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Orange Belgium

Q2 2019

Financial Results

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On intervient

July 24, 2019



Disclaimer

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

Building strong brand perception

July

May

September

June

June

May

April

February

Betalen voor tv maar niet kijken?
Dat zit scheef
We trekken het recht

Love Duo
vast internet + mobiel

Alles onbeperkt voor 64 €

Oranje het witte wit

Pas de surprises

Les MMS au prix des SMS

Data illimitée, aussi en Europe

Brexit ou pas, pas de surcoût au Royaume-Uni

Google Chromecast is now available to Love customers

Chromecast

Unliiimited bellen
voor 20 €

Nu met Koala Limited Edition

1st operator to offer **VoWiFi** and **VoLTE** for deep indoor coverage

Fixed Phone for Love customers

Love

il-li-mi-té
internet mobile et fixe + TV

Oranje

Full unlimited
voor 40 €

Oranje

2019

2018

Orange Belgium is breaking telco conventions

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We promise...

- Not to increase prices in 2019
- Excellent indoor coverage
- To launch an unlimited broadband-only offer to meet the needs of online content watchers



We deliver...

- More at no extra costs:
 - Eagle customers have unlimited voice and data in the EU
 - Residential customers can send MMS in Belgium and from the EU
 - Orange customers will continue to have roaming services in the UK regardless of Brexit
- Indoor coverage guaranteed with VoWiFi and VoLTE technologies
- Love Duo (2P offer) launched

Orange Belgium launched Love Duo, the first 2P offer in the country

Betalen voor tv maar niet kijken?

Dat zit scheef
We trekken het recht

Love Duo
vast internet + mobiel

Alles onbeperkt voor 64 €.

Omdat het écht telt



Abonnements 6 Tarifs

Illimité
Download 100Mbps
Upload 5 Mbps

Choose your Love Duo pack: mobile telephony and Internet

Mobile	Hummingbird 8 € 0,1-GB x 2 0,2 GB 1h30 calls Unlimited text & mms	Dolphin 15 € 1,5-GB x 2 3 GB 2h30 calls Unlimited text & mms	Koala 20 € 4-GB x 2 8 GB Unlimited calls Unlimited text & mms	Eagle 40 € Unlimited data Unlimited calls Unlimited text & mms
Internet	Unlimited Superfast 34 € 100 Mbps	Unlimited Superfast 34 € 100 Mbps	Unlimited Superfast 34 € 100 Mbps	Unlimited Superfast 24 € 100 Mbps
Love Duo	42 €/month	49 €/month	54 €/month	64 €/month

Also available with the tariff plans Cheetah and Eagle Premium and with smartphone and Zen subscriptions.

Section one

Q2 2019

Highlights

Q2 2019 Orange Belgium key achievements

Mobile contract excl. M2M

2.5 m

+6.8% yoy



Belgium

Convergent customers

216 k

+58.8% yoy

Love

Belgium

Net additions

Mobile contract excl. M2M **+ 26 k**

Convergent customer **+ 16 k**

Belgium

13.6%

of total postpaid mobile base is convergent



Belgium

Revenues

€318.9 m

+1.9% yoy



Retail service revenues

€207.0 m

+9.6% yoy



EBITDAaL

€78.9 m

+18.2%* yoy

eCapex

€42.9 m

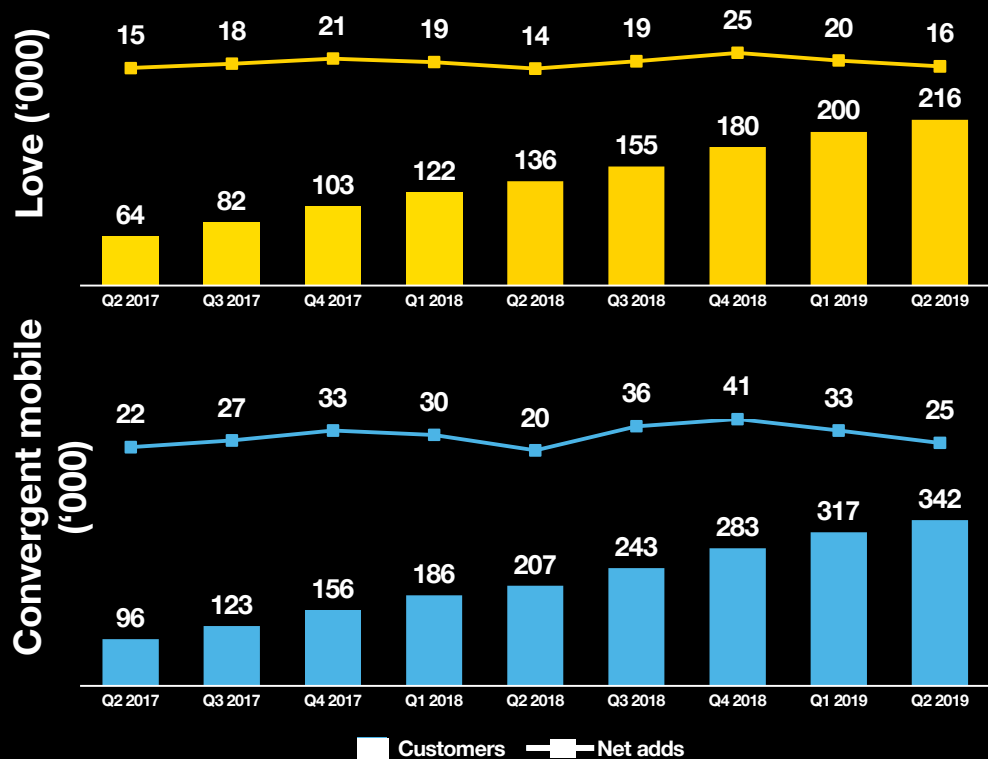
-5.6%* yoy

*based on 2018 comparable figures

Section two

Operational Results

Convergence: Love reached 216k customers, confirming its attractiveness



+16k

Love customer net adds,
+10.9% yoy

58.8%

Love customers yoy
variation

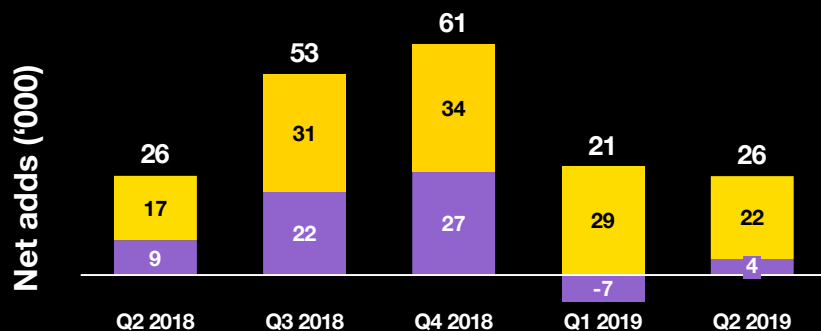
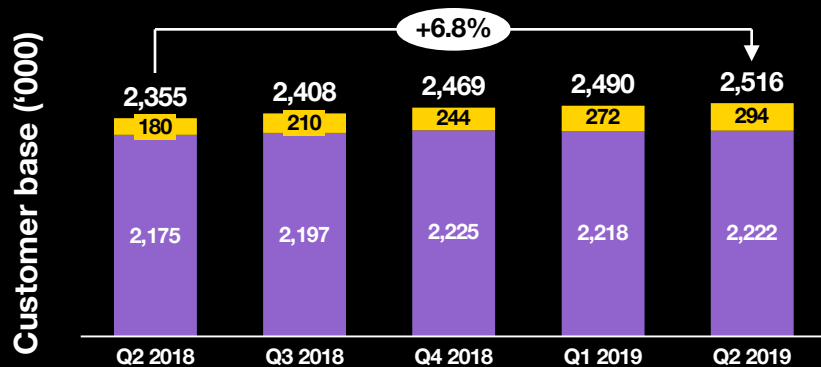
1.6

SIM cards per convergent
customer

13.6%

of total mobile base is
convergent (Q2'18: 8.8%)

Mobile postpaid: Commercial momentum remains solid in Q2'19



■ B2C mobile convergent
■ Mobile only + B2B mobile convergent

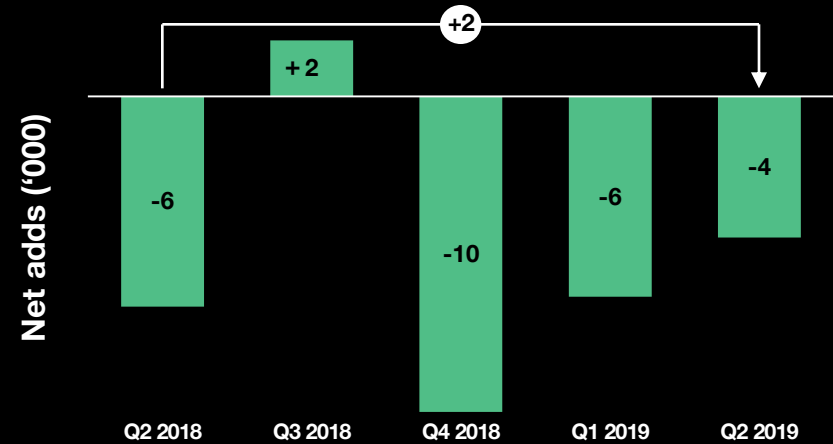
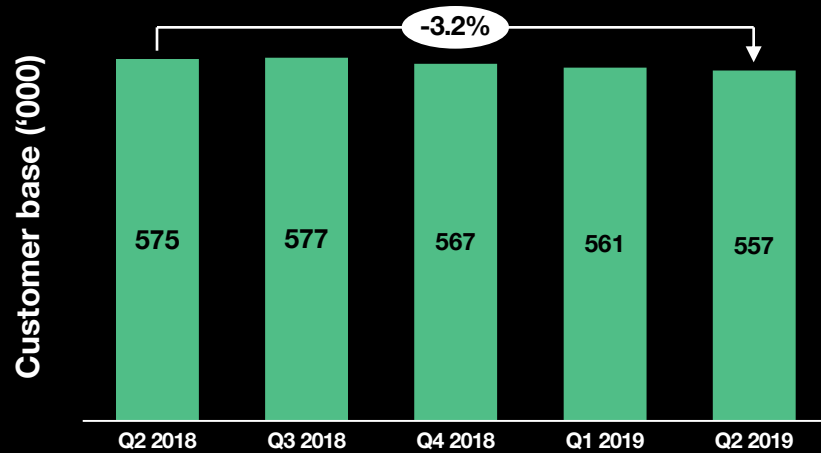
82%

Contract customers /
total base (Q2'18: 80%)

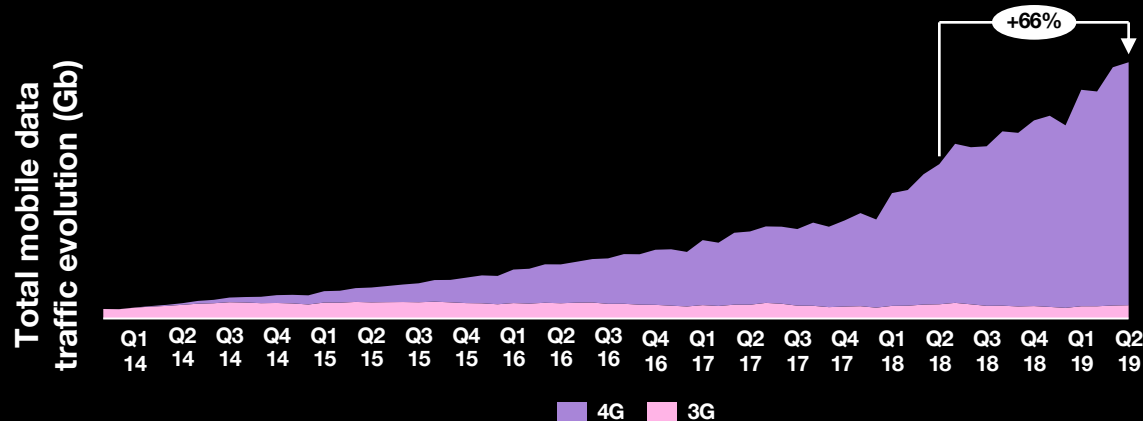
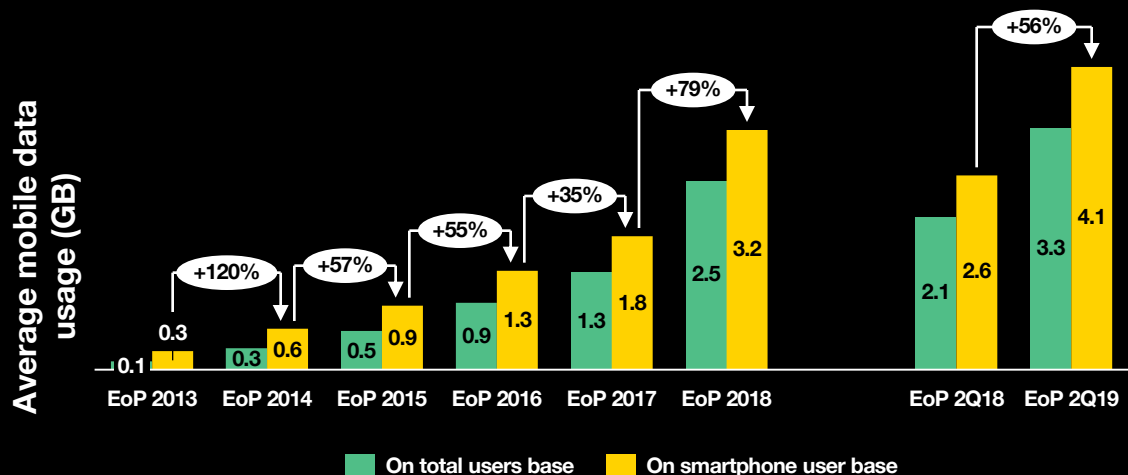
78%

Smartphone penetration
(Q2'18: 79%)

Mobile prepaid: Orange Belgium maintains a good performance in a declining segment



Mobile: Unlimited plans catalyst for data usage growth in Belgium



4.1 GB

Average mobile data usage (smartphone), +56% yoy

2.4m

Mobile data active users, +6% yoy

69%

4G users/Total base (Q2'18: 65%)

95%

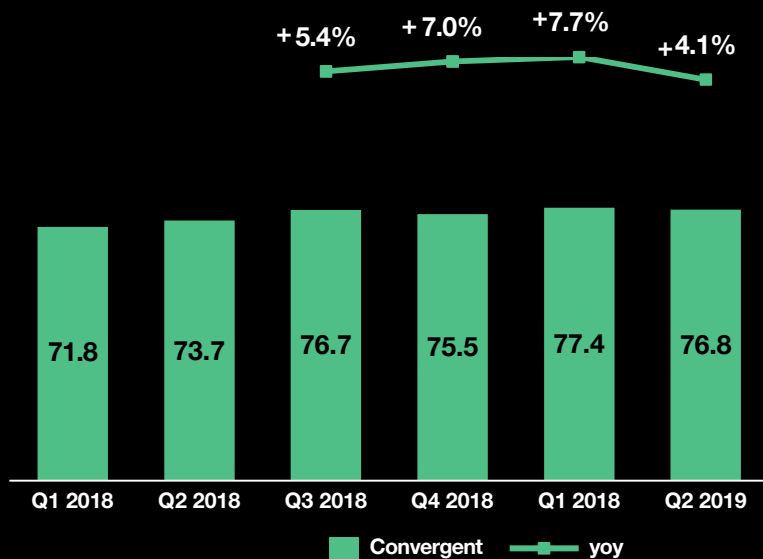
% 4G in total traffic (Q2'18: 91%)

+66%

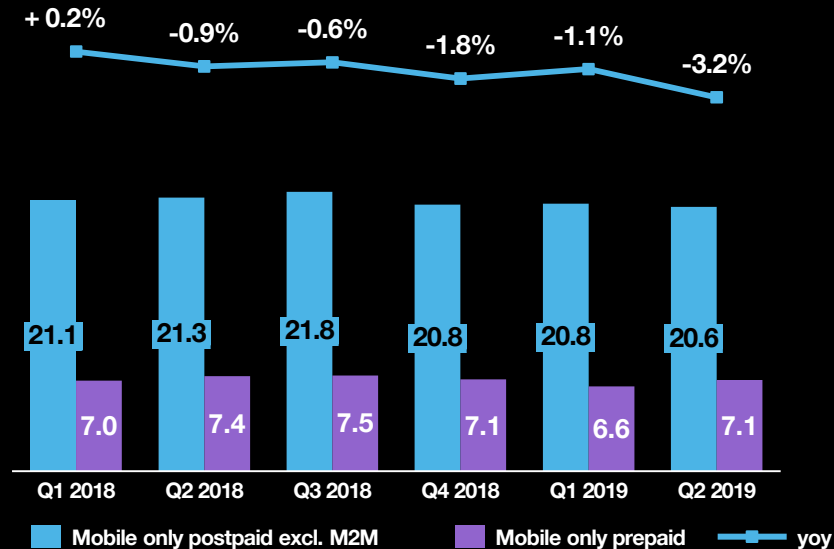
Total mobile data traffic yoy increase

B2C convergent ARPO continued to grow while mobile-only postpaid ARPO contracted

Quarterly B2C convergent ARPO (€)



Quarterly mobile only ARPO (€)



Regulatory update

Cable Regulation

Implementation of 2018 decisions ongoing

- Single installer started in Q3'19
- Broadband only ready in July 2019

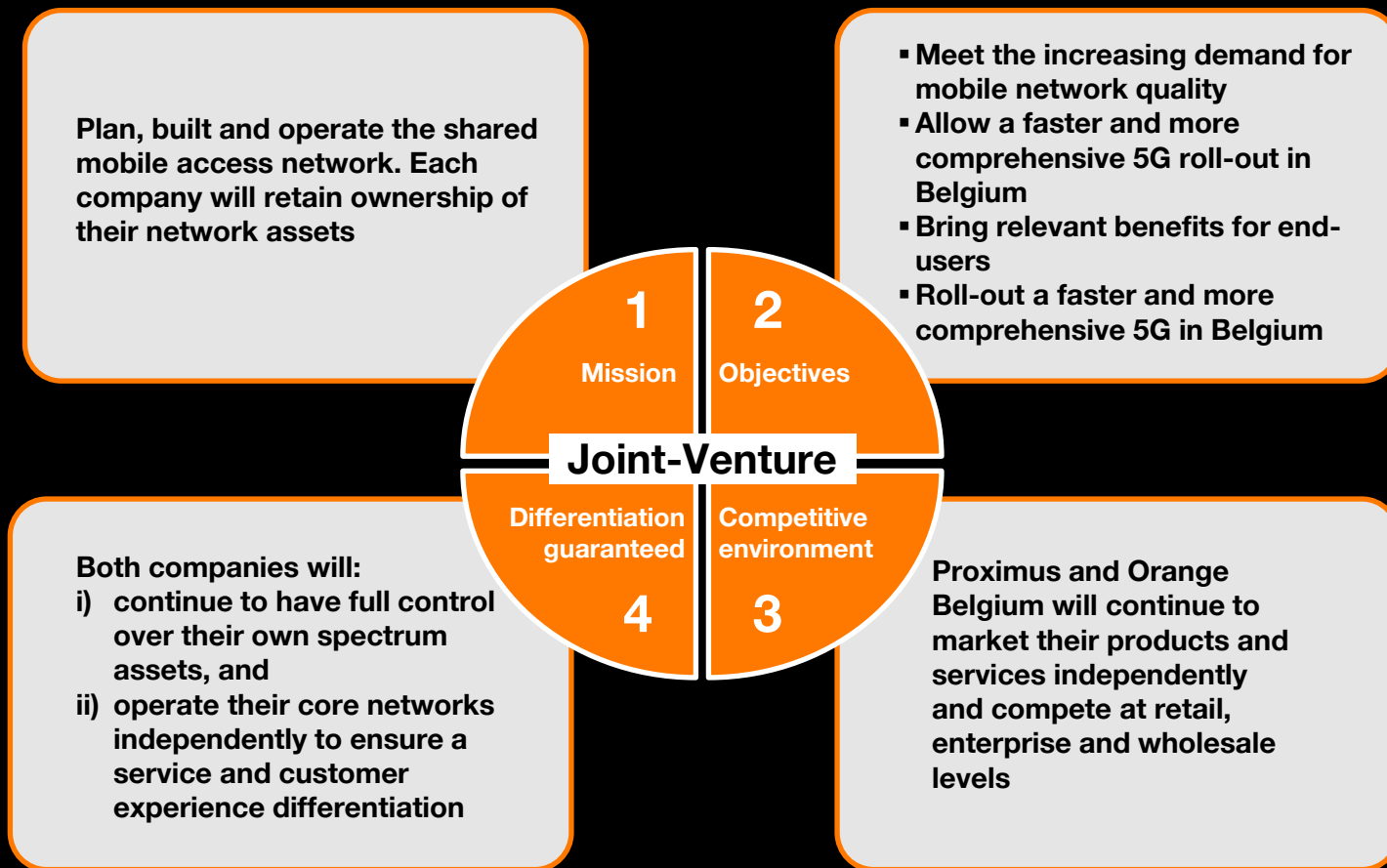
Cost model – Wholesale pricing:

- Consultation draft published on July 5 and ends on September 6
- Final decision: expected year-end
- Orange Belgium's preliminary comments:
 1. The Company is pleased that the regulators have confirmed their intention to establish true and fair competition in Broadband and TV markets. The regulators have applied the "Cost +" methodology which should lead to wholesale prices more in line with the real infrastructure costs;
 2. Orange Belgium's response will focus on avoiding unjustified annual wholesale price increases and ensuring that the cost base for some cable operators is not overestimated.

Spectrum and 5G auction

- The Royal Decrees regarding the allocation of the 700, 1400 and 3400-3800 MHz band and the renewal/reallocation conditions of the 900, 1800 and 2100 MHz bands were not finalised
- The BIPT launched a consultation regarding the 26 GHz band and regarding various other (minor) spectrum related matters
- Low probability that an auction for any of the before-mentioned spectrum will be organised in the next 12 months
- The new Brussels government indicated that new developments on 5G will be done with respect for the precautionary principles. However, it is unclear if this implies they will approve the earlier agreement to increase the EMF limits to 14.5 V/m

Mobile Network sharing agreement with Proximus



Mobile Network sharing agreement with Proximus

1

€300 m

Savings over 10 years

- Opex: BTS rental costs as well as energy, repair and maintenance, transmission costs
- Capex: 5G network roll-out

2

€130 m

Initial set-up costs

- Initial set-up costs related to de-commissioning and enablements

3

>3x WACC

IRR over 10 years



Orange Belgium announced the acquisition of BKM to strengthen its B2B activity

Value

EV: €52.4m

for Upsize NV and its subsidiaries: BKM NV and CC@PS

Opportunities

- Extend B2B offering
- Meet B2B customers growing demand for a single connectivity and ICT provider

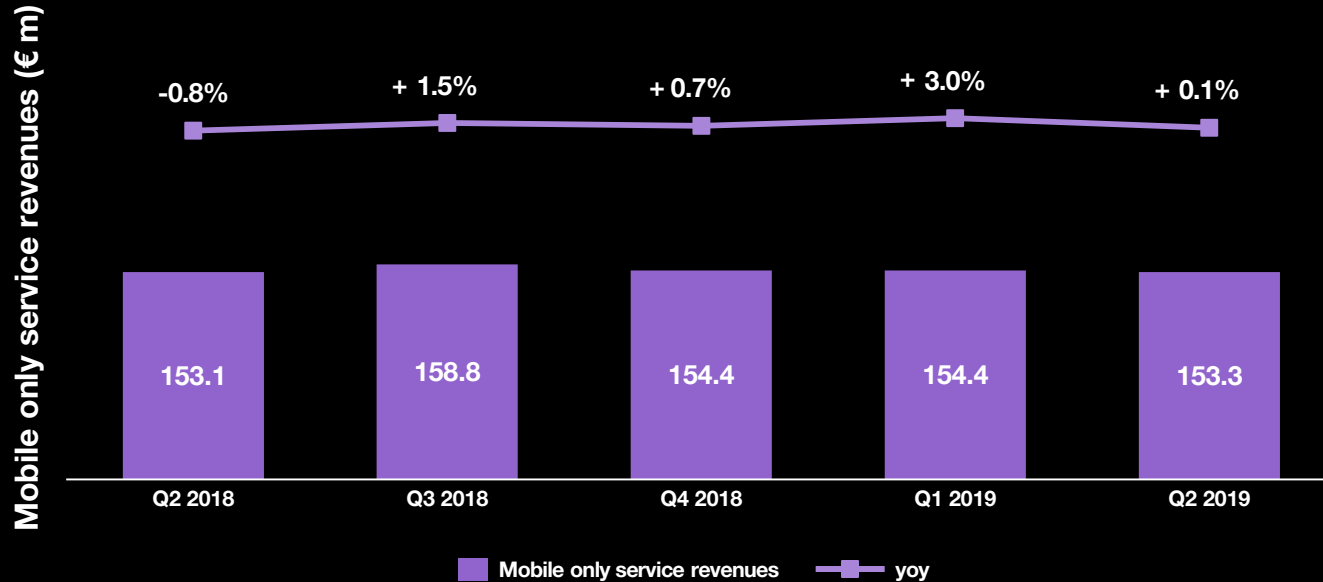
Status

- July 2: Belgian Competition Authority cleared the transaction
- End July: finalization of the transaction

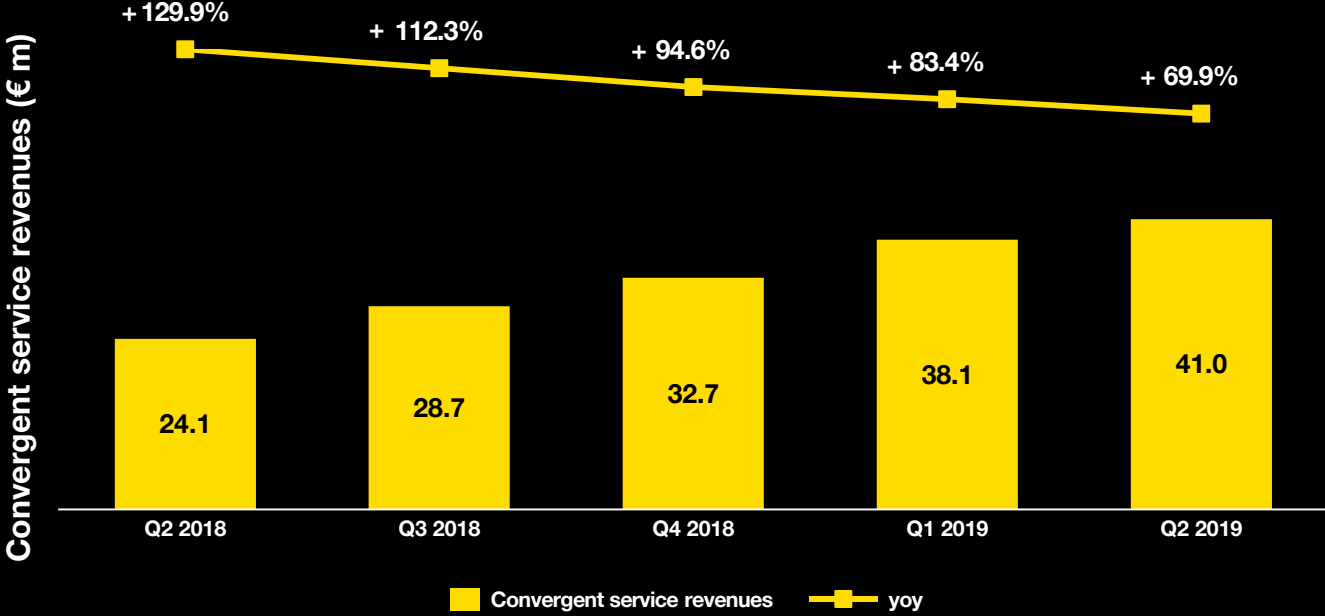
Section three

Financial Results

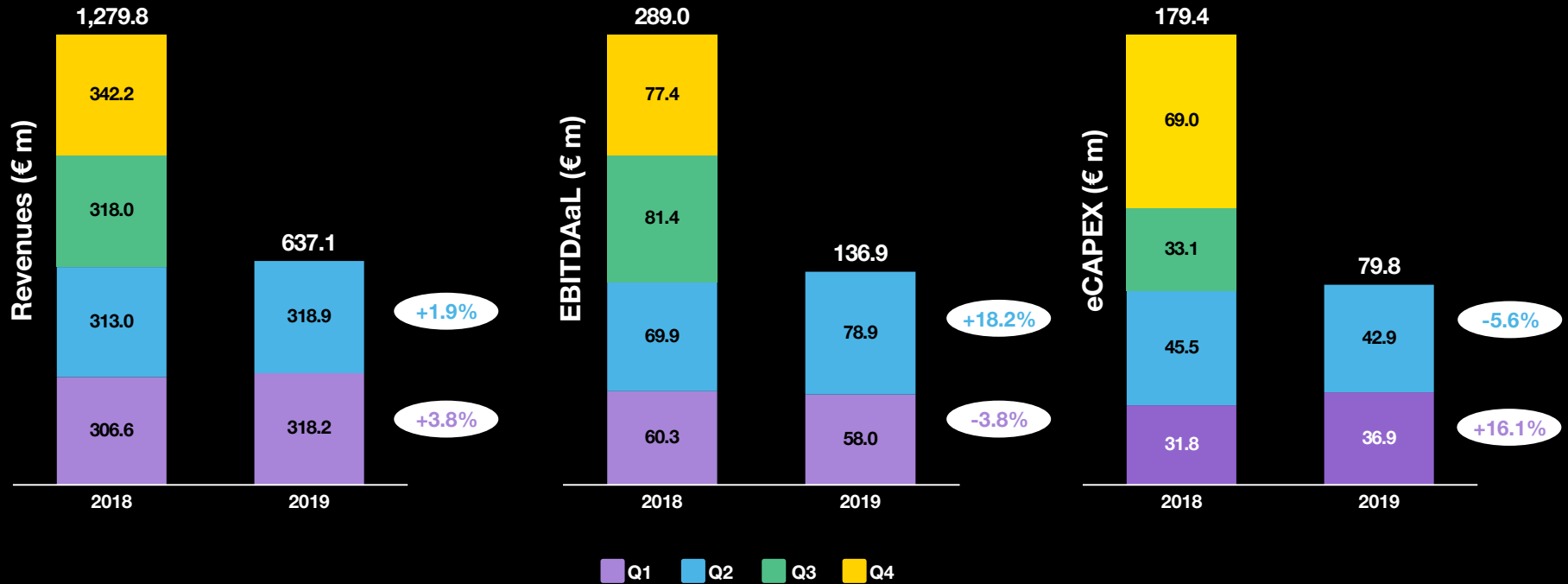
Mobile only service revenues: remains strong despite convergence growth



Convergent service revenues: sustained growth



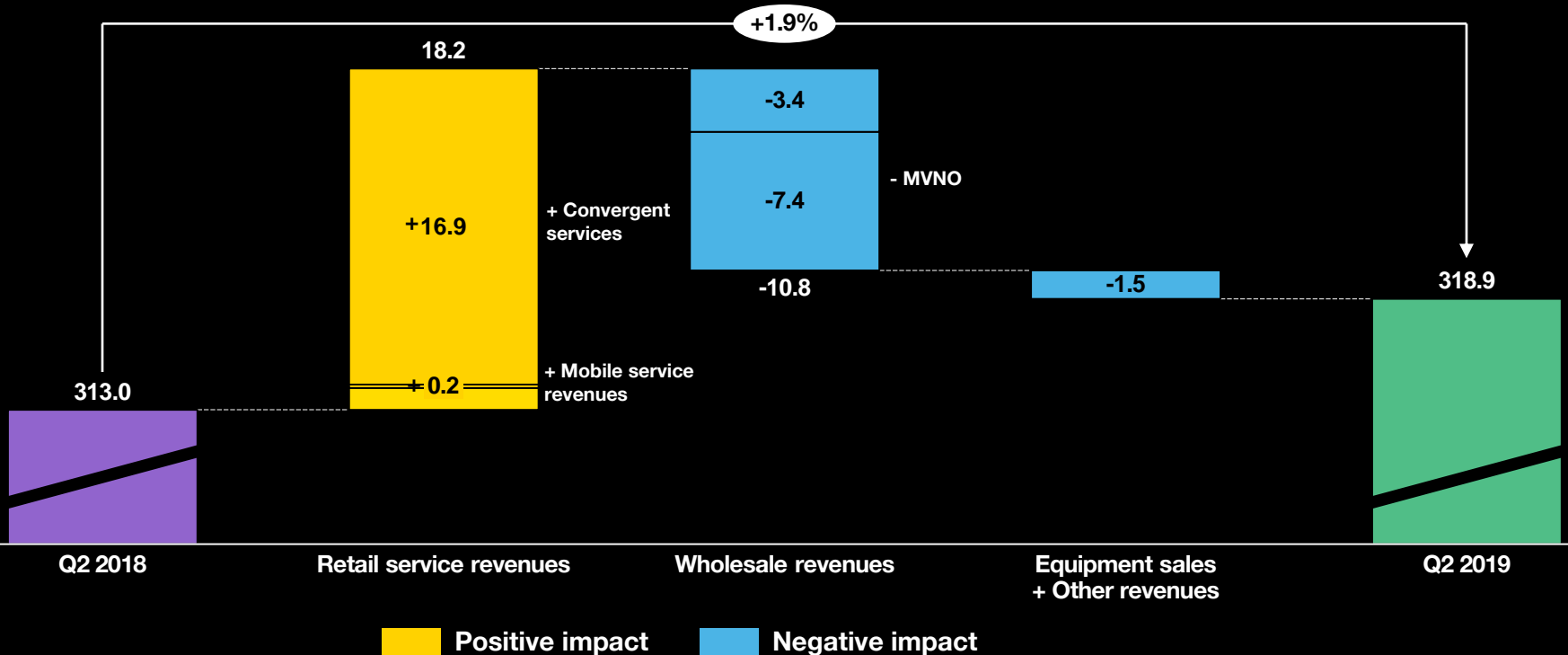
Orange Belgium Group: Q2 2019 key financial results



* Q1'18 and Q2'18 EBITDAaL on a comparable basis

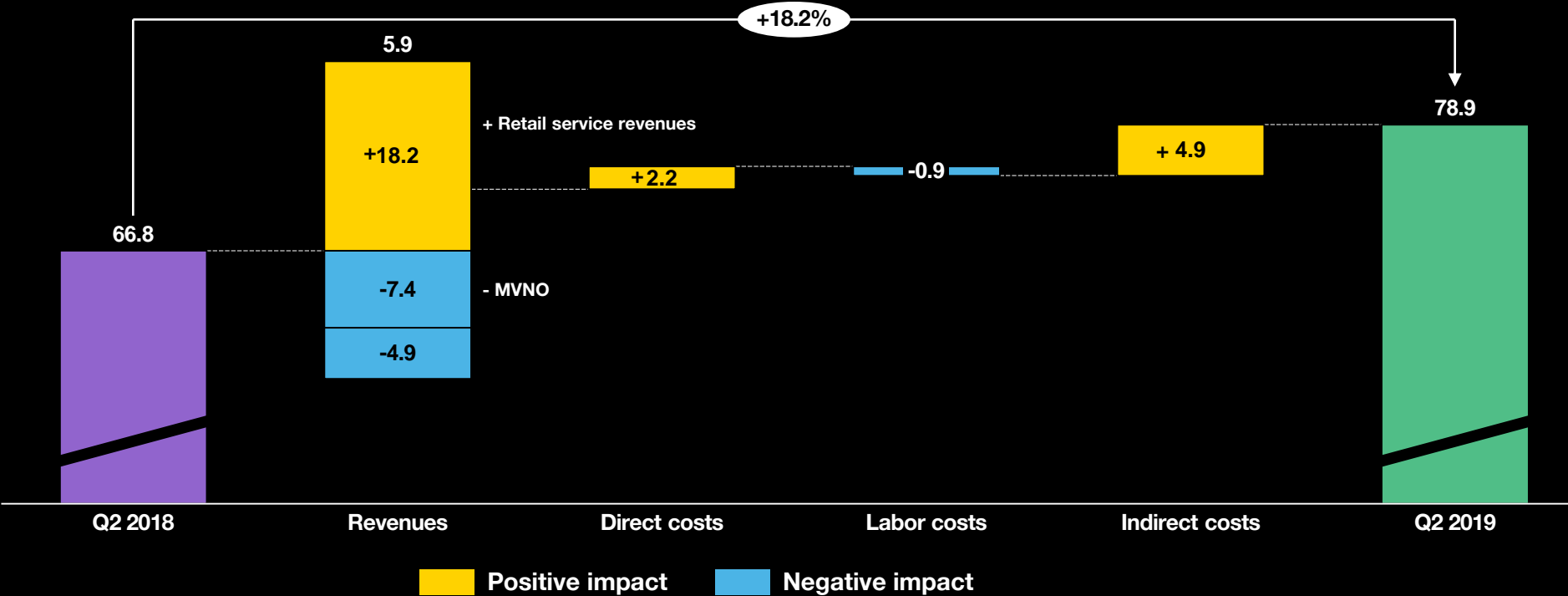
Revenues driven by increase in retail service revenues and equipment sales, despite the lower MVNO revenues

Revenues evolution (€ m)



EBITDAaL increased driven by higher revenues despite lower MVNO revenues, cost control and seasonality effect on advertising and IT spend

EBITDAaL evolution (€ m)

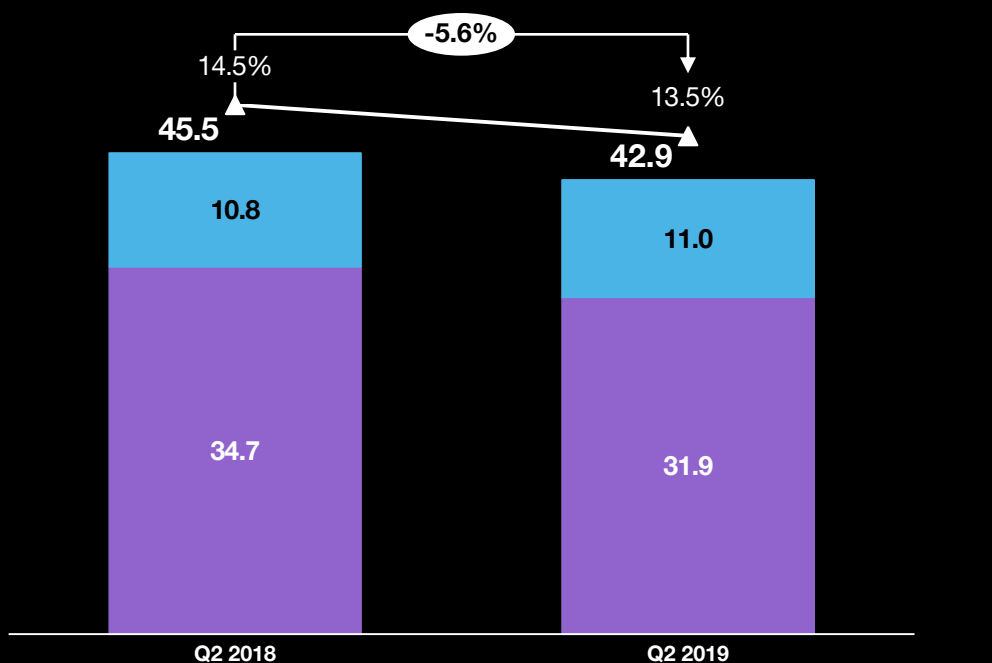


Cable operations continue to improve in H1'19

		<u>Variations</u>
Revenues:	€49.8 m	+86%
EBITDAaL:	€1.3 m	+€12 m
eCapex:	€23.3 m	+9%
Operating cash flow:	- €22.0 m	+€10 m

Total eCapex under control. Net financial debt amounted to €248.8m.

eCapex (€ m)



Net debt

€248.8 m

Net debt/EBITDAaL

0.8x

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

■ Core capex

▲ Total capex to total revenues ratio

Section four

2019 guidance

2019 guidance

	2019 Guidance	Q1'19	Q2'19	H1'19
Revenues growth	Slight growth vs. 2018	+3.8%	+1.9%	+2.8%
EBITDAaL	€285-305 m	€58.0m	€78.9m	€136.9m
eCapex	Stable vs. 2018	+16.1%	-5.6%	+3.3%

Outlook

- Further uptake of the postpaid and convergent Love customer base
- Focus on operational efficiency
- MVNO revenues are expected to decline by €25m in 2019
- International call impact: €8.5m on adjusted EBITDA compared to 2018
- Brand fee starting in May 2019: -€10m
- IFRS 16: very little impact on EBITDA after lease (EBITDAaL)

Section five

Q&A

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