



## Financial information for the second quarter and first half of 2017

### Orange Belgium Group delivers positive commercial and financial results and reiterates full-year ambitions

**H1 2017: Total service revenues + 2.4 % yoy and Adjusted EBITDA + 8.4 % yoy at group level**  
**Q2 2017: + 21k postpaid net adds, +15k Orange Love net adds and +1.0 % yoy postpaid ARPU growth in Belgium**

Brussels, 26 July 2017 – Today, the Orange Belgium Group (Euronext Brussels: OBEL) publishes its results for the second quarter and first half of 2017. In the second quarter of 2017, the Orange Belgium Group demonstrated sound operational execution, driving positive momentum in postpaid subscriber additions and ARPU growth further, while establishing itself as a convergent operator. At the same time, costs were kept well under control.

- ✓ **Orange Belgium's mobile postpaid net additions reaccelerated in the second quarter of 2017**  
Orange Belgium succeeded to reaccelerate its postpaid net additions growth in the second quarter of 2017 (+21 thousand) after a softer first quarter (+3 thousand). This performance was realized thanks to 1/ a solid acquisition of new customers, enticed by the convincing postpaid offers, the recently launched Smartphone Instalment offer, intensified pre-to-postpaid migration and the support of the convergent customer base uptake; and 2/ improved churn management. Moreover, this growth was realized despite a significant reduction in subsidised offers and was as a result mainly driven by SIM-only offers.
- ✓ **Orange Belgium added close to 15 thousand convergent net additions in the second quarter of 2017**  
For the third quarter in a row, Orange Belgium increased its convergent customer base by 15 thousand in the second quarter of 2017 compared to the previous quarter to reach a total of 64 thousand Internet and TV convergent customers at the end of June, well on track to reach the target of 100 thousand Love customers by the end of the year. This result was achieved despite substantial promotional activity from the key players in the fixed residential market and before the implementation of Easy Switch, underlining the firmness of Orange Belgium as a convergent operator. Orange Belgium's convergent mobile customer base exceeded 100 thousand at the end of June 2017.
- ✓ **Orange Belgium's postpaid ARPU increased by 1.0 % year-on-year thanks to mobile data growth**  
Total data traffic progressed by 61 % year-on-year, driven by an increase in both smartphone penetration and average data usage. The postpaid ARPU increased to 29.3 euros from 29.0 euros a year ago, despite the impact of lower EU roaming tariffs and the accelerating decline in EBITDA-neutral SMS traffic.
- ✓ **Orange Belgium Group realized a total turnover of 617.2 million euros in the first half of 2017**, an increase of 1.4 % year-on-year (+3.7 % underlying growth, once adjusted for the 13.2 million euros related to EU roaming). The solid performance over the period was driven by the rapid development of Orange Belgium's convergence offer and the sound mobile service revenues growth supported by the advanced seasonality in MVNO revenues in the second quarter of 2017 compared to the same period in 2016.
- ✓ **Orange Belgium Group's adjusted EBITDA increased 8.4 % in the first half of 2017 to 157.2 million euros**, compared to 144.9 million euros a year ago. This result was realized thanks to the increase in total turnover, a sound cost management and despite increased expenses related to the cable activities and the impact of EU roaming regulation. This result was achieved in parallel with a solid commercial performance.
- ✓ **Orange Belgium Group invested 77.2 million euros in the first half of 2017**, of which 26.0 million euros was related to the cable activities. Despite these growth related investments, an operational cash flow of 80.5 million euros was generated in the first half of 2017. At the end of June 2017, the net financial debt stood at 329.7 million euros, as a result the net financial debt/reported EBITDA ratio amounted to 1.0x.
- ✓ Based on the results of the first half of 2017, the Orange Belgium Group reiterates its guidance for the financial year 2017: growth in total service revenues, **an adjusted EBITDA between 290 and 310 million euros** and total capex excl. investments linked to the uptake of the Orange Internet + TV offer to remain stable compared to 2016.

- ✓ **Orange Belgium invites the regulators to pursue their work to stimulate the competition on the fixed internet and TV market.** The telecom and media regulators published their draft analysis on the updated TV and broadband market for consultation by the market. The consultation will run until September 2017, after which the Belgian Competition Authorities and the European Commission will be notified. A final decision is expected in the beginning of 2018. Orange Belgium welcomes the intention of the regulators to strengthen the competition on the fixed market, but also calls upon the regulators to further develop and improve the draft decision as soon as possible in the utmost interest of the consumers.

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

*"The second quarter of 2017 proved to be a dynamic quarter. First, we delivered a sound performance across all postpaid and convergent customer segments. Notwithstanding the very high level of promotional activities in the fixed market in the second quarter of 2017, we managed to keep a solid level of Internet and TV net additions for the third quarter in a row. Moreover in mobile, we succeeded in better addressing our customer's needs resulting in a reacceleration of the postpaid net additions. Second, our recognized 4G network leadership allowed us to better serve the rapidly growing customer demand for mobile data. Supported by our proactive commercial approach, the average mobile data consumption of our 4G smartphone customers increased by 51 % year-on-year, which translated in a monthly mobile data usage of 1.7 GB per customer in June 2017.*

*As for the launch of the public consultation on the updated TV and broadband market analysis, we welcome the regulator's intentions to stimulate competition in the Belgian fixed market and move to a cost-plus approach. It is now in the utmost interest of the Belgian consumers to significantly lower the level of the wholesale access fee and implement it as soon as possible. Orange Belgium also welcomes the BIPT consultation on the regulatory framework for the fiber network (FttH) roll-out in Belgium. We consider that fair co-investment models will actually lead to a wider and quicker fiber network deployment to the benefit of the Belgian economy in the long term, as it has been the case in other European countries. Therefore, we are willing to consider them, subject to acceptable financial and operational conditions."*

Arnaud Castille, Chief Financial Officer, added:

*"Orange Belgium demonstrated in the second quarter of 2017 its effective combination of sound operational execution and financial efficiency. As indicated last quarter, we reduced our subsidized offers and achieved considerable savings in acquisition and retention costs. In contrast with the first quarter of 2017, postpaid net additions advanced significantly in the second quarter of 2017, driven by a solid momentum in customer acquisition and an improved churn management thanks to the use of big data analytics. Finally, our solid performance in the first half of 2017 gives us the confidence to confirm our full year target, despite the highly competitive environment in the current year."*

## 1. Key operational highlights

- **Orange Belgium is increasingly recognized as a convergent operator**

The gap between Orange Belgium and its competitors in spontaneous awareness of a convergent offering is now the smallest it has ever been, according to Orange Belgium's Q1 Brand Tracker. The spontaneous awareness of Orange Belgium's convergent offering jumped up 9 percentage points to 41 % and is up in all regions with a steady increase in Wallonia and Brussels and a rapid progress in Flanders. This advancement was driven by the Orange Love campaign which was widely recognised, thereby boosting Share of Voice. Whilst there is still some distance to go in driving up spontaneous awareness, the focus in the coming quarters will be firmly on convincing the Belgian consumer that Orange Belgium will be their go-to convergent operator.
- **Orange Belgium is ready to reap the benefits of Easy Switch, a law making it easier to change fixed provider**

The BIPT and the Minister of Telecommunications (De Croo) wanted to make the Belgian fixed Internet & TV market more dynamic, given the difficulties customers' encountered when changing operator for fixed services. On July 3, 2017 the Easy Switch law, put in place to simplify the change of fixed operators, came into force. The Easy Switch procedure applies by default and authorizes the recipient operator to set up the switching process on behalf of the customer. Some of the benefits for the customers include reduced length of service interruptions, reduced double billing risk, improved subscriber and service identification and facilitated visits for the technician. Orange Belgium, as a new entrant in the fixed market, welcomes this initiative and has prepared all internal sales & IT processes to make maximum use of this new law.
- **Orange Belgium strengthens its position as a leading mobile network operator**

With 4G and 4G+ coverage already widely available, Orange Belgium is gradually deploying 4.5G in hotspots with a high capacity need. Ultimately, 4.5G will allow download speeds of up to 700 Mbps and upload speeds of up to 75 Mbps. Currently, 22 sites have been equipped with a 3 carrier aggregation feature, using 800 MHz, 1800MHz and 2600MHz and MIMO 4x4 (a large-scale antenna system). In particular, 4.5G will support increasing mobile video usage with a higher image quality.
- **Orange Belgium is boosting its 4G and 4G+ capacity at more than 150 events and festivals this summer**

This summer, Orange Belgium is boosting its 4G and 4G+ capacity in more than 150 events and festivals thanks to almost 100 temporary network installations and the optimization of the current network capacity. 2G and 3G capacity will be reinforced as well by deploying temporary sites with full capacity.
- **The BIPT updated its coverage maps and quality of service barometer**

The Belgian regulator BIPT announced an update of its fixed broadband and mobile coverage maps, as well as its quality barometer on fixed and mobile services. The information is designed to provide end-users as well as policymakers with better insight into the available services and infrastructure. Orange Belgium's wide mobile network coverage and high quality of service was proven by the BIPT's analysis.
- **Orange Belgium upgraded its Shape business tariff plan**

Shape provides SME customers with a flexible, transparent and simple telecom solution which employees can enjoy without worrying about exceeding data limits. As of June 11 2017 Shape Basic, Shape Plus and Ultimate Shape plans have been enhanced by allowing up to 100 % extra mobile data volumes and unlimited call minutes and SMS. The "Roam Like at Home" principle has also been applied. This change has been activated for all Orange Belgium business customers who have a Shape tariff plan.
- **Orange Belgium launched a new device buyback offer for business customers**

Orange Belgium introduced a new offer for business customers to trade-in old smartphones and tablets. With the Orange Business Buyback offer, customers trading in a device can receive a discount on a new device or get a cash back voucher. There are no limits on the type of device, nor does it need to be bought originally from Orange Belgium.

- Orange Belgium successfully identified the vast majority of its prepaid customer base**

Orange Belgium had initiated a whole battery of measures to push the prepaid customers' identification as much as possible. At the end of June, the prepaid base stood at 648.7 thousand, out of which 95 % have been registered. The remaining 5 % were blocked from the network, but can still register their identity to unblock their prepaid SIM card.
- Orange Belgium implemented the regulatory 'Roam Like at Home' framework for 39 countries and regions**

On June 11, 2017 Orange Belgium adapted its tariff plans to comply with the EU 'Roam Like at Home' regulation. All Orange Belgium customers are able to use their call minutes, mobile data and SMS from their bundle when traveling in the EU, Norway, Iceland, Liechtenstein and eight other destinations, just like if they were in Belgium. Should they exceed their allowances national tariffs will apply. The most popular travel destinations for Belgians remain France (57 %) and Spain (28 %), two countries which are also part of the Orange Group. Orange Belgium customers are therefore not only able to benefit from the most attractive tariff plans but also from the best 4G network coverage: e.g. Orange France has been investing in 4G coverage of the main fast train services, major road networks, as well as across many tourist destinations, including 404 seaside locations and 95 mountain resorts.
- Orange Belgium's Smartphone Instalment offer has gradually gained traction**

Since the launch of the Smartphone Instalment offer in February 2017, the interest in the offer has progressively increased. The plan provides postpaid customers with an alternative option for financing their smartphone of choice from any Orange shop and serves as adequate alternative for subsidized offers.
- Orange Belgium added 'Dive72', a new Orange branded LTE smartphone to its device portfolio**

Orange Belgium has added a new LTE smartphone to its device portfolio, marketed under its own brand. The Orange Dive72 is priced at 139.99 euros on a standalone basis or 9/29 euros when purchased with selected postpaid tariffs (starting at 8 euros per month). The NFC-enabled Android handset comes with a 5-inch HD screen and a finger print sensor to unlock the phone. It also features several pre-loaded tools and apps, including Orange Assistance and Orange Experience. The operator plans to expand its range of own-brand handsets in the future. Alongside the Dive72, it also offers the Hapi 50 feature phone for 79.99 euros.
- Orange Fab, the international accelerator for start-ups, expands to Belgium and Luxembourg**

Orange Fab, the exclusive international start-up accelerator network, is now open to start-ups located in Belgium and Luxembourg. The main objective of Orange Fab is to establish a commercial partnership between the start-up companies and Orange Belgium's consumer and enterprise business unit. Thanks to Orange Fab, the selected start-ups will be offered specific support to accelerate their development in Belgium and Luxembourg, as well as internationally, leveraging the worldwide presence of the Orange Group. The initiative will offer a 3-month accelerator program to established start-up businesses working in a wide range of sectors, including IoT applications, network services, artificial intelligence, big data, cloud gaming and video content.
- Orange Belgium is playing a central role in the delivery of mobile-based authentication services**

Orange Belgium together with four major banks and the two other mobile operators announced the launch of a new platform for online authentication. The app named Itsme is supporting access to government and commercial services and allows signing documents and authorizing payments. The app is secured by combining the SIM card, the smartphone and a five-digit PIN. Moreover SIM card authentication does not only provide a strong hardware based authentication, it can also be used to provide a better user experience.

## 2. Comments on the financial situation

### 2.1 Consolidated figures for the Orange Belgium Group

Orange Belgium group's consolidated key figures	H1 2017	H1 2016	Variation	Q2 2017	Q2 2016	Variation
Total number of connected SIM cards (Orange Belgium S.A., Orange Communications Luxembourg S.A. and MVNO's)	5,889.9	5,837.2	0.9 %	5,889.9	5837.2	0.9 %
Consolidated turnover (mio €)	617.2	608.7	1.4 %	310.0	299.4	3.5 %
Total service revenues (mio €)	553.5	540.3	2.4 %	279.5	267.9	4.3 %
Mobile equipment sales (mio €)	52.8	55.6	-5.0 %	25.7	24.5	5.2 %
Adjusted EBITDA (mio €)	157.2	144.9	8.4 %	85.0	91.1	-6.7 %
Adjusted EBITDA margin in % of total service revenues	28.4 %	26.8 %		30.4 %	34.0 %	
Reported EBITDA (mio €)	157.7	145.5	8.4 %	85.7	91.7	-6.5 %
Reported EBITDA margin in % of total service revenues	28.5 %	26.9 %		30.7%	34.2 %	
Consolidated net profit (mio €)	27.7	25.7	7.7 %	17.9	24.2	-26.2 %
Net profit per ordinary share (€)	0.46	0.43	7.7 %	0.30	0.40	-26.2 %
Net investment (mio €)	77.2	62.1	24.3 %	45.0	37.8	19.1 %
Net investment / Total service revenues	13.9 %	11.5 %		16.1 %	14.1 %	
Operational cash flow (mio €)	80.5	83.3	-3.4 %	40.7	53.9	-24.5 %
Organic cash flow (mio €)	38.9	38.8	0.3 %	24.7	48.1	-48.7 %
Net financial debt (mio €)	329.7	369.9	-10.9 %	329.7	369.9	-10.9 %

### 2.2 Consolidated statement of comprehensive income

#### Revenues

The Orange Belgium Group's consolidated turnover increased a solid 3.5 % and 1.4 % to 310.0 and 617.2 million euros respectively in the second quarter and first half of 2017, compared to 299.4 and 608.7 million euros in the second quarter and first half of 2016. The transitory period to Roam Like at Home, which still allowed operators to apply a surcharge, ended on 14 June 2017. As of 15 June 2017, retail roaming within the EU has to be offered at the domestic retail prices for consumption within the "Fair Use Policy" (FUP). The Group's consolidated turnover increased by 6.3 % and 3.7 % year-on-year in the second quarter and first half of 2017 respectively excluding regulatory EU roaming impact of 7.9 million euros in the second quarter of 2017 and of 13.2 million euros in first half of 2017.

In the second quarter and first half of 2017, total service revenues increased 4.3 % and 2.4 % year-on-year to 279.5 and 553.5 million euros respectively, compared to 267.9 and 540.3 million euros in the second quarter and first half of 2016. Excluding the impact of roaming tariff reductions in Europe, the total service revenues of the Orange Belgium Group increased by 7.5 % and 5.0 % year-on-year in the second quarter and first half of 2017. Due to the advanced seasonality in MVNO revenues in the second quarter of 2017 versus the same period in 2016, the growth trend was positively impacted. Even excluding these effects, the growth trend in total service revenues increased versus the previous quarter.

The consolidated mobile equipment sales of the Orange Belgium Group amounted to 25.7 and 52.8 million euros in the second quarter and first half of 2017, compared to 24.5 and 55.6 million euros last year. As a result of lower device discounts and on the back of the gradual uptake of the Smartphone Instalment offer, the mobile equipment sales trend reversed in the second quarter of 2017 with an increase of 5.2 % year-on-year versus a decrease of 13.1 % year-on-year in the first quarter of 2017.

#### Result of operating activities before depreciation and other expenses

Orange Belgium Group's adjusted EBITDA amounted to 85.0 and 157.2 million euros in the second quarter and first half of 2017, compared to 91.1 and 144.9 million euros in the second quarter and first half of 2016. The adjusted EBITDA margins amounted to 30.4 % and 28.4 % of total service revenues in the second quarter and first half of 2017 compared to 34.0 % and 26.8 % a year ago. The year-on-year comparison basis for the first semester of 2017 was not impacted by the Walloon pylon tax, given that the Walloon pylon tax provision for the full year 2016 booked in the first quarter of 2016 was balanced by the reversal of the Walloon pylon tax

provision for the full year 2015 in the second quarter of 2016. The comparison base for the adjusted EBITDA in the second quarter of 2017 was however negatively impacted by the reversal of the Walloon pylon tax provision for 2015, booked in the second quarter of 2016. This explains the 6.7 % year-on-year adjusted EBITDA decrease in the second quarter of 2017. The like-for-like adjusted EBITDA increased 12.9 % year-on-year in the second quarter of 2017 and was further impacted by 1/ the reduction of roaming prices in Europe, impacting the adjusted EBITDA by 7.5 million euros in the second quarter (12.9 million euros in the first half of 2017) and 2/ the positive impact of the advanced seasonality in MVNO revenues.

The total operational expenses amounted to 225.0 and 460.1 million euros in the second quarter and first half of 2017 compared to 208.3 and 463.8 million euros in the second quarter and first half of 2016. Whereas the second quarter was still impacted by the 15.8 million euros reversal of the 2015 Walloon pylon tax provision booked in the second quarter of 2016, the realized year-on-year decrease in total operational expenses in the first half of 2017 illustrates Orange Belgium's cost management efficiencies, in particular when considering the increased cost basis linked to the uptake of the convergent offering. The operational expenses related to the Orange Internet + TV offering, including the monthly cable wholesale fee paid to the cable operators, amounted to 11.4 and 21.2 million euros in the second quarter and first half of 2017, compared to 3.5 and 5.9 million euros in the second quarter and first half of 2016. The wholesale cable access fee paid to the host network operators represented the bulk of cable related expenses and, to a lesser extent, also content-related expenses. Given the increase in retail price of the different cable operators in Belgium, the regulated wholesale price paid by Orange Belgium to Telenet and Nethys/Brut el  has increased by more than 2 % year-on-year, since the initial implementation of the cable wholesale regulation in May 2016.

The direct costs amounted to 127.4 and 257.8 million euros in the second quarter and first half of 2017, compared to 124.2 and 258.3 million euros in the same periods a year ago. In line with the previous quarter, the purchase of material expense line item decreased. The variance is related to a material decrease in the number of subsidized transactions, compared to the same period last year. The other direct costs were impacted by an increase in wholesale access fees and in content, only partially compensated by lower interconnection costs and commission fees.

Labour costs amounted to 32.7 and 66.6 million euros in the second quarter and first half of 2017 compared to 34.1 and 68.2 million euros a year ago, a decrease of respectively 4.3 % and 2.3 % year-on-year. This decrease is the result of on-going labour cost optimization, process efficiency and industrialization.

The indirect costs amounted to 65.0 and 135.6 million euros in the second quarter and first half of 2017, compared to 49.9 and 137.3 million euros in the same periods last year. The indirect costs were up in the second quarter of 2017, given the reversal of the Walloon pylon tax provision booked in the second quarter of 2016. Once adjusted for this effect, the indirect costs have remained stable as lower commercial and IT & network expenses have compensated higher general expenses. The latter is mainly due to the extra staffing of outsourced customer care operators and sales professionals linked to the uptake of the Internet and digital TV offering.

Reported EBITDA adjustments (in million €)	H1 2017	H1 2016	Variation	Q2 2017	Q2 2016	Variation
Adjusted EBITDA	157.2	144.9	8.4 %	85.0	91.1	-6.7 %
Adjustments	+0.5	+0.5	Na	+0.7	+0.6	Na
- o/w other restructuring costs	+0.5	+0.5	Na	+0.7	+0.6	Na
- o/w other operating income	0.0	0.0	Na	0.0	0.0	Na
Reported EBITDA	157.7	145.5	8.4 %	85.7	91.7	-6.5 %

The adjustments of EBITDA amounted to 0.7 and 0.5 million euros in the second quarter and first half of 2017, compared to 0.6 and 0.5 million euros a year ago. Consequently, the reported EBITDA of the Orange Belgium Group amounted in the second quarter and first half of 2017 to 85.7 and 157.7 million euros compared to 91.7 and 145.5 million euros a year ago. The reported EBITDA margin stood at 30.7 % and 28.5 % of total service revenues in the second quarter and first half of 2017 respectively, compared to 34.2 % and 26.9 % a year ago.



## Depreciation and other expenses

The depreciation and other expenses of the Orange Belgium Group increased by 16.5 % and 14.4 % year-on-year to 57.3 and 112.2 million euros respectively in the second quarter and first half of 2017, compared to 49.2 and 98.0 million euros for the same periods in 2016. The level of historical depreciations remained stable, nevertheless total depreciations increased due to the reduction of the useful life of some fixed assets (network equipment with accelerated depreciations as a result). These changes in useful lives are necessary to cope with the accelerated technologic evolution. As a consequence of the ramp up of the convergent Love customer base, the investments in the installation of new service equipment at the customer premises (such as the set-top boxes, modems and remotes used by customers, as well as the associated activation and installation costs of the Orange Internet + TV offering) are also ramping up. As a consequence, Orange Belgium started depreciating the associated customer premises equipment over the useful life of the asset.

## EBIT

The consolidated EBIT of the Orange Belgium Group amounted to 28.7 and 45.8 million euros in the second quarter and first half of 2017, compared to 42.6 and 47.4 million euros recorded in the second quarter and first half of 2016. This variation is due to the effects described earlier in the adjusted EBITDA section, as well as the increase in depreciation and other expenses compared with the prior year. The EBIT margin in the second quarter and first half of 2017 stood at 10.3 % and 8.3 % of service revenues.

## Financial result

The financial result of the Orange Belgium Group stood at -1.2 and -2.4 million euros in the second quarter and first half of 2017, a small decline compared to a year ago. This decline is driven by the continued decrease of the outstanding debt.

## Taxes

The tax expense of the Orange Belgium Group amounted to 9.7 and 15.7 million euros in the second quarter and first half of 2017, compared to 16.8 and 18.4 million in the second quarter and first half of 2016. This implies an effective tax rate of 35.1 % and 36.2 % respectively, down from 41.0 % and 41.7 % a year ago.

## Net profit

As a result of the previous items, the consolidated net profit of the Orange Belgium Group amounted to 17.9 and 27.7 million euros in the second quarter and first half of 2017, compared to 24.2 and 25.7 million euros a year ago. Consequently, the net profit per share amounted to 0.30 and 0.46 euro in the second quarter and first half of 2017, compared to 0.40 and 0.43 euro in the same periods last year.

## 2.3 Consolidated statement of financial position

The consolidated statement of financial position amounted to 1,466.0 million euros on 30 June 2017, compared to 1,524.2 million euros at the end of December 2016.

Non-current assets decreased to 1,213.8 million euros at the end of June 2017, compared to 1,249.1 million euros at the end of 2016. Current assets, mainly inventories and cash and cash equivalents, also decreased to 252.1 million euros at the end of June 2017 from 275.1 million at the end of 2016. Total equity remained fairly stable at the end of the first half of 2017 with 530.4 million euros, compared to 532.4 million euros at the end of 2016. Non-current liabilities decreased considerably from 465.4 million euros at the end of 2016 to 402.6 million euros at the end of June 2017. This decline stems from the lower outstanding end balance of the credit facility. Current liabilities increased from 526.4 million euros at the end of 2016 to 532.9 million euros at the end of June 2017.

The net financial debt at the end of June 2017 stood at 329.7 million euros, compared to 369.9 million euros a year ago, a decrease of 10.9 % year-on-year. The net financial debt/reported EBITDA ratio at the end of the first half of 2017 amounted to 1.0x compared to 1.1x at the end of December 2016. The 2016 dividend of 0.50 euro per share was paid in the second quarter of 2017

## 2.4 Consolidated cash flow statement

The Orange Belgium Group invested 45.0 and 77.2 million euros, i.e. 16.1 % and 13.9 % of total service revenues, in the second quarter and first half of 2017 compared to 37.8 and 62.1 million euros, i.e. 14.1 % and 11.5 % of total service revenues a year ago. The cable related capital expenditures amounted to 14.5 and 26.0 million euros in the second quarter and first half of 2017, 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. The operational cash flow, defined as reported EBITDA minus net investments, amounted to 40.7 and 80.5 million euros in the second quarter and first half of 2017 compared to 53.9 and 83.3 million euros in the second quarter and first half of 2016. The organic cash flow, which is an operational performance indicator in order to measure the cash flow provided by the operating activities, amounted to 24.7 and 38.9 million euros in the second quarter and first half of 2017, compared to 48.1 and 38.8 million euros a year ago. Although the stable organic cash flow in the first half of 2017 compared to the same period last year, there were some variance in the cash flow statement, of which the main variance are listed below:

- A small increase of 2.0 million euros in consolidated net income (+),
- An increase in the adjusted result of operating activities of 17.8 million euros (+),
- An decrease of 2.0 million euros in working capital needs (+), including a 34.9 million euros decrease in trade receivables and a 36.7 million euros increase in trade payables,
- An increase of 12.0 million euros in other net cash out (-), including an increase of 20.8 million euros in income tax paid related to 2015;
- An increase in purchases of property, plant and equipment and intangible assets of 9.5 million euros (-).

Following the approval of the annual general meeting of May 3, 2017, the 2016 gross ordinary dividend of 0.50 euro per share (coupon nr. 17) or total dividend of 30.0 million euros was paid in the second quarter of 2017.



## 2.5 Activities of the Orange Belgium Group by segment

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

### 2.5.1. Activities in Belgium

Key financial figures of Orange Belgium S.A.	H1 2017	H1 2016	Variation	Q2 2017	Q2 2016	Variation
Total service revenues (mio €)	529.9	517.4	2.4 %	267.1	256.2	4.3 %
of which mobile services	491.4	483.6	1.6 %	248.1	239.5	3.6 %
of which fixed services	38.4	33.8	13.6 %	19.0	16.7	14.0 %
Total turnover (mio €)	592.4	584.2	1.4 %	295.6	286.0	3.4 %

Key operating figures of Orange Belgium S.A.	Q2 2017	Q2 2016	Variation
ARPU (€/month/active customer)	25.4	24.5	3.5 %
Mobile retail customers (excl. MVNO)	3,779.0	3,779.7	0.0 %
Mobile customers (excl. IoT/M2M)	2,920.3	3,023.4	-3.4 %
Of which postpaid	2,271.7	2,234.8	1.7 %
Of which prepaid	648.7	788.6	-17.7 %
IoT/M2M SIM cards	858.6	756.4	13.5 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	1,930.4	1,907.3	1.2 %
Fixed broadband internet and TV customers	77.8	28.0	177.3 %
Of which cable	64.3	10.5	510.1 %
Fixed telephone lines	150.7	164.7	-8.5 %

### Mobile activities

#### Market Review

Similar to the first quarter, the second quarter of 2017 saw a continued demand for mobile data by the Belgian consumers with a further penetration of 4G enabled smartphones and an increase in average mobile data usage. In particular, the implementation of the prepaid identification obligation and the implementation of the new roaming regulation characterized the second quarter of 2017 significantly. The prepaid identification registration process ran until early June 2017 and triggered a lot of animation in the market to guarantee secured identifications while, at the same time seizing the opportunity to drive pre- to postpaid migration. This resulted in an active promotional mobile market, both in the prepaid and postpaid segment. As a result of the prepaid registration obligation some MVNO players in the market decided to end their activities. The transitory period, before the complete abolition of roaming surcharges, ran until June 14, 2017. Until then, operators could still apply a surcharge up to the current regulated wholesale rates. From 15 June, 2017 the 'Roam Like at Home' framework was implemented in the EU zone with the obligation to charge retail roaming within the EU at domestic retail pricing within the Fair Use Policy (FUP) aimed at avoiding abusive usage.

On May 26, 2017 the BIPT published its final decision on the mobile termination rates (MTR) in Belgium. As of July 1, 2017 the MTRs have come down from 1.18 eurocents to 0.99 eurocents.

#### Operational Review

Orange Belgium's mobile retail customer base (excl. MVNO) stood out at 3,779.0 thousand at the end of June 2017, stable compared to June 2016 and an increase of 19.8 thousand compared to the previous quarter. The increase in Orange Belgium's mobile retail customer base is realized despite the turmoil created by the prepaid identification obligation and thanks to a solid increase in the postpaid and IoT/M2M customer base.

At the end of June of 2017 the postpaid customer base stood at 2,271.7 thousand customers, an increase of 36.9 and 21.2 thousand compared to the end of June 2016 and the previous quarter, respectively. Orange Belgium's compelling postpaid offers, the recently launched Smartphone Instalment offer, pre-to-postpaid migration and the support of the convergent customer base uptake continued to sustain the growth of the postpaid customer base, which registered 21 thousand net additions in the second quarter of 2017, despite

significant reductions in subsidised offers. Since the launch of the Smartphone Instalment offer in February 2017, interest in the offer has gradually developed. The solid net additions performance was entirely driven by SIM-only offers and was realized within both residential and enterprise segment.

At the end of June, the active prepaid customer base stood at 648.7 thousand, out of which 95 % have been identified and registered. This result can be considered as a success and shows the relevance and the depth of Orange Belgium's distribution network. The remaining 5 % of customers that have not registered have been locked out from the network, given their non-compliance with the law. It should be noted that all prepaid cards must be identified regardless of the purpose of their use (including those active in alarm systems, online devices, etc.). From a financial communication point of view, those customers that have not registered will temporarily continue to be included in the reported active prepaid customer base. This base reflects the number of active prepaid SIM cards at the end of the period, i.e. customers that charged their card in the last 90 days or with a traffic event in the last 90 days. Non-registered customers who take no action after 7 June 2017 to register themselves, will remain network locked and will turn into inactive prepaid customers no later than September 7, 2017; furthermore, they will definitely lose their number if they remain inactive during 275 days.

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 June 2017 858.6 thousand active SIM cards were hosted on the Orange Belgium network, an increase of 102.2 and 26.6 thousand compared to June 2016 and to end of the previous quarter, respectively. A team of 40 IoT and M2M experts ensures smooth operation of all applications. Solid progress has been made with the different Narrow band-IoT (NB-IoT)/LTE-M test projects paving the way for a commercial roll-out in the coming months. NB-IoT/LTE-M is a technology standard, designed to broaden the future of IoT connectivity. The technology was developed to enable efficient communication and long battery life for mass distributed devices across wide geographical footprints and deep within urban infrastructure.

In addition to the solid development of the customer base, Orange Belgium experienced a sustained increase in mobile data usage of its customers. Total smartphone penetration increased further to 70 %, mainly driven by the postpaid segment. 4G and 4G+ smartphone penetration picked up further reaching 53 % and 16 %. As such 4G adoption increased well among Orange Belgium's customers with an increase of about 356.7 and 70.8 thousand active 4G users in the past 12 months and quarter respectively. Customers who move to 4G typically have a higher customer satisfaction and a greater appetite for mobile data. The average monthly mobile data consumption of Orange Belgium's smartphone and 4G smartphone customer base amounted in June to 1.1 and 1.7 GB, an increase of 67 % and 51 % year-on-year, respectively. This usage growth combined with the larger mobile data customer base resulted in an increase of total data traffic of 61 %. The portion of 4G data traffic within the total traffic now reached 84 %.

The wholesale MVNO customer base stood at 1,930.4 thousand customers at the end of June 2017, an increase of 23.1 thousand customers compared to the end of June 2016. Nevertheless, compared to the end of the first quarter of 2017, the MVNO customer base declined by 66.2 thousand customers in the second quarter of 2017. This decline was driven by a decrease in the MVNO customer base of both Telenet as well as Lycamobile.

Including the MVNO customer base, Orange Belgium's total network customer base stood at 5,709.4 thousand at the end of the second quarter, an increase of 22.4 thousand compared to the end of the second quarter of 2016.

#### Financial Review

The blended ARPU increased by 3.5 % year-on-year in the second quarter of 2017 to 25.4 euros from 24.5 euros in the second quarter of 2016. This increase in ARPU is achieved thanks to a more favourable customer mix between postpaid and prepaid and a sustained increase of the postpaid ARPU.

The postpaid ARPU increased to 29.3 euros from 29.0 euros a year ago, as customers continued to seek more data rich tariff plans. Moreover this increase was realized despite the knock-on effects of the EU roaming regulation and the accelerating decline in EBITDA-neutral SMS traffic (ARPU effect of -0.5 euro year-on-year).

The prepaid ARPU amounted to 11.3 in the second quarter of 2017 compared to 12.0 euro in the second quarter of 2016, a decline of 6.2 % year-on-year.

The mobile service revenues of Orange Belgium amounted to 248.1 and 491.4 million euros in the second quarter and first half of 2017, compared to 239.5 and 483.6 million euros in the second quarter and first half of 2016, a solid increase of 3.6 % and 1.6 % year-on-year. This increase is realized despite the decline of incoming SMS revenues by 4.9 and 9.1 million euros in the second quarter and first half of 2017. Incoming SMS revenues are generated when an Orange Belgium customer receives an SMS from a user on another mobile network. The fee is not charged to the Orange Belgium customer receiving the call but, rather, the telecommunications company that routed the call to the Orange Belgium network. These fees are generally determined by MTRs. The SMS termination fee in Belgium amounts to 4.96 eurocents per SMS, more than double the European average. However given that most of the tariff plans in Belgium are integrated tariff plans with unlimited SMS there is no imminent regulation in sight.

The EU roaming impact amounted to 7.2 and 11.1 million euros in the second quarter and first half of 2017, excluding this impact the mobile service revenues of Orange Belgium increased by 6.3 % and 3.7 % year-on-year. This strong mobile service revenues growth was driven by the solid postpaid performance with an increase of the customer base and ARPU, in addition to the advanced seasonality in MVNO revenues in the second quarter of 2017 compared to the same period in 2016. The wholesale MVNO revenues, included in the mobile service revenues, amounted to 22.4 and 45.4 million euros in the second quarter and first half of 2017 compared to 13.6 and 35.1 million euros a year ago.

## **Fixed and convergent activities**

### **Market Review**

In the course of the second quarter, the Belgian regulator BIPT presented a new strategic plan for the period 2017-2019. The strategic plan exists out of three axes: 1/ the focus will be on stimulating competition, which is seen as the main driver for innovation and investment. The BIPT is, in particular, concerned about prices for fixed and multi-play packages in Belgium, which are still well above the average in Europe. The BIPT is also worried about the "super dominance" of Proximus in the business market and wants to do more to stimulate competition in this segment. Furthermore, the regulator is in favour of encouraging co-investment in fibre. 2/ The BIPT wishes to remain the reference to provide users the best information on all important information regarding telecom and postal services. 3/ In the context of the development of 5G services, the BIPT will start the preparation of the attribution of the 700 MHz and 3400-3800 MHz bands as well as the re-attribution process for the 900-1800-2100 MHz spectrum. Public consultations on the licensing conditions for these bands were organised. The attribution may be expected as of around end 2018.

On July, 7 2017 the telecom and media regulators published their draft decision regarding the analysis of the broadband and television broadcasting markets which it submits for consultation to the different stakeholders. The consultation period ends on September 15, 2017. It addresses, in detail and in line with the methodology prescribed by the EU, the market for broadband local access, broadband central access and broadcasting distribution. Within the framework of the draft analysis, the regulators identified high entry barriers preventing the development of competition; moreover the regulators also underlined the high market concentration and the evolution of retail prices detrimental to users. The regulators judged that the high entry barriers are the result of the historical investments done by those operators at a time when these operators had exclusive rights or de facto monopolies. The regulators consequently considered that the development of effective and sustainable competition requires that third operators should have access to the networks of Proximus and of the cable operators Brutélé, Nethys, SFR and Telenet. Taking among others the market trends regarding bundling into account, the regulators propose to impose obligations such as (stand-alone) wholesale broadband access, access to cable telephony enablers and access to the digital TV-platform of the cable operators, while they also put forward a number of options with respect to access to Proximus' fiber network. Wholesale access conditions to cable and fiber networks would have to be based on fair tariffs, meaning a price which may exceed the costs while keeping a link with costs.

#### Operational Review

Orange Belgium's position as a convergent player is increasingly recognized in the Belgian market. The overall recognition of Orange Belgium's convergent offering is increasing in the market. Moreover, it is clear that other players in the market are reacting to Orange Belgium's convergent offering. Nevertheless Orange Belgium succeeded in growing its fixed customer base. At the end of the second quarter of 2017, Orange Belgium had a total of 77.8 thousand fixed broadband internet and TV customers, compared to 28.0 and 66.3 thousand at the end of the second quarter of 2016 and first quarter of 2017, respectively. At the end of the second quarter of 2017, Orange Belgium had 64.3 thousand Orange Love customers with 105.8 thousand attached mobile contracts, an increase of 14.5 and 27.6 thousand respectively.

The number of fixed telephone lines stood at 157.0 thousand at the end of the second quarter of 2017 compared to 169.9 thousand at the end of the second quarter of 2016.

#### Financial Review

Orange Belgium's fixed service revenues amounted to 19.0 and 38.4 million euros in the second quarter and first half of 2017, compared to 16.7 and 33.8 million euros in the second quarter and first half of 2016. This year-on-year increase of 14.0 % and 13.6 % in fixed service revenues clearly illustrates the positive uptake of Orange Belgium's Love offer on the top line. Unfortunately, this positive evolution is not maintained at the EBITDA level, once taking into consideration the operational expenses incurred to sustain this business.

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

Key financial figures of Orange Communications Luxembourg S.A.	H1 2017	H1 2016	Variation	Q2 2017	Q2 2016	Variation
Total service revenues (mio €)	25.1	24.1	4.3 %	13.2	12.2	7.6 %
of which mobile services	22.3	22.1	1.2 %	11.6	11.2	4.2 %
of which fixed services	2.8	2.0	37.8 %	1.5	1.1	43.2 %
Total turnover (mio €)	30.6	30.6	0.1 %	16.6	14.6	13.6 %

Key operating figures of Orange Communications Luxembourg S.A.	Q2 2017	Q2 2016	Variation
ARPU (€/month/active customer)	35.2	35.8	-1.7 %
Mobile retail customers (excl. MVNO)	178.3	148.1	20.4 %
Mobile customers (excl. IoT/M2M)	109.7	102.7	6.8 %
Of which postpaid	99.9	95.2	4.9 %
Of which prepaid	9.8	7.5	30.5 %
IoT/M2M SIM cards	68.6	45.4	51.2 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	2.2	2.1	7.4 %

### Market Review

The market in Luxembourg has remained competitive with all operators providing aggressive promotions on Internet and TV services. The mobile portfolios of all operators are aligned in terms of content and price, all mainly compliant with EU roaming regulation.

### Operational Review

At the end of March 2017, Orange Luxembourg launched its version of LOVE, taking the opportunity of the Springbreak fair in Luxembourg to do so. The offer includes high speed broadband either by fibre or by coaxial cable depending on the eligibility (the internet comes in 3 maximum download speeds: 30 MB/s, 100 MB/s and 200 MB/s), a TV offering with more than 110 channels and optional packages to meet the needs of the whole family and a mobile offering with voice minutes, texts and mobile internet in Luxembourg and Europe. In the second quarter of 2017, the introduction of bundled Love offers with a Samsung TV was well received by the customer. In the second quarter of 2017, Orange Luxembourg's fixed broadband internet and TV customers increased to 9.9 thousand customers, compared to 8.6 thousand in the second quarter of 2016.

At the end of the second quarter of 2017, Orange Luxembourg had 178.3 thousand SIM cards connected to its network, compared to 148.1 thousand at the end of the first quarter of 2016, an increase of 20.4 % year-on-year. The growth was driven by increase of the postpaid (+15.2 % year-on-year) and IoT/M2M customer base (+51.2 % year-on-year), in addition to a further uptake of the MVNO customer base.

### Financial Review

Total service revenues stood at 13.2 and 25.1 million euros in the second quarter and first half of 2017, compared to 12.2 and 24.1 million euros a year earlier, an increase of 7.6 % and 4.3 % year-on-year. This increase was driven by both mobile as well as fixed service revenues in the second quarter and first half of 2017. Mobile service revenues were up 4.2 % and 1.2 % year-on-year, respectively in the second quarter and first half of 2017, while fixed service revenues were up 43.2 % and 37.8 % year-on-year, respectively. The impact of EU roaming regulation in the second quarter and first half of 2017 amounted to 0.6 and 2.1 million euros, implying that the underlying trend in mobile service revenues remained very strong in Luxembourg with an increase of 7.5 % and 5.0 % year-on-year. Orange Luxembourg's blended ARPU amounted to 35.2 euros in the second quarter of 2017 compared to 35.8 euros a year ago. Orange Luxembourg's total turnover in the second quarter and first half of 2017 amounted to 16.6 and 30.6 million euros compared to 14.6 and 30.6 million euros during the same periods last year.

### 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. Significant events after the end of the first half of 2017

No other significant events occurred after the end of the first half of 2017 reporting period.

### 5. Trends

The Orange Belgium Group reiterates its guidance for the financial year 2017: growth in total service revenues and an adjusted EBITDA between 290 and 310 million euros in 2017. This guidance shows a strong ambition especially taking into account the 31.9 million euros adverse impact of EU roaming regulation in 2017. Further, the Orange Belgium Group expects its total capex excluding investments linked to the successful uptake of the Orange Internet + TV offer to remain stable compared to 2016.

The Orange Belgium Group estimates that the EU roaming regulation will have a gross negative impact of 36.4 million euros on the group's service revenues and of 31.9 million euros on the group's adjusted EBITDA in 2017.

### 6. Financial calendar

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

### 7. Conference call and webcast details

Date:	26 July 2017
Time:	2:00 pm (CET), 1:00 pm (UK), 8:00 am (US/NY)
Conference call:	<a href="https://corporate.orange.be/en/financial-information">https://corporate.orange.be/en/financial-information</a>

Please plan on accessing the conference call and webcast ten minutes prior to the scheduled start time.

### 8. Shares

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

	H1 2017	H1 2016	Q2 2017	Q2 2016
<b>Trading of shares</b>				
Average closing share price (€)	20.62	19.93	20.13	20.32
Average daily volume	65,889	82,158	73,040	63,557
Average daily value (€)	1,353,119	1,622,154	1,462,920	1,291,431
<b>Shares and market values</b>				
Total number of shares	60,014,414	60,014,414	60,014,414	60,014,414
Treasury shares	42,100	3,400	42,100	3,400
Outstanding shares	60,014,414	60,014,414	60,014,414	60,014,414
Closing price (€)	20.5	20.75	20.5	20.75
Market capitalization (€)	1,230,295,487	1,244,999,018	1,230,295,487	1,244,999,018



## 9. Quarterly results

		Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
<b>ORANGE BELGIUM GROUP</b>							
<b>Mobile services</b>							
Mobile retail customers (excl. MVNO)	in thousand	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	3,030.1	3,033.1	3,076.1	3,095.9	3,126.1	3 131.8
Postpaid	in thousand	2,371.6	2,348.5	2,345.0	2,334.8	2,330.0	2 311.1
Prepaid	in thousand	658.5	684.6	731.2	761.1	796.1	820.7
IoT/M2M SIM cards	in thousand	927.3	890.9	879.6	829.1	801.8	777.3
MVNO customers	in thousand	1,932.6	1,998.9	2,042.9	1,992.1	1,909.3	1 818.7
<b>Fixed services</b>							
Fixed broadband internet and TV customers	in thousand	87.7	76.3	59.9	43.2	36.7	33.9
Fixed telephone lines	in thousand	151.3	157.6	158.6	159.4	165.6	171.0
<b>ORANGE BELGIUM</b>							
<b>Mobile services</b>							
Mobile retail customers (excl. MVNO)	in thousand	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	2,920.3	2,927.1	2,970.8	2,991.8	3,023.4	3 029.7
Postpaid	in thousand	2,271.7	2,250.5	2,247.6	2,238.3	2,234.8	2 217.0
Prepaid	in thousand	648.7	676.6	723.1	753.5	788.6	812.7
Mobile blended ARPU, three months average (incl. visitor roaming)	in EUR/month	25.4	24.5	24.8	24.7	24.5	24.0
Postpaid ARPU, three months average (incl. visitor roaming)	in EUR/month	29.3	28.9	29.1	29.2	29.0	28.6
Prepaid ARPU, three months average	in EUR/month	11.3	11.1	11.8	11.7	12.0	11.7
IoT/M2M SIM cards	in thousand	858.6	832.0	825.7	778.7	756.4	737.0
MVNO customers	in thousand	1,930.4	1,996.7	2,040.7	1,990.0	1,907.3	1 816.6
<b>Fixed services</b>							
Fixed broadband internet and TV customers	in thousand	77.8	66.3	50.3	34.2	28.0	25.9
Of which cable	in thousand	64.3	49.8	33.4	17.6	10.5	5.3
Fixed telephone lines	in thousand	150.7	157.0	157.9	158.5	164.7	169.9
<b>ORANGE LUXEMBOURG</b>							
<b>Mobile services</b>							
Mobile retail customers (excl. MVNO)	in thousand	178.3	164.9	159.3	154.5	148.1	142.4
Mobile customers (excl. IoT/M2M)	in thousand	109.7	106.0	105.4	104.1	102.7	102.1
Postpaid	in thousand	99.9	98.0	97.3	96.6	95.2	94.1
Prepaid	in thousand	9.8	8.0	8.0	7.5	7.5	8.0
Mobile blended ARPU, three months average (incl. visitor roaming)	in EUR/month	35.2	33.3	35.1	34.9	35.8	35.2
IoT/M2M SIM cards	in thousand	68.6	58.9	53.9	50.4	45.4	40.3
MVNO customers	in thousand	2.2	2.2	2.2	2.1	2.1	2.1
<b>Fixed services</b>							
Fixed broadband internet and TV customers	in thousand	9.9	10.0	9.6	9.1	8.6	8.0
Fixed telephone lines	in thousand	0.6	0.7	0.7	0.9	0.9	1.1

## ORANGE BELGIUM GROUP – Key financial figures

Total service revenues	in mio EUR	279.5	274.0	277.7	275.3	267.9	272.4
Mobile service revenues	in mio EUR	258.9	253.4	258.5	257.6	250.1	254.3
Fixed service revenues	in mio EUR	20.6	20.7	19.2	17.7	17.8	18.1
Adjusted EBITDA	in mio EUR	85.0	72.2	78.5	92.2	91.1	53.8
% of service revenues		30.4 %	26.3 %	28.3 %	33.5 %	34.0 %	19.8 %
Reported EBITDA	in mio EUR	85.7	71.9	79.9	91.7	91.7	53.7
% of service revenues		30.7 %	26.2 %	28.8 %	33.3 %	34.2 %	19.7 %
CAPEX	in mio EUR	45.0	32.2	71.3	34.2	37.8	24.3
% of service revenues		16.1 %	11.7 %	25.7 %	12.4 %	14.1 %	8.9 %
Operating cash flow	in mio EUR	40.7	39.8	8.6	57.5	53.9	29.4
% of service revenues		14.6 %	14.5 %	3.1 %	20.9 %	20.1 %	10.8 %
Net financial debt	in mio EUR	329.7	323.7	338.0	315.2	369.9	418.1
Net financial debt / Reported EBITDA		1.0	1.0	1.1	0.9	1.1	1.4

## 10. 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 %), and Walcom S.A. (100 %).

## Interim condensed consolidated financial statements

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## Interim condensed consolidated statement of comprehensive income

		in million EUR	
Ref.		30.06.2017	30.06.2016
	Mobile service revenues	512.3	504.5
	Fixed service revenues	41.2	35.9
	Other revenues	10.9	12.8
	Mobile equipment sales	52.8	55.6
	<b>Total turnover</b>	<b>617.2</b>	<b>608.7</b>
	Purchase of material	-76.3	-88.8
	Other direct costs	-181.5	-169.5
	<b>Direct costs</b>	<b>-257.8</b>	<b>-258.3</b>
	<b>Labor costs</b>	<b>-66.6</b>	<b>-68.2</b>
	Commercial expenses	-17.0	-23.5
	Other IT & network expenses	-44.2	-48.4
	Property expenses	-27.5	-27.0
	General expenses	-33.8	-27.4
	Other indirect income	7.6	10.9
	Other indirect costs	-20.7	-21.8
	<b>Indirect costs</b>	<b>-135.6</b>	<b>-137.3</b>
	<b>Adjusted EBITDA</b>	<b>157.2</b>	<b>144.9</b>
	Adjustments	0.5	0.5
	o/w other restructuring costs*	0.5	0.5
	<b>Reported EBITDA</b>	<b>157.7</b>	<b>145.5</b>
	Depreciation and amortization	-112.2	-98.0
	Share of profits (losses) of associates	0.3	0
	<b>EBIT</b>	<b>45.8</b>	<b>47.4</b>
	Financial result	-2.4	-3.3
	Financial costs	-2.4	-3.3
	Financial income	0	0
6	Tax expense	-15.7	-18.4
	<b>Net profit of the period **</b>	<b>27.7</b>	<b>25.7</b>
	<b>Profit attributable to equity holders of the parent</b>	<b>27.7</b>	<b>25.7</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>			
	<b>Net profit for the period</b>	<b>27.7</b>	<b>25.7</b>
	Other comprehensive income (cash flow hedging)	1.0	-2.2
	<b>Total comprehensive income for the period</b>	<b>28.6</b>	<b>23.5</b>
	<b>Part of the total comprehensive income attributable to equity holders of the parent</b>	<b>28.6</b>	<b>23.5</b>
	Basic earnings per share (in EUR)	0.46	0.43
	Weighted average number of ordinary shares	60 014 414	60 014 414
	Diluted earnings per share (in EUR)	0.46	0.43
	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.

## Interim condensed consolidated statement of financial position

Ref.	in million EUR		
	30.06.2017	31.12.2016	
	<b>ASSETS</b>		
3	Goodwill	80.1	80.1
	Other intangible assets	304.5	320.8
	Property, plant and equipment	810.5	830.0
	Interests in associates and joint ventures	3.9	3.7
	Non-current financial assets	2.0	2.0
	Other non-current assets	0.3	0.3
	Deferred tax assets	12.5	12.3
	<b>Total non-current assets</b>	<b>1 213.8</b>	<b>1 249.1</b>
	Inventories	20.5	30.6
	Trade receivables	187.4	175.7
	Current financial assets	0.5	0.5
	Current derivatives assets	2.3	3.1
	Other current assets	1.6	1.0
	Operating taxes and levies receivables	0.9	0.7
	Prepaid expenses	26.0	12.1
4	Cash and cash equivalents	12.8	51.4
	<b>Total current assets</b>	<b>252.1</b>	<b>275.1</b>
	<b>Total assets</b>	<b>1 466.0</b>	<b>1 524.2</b>
	<b>EQUITY AND LIABILITIES</b>		
	Share capital	131.7	131.7
	Legal reserve	13.2	13.2
	Retained earnings (excl. legal reserve)	386.4	387.8
	Treasury shares	-0.9	-0.3
5	<b>Equity attributable to the owners of the parent</b>	<b>530.4</b>	<b>532.4</b>
	<b>Total equity</b>	<b>530.4</b>	<b>532.4</b>
4	Non-current financial liabilities	329.4	389.0
	Non-current derivatives liabilities	3.2	4.7
	Non-current employee benefits	0.6	0.6
8	Non-current provisions for dismantling	65.1	65.6
8	Other non-current liabilities	2.8	3.8
	Deferred tax liabilities	1.5	1.7
	<b>Total non-current liabilities</b>	<b>402.6</b>	<b>465.4</b>
4	Current financial liabilities	13.0	0.2
	Current derivatives liabilities	2.3	3.1
	Current fixed assets payable	41.0	68.8
	Trade payables	192.7	167.7
	Current employee benefits	32.3	31.8
8	Current provisions for dismantling	0.7	1.0
	Current restructuring provisions	14.1	16.8
	Other current liabilities	12.3	11.4
	Operating taxes and levies payables	123.7	110.0
	Current tax payables	42.0	56.9
	Deferred income	58.8	58.7
	<b>Total current liabilities</b>	<b>532.9</b>	<b>526.4</b>
	<b>Total equity and liabilities</b>	<b>1 466.0</b>	<b>1 524.2</b>



## Interim condensed consolidated cash flow statement

Ref.	in million EUR	
	30.06.2017	30.06.2016
	<b>Operating activities</b>	
	<b>27.7</b>	<b>25.7</b>
	Consolidated net income	
	Adjustments to reconcile net income (loss) to funds generated from operations	
	15.0	21.6
	-0.1	0
	112.2	98.0
	-4.3	-18.5
	-0.3	0
	0.1	-0.3
	2.4	3.3
6	15.7	18.4
	0	0.3
	Changes in working capital requirements	
	10.0	10.4
	-11.9	23.0
	24.9	-11.7
	-4.4	-5.0
	Other net cash out	
	-9.6	-17.5
	-2.0	-2.8
6	-31.6	-10.8
	<b>143.9</b>	<b>134.1</b>
	<b>Investing activities</b>	
	Purchases (sales) of property, plant and equipment and intangible assets	
	-77.2	-62.1
	-27.8	-33.4
	<b>38.9</b>	<b>38.8</b>
	0	-2.1
	0.1	0
	-0.1	1.0
	<b>-104.9</b>	<b>-96.5</b>
	<b>Financing activities</b>	
	-60.0	-30.0
	13.0	-2.9
	-0.6	0
	0	-0.1
5	-30.0	0
	<b>-77.6</b>	<b>-33.0</b>
	<b>-38.7</b>	<b>4.5</b>
	Cash and cash equivalents – opening balance	
	51.4	9.7
	4.1	3.2
	47.3	6.5
	<b>-38.7</b>	<b>4.5</b>
	Cash and cash equivalents – closing balance	
	12.8	14.5
	6.9	7.9
	5.9	6.6

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

## Interim condensed consolidated statement of changes in equity

in million EUR					
	Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity
<b>Balance as at 1 January 2017</b>	<b>131.7</b>	<b>13.2</b>	<b>387.8</b>	<b>-0.3</b>	<b>532.4</b>
Net profit for the period			27.7		27.7
Other comprehensive income			1.0		1.0
<b>Total comprehensive income for the period</b>			<b>28.6</b>		<b>28.6</b>
Own shares				-0.6	-0.6
Declared dividends			-30.0		-30.0
<b>Balance as at 30 June 2017</b>	<b>131.7</b>	<b>13.2</b>	<b>386.4</b>	<b>-0.9</b>	<b>530.4</b>

in million EUR					
	Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity
<b>Balance as at 1 January 2016</b>	<b>131.7</b>	<b>13.2</b>	<b>312.2</b>	<b>0</b>	<b>457.1</b>
Net profit for the period			25.7		25.7
Other comprehensive income			-2.2		-2.2
<b>Total comprehensive income for the period</b>			<b>23.5</b>		<b>23.5</b>
Other			0.2		0.2
<b>Balance as at 30 June 2016</b>	<b>131.7</b>	<b>13.2</b>	<b>335.9</b>	<b>0</b>	<b>480.8</b>

## Segment information

30.06.2017	in million EUR			
	Belgium	Luxembourg	Intero elimination	Orange Belgium group
Mobile service revenues	491.4	22.3	-1.5	512.3
Fixed service revenues	38.4	2.8	0	41.2
Other revenues	10.3	0.7	0	10.9
Mobile equipment sales	52.2	4.8	-4.2	52.8
<b>Total turnover</b>	<b>592.4</b>	<b>30.6</b>	<b>-5.7</b>	<b>617.2</b>
<b>Direct costs</b>	<b>-247.6</b>	<b>-15.9</b>	<b>5.7</b>	<b>-257.8</b>
<b>Labor costs</b>	<b>-61.9</b>	<b>-4.7</b>	<b>0</b>	<b>-66.6</b>
<b>Indirect costs</b>	<b>-128.2</b>	<b>-7.5</b>	<b>0</b>	<b>-135.6</b>
<b>Adjusted EBITDA</b>	<b>154.7</b>	<b>2.5</b>	<b>0</b>	<b>157.2</b>
<b>Reported EBITDA</b>	<b>155.2</b>	<b>2.5</b>	<b>0</b>	<b>157.7</b>

30.06.2016	in million EUR			
	Belgium	Luxembourg	Intero elimination	Orange Belgium group
Mobile service revenues	483.6	22.1	-1.2	504.5
Fixed service revenues	33.8	2.0	0	35.9
Other revenues	12.2	0.6	0	12.8
Mobile equipment sales	54.6	5.8	-4.8	55.6
<b>Total turnover</b>	<b>584.2</b>	<b>30.6</b>	<b>-6.0</b>	<b>608.7</b>
<b>Direct costs</b>	<b>-248.7</b>	<b>-15.1</b>	<b>5.5</b>	<b>-258.3</b>
<b>Labor costs</b>	<b>-63.2</b>	<b>-5.0</b>	<b>0</b>	<b>-68.2</b>
<b>Indirect costs</b>	<b>-130.3</b>	<b>-7.4</b>	<b>0.5</b>	<b>-137.3</b>
<b>Adjusted EBITDA</b>	<b>141.9</b>	<b>3.0</b>	<b>0</b>	<b>144.9</b>
<b>Reported EBITDA</b>	<b>142.4</b>	<b>3.0</b>	<b>0</b>	<b>145.5</b>

For more detailed information on significant evolutions, we refer to point 2.5 of this interim report "Activities of the Orange Belgium Group by segment".

## Notes to the interim condensed consolidated financial statements

Orange Belgium S.A. (the company's ultimate majority shareholder is Orange S.A) is one of the main actors on the telecommunications market in Belgium and Luxembourg. Orange Belgium is listed on the Brussels Stock Exchange (OBEL). As a convergent actor, the company provides mobile telecommunication, internet and TV services to residential clients, as well as innovative mobile and fixed line services to businesses and large corporates. Orange Belgium also acts as a wholesale operator, providing its partners with access to its infrastructure and service capacities. Orange Belgium's high-performance mobile network supports 2G, 3G, 4G and 4G+ technology and is the subject of on-going investments.

### 1. Accounting policies

#### 1.1. Basis of preparation of the financial statements

The interim condensed consolidated financial statements for the six months period ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and were authorized for issue by the Board of Directors on 25 July 2017.

The interim condensed consolidated financial statements were prepared using the same accounting policies as the consolidated financial statements for the year ended December 31, 2016. They should be read in conjunction with Orange Belgium's annual consolidated financial statements as at 31 December 2016 since they do not include all the information and disclosures required in the annual consolidated financial statements.

The interim condensed consolidated financial statements are presented in million euros except when otherwise indicated. The Group's functional and presentation currency is euro. Each entity applies this currency for its financial statements.

#### 1.2. Uses of estimates and judgment

In preparing the Group's interim condensed consolidated financial statements, Orange Belgium's management is required to make estimates insofar as many elements included in these consolidated financial statements cannot be measured with precision. The underlying assumptions used for the main estimates are similar to those described as of December 31, 2016.

The management revises these estimates if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at June 30, 2017 may subsequently be changed.

The management also uses its judgment to define appropriate accounting policies to apply to certain transactions when the current IFRS standards and interpretations do not specifically deal with the related accounting issues.

### 2. Consolidation perimeter

The consolidation perimeter has changed since 31 December 2016 and includes now 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 %) and Walcom S.A. (100 %).

On April 7, 2017, Orange Belgium S.A. sold all the shares held in Co.Station Brussels S.A. As a consequence, Co.Station Brussels S.A. is no longer part anymore of the consolidation perimeter.

On June 1, 2017, Orange Belgium S.A. acquired 7 shops from Easy Phone S.P.R.L, a residential and professional distribution network located in Wallonia. These 7 shops have been integrated in Walcom Liège S.A. (which was founded on May 29, 2017 and 100 % owned by Walcom S.A.). Walcom Liège has not yet been included in the consolidation scope per June 30, 2017 because figures per end of June 2017 are not yet available and moreover are insignificant to the overall consolidation per June 30, 2017.

Orange Belgium S.A. holds, directly or indirectly (e.g. through other subsidiaries), less than 20 per cent of the voting power of Belgian Mobile Wallet S.A. and as such, it is presumed that Orange Belgium S.A. does not have significant influence. Consequently, Belgian Mobile Wallet S.A. is not part of the consolidation perimeter.

### 3. Goodwill

in million EUR

	30.06.2017			30.06.2016		
	Acquisition value	Accumulated impairment losses	Net carrying amount	Acquisition value	Accumulated impairment losses	Net carrying amount
Orange Communications Luxembourg S.A.	68.7	0	68.7	68.7	0	68.7
Other goodwill	11.4	0	11.4	11.4	0	11.4
<b>Total goodwill</b>	<b>80.1</b>	<b>0</b>	<b>80.1</b>	<b>80.1</b>	<b>0</b>	<b>80.1</b>

Other goodwill corresponds to the goodwill of Mobistar Affiliate S.A. and Mobistar Enterprise Services S.A. and is fully allocated to the segment "Belgium". The goodwill of Orange Communications Luxembourg S.A. is fully allocated to the segment "Luxembourg".

As at 30 June 2017, there were no internal or external indicators that impairment tests on the goodwill of Orange Communications Luxembourg S.A. should have been performed.

The management continues to pay attention to any indication that could require an anticipated review of the values. These tests are planned to be performed for the year-end closing. The impairment test for goodwill is based on value in use calculation.

### 4. Cash and cash equivalents, financial liabilities

Cash and cash equivalents include cash on hand and cash deposits with a maximum term of 3 months. Bank and inter-company cash pooling overdrafts are classified as short-term financial liabilities. See cash flow schedule to explain the 8.3 million euros reduction of the net debt for the first half year.

in million EUR

	30.06.2017	31.12.2016
<b>Cash and cash equivalents</b>		
Cash on hand	-12.8	-51.4
<b>Total cash and cash equivalents</b>	<b>-12.8</b>	<b>-51.4</b>
<b>Financial liabilities</b>		
Intercompany short-term borrowing	13.0	0.2
Intercompany long-term borrowing	329.5	389.2
<b>Total borrowings</b>	<b>342.5</b>	<b>389.4</b>
<b>Net financial debt</b>	<b>329.7</b>	<b>338.0</b>

## 5. Shareholders' equity

### Share capital

There has been no change in the capital of the company during the first six months of 2017.

	Share capital (in million EUR)	Number of ordinary shares (in units)
As at 1 January 2017	131.7	60 014 414
As at 30 June 2017	131.7	60 014 414

All ordinary shares are fully paid and have a par value of 2.195 euros. As no changes occurred during the first six months of 2017, the par value is the same for 2017 and 2016.

### Dividends

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.

On 3 May 2017, the Annual General Meeting of shareholders has approved the payment of an ordinary dividend for the financial year 2016 of 0.50 euro (payable as from 17 May 2017).

No dividend has been paid for the financial year 2015.

## 6. Income taxes

The major components of the tax expense are as follows:

	in million EUR	
	30.06.2017	30.06.2016
Current income tax	-16.6	-19.5
Deferred tax expense arising to the origination and reversal of temporary differences	0.9	1.1
<b>Total tax expense</b>	<b>-15.7</b>	<b>-18.4</b>

The income taxes paid increased to 31.6 million euros in 2017 compared to 10.8 million euros in June 2016. This increase can be explained by a timing difference (payment in May 2017 of the remaining tax balance compared to December 2016).

## 7. Unrecognized contractual commitments

No major event has impacted the unrecognized contractual commitments described in the consolidated financial statements for 2016.



## 8. Current and non-current provisions

### Outstanding litigations

	31.12.2016	Additions	Utilisations	in million EUR	30.06.2017
Provisions for litigations	5.0	0.5	-0.9		4.6

Orange Belgium S.A. is engaged in various judicial procedures whereby third-party individuals or entities are claiming repair of damages they pretend to have incurred. Each litigation is evaluated on an individual basis in order to assess as to whether it is more likely than not that an outflow of resources will be necessary to settle the litigation and to ensure that the assumptions taken to measure the provisions are valid.

The outstanding claims are built up during the previous years and it can be reasonably assumed that they will be subject to a Court decision or solved by means of a common agreement within the following years.

### Disputes

The information relating to disputes contained in the 2016 annual report and in the first quarter 2017 report has been modified as follows:

**Access to Coditel Brabant (SFR) cable network (interim measures):** In parallel to the damage proceedings launched in December 2016, Orange Belgium asked the Court interim measures in January 2017 to force Coditel Brabant to provide an effective wholesale service access in line with the investments implied by the cable regulation. As Coditel Brabant subsequently progressed towards the supply of a wholesale access, the proceedings regarding the interim measures were stopped.

**Lycamobile:** On 19 February 2016, Lycamobile Belgium Limited and Lycamobile BVBA initiated legal proceedings against Orange Belgium (at that time Mobistar) before the Brussels Commercial Court claiming damages for the alleged belated commercial launch of Lycamobile's 4G services. Orange Belgium considers this claim ungrounded. The case has been handled before the court at the hearing of 10 March 2017. By judgement of 12 May 2017, the Commercial Court of Brussels has entirely dismissed Lycamobile's claim and ordered it to pay to Orange Belgium an indemnity for procedural costs in the amount of 18,000 euros. The judgement has been served upon Lycamobile on 3 July 2017, so that the appeal period (in this case one month plus 30 days due to service of the judgement in Ireland) has started.

### Network sites dismantling provision

	31.12.2016	Additions	Utilisations	Reversal	Other effect	in million EUR	30.06.2017
Provisions for dismantling	66.6	0.8	-0.3	-1.6	0.3		65.8

The decrease in dismantling provision of 0.8 million euros results from two effects.

Although size and installation on site may slightly vary from site to site, the provision is calculated on an average dismantling cost which is based on the actual costs incurred in the past for similar activities. For 2017 this average cost is estimated at 11.8 thousand euros per site (in 2016 the average cost was 12.2 thousand euros). This decrease in average cost had an impact of 1.6 million euros. This decrease was partly offset by the higher number of calculated sites (73 sites more; impact of 0.8 million euros).

## 9. Related parties

30.06.2017	in million EUR			
	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Orange - Traffic and services	9.0	-8.7	0	0
Orange – Cash pool	0	-0.1	-8.1	8.6
Orange Affiliates - Traffic and services	4.5	-2.0	0.2	-8.1
Atlas Services Belgium – Loan	0	-1.5	0	329.2
<b>Total</b>	<b>13.5</b>	<b>-12.2</b>	<b>-7.9</b>	<b>329.6</b>

30.06.2016	in million EUR			
	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Orange - Traffic and services	5.4	-7.9	0	0
Orange – Cash pool	0	-0.5	1.4	8.0
Orange Affiliates - Traffic and services	10.0	5.4	0.3	-8.4
Atlas Services Belgium – Loan	0	-2.0	0	378.8
<b>Total</b>	<b>15.4</b>	<b>-5.1</b>	<b>1.6</b>	<b>378.4</b>

The terms and conditions applied to sales and purchases of traffic and services, to the centralized treasury management agreement, to the revolving credit facility agreements as well as to the interest-bearing loans and borrowings are determined at arm's length basis according to the normal market prices and conditions.

There is no outstanding guarantee provided to or received from any related parties at the balance sheet date. No allowance for doubtful debtors on amounts owed by related parties is outstanding at the balance sheet date.

## 10. Other

### 10.1. Fair value levels of financial assets and liabilities

During the first half year of 2017, no significant event has occurred regarding the fair value of financial assets and liabilities.

### 10.2. Upcoming new standards and interpretations and which Orange Belgium did not early apply

From among these standards and interpretations, those that might affect the future consolidated financial statements are IFRS 9, IFRS 15 and IFRS 16. These are the subject of a dedicated Orange Group project. A reliable estimate of the quantitative effects of these new standards is not possible yet, until this project has been completed.

#### IFRS 9 : Financial instruments (effective as from January 1, 2018)

IFRS 9 modifies the recognition criteria for hedging transactions and main financial assets and liabilities categories: given the nature of Orange Belgium's transactions, no major change is expected. IFRS 9 also modifies the recognition of credit risk related to financial assets, moving from the incurred loss approach to an expected loss approach. For Orange Belgium, this would notably imply impairment of non-mature receivables.

### **IFRS 15: Revenue from contracts with customers (effective as from January 1, 2018)**

The detailed work carried out so far confirms the main effect expected on the Orange Belgium's accounts. This will relate to the mobile phone market and more specifically to the accounting for arrangements which bundle the sale of a handset sold with a discounted price and with customer subscription to a communication service for a defined period of time: the cumulative revenue will not change but the allocation between the handset sold and the communication service will change (higher equipment revenues, lower service revenues).

The accelerated recognition of revenues will lead to the recognition of a contract asset in the statement of financial position which would be settled against an asset receivable as the communication service is provided. In addition, some incremental subscriber acquisition and retention costs (i.e. payments to retailers directly attributable to the contract, excluding subsidies) will be recognized over the duration of the contractual relationship.

Orange Belgium considers being able to disclose the first quantitative effects of the standard during the last quarter of 2017. It will then also be in a position to elect the alternative for the retrospective application of the standard: either against equity at January 1, 2018 with no restatement of comparative periods, or against equity at January 1, 2016 with 2016 and 2017 comparative periods under IFRS 15.

For more detailed information, see Orange Belgium's Annual Report 2016, Financial statements, Note 1, point 3: New standards and interpretations issued but not yet effective - IFRS 15.

### **IFRS 16: Leases (effective as from January 1, 2019)**

This standard relates to the accounting for leases and will be compulsorily applicable from January 1, 2019 or on a retrospective basis from January 1, 2018 together with IFRS 15. It is retrospective either at the first application date or at the opening date of the first comparative period. Orange Belgium is analysing the retrospective application as well as the first application date of this new standard.

The Standard introduces a new basis for splitting supplier arrangements based on a new accounting definition of a lease and service arrangement. It will mainly change the lease accounting for lessees with the recognition of an asset which represents the right of use at the delivery date granted by the lessor against a financial liability. It will also impact the presentation of the income statement (depreciation and interest expense instead of operating expense) and the statement of cash flows (interest expense will only impact the operating cash flows whereas the debt repayment will affect the financial flows). In the statement of financial position, the net equity will be reduced at the beginning of the arrangement (due to the acceleration of expenses attributable to the interest component) and the intangible and tangible assets as well as the lease liability will increase.

## **11. Subsequent events**

No adjusting event arose between the balance sheet date and the date at which the interim condensed consolidated financial statements have been authorized for issue.

## Declaration by the persons responsible

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

- a) the set of condensed financial statements drawn up in accordance with the prevailing accounting standards, gives a faithful image of the assets, financial situation and results of the issuer and the companies included within its consolidation;
- b) the interim report contains a faithful presentation of the important events and major transactions between contracting parties which occurred during the first six months of the financial year, and their impact on the set of condensed financial statements, and a description of the main risks and uncertainties for the remaining months of the financial year.

Brussels, July 25, 2017

Michaël Trabbia  
CEO

Arnaud Castille  
CFO

# Statutory auditor's report

## Statutory auditor's report to the board of directors of Orange Belgium SA/NV on the review of the condensed consolidated interim financial information as at June 30, 2017 and for the six-month period then ended

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Orange Belgium SA/NV as at June 30, 2017, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated cash flow statement and the interim condensed consolidated statement of changes in equity for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2017 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Brussels, July 25, 2017

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren  
Statutory Auditor  
represented by

Jos Briers  
Réviseur d'Entreprises / Bedrijfsrevisor

Erik Clinck  
Réviseur d'Entreprises / Bedrijfsrevisor

### 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](http://corporate.orange.be), [www.orange.be](http://www.orange.be) or follow us on Twitter: [@pressOrangeBe](https://twitter.com/pressOrangeBe).

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