordered the reopening of the proceedings at the hearing of 17 February 2016. At the hearing of 17 February 2016, the case has been postponed to the hearing of 20 April 2016 and afterwards to the hearing of 7 September 2016. In the meantime, parties have conducted settlement negotiations and they have finally reached an agreement on an amount to be paid by the Belgian State to Orange Belgium in order to close this file. At the hearing of 7 September 2016, the court formally ended the pending proceedings.

5. Significant events after the end of the first nine months of 2016

No other significant events occurred after the end of the first nine months of 2016.

6. Trends

As a result of this strong financial and commercial performance over the first nine months of 2016, the Orange Belgium Group is upgrading its restated EBITDA guidance by 10 million euros for the 2016 financial year by revising the guidance to 'between 280 and 300 million euros *including* 15 million euros cable costs' from 'between 285 and 305 million euros *excluding* cable costs' previously.

The Orange Belgium Group still estimates that the new roaming framework will have a maximum gross adverse impact of 28.5 million euros on both the Group's service revenues and EBITDA in 2016, i.e. 24.5 million euros for Belgium and 4.0 million euros for Luxembourg.

In 2015 Orange Belgium renewed the licence for the 900MHz/1800MHz spectrum until March 2021, hence in the fourth quarter of 2015 Orange Belgium capitalized the asset on its balance sheet for a total amount of 75 million euros. In the fourth quarter of 2015 Orange Belgium made a cash payment of 23 million euros and aimed to repay the remaining 52 million euros over the life time of the spectrum. In light of the current cash flow generation and reduced debt position, the decision is taken to pay the full outstanding amount of 52 million euros in December 2016 rather than spreading it out over several years, which allows for a reduction of the financing cost of the licence.

7. Financial calendar

2-Jan-17	Start quiet period
09-Feb-17	Financial results Q4 2016 (7:00 am CET) – Press release
09-Feb-17	Financial results Q4 2016 (2:00 pm CET) – Audio conference call/webcast
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
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

8. Conference call details

Date:	21 October 2016
Time:	10:00 am (CET), 9:00 am (UK), 4:00 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.

9. Shares

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

	9M 2016	9M 2015	Q3 2016	Q3 2015
Trading of shares				
Average closing share price (€)	20.3	18.4	21.1	18.7
Average daily volume	75,315	138,829	62,148	86,169
Average daily value (€)	1,515,597	2,523,640	1,310,556	1,615,988
Shares and market values				
Total number of shares	60,014,414	60,014,414	60,014,414	60,014,414
Treasury shares	25,000	0	25,000	0
Outstanding shares	60,014,414	60,014,414	60,014,414	60,014,414
Closing price (€)	21.8	19.3	21.8	19.3
Market capitalization (€)	1,306,513,793	1,155,877,614	1,306,513,793	1,155,877,614

10. Quarterly results

		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	3,925.0	3,927.8	3 909.1	4 032.9	3 973.5	3 950.1	3 890.7
Mobile customers (excl. M2M)	in thousand	3,095.9	3,126.1	3 131.8	3 139.1	3 129.1	3 130.4	3 118.4
Postpaid	in thousand	2,334.8	2,330.0	2 311.1	2 300.1	2 268.0	2 258.3	2 246.3
Prepaid	in thousand	761.1	796.1	820.7	839.0	861.2	872.1	872.1
M2M SIM cards	in thousand	829.1	801.8	777.3	893.8	844.4	819.6	772.3
MVNO customers	in thousand	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	43.2	36.7	33.9	32.1	31.8	34.6	35.9
Fixed telephone lines	in thousand	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	3,770.5	3,779.7	3 766.6	3 893.0	3 839.0	3 818.4	3 762.3
Mobile customers (excl. M2M)	in thousand	2,991.8	3,023.4	3 029.7	3 037.8	3 030.7	3 032.8	3 022.5
Postpaid	in thousand	2,238.3	2,234.8	2 217.0	2 208.5	2 180.9	2 172.6	2 163.3
Prepaid	in thousand	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	24.3	24.2	24.0	23.9	23.9	23.6	23.7
Postpaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	28.8	28.8	28.7	28.5	28.3	27.9	27.8
Prepaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	11.9	11.9	12.0	12.2	12.7	13.3	13.8
M2M SIM cards	in thousand	778.7	756.4	737.0	855.3	808.3	785.7	739.8
MVNO customers	in thousand	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	34.2	28.0	25.9	24.8	25.3	28.3	29.9
Of which cable	in thousand	17.6	10.5	5.3	2.3	0.8	0.6	0.3
Fixed telephone lines	in thousand	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	154.5	148.1	142.4	139.9	134.5	131.6	128.4
Mobile customers (excl. M2M)	in thousand	104.1	102.7	102.1	101.4	98.4	97.7	95.9
Postpaid	in thousand	96.6	95.2	94.1	91.6	87.0	85.7	83.0
Prepaid	in thousand	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	35.5	36.4	37.2	37.9	38.1	38.3	38.8
M2M SIM cards	in thousand	50.4	45.4	40.3	38.5	36.1	34.0	32.6
MVNO customers	in thousand	2.1	2.1	2.1	2.1	2.0	2.0	2.0
Fixed services								
Fixed broadband internet and TV customers	in thousand	9.1	8.6	8.0	7.3	6.5	6.4	6.0
Fixed telephone lines	in thousand	0.9	0.9	1.1	1.2	0.5	1.3	1.7

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	275.3	267.9	272.4	271.9	276.8	268.9	268.2
Mobile service revenues	in mio EUR	257.6	250.1	254.3	253.3	257.7	248.0	247.2
Fixed service revenues	in mio EUR	17.7	17.8	18.1	18.6	19.1	20.9	21.0
Restated EBITDA	in mio EUR	92.2	91.1	53.8	47.9	86.0	72.2	69.9
% of service revenues		33.5%	34.0%	19.8%	17.6%	31.1%	26.9%	26.0%
EBITDA	in mio EUR	91.7	91.7	53.7	96.8	84.2	71.5	68.8
% of service revenues		33.3%	34.2%	19.7%	35.6%	30.4%	26.6%	25.7%
CAPEX	in mio EUR	34.2	37.8	24.3	81.1	42.8	42.5	26.8
% of service revenues		12.4%	14.1%	8.9%	29.8%	15.5%	15.8%	10.0%
Operating cash flow	in mio EUR	57.5	53.9	29.4	15.7	41.4	29.0	42.1
% of service revenues		20.9%	20.1%	10.8%	5.8%	15.0%	10.8%	15.7%
Net financial debt	in mio EUR	315.2	369.9	418.1	407.5	457.0	499.8	518.5
Net financial debt / EBITDA		0.9	1.1	1.4	1.3	1.7	1.9	2.0

11. Glossary

Customers 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.
EBITDA / restated EBITDA	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. Restated EBITDA corresponds to the EBITDA restated 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	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 – 25 %).