

Orange Belgium

Financial Results

Q2 2018

Analysts and Investors
Roadshow presentation

Bold Challenger



Love



**Full
Unlimited**



Disclaimer

This presentation might contain forward-looking statements about Orange Belgium in particular for 2018. Although we believe these statements are based on reasonable assumptions, they are subject to numerous risks and uncertainties, including matters not yet known to us or not currently considered material by us, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ from the results anticipated in the forward-looking statements include, among others: the economic situation in Europe and more specifically in Belgium, the impact of price adjustments on the customer base resulting from competitive pressure, the evolution of the customer base, the effectiveness of Orange Belgium's convergent strategy including the success and market acceptance of the voice and data abundance plans in the business segment and of the Orange Internet & TV offers, of the Orange Belgium brand and other strategic, operating and financial initiatives, Orange Belgium's ability to adapt to the on-going transformation of the telecommunications industry, regulatory developments and constraints and the outcome of legal proceedings, risks and uncertainties related to business activity.

Section one

Business review



Michaël Trabbia
Orange Belgium, **CEO**

Orange Belgium's confirms its commercial success as a Bold Challenger

Convergent LOVE
customers

136 K

+14k

Quarter-on-quarter



Retail service
revenues

€ 370m H1 2018

+6.7%

Year-on-year



Mobile contract
customers

2,355 K

+ 26k

Quarter-on-quarter

ARPO

Mobile only contract

€ 21.3 / -0.9% yoy

B2C convergent

€73.7 / +2.4% yoy

Adjusted EBITDA

€ 127m H1 2018

-13.1 %

Year-on-year

Total CAPEX

€ 77m

+0.1 %

Year-on-year

Orange Belgium's key growth drivers - the bold challenger

1

Convergence

Love
☐ ◻ ◻

B2C



Double data with
Shape & Fix
☐ ◻ ◻

B2B



2

Mobile data monetization

Smartphone

B2C/B2B



IoT/M2M

B2B



3

Customer experience



Digital transformation



Orange Thank You



Orange LOVE has already attracted 136 thousand B2C & B2B customers and keeps enriching its offer

Love



136 K

B2C Convergent customers

1.5x

SIM cards per convergent customer

73.7 € / +2.4 % yoy

ARPO* B2C convergent customers

Now also available on the SFR network



Live app



100% coverage



Fixed Phone option



In Wallonia

Launch of Love Unlimited

Love

Un-limited

mobiël en vast internet + tv

Ontdek onze onbeperkte Love-combinatie voor 79 €/maand

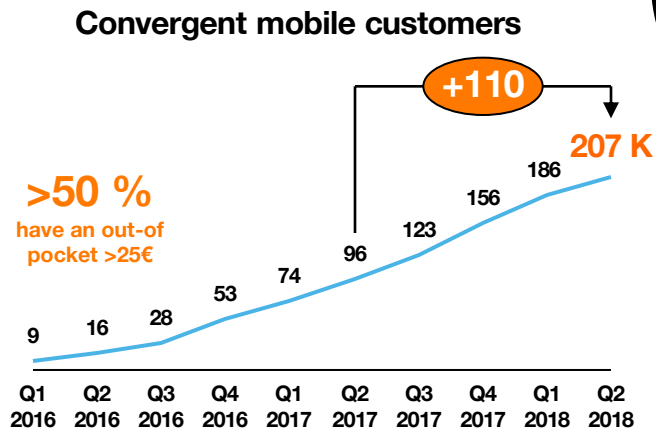
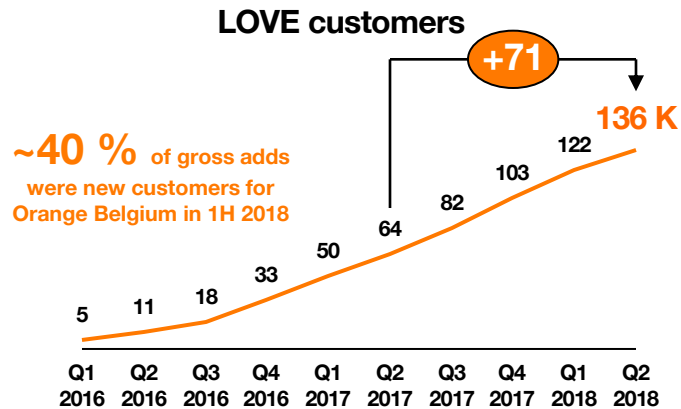
* Average quarterly Revenues Per Offer (ARPO) of convergent services are calculated by dividing (a) the revenues from convergent offers billed to the B2C customers (excluding equipment sales) over the past three months, by (b) the weighted average number of convergent offers over the same period.



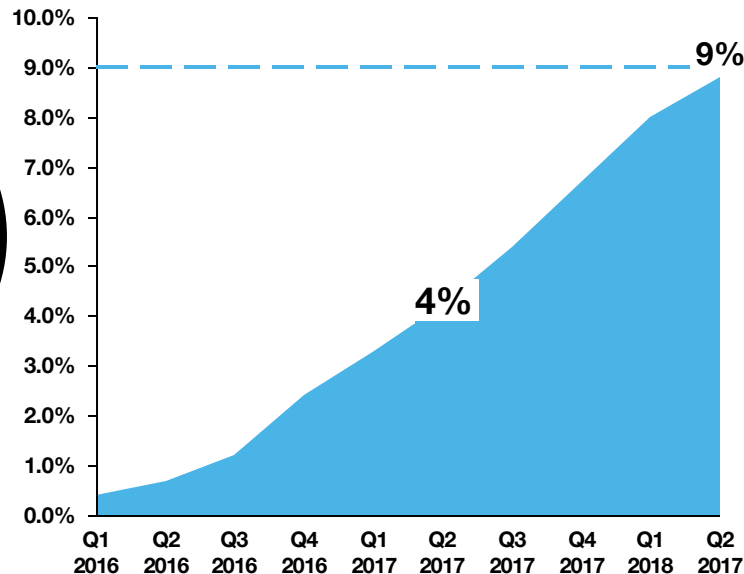


Orange Belgium's convergent model drives mobile cross-selling

Increased share of mobile convergent customers in total postpaid base



Convergent mobile customers as % of mobile contract customer base (Belgium)



The new wholesale regulation was decided end of June 2018

Improved wholesale pricing and better SLAs and operational model



EC:

- Emphasized the need to stimulate more structural, long-term competition
- Has no objection to the provisional price regime, pending the elaboration of a cost model by the regulators
- Urged the Belgian regulators to speed up the implementation of the cost-model



As of 1st of August

- Implementation of intermediary pricing

Toward beginning of 2019

- Improved SLAs
- Improved operational model
- Single-installer
- Internet-only

Development of cost oriented model on-going, public consultation expected end of 2018, implementation mid-2019

Orange Belgium's key growth drivers - the bold challenger

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B2C



B2B



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Orange Thank You


























Digital transformation



Streamlined portfolio of postpaid subscriptions to improve customer mix

Unlimited data as from 40€ - Unlimited calls as from €20

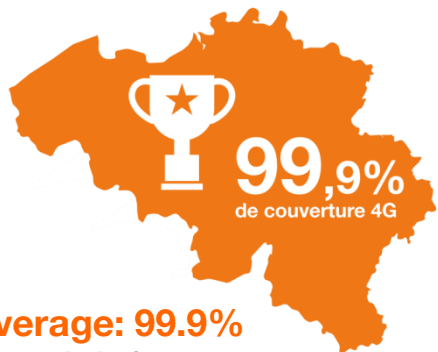


		Price/month	Data	Minutes	Included
	Hummingbird	8€	0,1 GB	90	 
	Dolphin	15€	1,5 GB	150	 
	Koala <small>Limited Edition</small>	<small>25€</small> 20€	4 GB	Unlimited	  
	Cheetah	30€	8 GB	Unlimited	  
	Eagle	40€	Unlimited	Unlimited	  
	Eagle Premium	61€	Unlimited	Unlimited	   



4G smartphone penetration increased to 65 % of total customer base

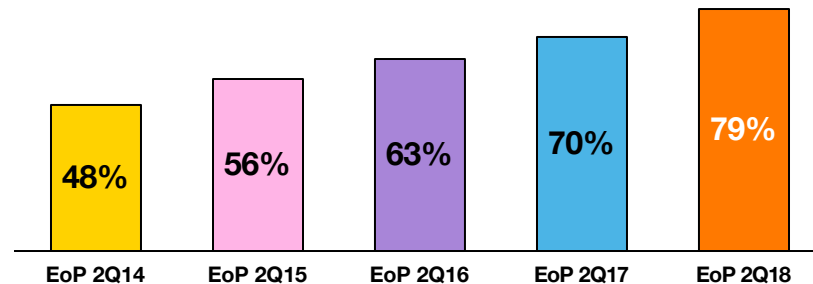
Orange Belgium invested heavily to offer its customers a top 4G network



4G coverage: 99.9%
(Belgian population)

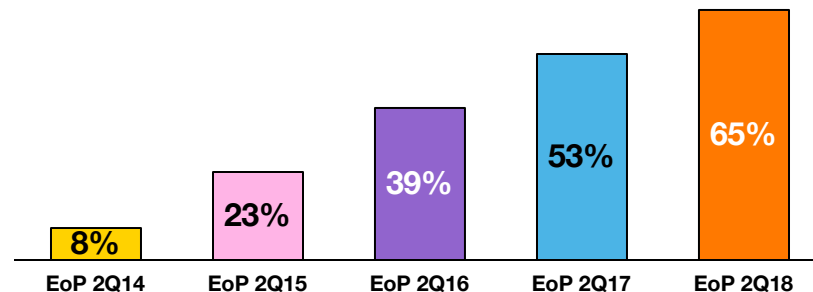
Active smartphone penetration

% of active smartphone users / total base



Active 4G smartphone penetration

% of active 4G smartphone users / total base



Awards Table

	Download Speed: 4G	Download Speed: 3G	Download Speed: Overall	Latency: 4G	Latency: 3G	Availability: 4G
BASE						
Orange						
Proximus						

Source : Open Signal

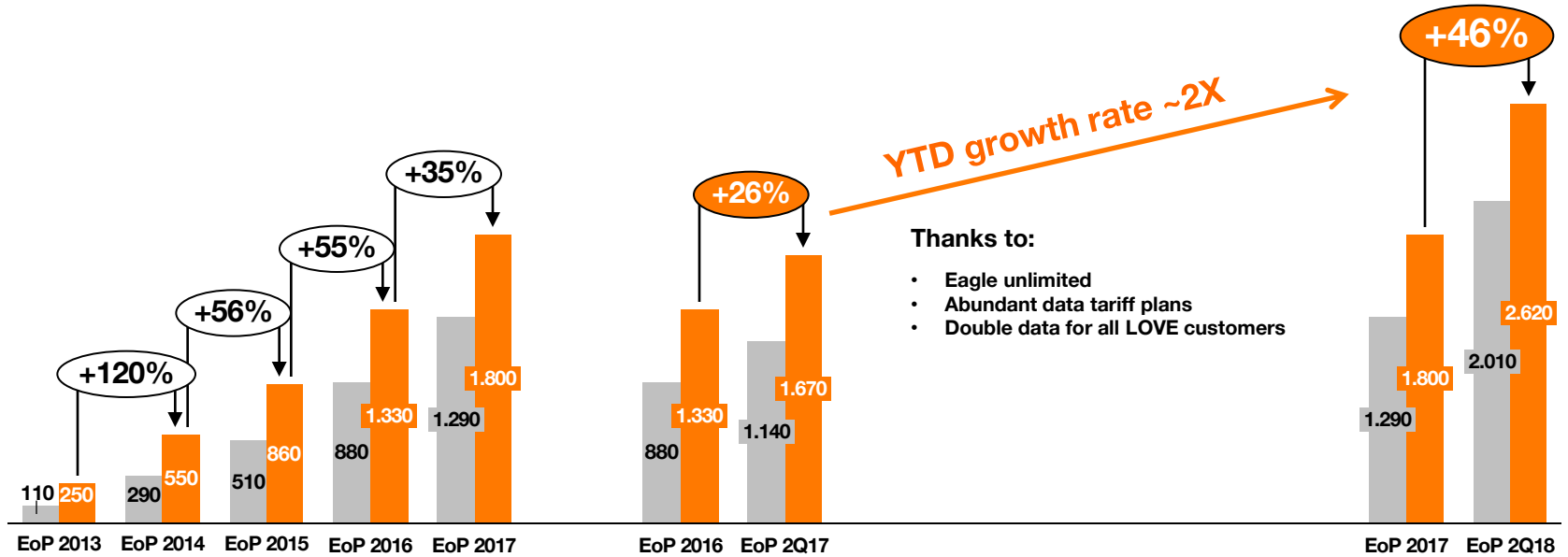


Avg mobile data usage of smartphone users accelerated to +46% YTD

The launch of more abundant offers has stimulated data usage in H1 2018



Orange Belgium's average mobile data usage per month



YTD growth rate ~2X

Thanks to:

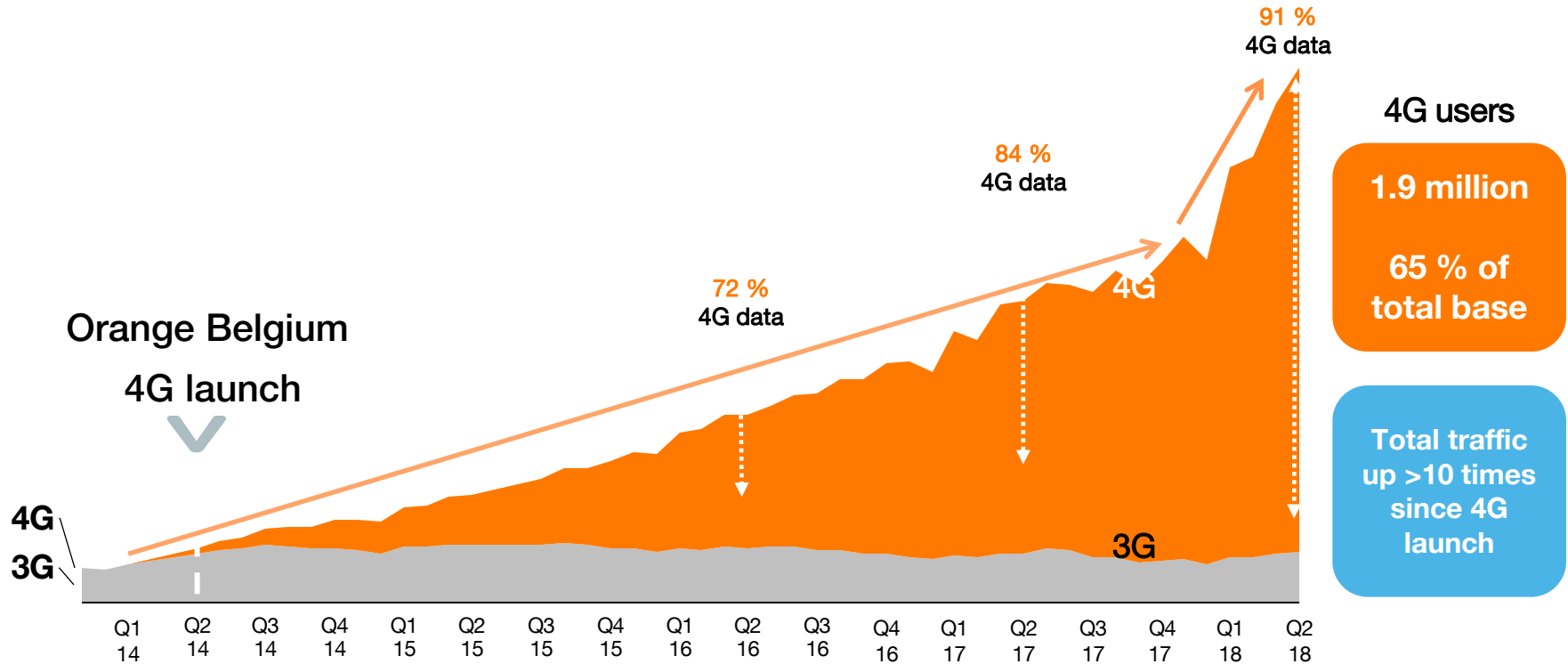
- Eagle unlimited
- Abundant data tariff plans
- Double data for all LOVE customers

On total user base
 On smartphone user base

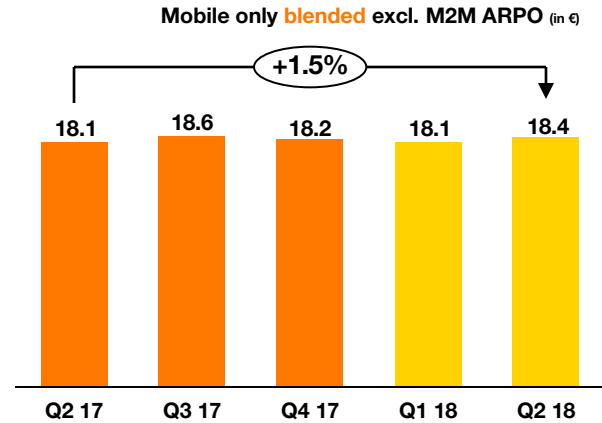
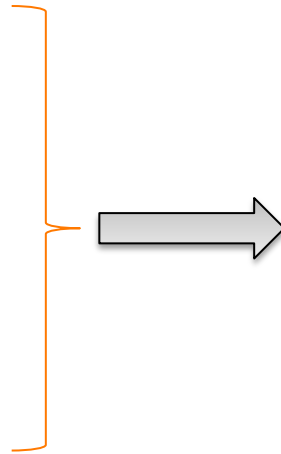
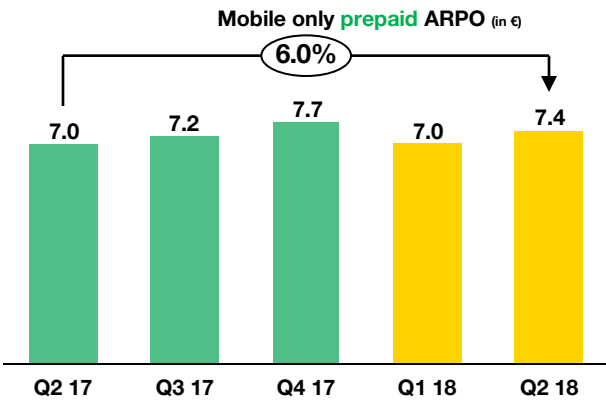
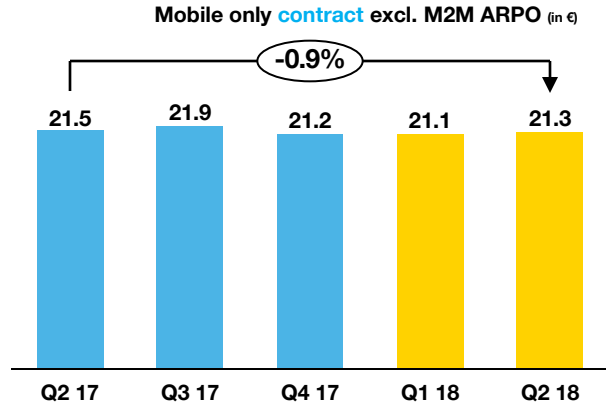




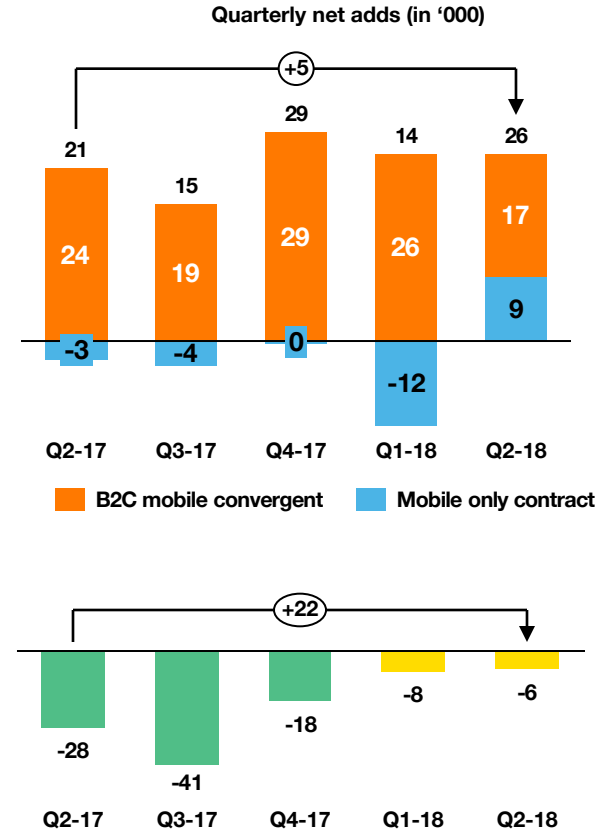
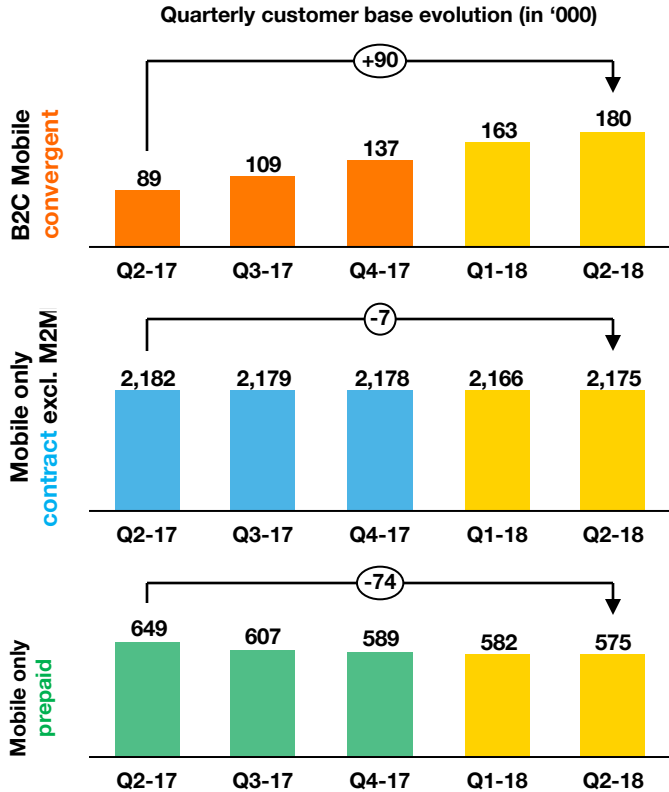
Growth in total mobile data traffic re-accelerated to +77% yoy thanks to increase smartphone customer base and individual usage



Sound mobile only ARPO growth thanks to customer mix improvement despite impact of EU-roaming

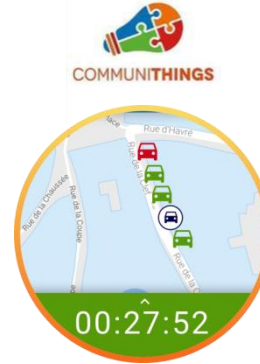
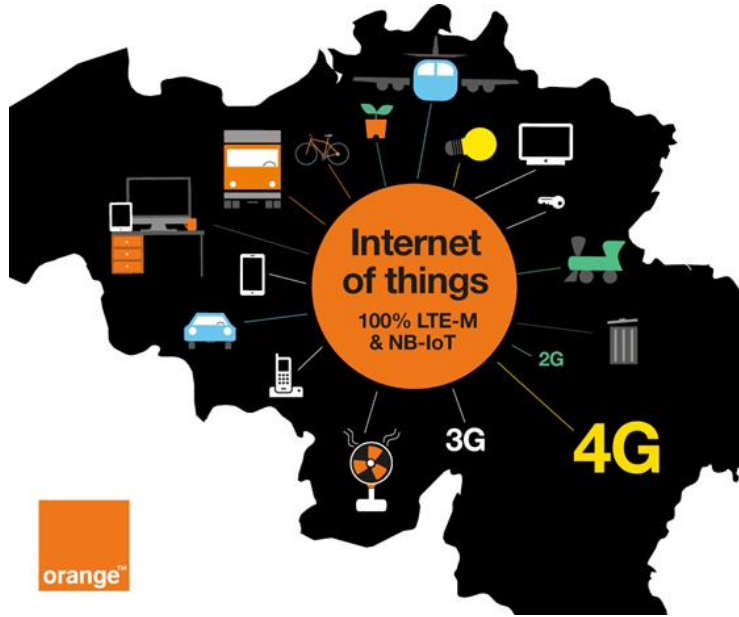


mobile contract net adds picked up in the second quarter: +26K qoq supported by convergent and attractive mobile only offers



Orange Belgium continues to build strong IoT partnerships

First commercial offer on Orange Belgium's mobile IoT network launched



Orange Belgium's Narrow Band-IoT (NB-IoT) and LTE-M network can connect millions of everyday objects to the Internet as it is designed for IoT applications that are low cost, use low data rates, and require long battery lives

Orange Belgium and Medialaan signed a 5 year full MVNO agreement adding 365k customers to its network as of spring 2019



Medialaan is the largest Flemish broadcaster



This full MVNO agreement is more than just a contract. It is the start of a strong long-term partnership based on a shared vision and the complementarity of both companies

Orange Belgium's key growth drivers - the bold challenger

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Orange Thank You



Orange is the 1st Belgium provider to activate Voice over Wifi / Voice over LTE comprehensive solutions to guarantee indoor coverage for all customers

Voice over Wifi



Voice over LTE



Femto solution



This technological innovation is part of Orange Belgium's strategy that focuses on the improvement of Orange's network quality and its coverage inside buildings

Section two

Financial results overview



Arnaud Castille
Orange Belgium, CFO

Retail service revenues
€ 370m H1 2018

+6.7%

Year-on-year

Total CAPEX
€ 77m H1 2018

+0.1 %

Core CAPEX
€ 56m H1 2018

+9.3 %

Year-on-year

Adjusted EBITDA
€ 127m H1 2018

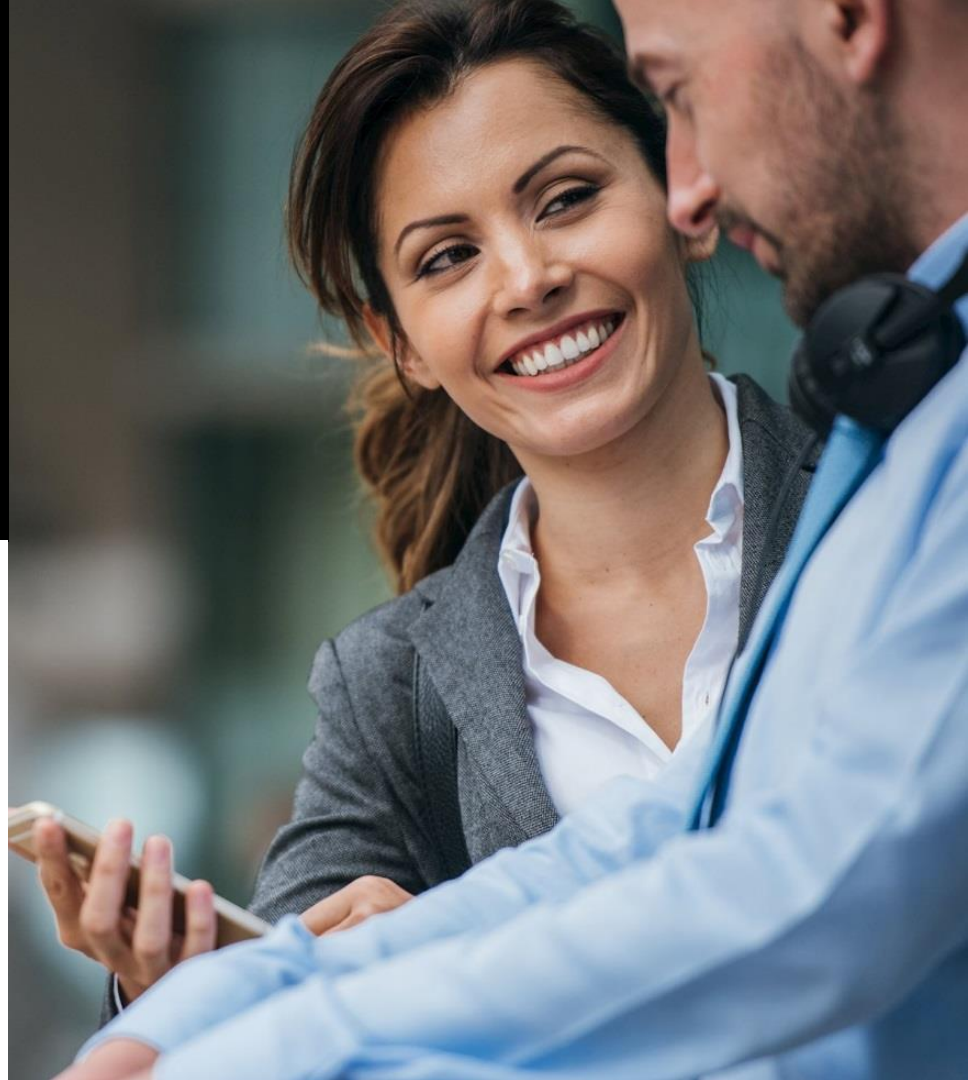
-13.1%

Year-on-year

Net debt
€ 305m

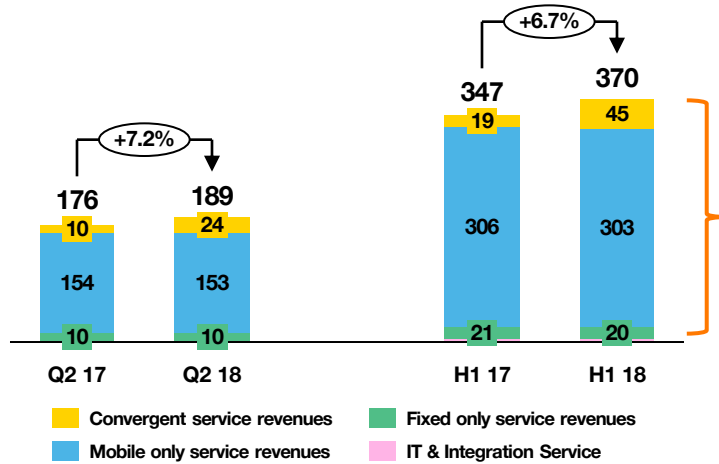
-7.5%

Year-on-year

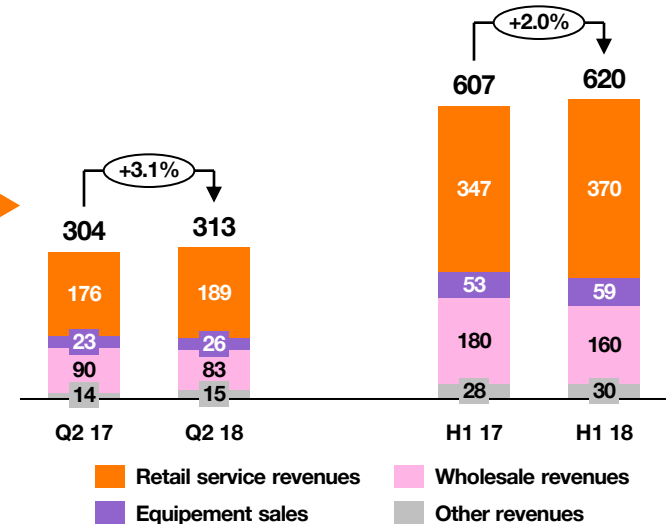


Revenue growth is picking up thanks to increase of retail service revenues

Retail service revenues, split in categories (in €m)



Revenues (€m), split in categories



Strong underlying performance thanks to solid revenue and cost control, impacted by € 23m lower MVNO revenues and € 16m EU roaming impact

Adjusted EBITDA evolution *in million euros*

H1 2018
Adjusted EBITDA

€127.3m

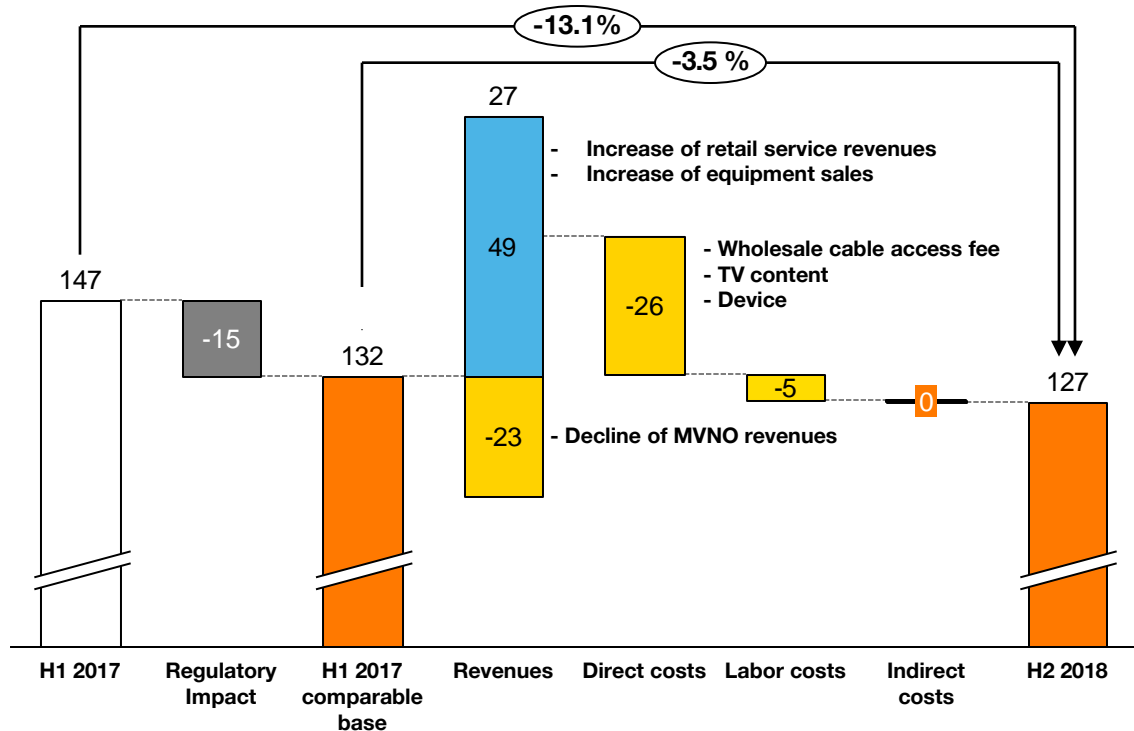
20.5 % of revenues

-13.1 % (yoy)

-3.5 % yoy excl. EU-roaming impact

-€19.2m (yoy)

-€4.6m excl. EU-roaming impact



Total capex under control with cable capex efficiency increasing

Increase of core capex is explained by seasonality

H1 2018

Total CAPEX

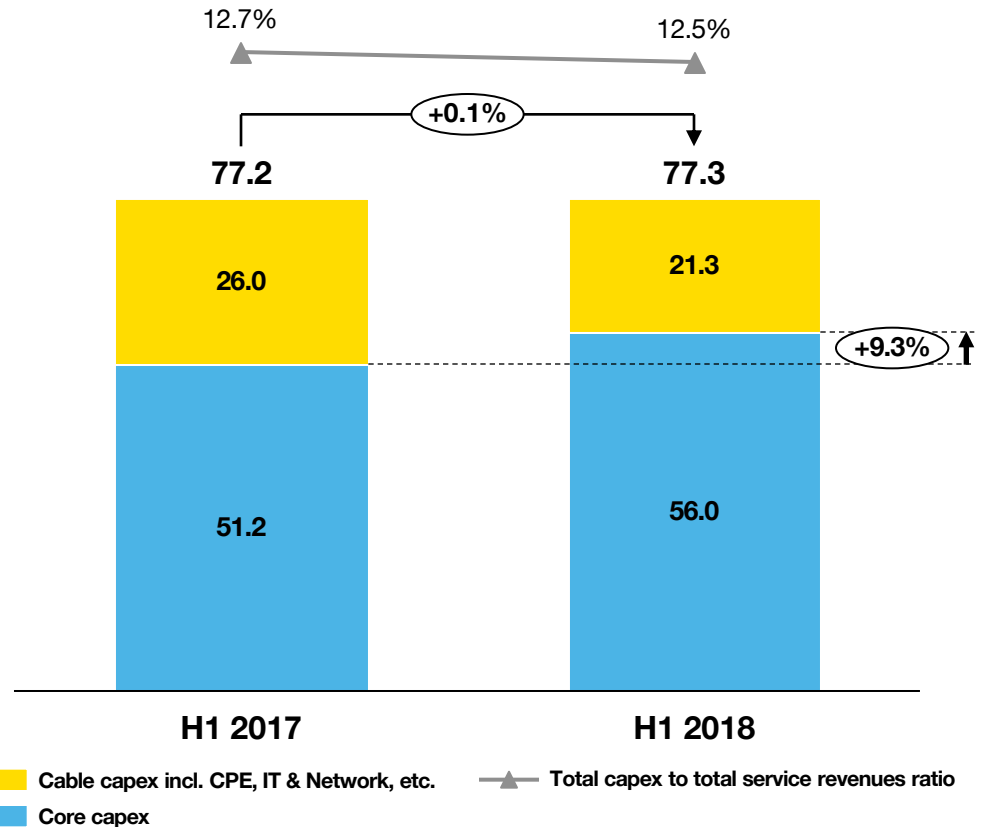
€ 77.3m

- +0.1 % yoy
- 12.5 % of revenues

Core CAPEX

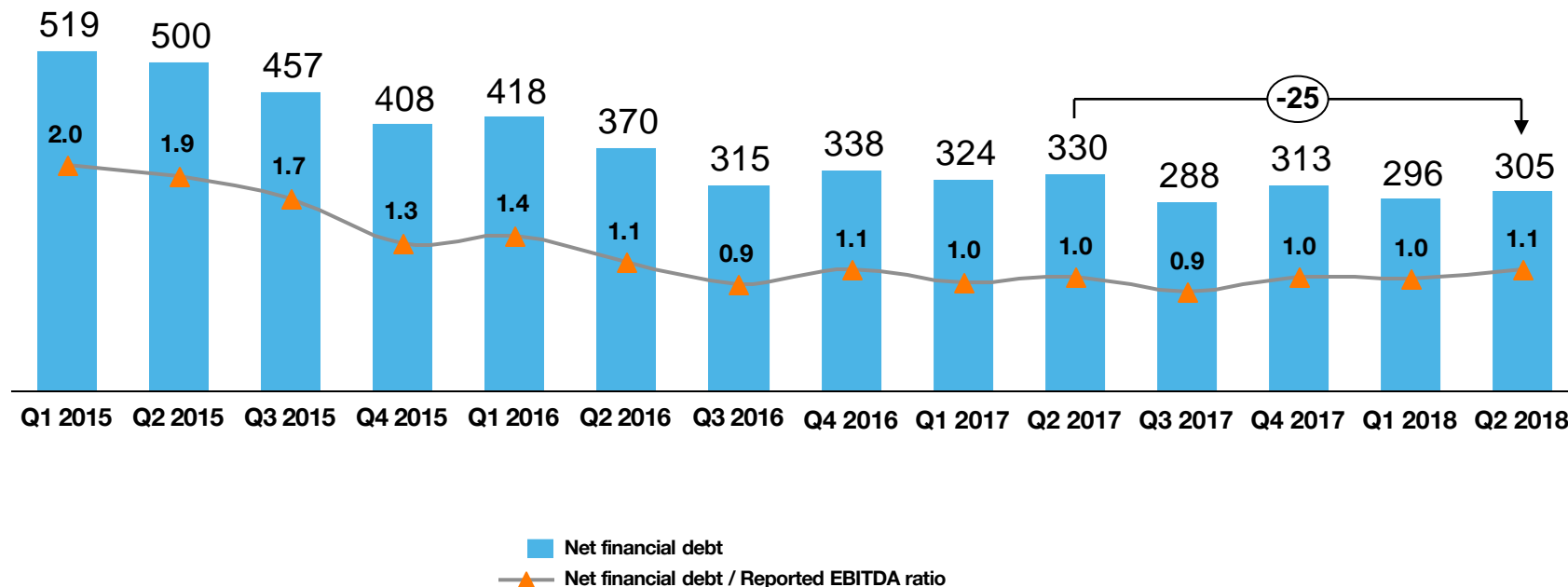
€ 56.0m

- +9.3 % yoy



Net financial debt decreased 25 million euros yoy to reach € 305m implying a sound net financial debt / Reported EBITDA ratio of 1.1x.

(in million euros)



Section three

2018 guidance



2018 financial guidance and outlook



Dividend proposal

2018 financial guidance reiterated

	2018 Guidance	Q1 2018	Q2 2018	H1 2018
Revenues	To slightly grow vs. 2017	+0.9%	+3.1%	+2.0%
Adjusted EBITDA	275-295 mio€	60.6	66.7	127.3
Core capex excl. cable	Stable vs. 2017	21.2 / +2.4 % yoy	34.7 / +14.0 % yoy	56.0 / +9.3 % yoy

Outlook

- Further uptake of the postpaid and convergent LOVE customer base
- Focus on operational efficiency
- Confirmed regulatory improvement of the current financial and operational conditions for cable wholesale access
- MVNO revenues are expected to decline by €30M compared to 2017 (remaining €7M in H2)
- Gross EU roaming impact of €26M on revenues and of €17M on adjusted EBITDA compared to 2017 (remaining €10M and €2M in H2 respectively)
- Corporate income tax in Belgium to decline from 33.99 % in 2017 to 29.58 % in 2018 and 25.00% in 2020

Section four

Q&A



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