



Orange Belgium

Financial results

H1 2016

20/07/2016

Jean Marc Harion
Chief Executive Officer

Ludovic Pech
Chief Financial Officer



disclaimer

This presentation might contain forward-looking statements about Orange Belgium in particular for 2016. 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.

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Key financial and
commercial indicators
continue to show
progress

JEAN MARC HARION
CEO, Orange Belgium



Section one

Q2 2016 highlights

Farewell
Mobistar

Hello
Orange Belgium



New brand and identity successfully deployed
and swiftly welcomed by all customers

30,000m²
rebranded to Orange

>3,000
persons received
a brand training

170
Mobistar centers & shops
rebranded

3
new websites: B2C,
SOHO and B2B

1
First Belgian smart store
opened

3
new Apps: MyOrange,
Orange Cloud & Orange
Radio

10,000
communication tools rebranded

8,000
guests invited during
rebranding events

UEFA EURO 2016

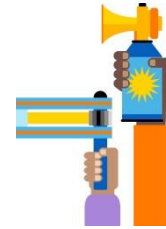


Orange official sponsor of the UEFA Euro 2016
bringing people together by sharing their passion



>1,000

football tickets
all included



2.3M
gifts for
customers



#OrangeSponsorsYou



Kevin De
Bruyne

exclusive partnership

A busy 1H 2016



**Orange Internet
+ TV**



**Antwerpen
drone project**



**UEFA EURO
2016**

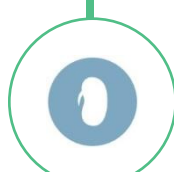


**Internet
everywhere**

Iotopia



**Big data
monitoring**



Hello Orange



Sports

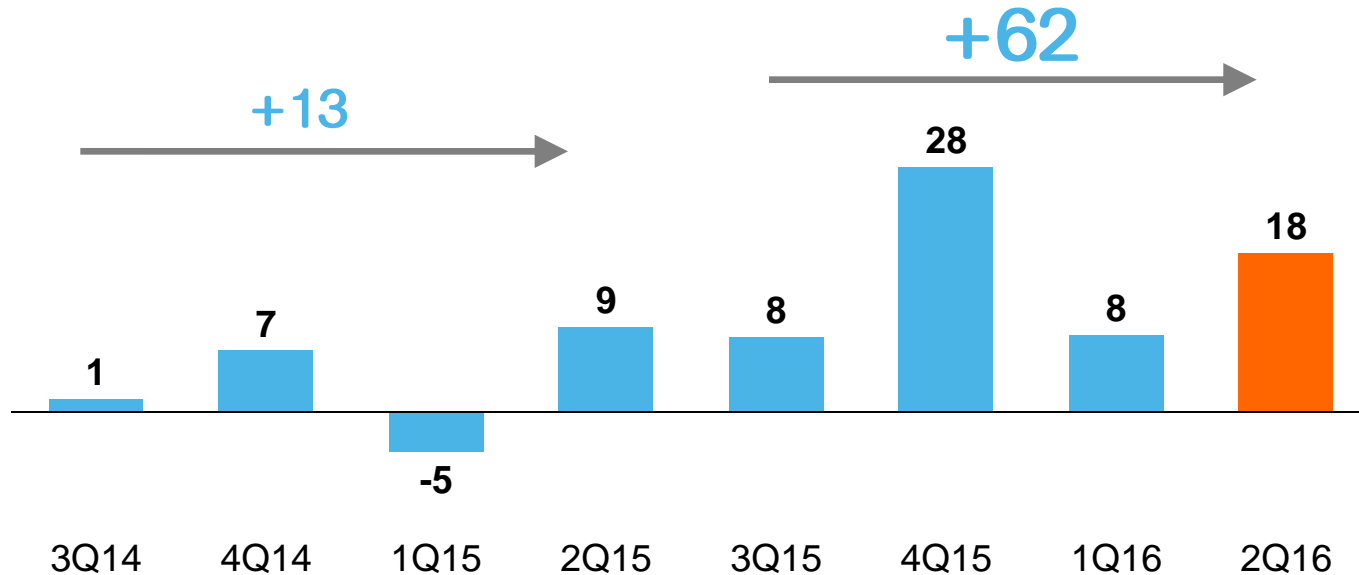


**4G+
festivals**

Solid postpaid net additions awaiting convergence

driven by healthy gross adds and churn improvement

Postpaid quarterly net adds in Belgium ('k)



Orange Belgium active customers excl. M2M & MVNO

Section two

Business review

Convergence with Orange Internet + TV



Attractive prices

The Orange Internet + TV offering provides an excellent quality at an attractive price

39€/month

Orange Panther
45 & 60

Internet 100 Mbps
Unlimited volume

70 TV channels

49€/month

Orange
postpaid customer

Internet 100 Mbps
Unlimited volume

70 TV channels



200 Mbps Internet boost : 10€-15€/month



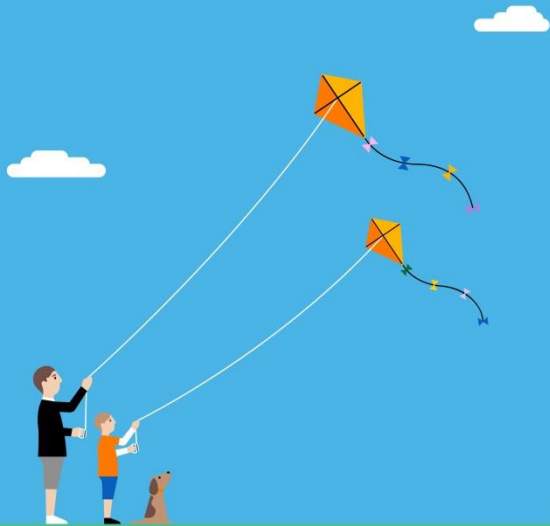
Evening & Weekend : 3€/month



extra decoder TV : 9€/month



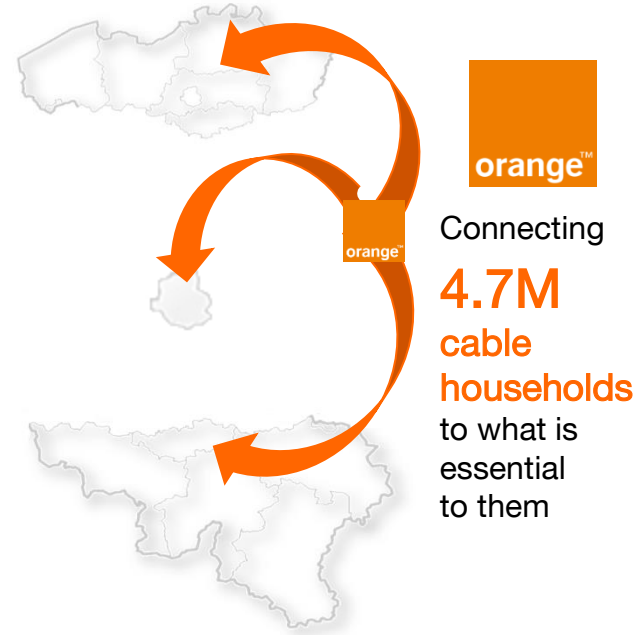
Orange Internet + TV



Orange Belgium established as a national convergent operator

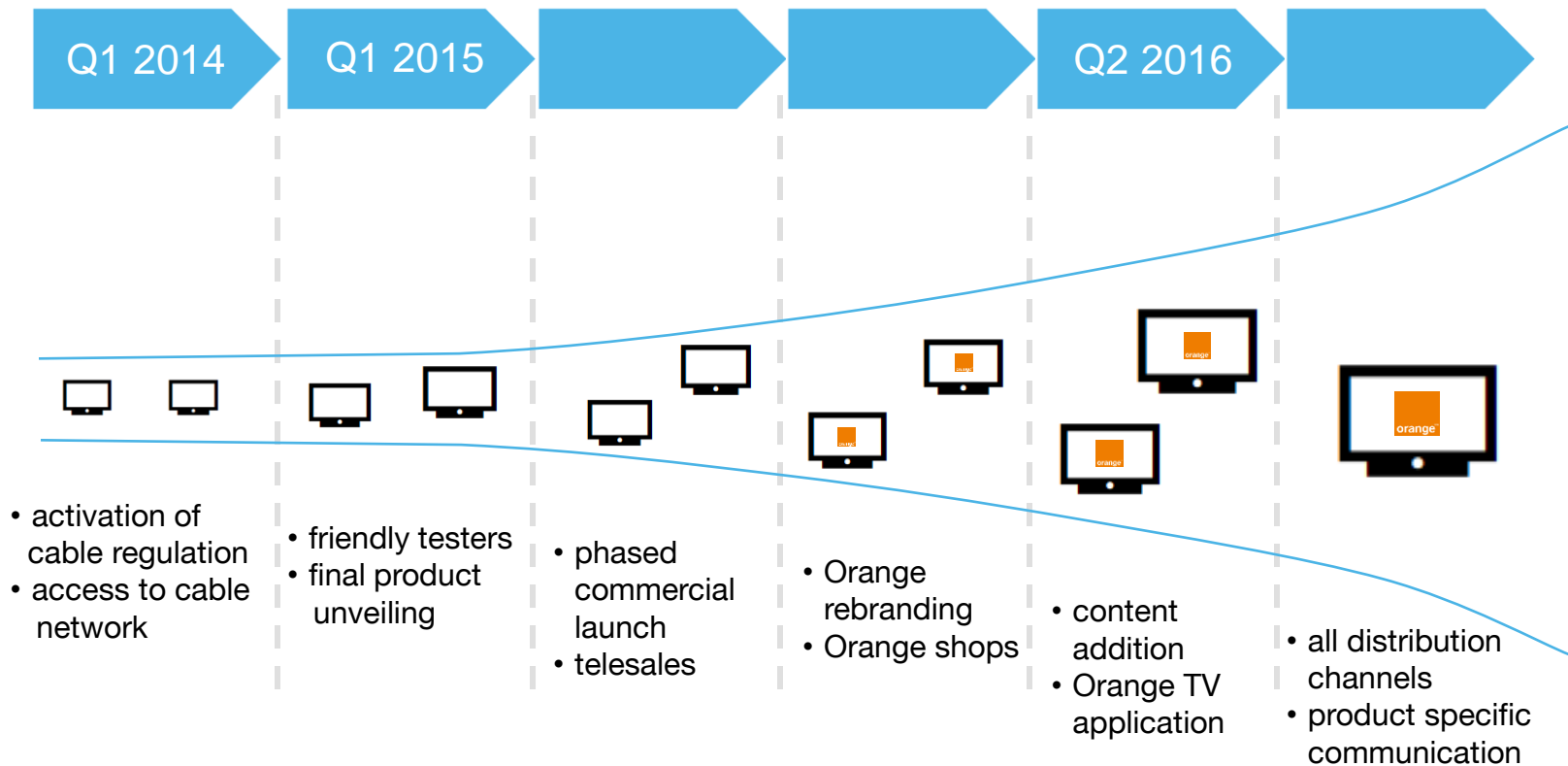
Competitors Regions

	Flanders  2.7M households
 	Brussels  0.6M households
	Wallonia  1.5M households



The first phase of the commercial launch targeted existing customers

next step is to attracting an increasing number of customers



Mobile-Fixed Convergence

First 10.5k Orange Internet + TV customers
confirm cross- & upsell potential

10.5k

Orange Internet + TV Customers with ...

~2

SIM cards each



Orange Internet + TV gets even better

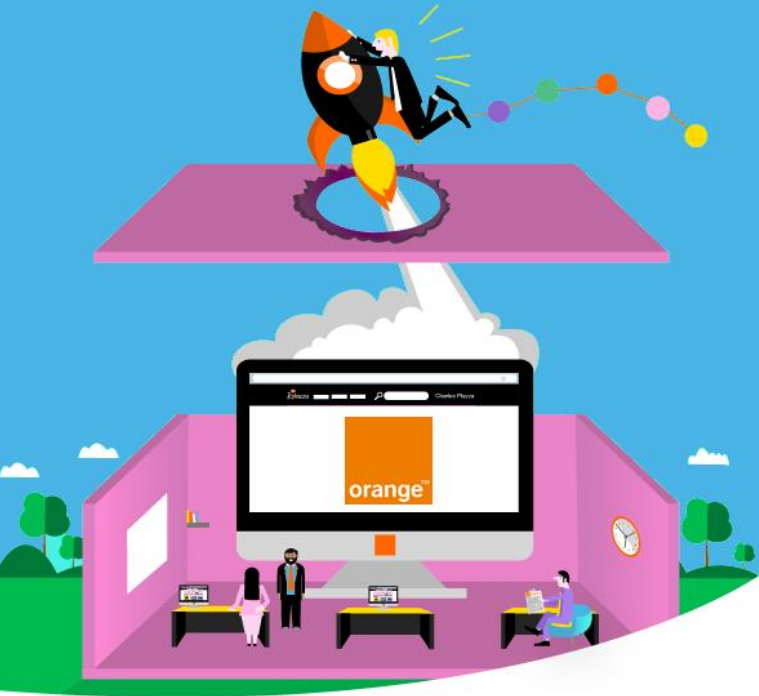
A better visual experience for our customers
we keep it simple, easy and stylish



Coming soon



Orange TV Contents



Provide our customers with what they need
more than 70 local and international channels



... and new premium sports & family contents



B2B Convergence



B2B Convergence

Orange Belgium is a fully convergent operator
addressing all segments of the B2B-market



SoHo



« Internet + TV »
Fixed + Mobile
Using cable regulation



SME



« Shape & Fix »
edpnet DSL
Mobiline



Large
accounts



« Trusted connectivity provider »
Technology agnostic
VDSL, Ethernet,
Fiber optics and 4G
Easy access to big cities

Accelerate Mobile Growth

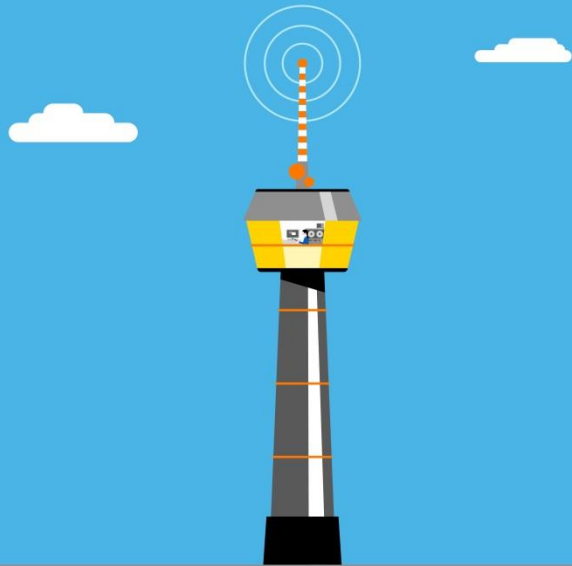
4G – 4G+

Roaming

Mobile data usage

Mobile data innovation

Always connected



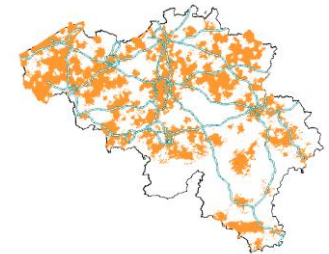
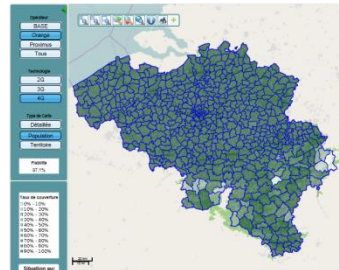
Leveraging high outdoor & indoor 4G coverage developing new use cases, anytime, everywhere during the customer journey

4G

99 % outdoor coverage
90 % indoor coverage

4G+

47 % outdoor coverage
98% in Brussels



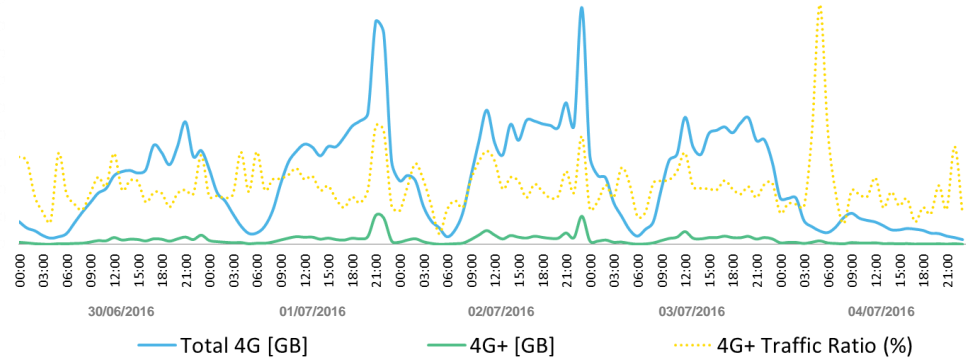
4G+ during major summer events



Increased coverage & capacity ensures unique mobile experience

first usage results from Rock Werchter

4G+ represented **10%** of total 4G traffic

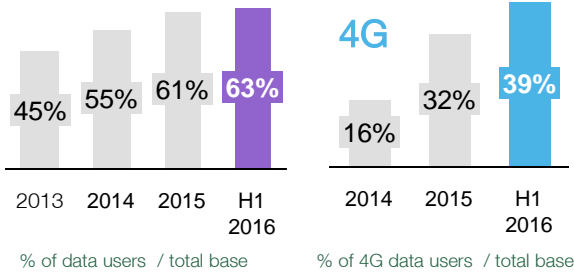


4G+ traffic ratio indicates the part of the total 4G traffic using the second carrier in carrier aggregation. For short data sessions, 4G+ traffic ratio will be low, as it takes some time to activate the second carrier in carrier aggregation.

72 % of total data consumption is 4G traffic

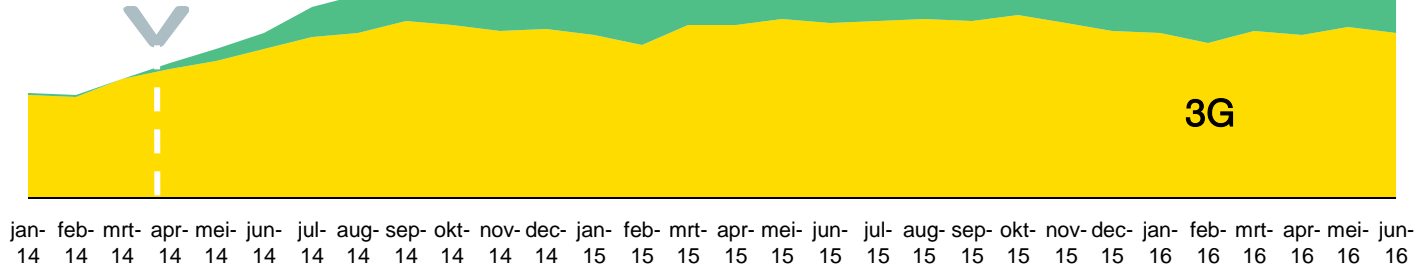
Close to 4 out of 10 Orange Belgium customers are actively using 4G

smartphone penetration is progressing



Orange Belgium

4G launch



4G/4G+ customers

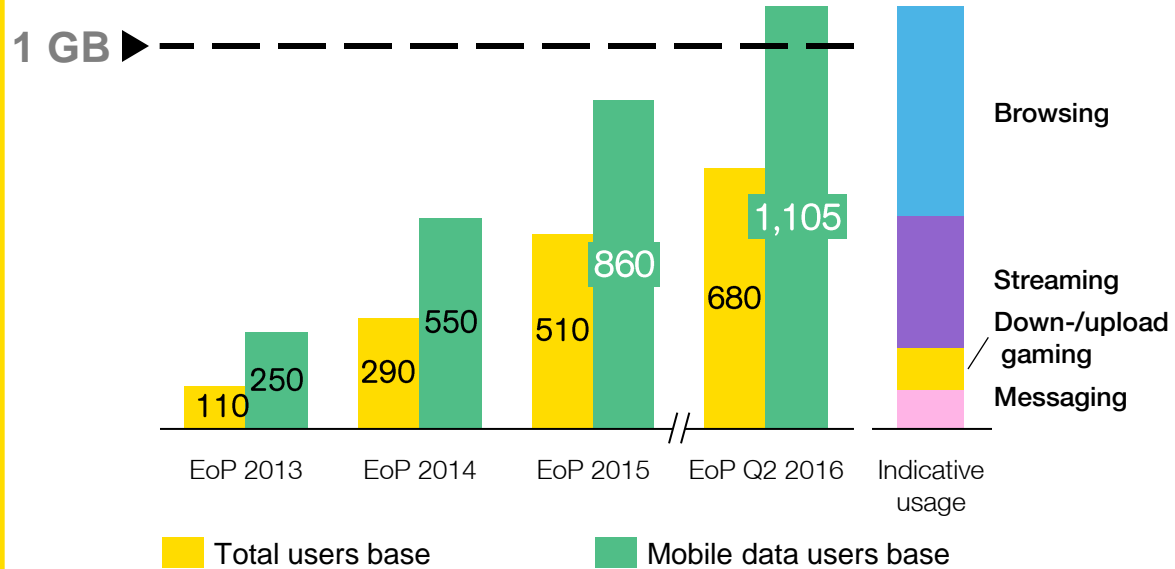
1,182,000
39%

Total traffic up 5 times since 4G launch

Mobile Data Usage

Mobile data usage is growing exponentially as customers fully embrace the benefits in their daily lives and work

Orange Belgium











Average data consumption per month in MB - Orange Belgium prepaid & postpaid data users base excl. M2M & MVNO / End of period

Video streaming during UEFA EURO 2016



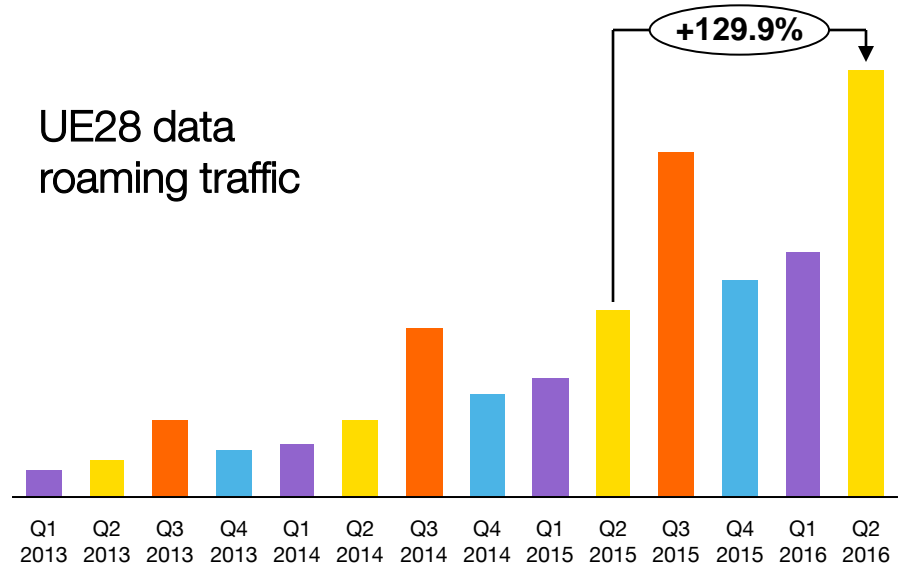
Mobile usage during Belgium team games
video streaming significantly increased

Versus normal average traffic		Calls (outgoing)	SMS	Streaming
Belgium – Italy 13/06				
		-6%	+12%	+64%
Belgium – Ireland 18/06				
		-9%	+20%	+189%
Belgium – Hungary 26/06				
		+18%	+29%	+80%
Belgium – Wales 01/07				
		+14%	+25%	+203%

Potential for elasticity

Orange removes EU roaming costs

for its postpaid customers between June 1 and August 31, 2016

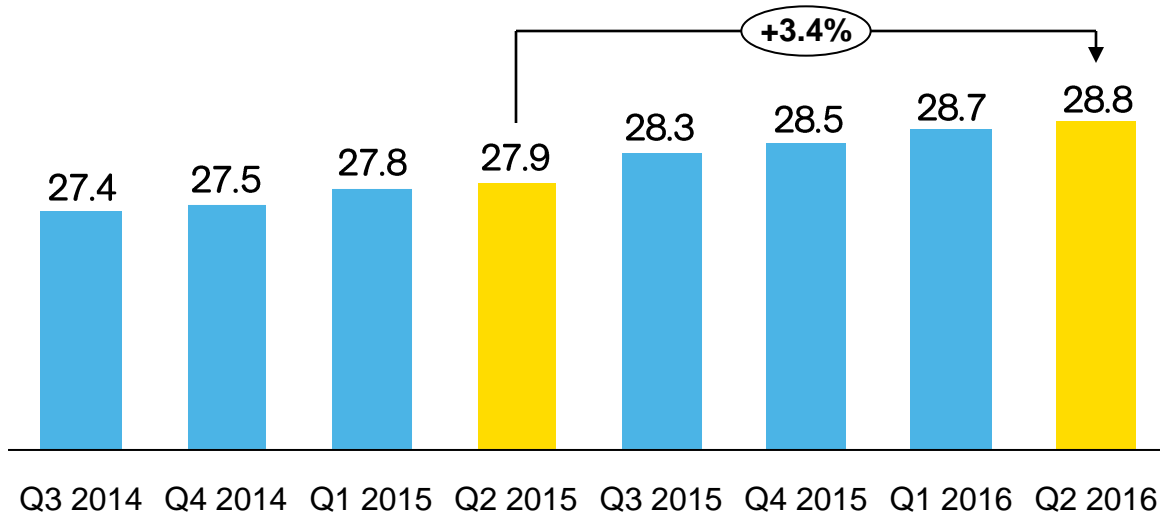


Orange customers can use their national bundle of calls, text messages and mobile data when travelling in the EU without any extra costs

4G and data usage are driving postpaid ARPU growth

ability to monetize mobile data confirmed

Postpaid ARPU increased YoY in Q2 2016:

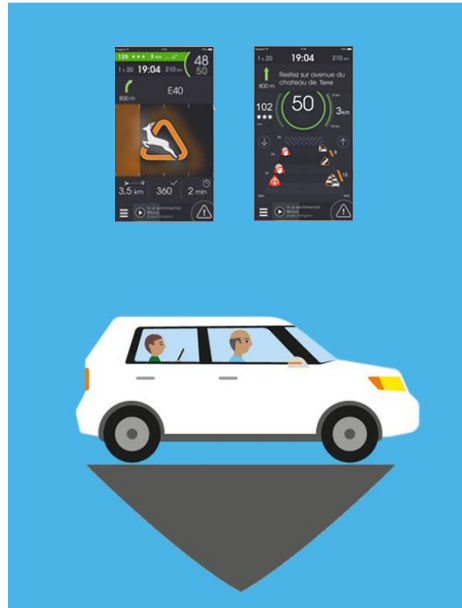


ARPU growth of 3.4 %
despite impact of roaming
regulation

Postpaid ARPU, annual rolling (incl. visitor roaming)

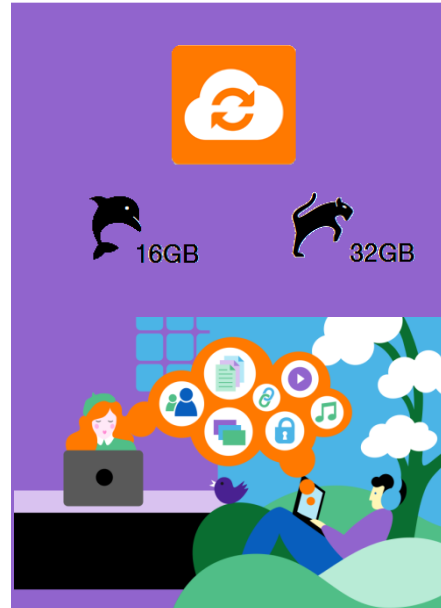
Orange apps triggering our digital customers interests and reducing churn

iCoyote with Orange



Driving safely

Orange Cloud



Protect your content

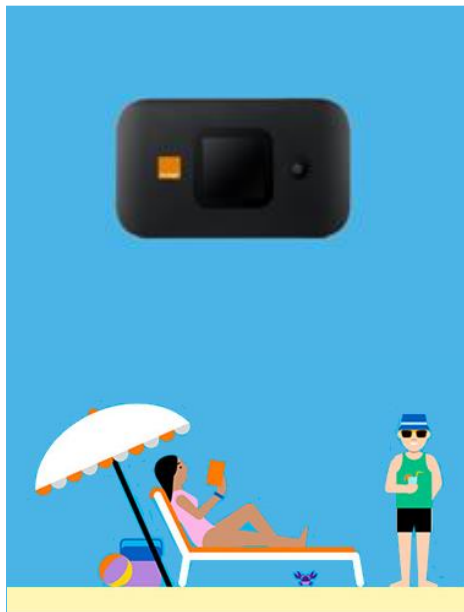
Orange Radio



Stay in touch
with your interests

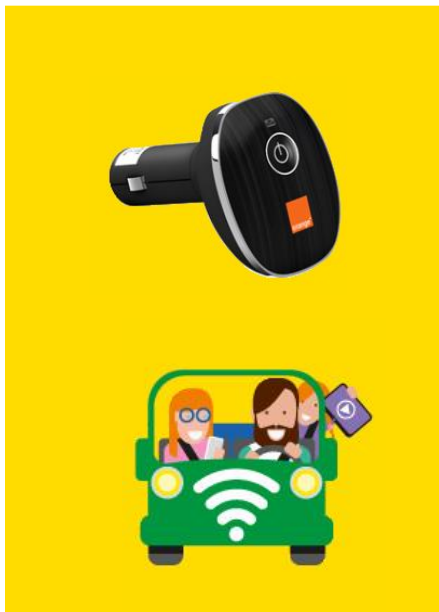
High-speed 4G connectivity everywhere thanks to Orange's network you are connected, wherever you are, just as if you were at home.

Airbox



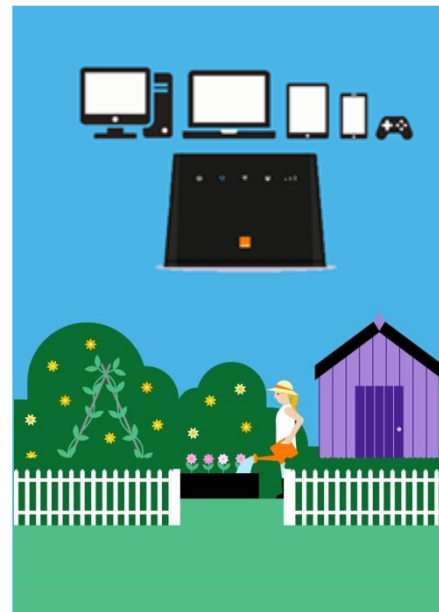
“It’s more convenient, ”
“Provides Wi-Fi to all
the family’s devices”

Airbox auto



“A trip more fun”
“It keeps them quiet”

Easy Internet @ home



“15€ per month you get 15GB”
“As fast as a DSL connection”

Mobile data innovation



Orange 4G Cam Compact
to instantly stream precious moments live



49€ with an Internet
Everywhere subscription
of 12 months

199 € without a
subscription

Q2 2016

commercial highlights



+17.8 thousand

Postpaid net additions
(in Belgium)

+3.4 % y-o-y

Postpaid ARPU
EUR 28.8

10.5k Orange

Internet + TV customers

1.7x

Mobile data usage
(y-o-y)

Section three

Financial results overview

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H1 2016 financial results

LUDOVIC PECH
CFO, Orange Belgium



H1 2016

financial highlights



+1.9 % y-o-y

Mobile service revenues
EUR 504.5m

+2.0 % y-o-y

Restated EBITDA
EUR 144.9m

-10.3 % y-o-y

CAPEX
EUR 62.1m

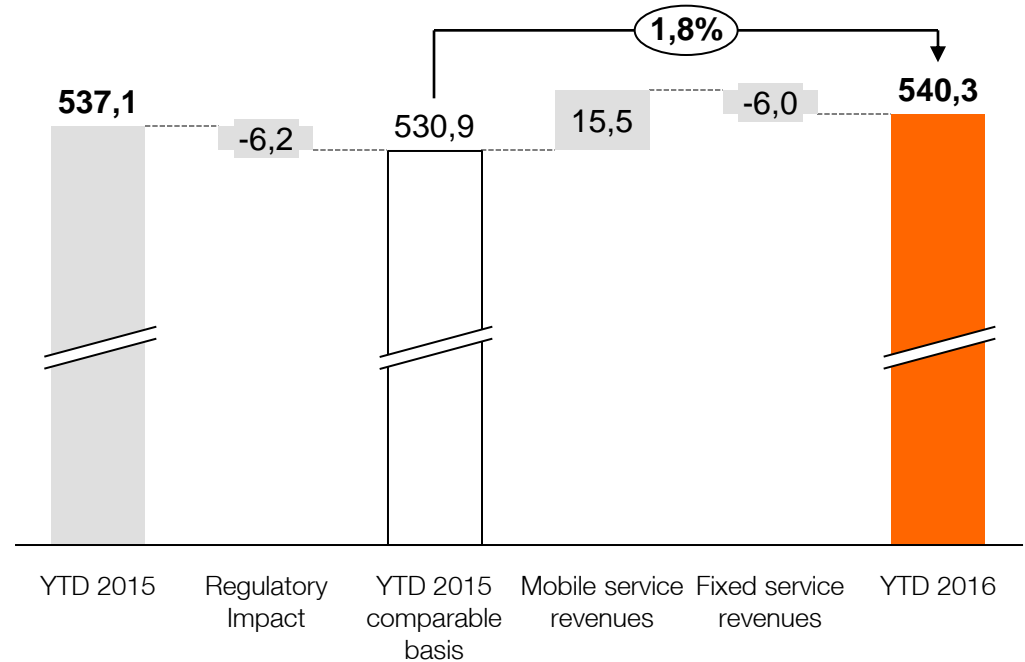
-26.0 % y-o-y

Net financial debt
EUR 369.9m

Service revenues

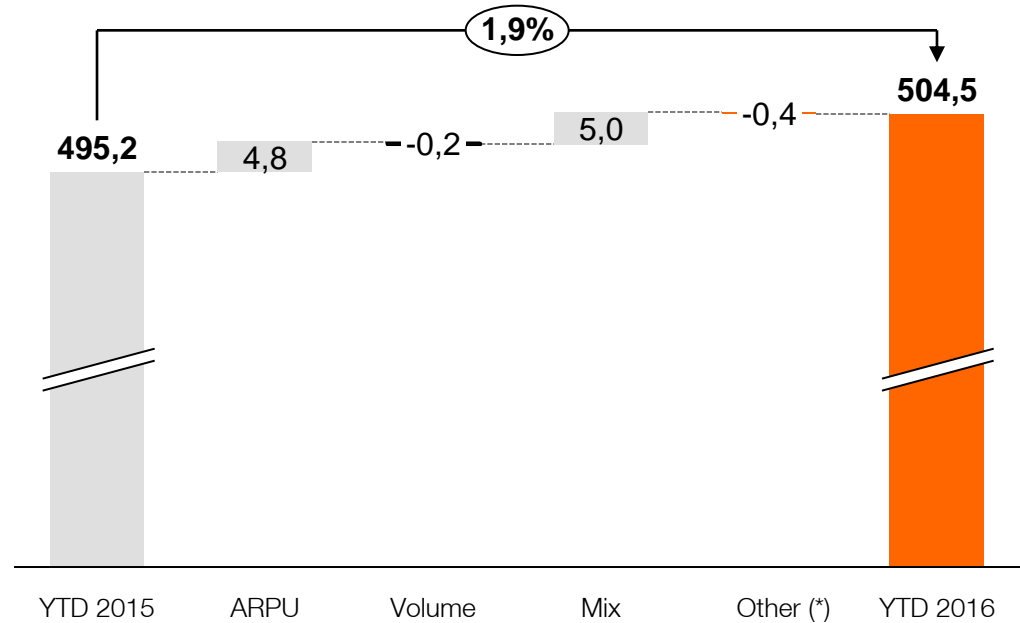
H1 2016
 Service revenues +0.6%
 +€3.2m
€540.3m

Growing service revenues with 1.8%
 fueled by mobile growth with cable at sight to
 make up for legacy fix erosion and accelerate
 growth



Mobile service revenues

Increase of 1.9% y-o-y (3.2% excl. regulation)
 primarily driven by ARPU increase in spite of EU
 roaming impact starting Q2 and contract mix



(*) other components of service revenues not related to ARPU and retail base evolution
 (e.g. MVNO and M2M)

H1 2016
 Mobile service revenues
 +1.9%
 +€9.3m

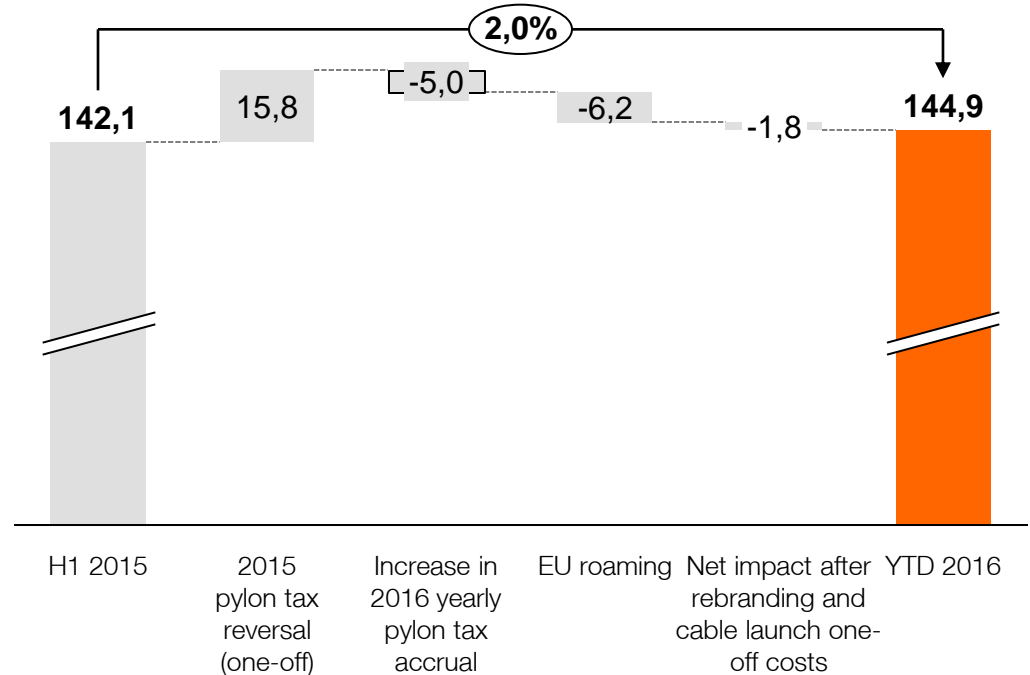
€504.5m

Restated EBITDA

H1 2016
 Restated EBITDA +2.0%
 +€2.8m

€144.9m
 26.8% of total
 service rev.

Growth of 2 % y-o-y restated EBITDA
 impacted by 2015 pylon tax reversal and EU
 roaming



Capex

Decrease of 10.3 % y-o-y Capex

investment normalization after 4G network roll-out,
benefits from IT outsourcing

H1 2016 Capex

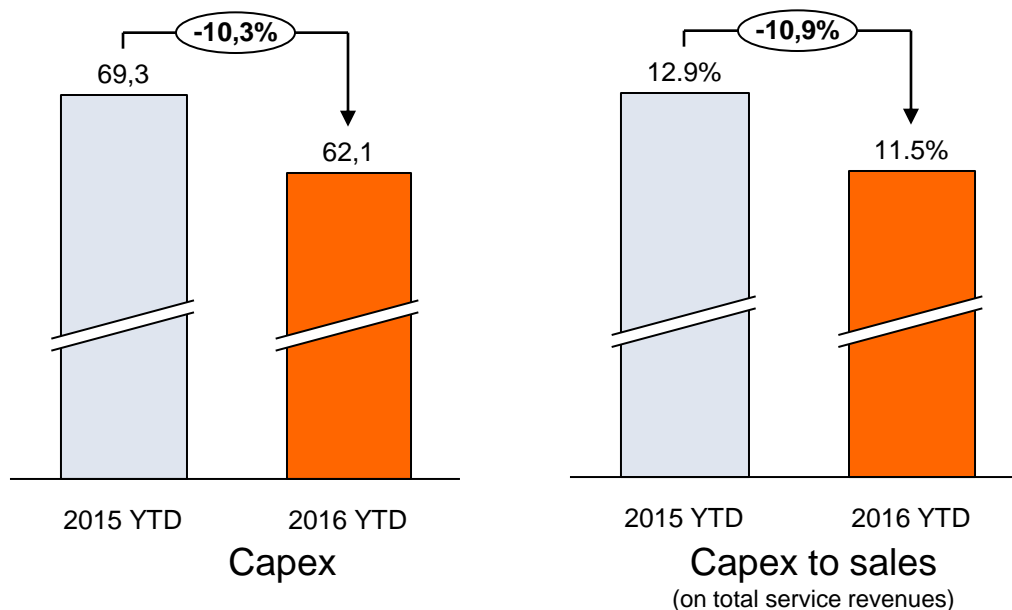
€62.1m

11.5% of total
service rev.

H1 2016

-10.3%

-€7.2m



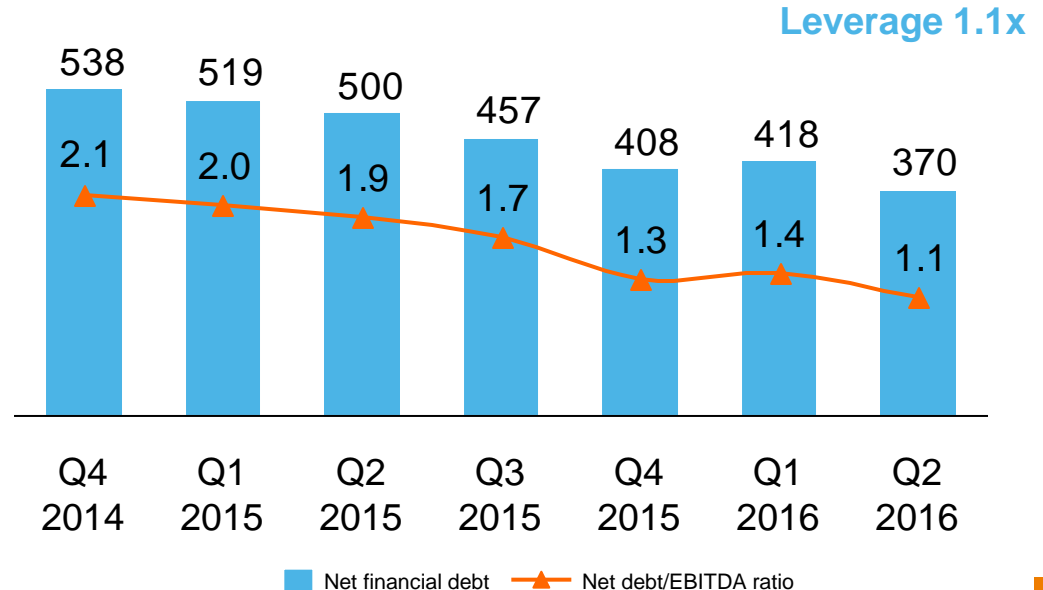
Net financial debt

Healthy balance sheet

net financial debt and leverage decrease give great room to seize growth opportunities

Leverage: 2.1x

(in million euros)



H1 2016
H1 2016 Net financial debt
-26.9%
-€129.9m

€369.9m

Orange Belgium key financials

improving financials with a growing customer base

in €m	1H 2016	1H 2015	Var. (%)	Insight
Total service revenues	540.3	537.1	0.6 %	<ul style="list-style-type: none"> Mobile service revenue +1.9% year-on-year or +3.2% excluding EU roaming regulation thanks to higher base and ARPU
Total turnover	608.7	606.8	0.3 %	<ul style="list-style-type: none"> Reflecting services revenues growth with lower handset sales
Direct costs	-258.3	-262.5	-1.6%	<ul style="list-style-type: none"> Direct margin improved by effect of top line growth and cost control on direct costs
Labor costs	-68.2	-67.3	1.4%	<ul style="list-style-type: none"> Putting more resources on customer facing and growth initiatives including cable
Indirect costs	-137.3	-134.9	1.7%	<ul style="list-style-type: none"> Including one-off rebranding and cable launch expenses balancing the impact of reversal of the 2015 pylon tax in Wallonia
Restated EBITDA <i>(in % of service revenues)</i>	144.9 26.8 %	142.1 26.5 %	2.0%	<ul style="list-style-type: none"> Reflecting positive top line and cost evolution
EBITDA <i>(in % of service revenues)</i>	145.5 26.9 %	140.4 26.1 %	3.6%	
CAPEX <i>(in % of service revenues)</i>	62.1 11.5 %	69.3 12.9 %	-10.3 %	<ul style="list-style-type: none"> Investment normalization
Operational Cash Flow (EBITDA - CAPEX)	83.3	71.1	17.2 %	<ul style="list-style-type: none"> Reflecting EBITDA and CAPEX positive evolution

Orange Belgium consolidated net income and financial debt

improving cash flow generation and debt profile

in €m	1H 2016	1H 2015	Var. (%)	Insight
EBITDA	145.5	140.4	3.6%	
Depreciations & other expenses	-98.0	-99.4	-1.4%	
EBIT	47.4	41.0	15.8%	Reflecting the evolution of EBITDA
Financial results	-3.3	-3.6	-7.8%	
Tax	-18.4	-12.2	50.4%	Impact of 2015 Proximus settlement
Net income	25.7	25.1	2.3%	
Earning per share	0.43	0.42		
Net financial debt	369.9	499.8	-26.0%	Strong cash flow generation incl. Proximus settlement
Net financial debt/EBITDA	1.1	1.9		

Section four

2016 guidance

Orange Belgium revised its 2016 guidance

investing in future growth while protecting EBITDA margin

- ❑ mobile price stabilization / market repair
- ❑ further development of data usage / monetization of 4G investment
- ❑ maximum gross roaming impact of 28.5M€ on revenues and EBITDA
- ❑ restated EBITDA guidance including rebranding operated in Q2
- ❑ improved operating cash flow generation with mobile capex normalization
- ❑ revised guidance corresponds to the reversal of the Walloon pylon tax provision for the year 2015

in €m	2015 Actual	2016 guidance provided in Feb 2016	Q1 2016	Q2 2016	H1 2016	2016 guidance provided in July 2016
Mobile service revenues	1,006.2		254.3	250.1	504.5	
year-on-year	0.0 %		+2.9 %	+0.9 %	+1.9 %	
Restated EBITDA excl. cable	282.8		56.2	94.4	150.6	
margin / year-on-year	26.0 % / +4.8 %	270-290	20.6 % / -20.5 %	35.2 % / +28.4 %	27.9 % / +4.4 %	285-305
Capex excl. licenses	193.1	145	24.3	37.8	62.1	145*
capex-to-sales ratio / year-on-year	17.8 % / -10.3 %		8.9 % / -9.2 %	14.1 % / -11.1 %	11.5 % / -10.3 %	/ -25 %

* Excluding cable Capex

Section five

Q&A

Investor Relations

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Investor Relations



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@harion



<https://www.linkedin.com/company/orange-belgium>



<https://corporate.orange.be>