

Orange Belgium  
Q1 2020  
Financial Results

Be **Bold**

Set the **vibe**

April 23, 2020



# Disclaimer

This presentation might contain forward-looking statements about Orange Belgium in particular for 2019. Although we believe these statements are based on reasonable assumptions, they are subject to numerous risks and uncertainties, including matters not yet known to us or not currently considered material by us, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ from the results anticipated in the forward-looking statements include, among others: the economic situation in Europe and more specifically in Belgium, the impact of price adjustments on the customer base resulting from competitive pressure, the evolution of the customer base, the effectiveness of Orange Belgium's convergent strategy including the success and market acceptance of the voice and data abundance plans in the business segment and of the Orange Internet & TV offers, of the Orange Belgium brand and other strategic, operating and financial initiatives, Orange Belgium's ability to adapt to the on-going transformation of the telecommunications industry, regulatory developments and constraints and the outcome of legal proceedings, risks and uncertainties related to business activity.

# Section one

# COVID-19

# impact

# Orange Belgium is proving to be essential in the COVID-19 crisis response

## Human

Protection of  
Customers & Employees



The **protection of customers and employees** is the main priority

## Network & Services

Ensure continuity  
and stability



Provide efforts to **ensure network and service continuity**

## Government

Campaign to support  
lockdown measures



Promote the **StayHome** message

Help the government to **monitor mobility** via anonymised data

## Health Sector

Support to  
Hospitals & Nursing Homes



Provide **support to hospitals and nursing homes** with masks, cyber-security and communication solutions

# Expected 2020 COVID-19 impact



## Expected operational & commercial impacts

### Lockdown with temporary closure of shops

- Lower **gross adds** (mobile & convergence)
- Reduction in **handset sales**
- Decrease in **roaming and SMS** traffic
- Reduction in **ICT projects**
- Increase risk of **bad debt and bankruptcy**
- + Higher **voice** traffic
- + **Churn** improvement
- + Increase of **tele and websales**



## Expected financial impacts

- Moderate **revenues decrease**
- More limited on **EBITDAaL**
- Moderate decrease of **eCapex**

**Uncertainty remains** regarding COVID-19 measures and the impact on the economy

Orange Belgium will consider an **update of 2020 guidance after Q2**

# Updated dividend in the COVID-19 context



## 2019 Dividend

BoD recommends the AGM not to increase the **2019 dividend** to €0.60 per share as initially foreseen and to adopt an unchanged dividend of €0.50 per share

**Section two**

**Q1 2020**

**Highlights**

# 9 March 2020: Launch of new mobile portfolio GO

## The first mobile family offer in Belgium creating upsell opportunities

**Nouveau**

# L'illimité

pour toute la famille

**31 €**  
par abonnement

Découvrez Go Unlimited sur orange.be

Vous rapprocher de l'essentiel 

Publication du 9 et du 10 mars 2020 (Go Intense) et à partir du 7 abonnement mobile compatible Go Unlimited Unlimited, à partir de 2020, sans aucune restriction de données (tous réseaux), à une vitesse de 128 kbps sans limite de vitesse. 100 et conditions sur orange.be

**Nouveau**

# Un tas de data

pour toute la famille

**Go Intense**

- 15 GB
- appels illimités
- SMS/MMS illimités

**21 €**  
par abonnement

Découvrez en plus sur orange.be

Vous rapprocher de l'essentiel 

Publication du 9 et du 10 mars 2020 (Go Intense) et à partir du 7 abonnement mobile compatible Go Unlimited Unlimited, à partir de 2020, sans aucune restriction de données (tous réseaux), à une vitesse de 128 kbps sans limite de vitesse. 100 et conditions sur orange.be

|  |   |
|--|---|
| <b>Go Light</b><br>500 MB<br>90 minutes d'appels<br>Orange Circle<br><b>10 €</b><br><b>Commander</b> | <b>Go Plus</b><br>5 GB<br>Appels illimités<br><b>20 €</b><br><b>Commander</b>                 |
| <b>Go Intense</b><br>15 GB<br>Appels illimités<br><b>30 €</b><br><b>Commander</b>                    | <b>Go Unlimited</b><br>Data illimitée*<br>Appels illimités<br><b>40 €</b><br><b>Commander</b> |



# Boost of B2B offers to maintain our challenger position vs. competition



| Shape Light (6 €/month)         | Shape Basic (12 €/month)                           | Shape Plus (20 €/month)      | Shape Ultimate (30 €/month)  |
|---------------------------------|--|------------------------------|------------------------------|
| <b>New!</b><br>50 MB → 500 MB   | <b>New!</b><br>1 GB → 2 GB                         | <b>New!</b><br>3 GB → 10 GB  | <b>New!</b><br>6 GB → 20 GB  |
| 500 MB Data Bonus               | 2 GB Data Bonus                                    | 10 GB Data Bonus             | 20 GB Data Bonus             |
| 0,10€ per min<br>0,10€ per text | <b>New!</b><br>90 min → 100 min<br>Unlimited texts | Unlimited calls<br>and texts | Unlimited calls<br>and texts |

All amounts are exclusive of VAT.

# Q1 2020 Key achievements

Mobile contract excl. M2M

**2.6 m**

+3.9% yoy



Belgium

Convergent customers

**280 k**

+40% yoy



Belgium

Net additions

Mobile contract excl. M2M **+ 9 k**

Convergent customer **+ 21 k**

Belgium

**17.4%**

of total postpaid mobile base is convergent



Belgium

Revenues

**€333.9 m**

+1.9%\* yoy



Retail service revenues

**€224.5 m**

+4.6%\* yoy



EBITDAaL

**€62.2 m**

+7.6%\* yoy

eCapex

**€35.1 m**

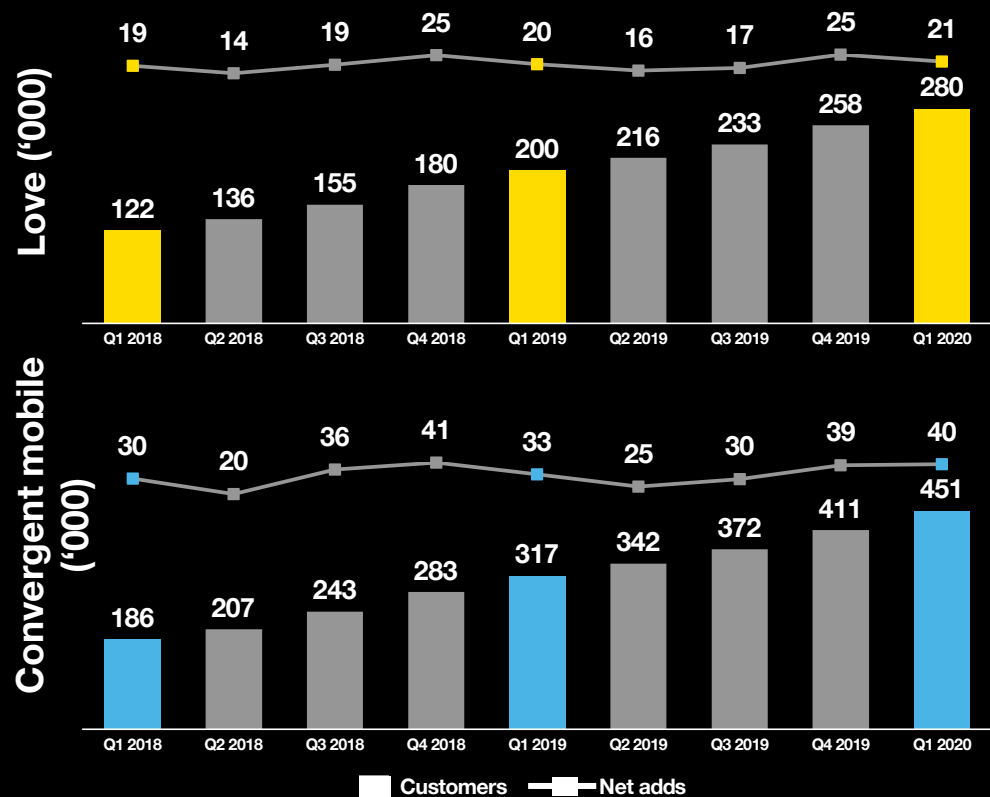
-4.8% yoy

\*based on 2019 comparable figures (BKM 2019 figures before acquisition)

# Section three

# Operational Results

# Convergence: strong net-adds confirm attractiveness of the Love Duo/Trio offer



**+21k**

Love customer net adds, +8% yoy

**40%**

Love customers yoy variation

**14%**

of convergent customer base is Love Duo

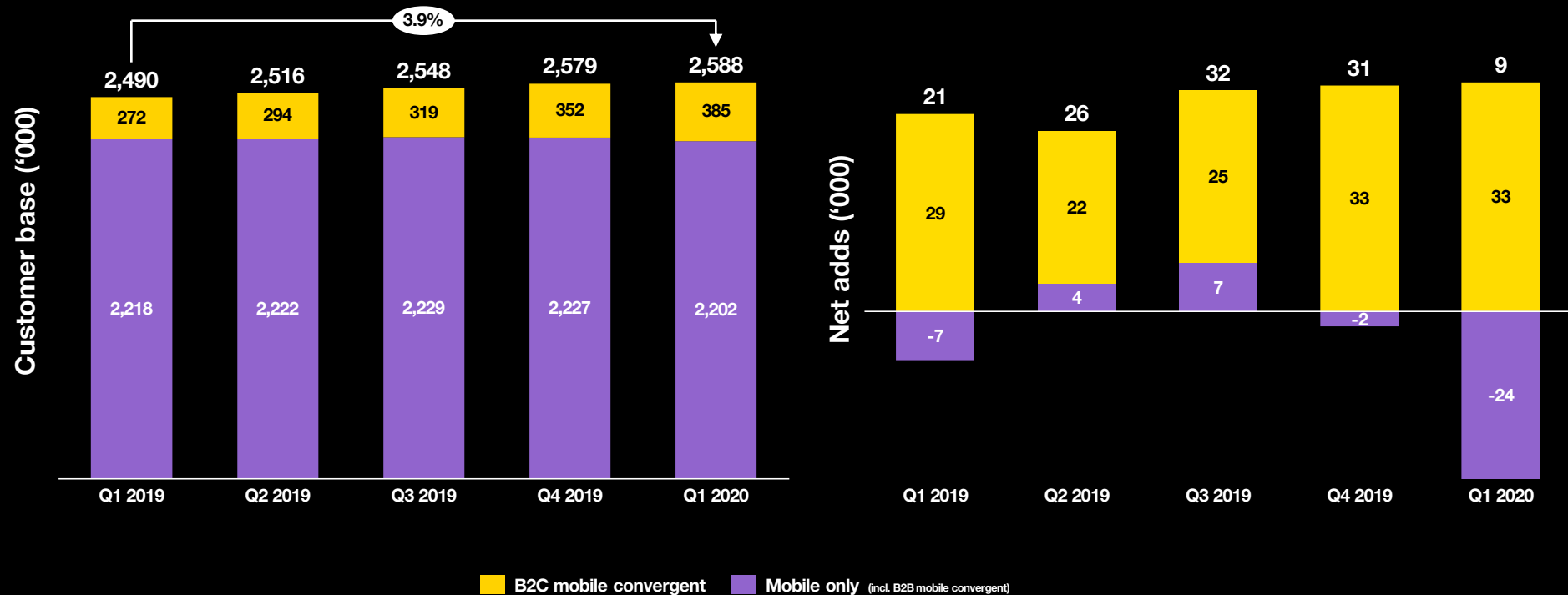
**1.6**

SIM cards per convergent customer

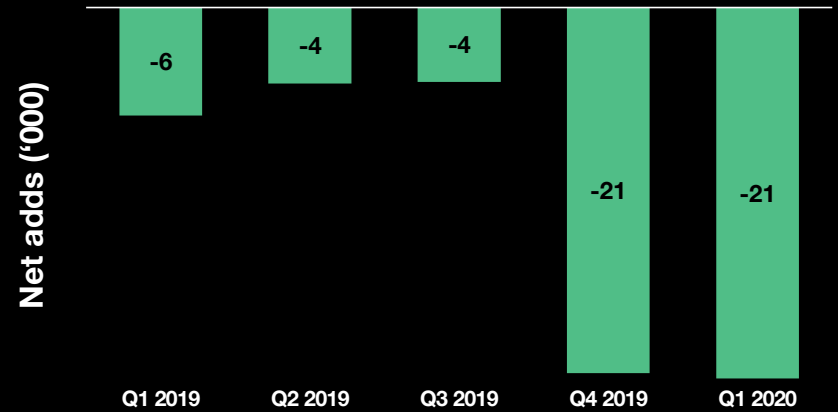
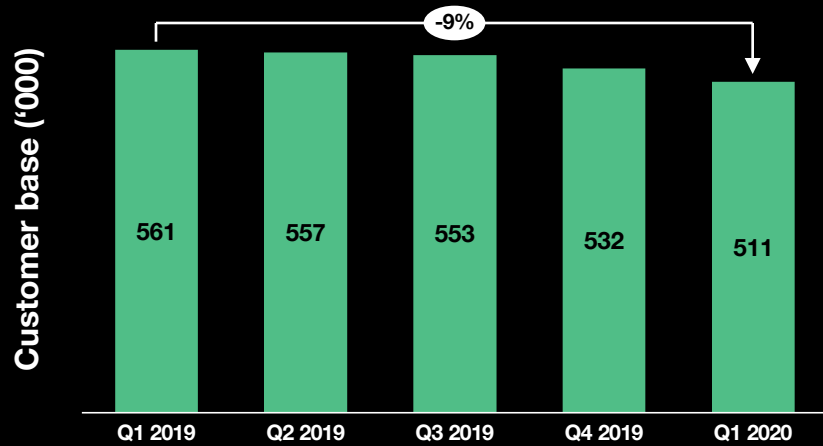
**17.4%**

of total postpaid mobile base is convergent (Q1'19: 12.7%)

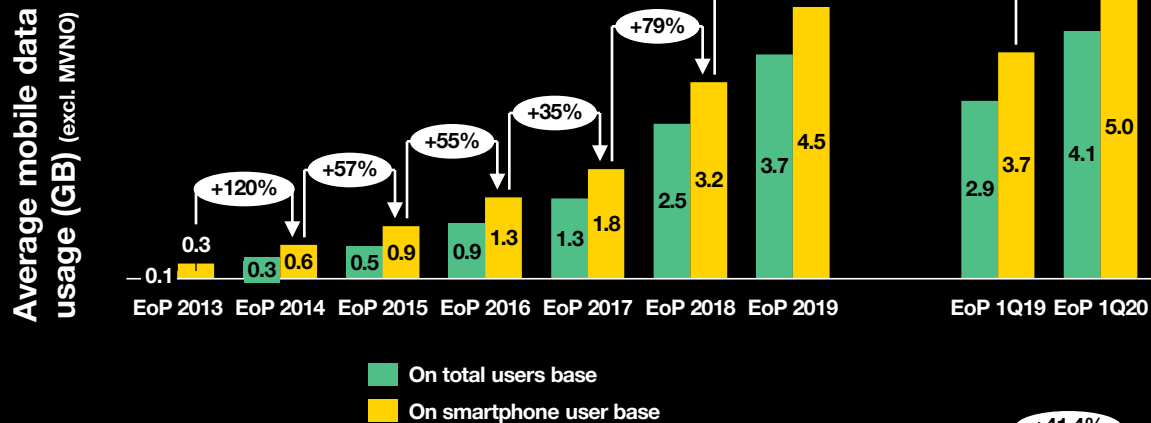
# Growth of the mobile postpaid customer base within a competitive landscape and COVID-19 impact



# Mobile prepaid: continued decline in Q1



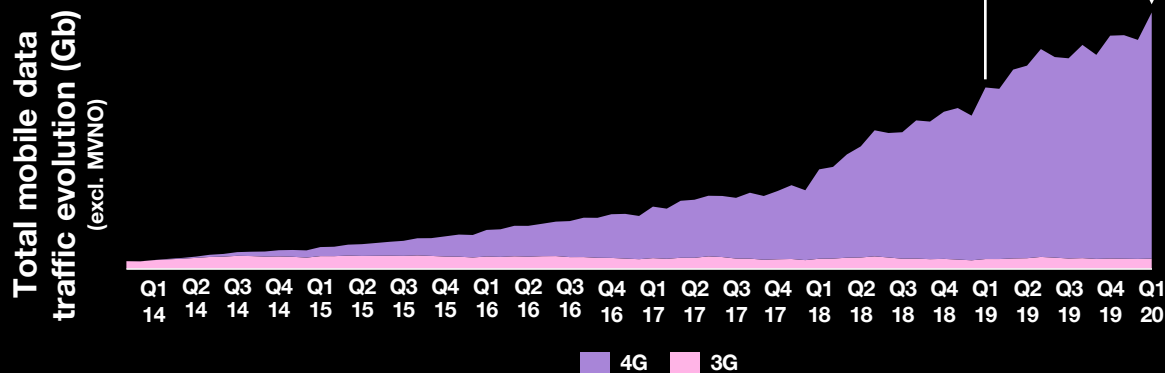
# Mobile: Average mobile data usage reaches 5 GB



**5.0 GB** Average mobile data usage (smartphone), +34% yoy

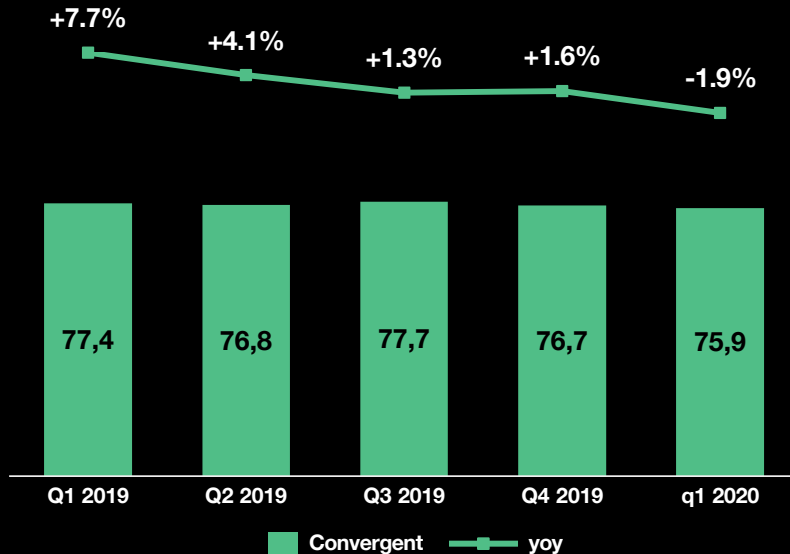
**96%** % 4G in total traffic (Q1'19: 95%)

**+41%** Total mobile data traffic yoy increase

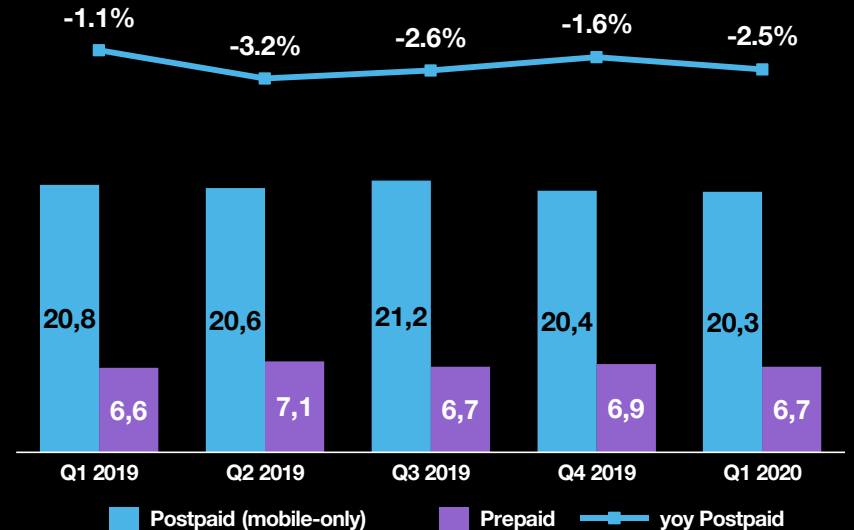


# Slight decrease in B2C convergent ARPO and in mobile-only ARPO

## Quarterly B2C convergent ARPO (€)



## Quarterly mobile only ARPO (€)





# Regulatory update (1/2)

## Cable Regulation

## Wholesale Pricing

- **6 April 2020 - CRC draft decision submitted to the EC.** EC has until early May to adopt its position. The Belgian regulators will then have to integrate the EC comments if any and publish their final decision
- Orange Belgium's key comments:
  - Orange Belgium considers that **reasonable wholesale cable tariffs are essential** to guarantee a more sustainable internet and TV offer in the future;
  - Orange Belgium **regrets the major change in the methodology** of cost recovery leading to significantly over-compensate the actual costs of the cable networks. In addition, the assumptions made lead to a far excessive and unjustified increase of the wholesale tariffs over time; and,
  - Orange Belgium **calls for material improvement of the wholesale cable tariffs** included in the draft CRC's decision. At the end of the day, this monopoly rent will be paid by the Belgian customers..
- Entry into force of the decision will be 1st day of 2nd month following its publication (expected in May or June)

## Network sharing agreement with Proximus

- On 16 March the period during which interim measures applied expired
- 1 April: the affected employees of Proximus and Orange Belgium were transferred to the Joint Venture, named MWingz

## Spectrum and 5G auction

- End 2019, the BIPT launched a consultation regarding various spectrum related matters mainly to deal with intermediate and/or associated spectrum matters
  - the extension of the 900 MHz, 1800 MHz and 2100 MHz licenses beyond the current expiry date of March 2021
  - the proposal to increase the reserve price for the 3.6 GHz spectrum band
  - the new framework for private “5G” licenses in the 3.8-4.2 GHz band
- The structural auction for the mobile spectrum is not expected before H2 2021
- 31 January: the BIPT announced an exceptional procedure and call for candidates for the attribution of temporary licenses in the 3.6-3.8 GHz band. The licenses expire at the start of the usage rights of the auctioned spectrum. Subsequently on 24 March: the BIPT launched a consultation granting temporary usage rights for this spectrum. The five applicants retained are: Orange, Proximus, Telenet, Cegeka and Entropia. Each operator would get 40 MHz
- Orange Belgium considers that spectrum allocations should go along with long-term visibility, together with deployment obligations in order to ensure that operators effectively invest in networks and use spectrum in an efficient and effective way
- A call for candidates for the remaining 2.6 GHz license of 2 X 15 MHz will expire mid May. Citymesh expressed to be interested in this spectrum band
- No commitments on a review of the applicable EMF-norms, while some local resistance against 5G appeared

# Bold Inside

Outside

## Simplification

- Launch new GO offer portfolio
- Migration from legacy offer started
- Renegotiation of IT & Network contracts with partners

## Digitalization

- Focus on non-physical sales channels (boosted by COVID-19 context)
- Increase of customer digital interactions
- Digital Tribe launched

## Empowerment

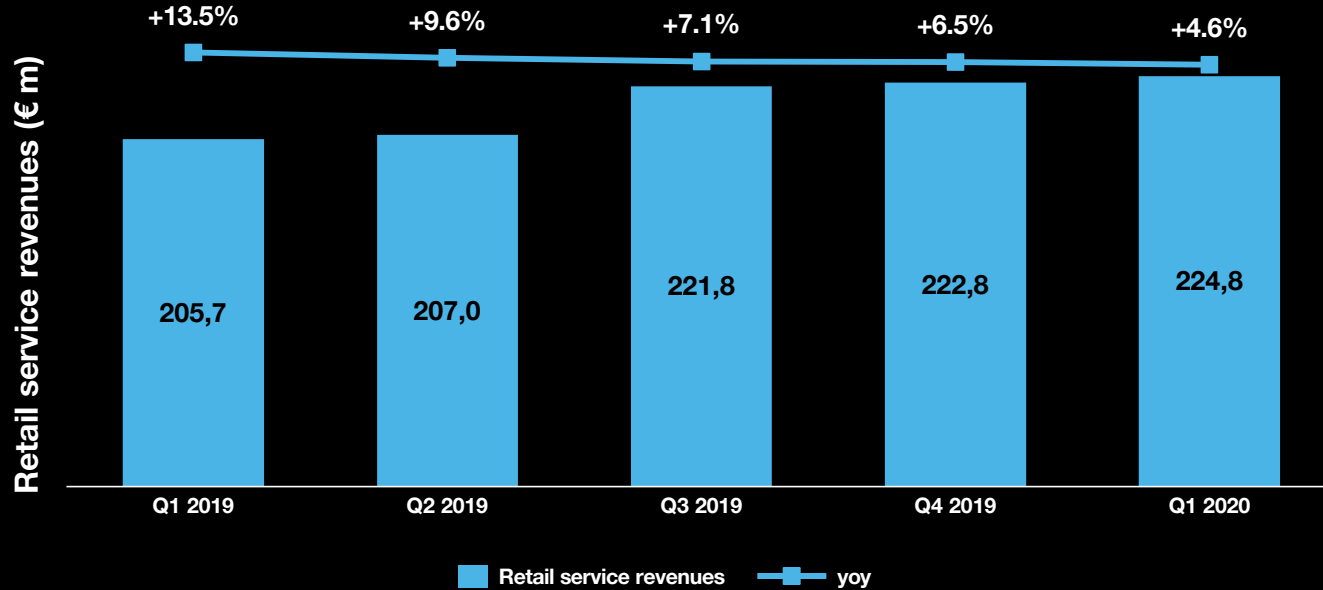
- Increase Customer Service first contact resolution
- End-to-End responsibility
- Initiatives to shift towards agility mindset within the organization

**3 year transformation plan:**  
2019 - 2021

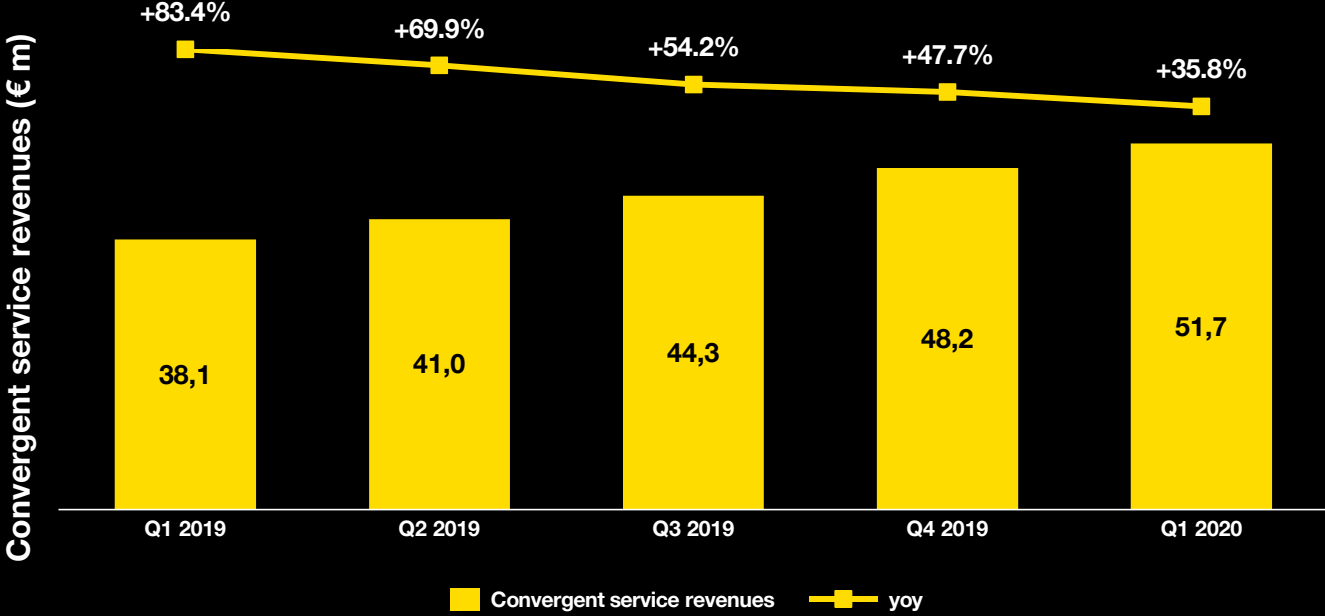
# Section four

# Financial Results

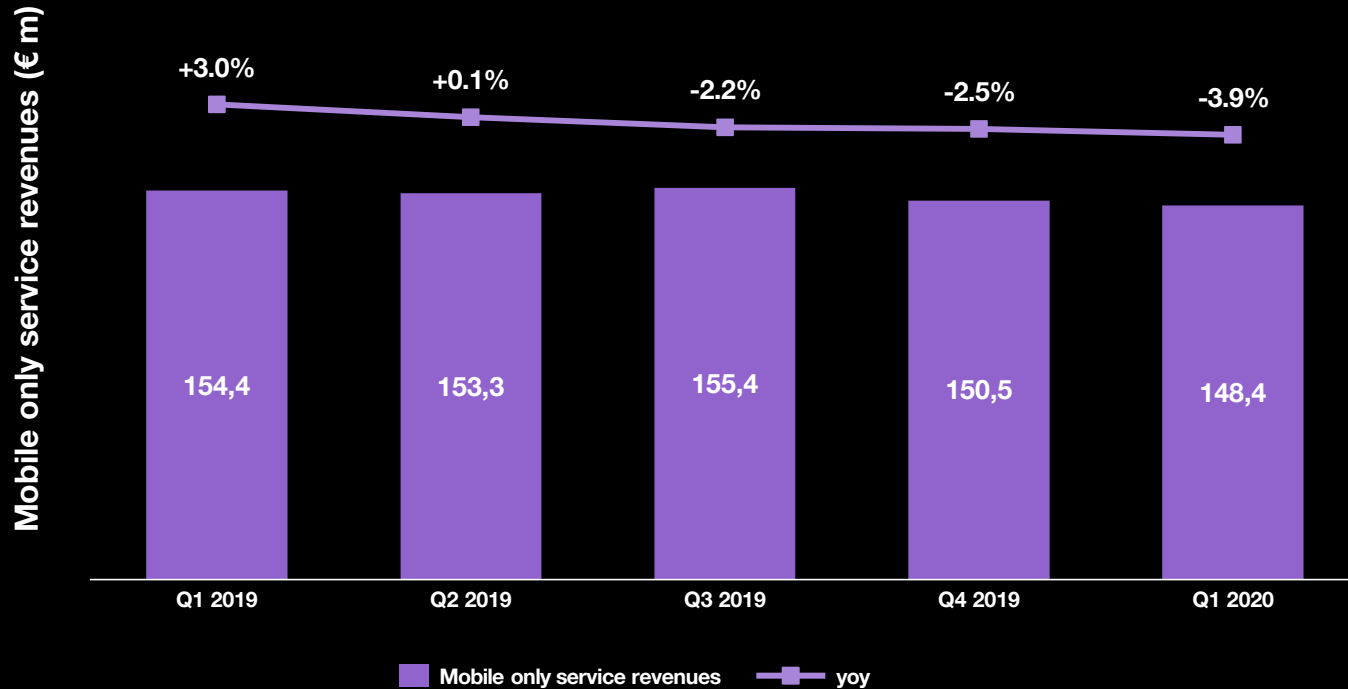
# Retail service revenues: solid growth



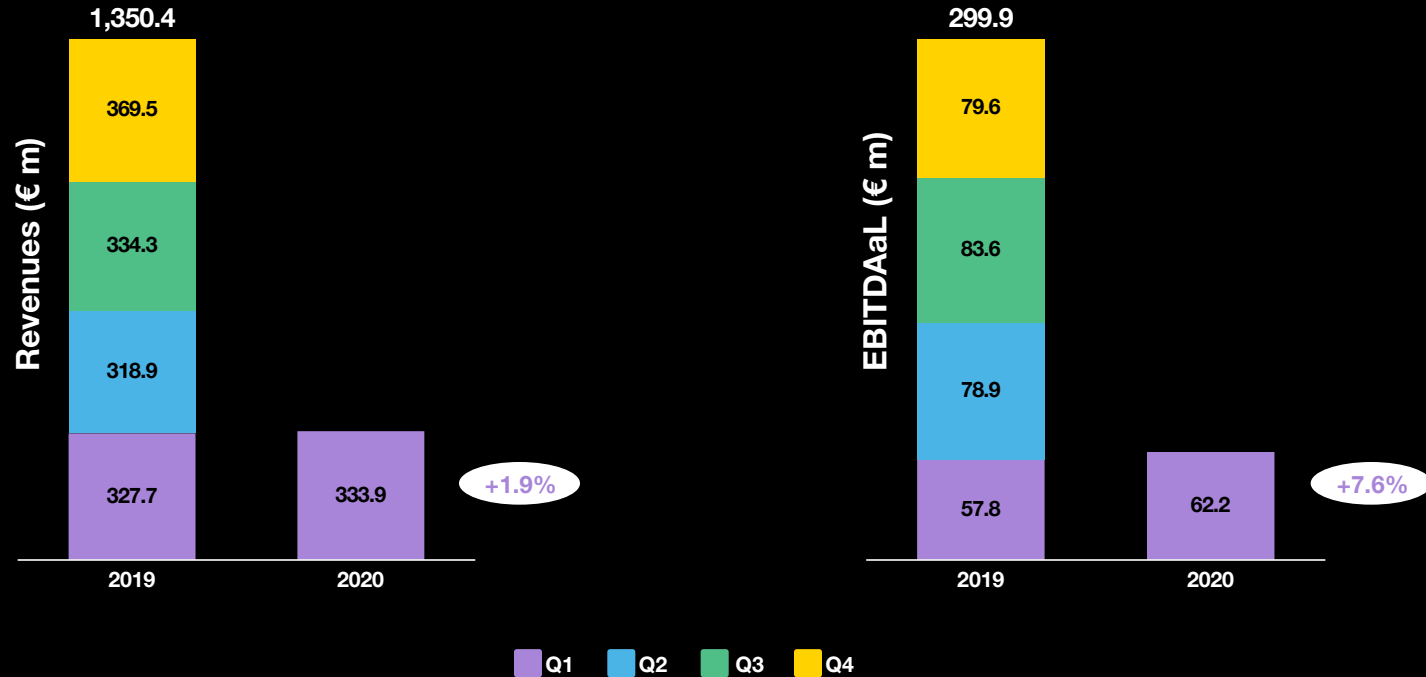
# Convergent service revenues: strong growth



# Mobile only service revenues decreased due to convergence uptake



# Orange Belgium Group: Q1 2020 strong financial results

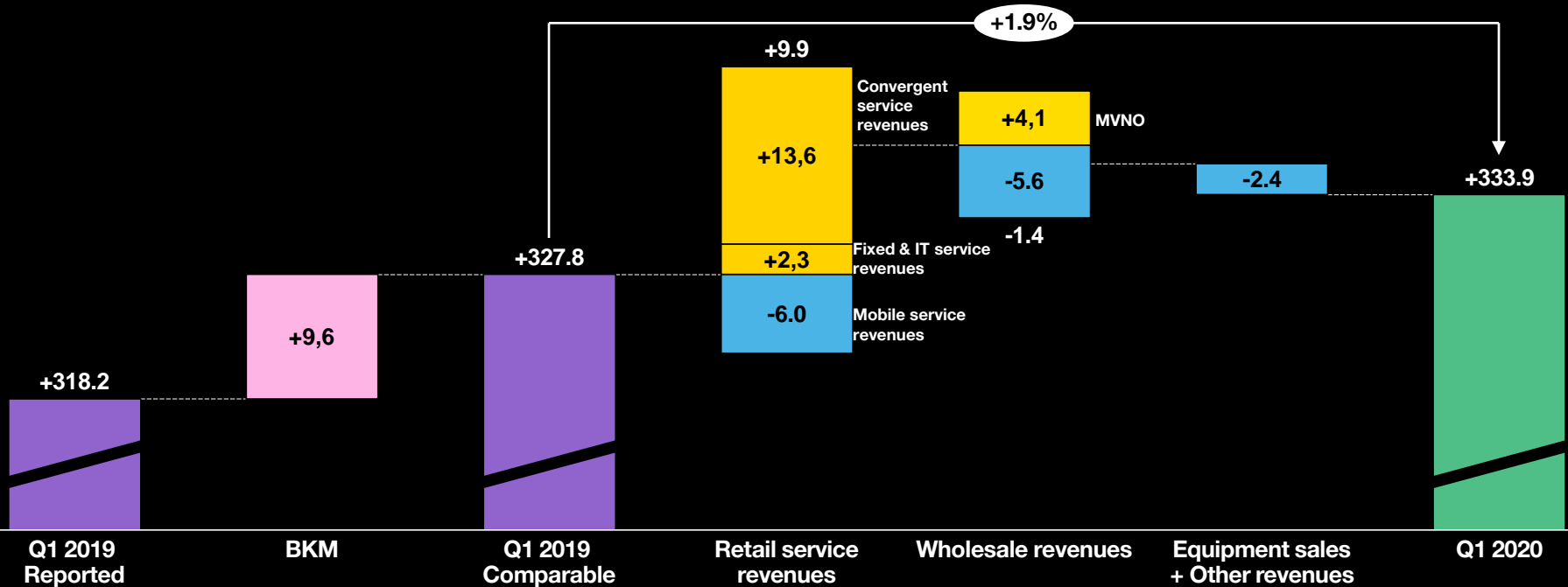


• Q1'19 figures on a comparable basis



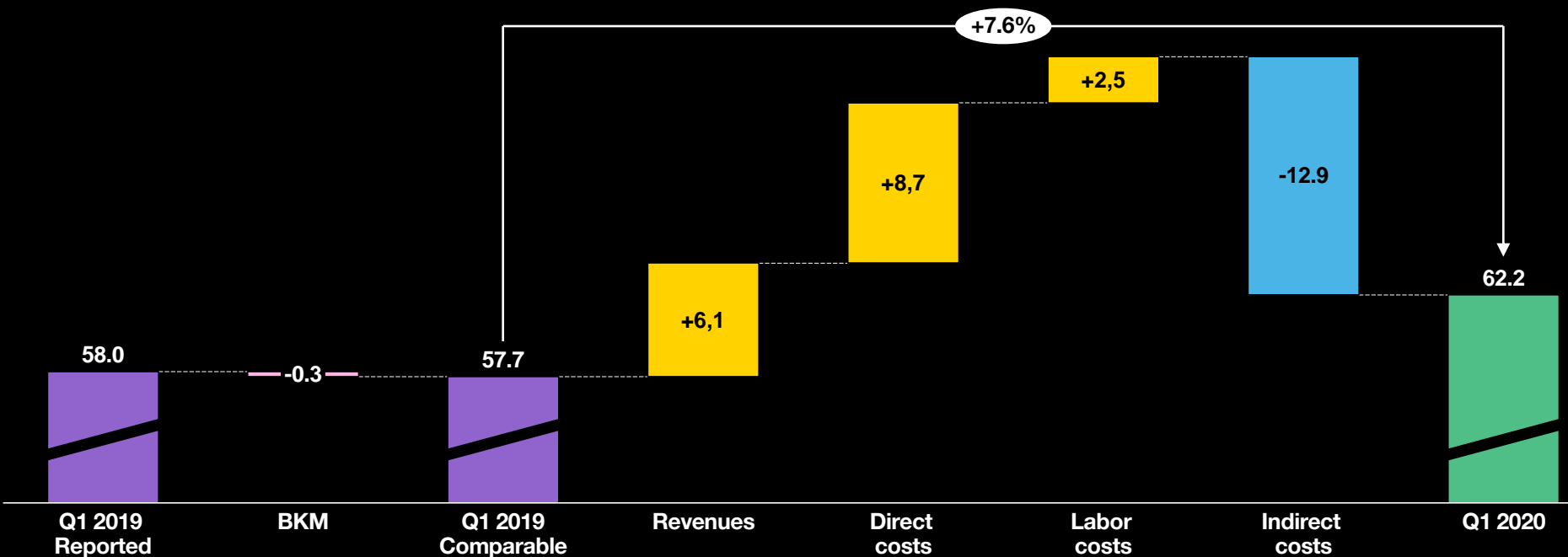
# Revenues growth driven by increase in retail service revenues

Revenues evolution (€ m)



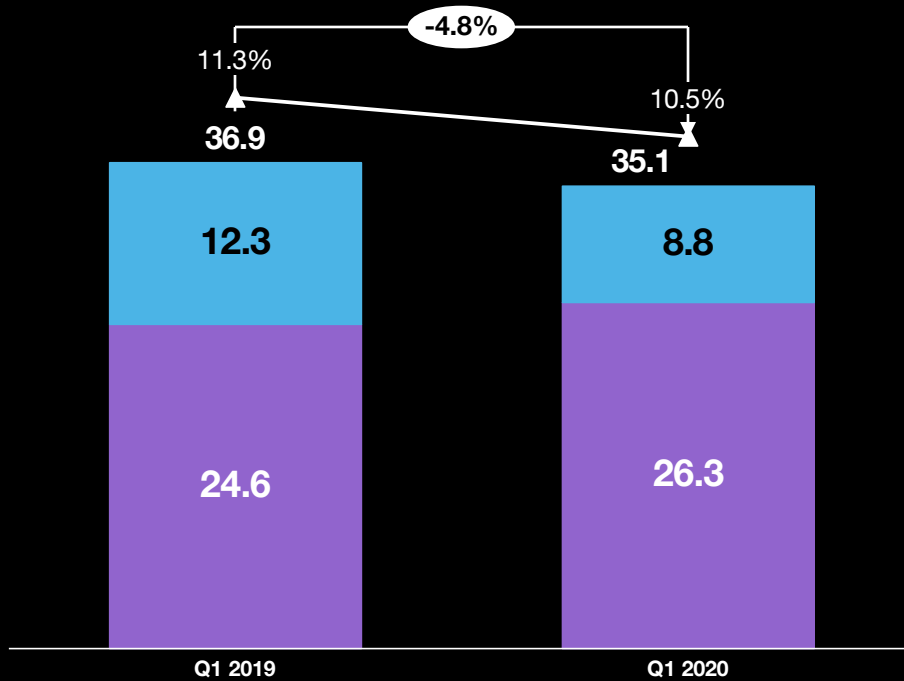
# EBITDAaL increased thanks to higher retail service revenues and cost efficiencies

EBITDAaL evolution (€ m)



# Q1 2020 eCapex

eCapex (€ m)



Net debt

**€229.0 m**

Net debt/EBITDAaL

**0.8x**

■ Cable capex incl. CPE, IT & Network, etc.

■ Core capex

▲ Total capex to total revenues ratio

## Cable financials improved but remained negative

|                      |          | <u>Variations</u> |
|----------------------|----------|-------------------|
| Revenues:            | €32.8 m  | +37%              |
| EBITDAaL:            | €2.5 m   | +€3.7 m           |
| eCapex:              | €8.8 m   | -28%              |
| Operating cash flow: | - €6.3 m | +€7.1 m           |

# Section five

## 2020 guidance

# Orange Belgium will consider an update of 2020 guidance after Q2

| 2020 Guidance   |   |
|-----------------|---|
| Revenues growth | Low-single digit growth vs. 2019                      |
| EBITDAaL        | €310-330 m  |
| eCapex          | Stable vs. 2019 (excluding the RAN sharing agreement) |

## Outlook

- COVID-19 impact to be taken into account
- Limited headwinds in comparison to 2019
- Final decision on cable regulation expected in Q2 2020
- Brand fees : full year impact
- MVNO revenues: full year impact of Medialaan
- Limited eCapex impact due to RAN sharing implementation

# Section six

## Q&A

Orange Belgium  
Q1 2020  
Financial Results

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April 23, 2020





# Choose your mobile subscription

|                    | Price for 1       | Price for 2                            | Price for 3                             | Data       | Calls                     | sms/mms   |
|--------------------|-------------------|--|---|------------|---------------------------|-----------|
| <b>G Light</b>     | <b>10</b> €/month | <b>20</b> €/month                      | <b>30</b> €/month                       | 500 MB     | 90 min +<br>Orange Circle | Unlimited |
| <b>G Plus</b>      | <b>20</b> €/month | <b>40</b> €/month                      | <b>60</b> €/month                       | 5 GB       | Unlimited                 | Unlimited |
| <b>G Intense</b>   | <b>30</b> €/month | <b>42</b> €/month<br>reduced from 60 € | <b>63</b> €/month<br>reduced from 90 €  | 15 GB      | Unlimited                 | Unlimited |
| <b>G Unlimited</b> | <b>40</b> €/month | <b>62</b> €/month<br>reduced from 80 € | <b>93</b> €/month<br>reduced from 120 € | Unlimited* | Unlimited                 | Unlimited |

\*30 GB of 3G/4G data at full speed + Unlimited data at 512 Kbps in BE and the EU

# New Love portfolio - pricing

Set-up fee: 49€

+

|   | Prijs voor 1                             | Prijs voor 2                              | Prijs voor 3                               |
|---|--|---|--|
| <b>Love Duo</b><br>met<br><b>Ga Light</b>     | <b>44 €</b><br>/maand                    | <b>54 €</b><br>/maand                     | <b>64 €</b><br>/maand                      |
| <b>Love Duo</b><br>met<br><b>Ga Plus</b>      | <b>54 €</b><br>/maand                    | <b>74 €</b><br>/maand                     | <b>94 €</b><br>/maand                      |
| <b>Love Duo</b><br>met<br><b>Ga Intense</b>   | <del>64 €</del><br><b>55 €</b><br>/maand | <del>94 €</del><br><b>76 €</b><br>/maand  | <del>124 €</del><br><b>97 €</b><br>/maand  |
| <b>Love Duo</b><br>met<br><b>Ga Unlimited</b> | <del>74 €</del><br><b>65 €</b><br>/maand | <del>114 €</del><br><b>96 €</b><br>/maand | <del>154 €</del><br><b>127 €</b><br>/maand |

**Multiproduct  
advantage**

Set-up fee: 49€

+

|  | Prijs voor 1                             | Prijs voor 2                               | Prijs voor 3                               |
|--|--|--|--|
| <b>Love Trio</b><br>met<br><b>Ga Light</b>     | <b>59 €</b><br>/maand                    | <b>69 €</b><br>/maand                      | <b>79 €</b><br>/maand                      |
| <b>Love Trio</b><br>met<br><b>Ga Plus</b>      | <b>69 €</b><br>/maand                    | <b>89 €</b><br>/maand                      | <b>109 €</b><br>/maand                     |
| <b>Love Trio</b><br>met<br><b>Ga Intense</b>   | <del>79 €</del><br><b>70 €</b><br>/maand | <del>109 €</del><br><b>91 €</b><br>/maand  | <del>139 €</del><br><b>112 €</b><br>/maand |
| <b>Love Trio</b><br>met<br><b>Ga Unlimited</b> | <del>89 €</del><br><b>80 €</b><br>/maand | <del>129 €</del><br><b>111 €</b><br>/maand | <del>169 €</del><br><b>142 €</b><br>/maand |

**Multiproduct  
advantage**