

Orange Belgium
Q4 2019
Financial Results

Bold
Challenger
Challenger

February 6, 2020



Disclaimer

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

Section one

Q4 2019

Highlights

Orange breaks telco conventions

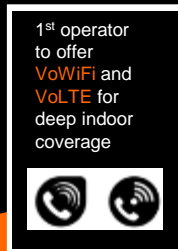
February



April



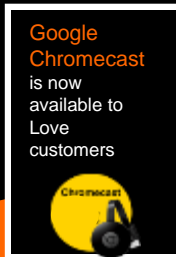
June



June



September



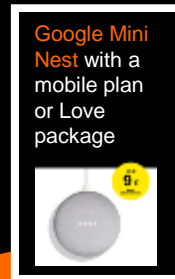
May



July



October



November



2018

2019

Q4 2019 Key achievements

Mobile contract excl. M2M

2.6 m

+4.5% yoy



Belgium

Convergent customers

258 k

+43.5% yoy



Belgium

Net additions

Mobile contract excl. M2M **+ 31 k**

Convergent customer **+ 25 k**

Belgium

15.9%

of total postpaid mobile base is convergent



Belgium

Revenues

€369.5 m

+4.8%* yoy



Retail service revenues

€222.8 m

+6.5%* yoy



EBITDAaL

€79.6 m

+5.5%* yoy

eCapex (FY 2019)

€180.2 m

+0.3%* yoy

*based on 2018 comparable figures

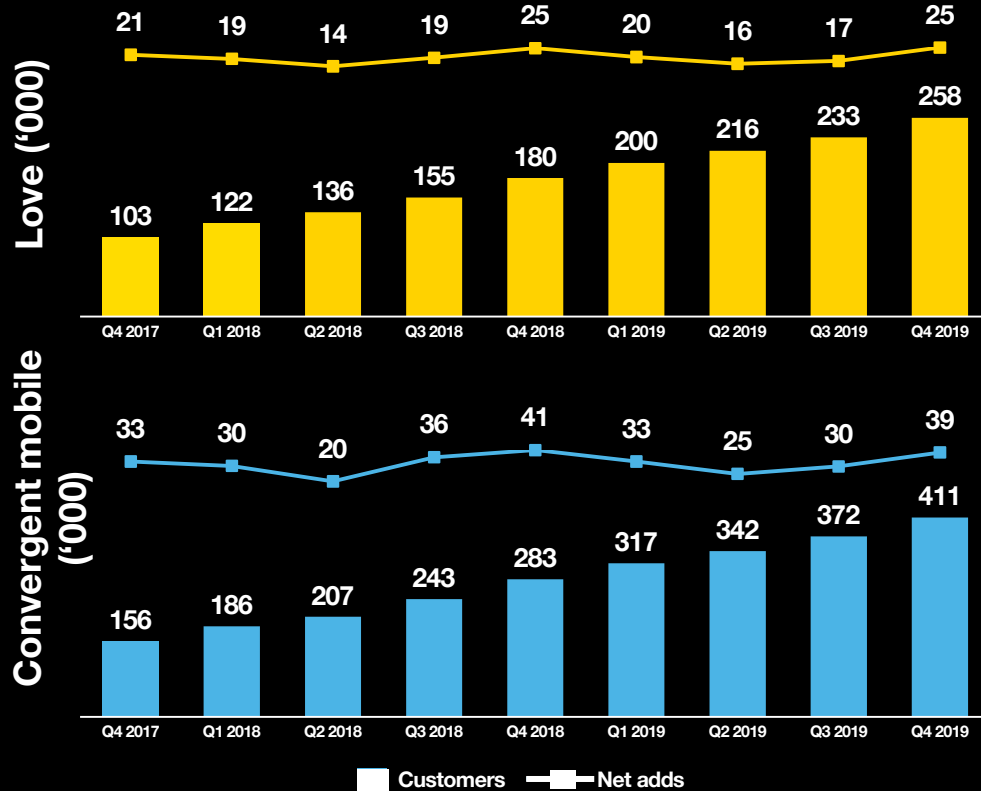
Results 2019 within upper range of guidance

	What we guided	What we achieved	
Revenues growth	Slight growth vs. 2018	+3.3%	✓
EBITDAaL	€285-305 m	€300.1m	✓
eCapex	Stable vs. 2018	0.3%	✓

Section two

Operational Results

Convergence: continued success with 25k new Love customers



+25k

Love customer net adds,
1.5% yoy

43.5%

Love customers yoy
variation

10%

of convergent customer
base is Love Duo

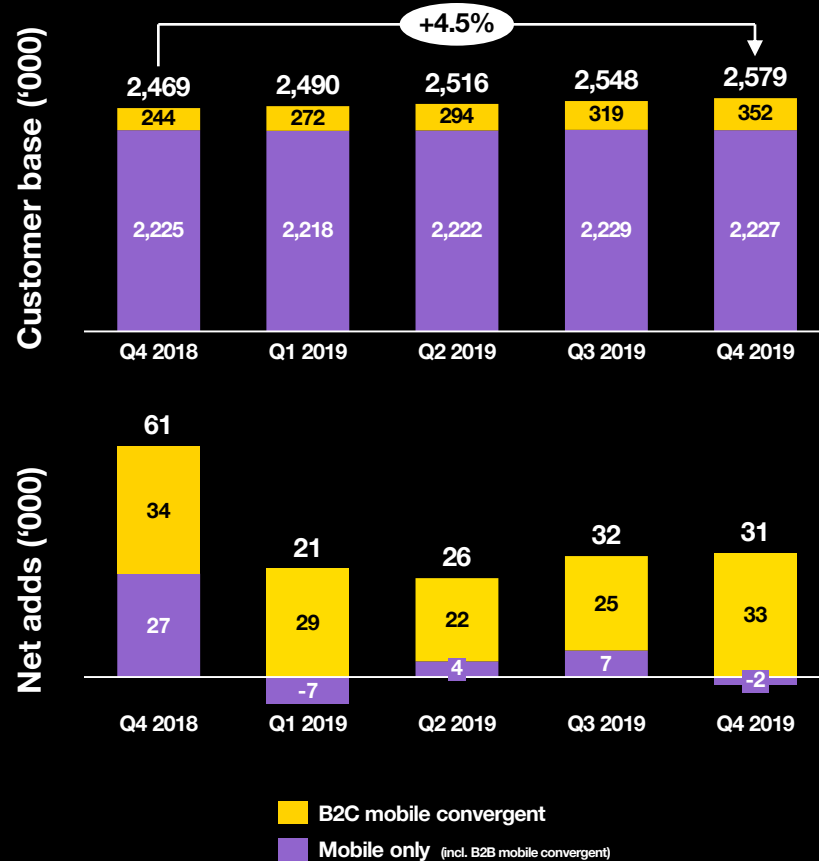
1.6

SIM cards per convergent
customer

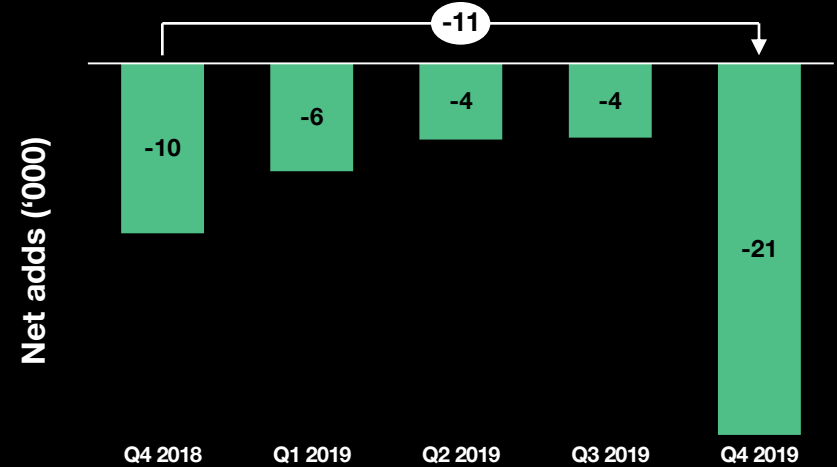
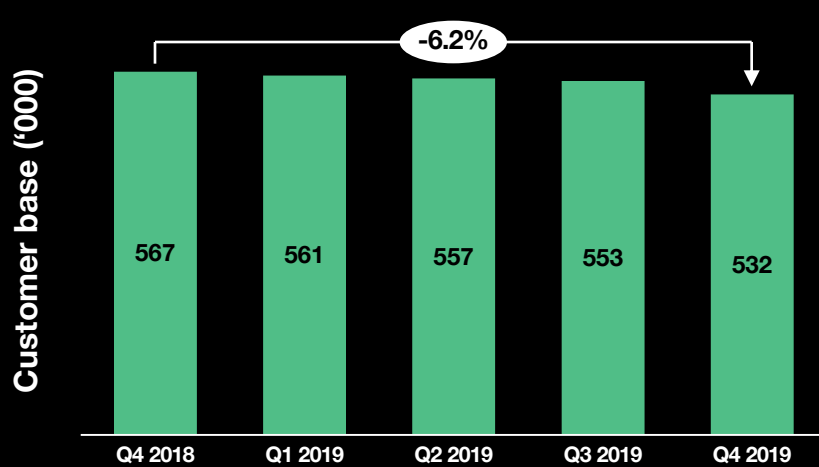
15.9%

of total postpaid mobile base
is convergent (Q4'18: 11.5%)

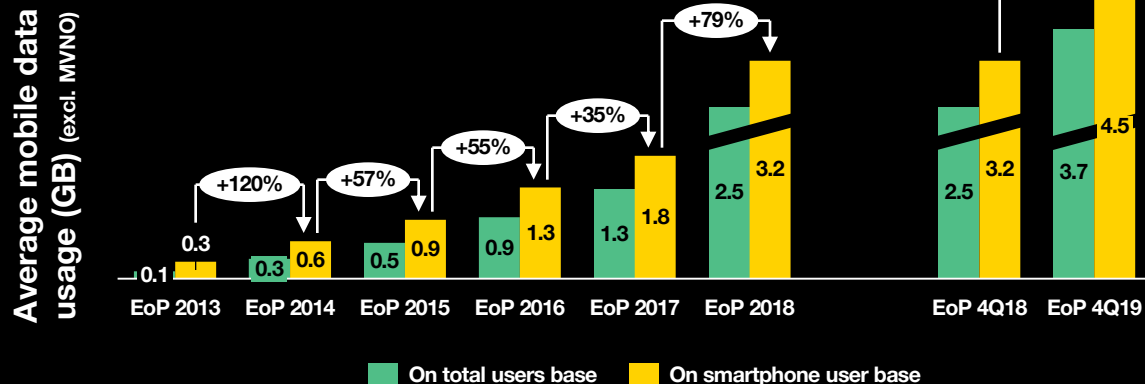
Mobile postpaid: customer base continues its steady growth



Mobile prepaid: acceleration of decline due to higher churn



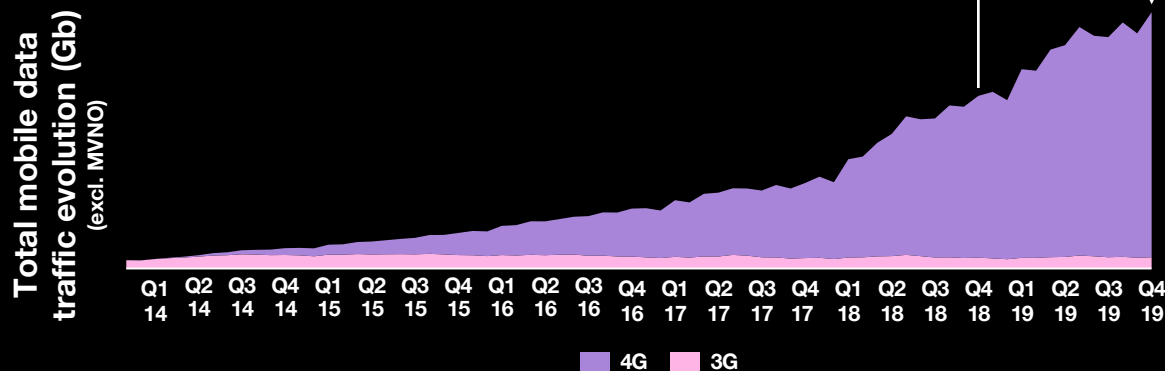
Mobile: Average mobile data usage increased by 38% yoy, reaching 4.5GB



4.5 GB Average mobile data usage (smartphone), +38% yoy

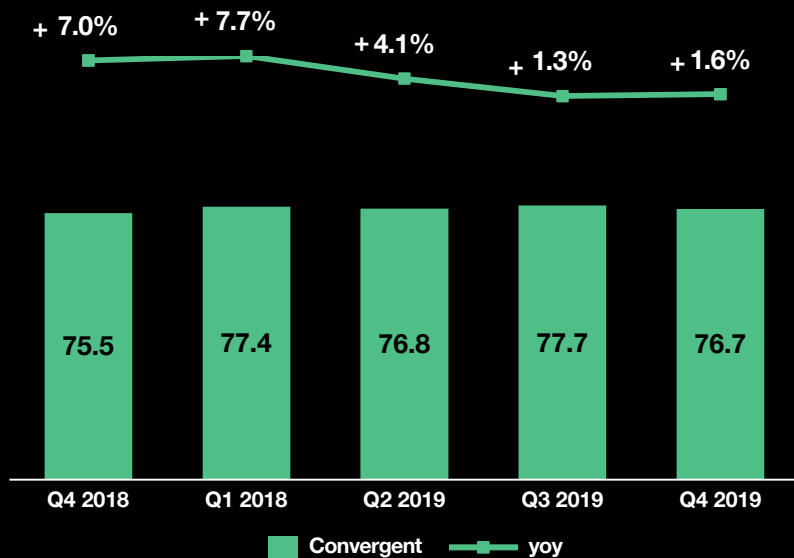
96% % 4G in total traffic (Q4'18: 94%)

+48% Total mobile data traffic yoy increase

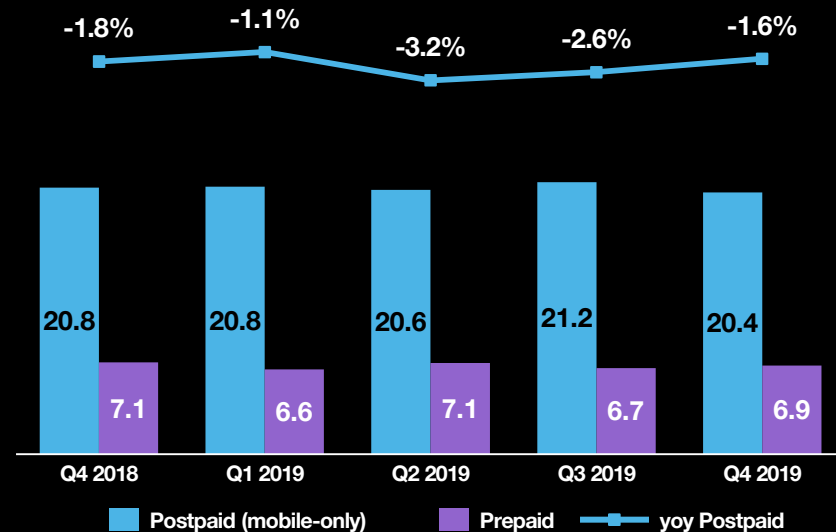


B2C convergent ARPO continued to grow while mobile-only postpaid ARPO slightly contracted

Quarterly B2C convergent ARPO (€)



Quarterly mobile only ARPO (€)



Delayed 5G launch in Belgium,

La 5G à Bruxelles toujours incertaine

MIS EN LIGNE LE 12/03/2019 À 18:34 ▸ PAR JEAN-FRANÇOIS MUNSTER

L'ordonnance relevant la norme d'émission n'a toujours pas été adoptée par le gouvernement. Les opérateurs craignent que le dossier ne soit reporté après les élections.

but Orange is 1st to launch a 5G testing hub with industrial partners



Deloitte.



 **BOREALIS**



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
- End December, the BIPT launched a consultation regarding various spectrum related matters
 - Following items were addressed:
 - the means for the BIPT to prolong the 900 MHz, 1800 MHz and 2100 MHz licenses beyond the current expiry date of March 2021
 - the proposal to increase the reserve price for the 3.6 GHz spectrum band
 - the new framework for private “5G” licenses in the 3.8-4.2 GHz band
 - Orange Belgium’s position on the consultation is :
 - Orange Belgium welcomes the initiative that will avoid uncertainty at the end of the license period
 - On the 3.6 GHz it is important to include effective spectrum usage/roll out conditions in the conditions for this band to avoid speculative behaviors
- At the moment, it is unlikely that an auction for any of the before-mentioned spectrum will be organised before 2021. Via a communication on Jan 31st, the BIPT announced an exceptional procedure and call for candidates for the attribution of temporary licenses in the 3.6-3.8 GHz band. The licenses would expire at the end of the auction.
- All regional government declarations put 5G development forward as a priority, however without clear commitments on a review of the applicable EMF-norms.

RAN sharing agreement with Proximus signed

Benefits

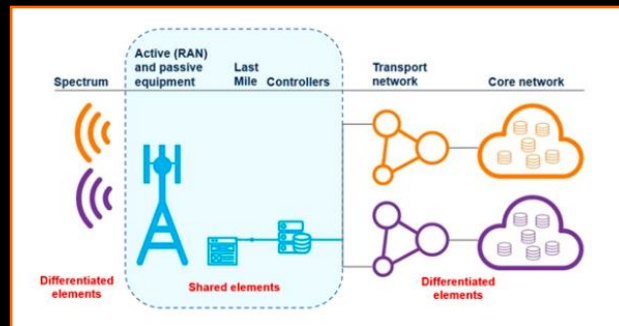
- **Less antenna sites**
- **Total energy consumption: -20%**
(= consumption of 10k households)
- **Improvement of overall mobile experience thanks to:**
 - **wider outdoor + deeper indoor coverage**
 - **faster & more comprehensive 5G roll-out**

Financial data

€300 m
savings over 10 years

€130 m
Initial set-up costs over
the next 3 years

Bringing relevant benefits for end-users, enterprises and society while preserving a sound & effective competitive environment



Orange Belgium takes note of the decision of the Belgian Competition Authority giving the telecom regulator until 16 March 2020 to further examine the sharing agreement with Proximus

- The Belgian Competition Authority has decided to suspend until 16 March 2020 the execution of the mobile network sharing agreement in order to grant additional time to BIPT to assess the latest changes on the provisions of the agreement and to ascertain that the commitments taken are adhered
- During this period of time, Orange Belgium and Proximus are still able to take preparatory measures.
- The Belgium Competition Authority acknowledges the benefits of the agreement and rejects the request from Telenet to suspend the cooperation until a final decision on the merits.
- The sharing agreement for the mobile access network will have positive effects for the customers and for the Belgian society as a whole, in particular a faster and more extensive deployment of 5G, a significant reduction in total energy consumption and an improvement of the global mobile service experience, while maintaining a strong differentiation between the parties on services and customer experience.

OBE acquired BKM S.A. to extend its B2B offering

ucc ▶ Unified Communication & Collaboration solutions

it ▶ IT solutions

d&v ▶ Document & Visual solutions

co ▶ Connectivity solutions

The power of digital transformation brings you more productivity, efficiency and cost reductions

Team members

230

Enterprise Value

€52.4m

Regulatory update

Cable Regulation

Cost model – Wholesale pricing:

- Consultation draft decision published on July 5 and ended on September 6
- Final decision: expected in Q2 2020
- Orange Belgium's key 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 focuses on avoiding unjustified wholesale price increases and on ensuring that the cost base for some cable operators is not overestimated.

Fiber Regulation

- A consultation on the FTTH rental tariffs is expected in course of Q2 2020

Bold Inside Outside

Simplification

- Offer simplification
- Simplification of IT landscape
- Organization and process simplification
- Renegotiation of contract with partners

Digitalization

- Change the distribution channel mix
- Increase of digital interaction
- Diversification of our B2B offers
 - Cross-sell on BKM customer base
- Creation of Digital Tribe

Empowerment

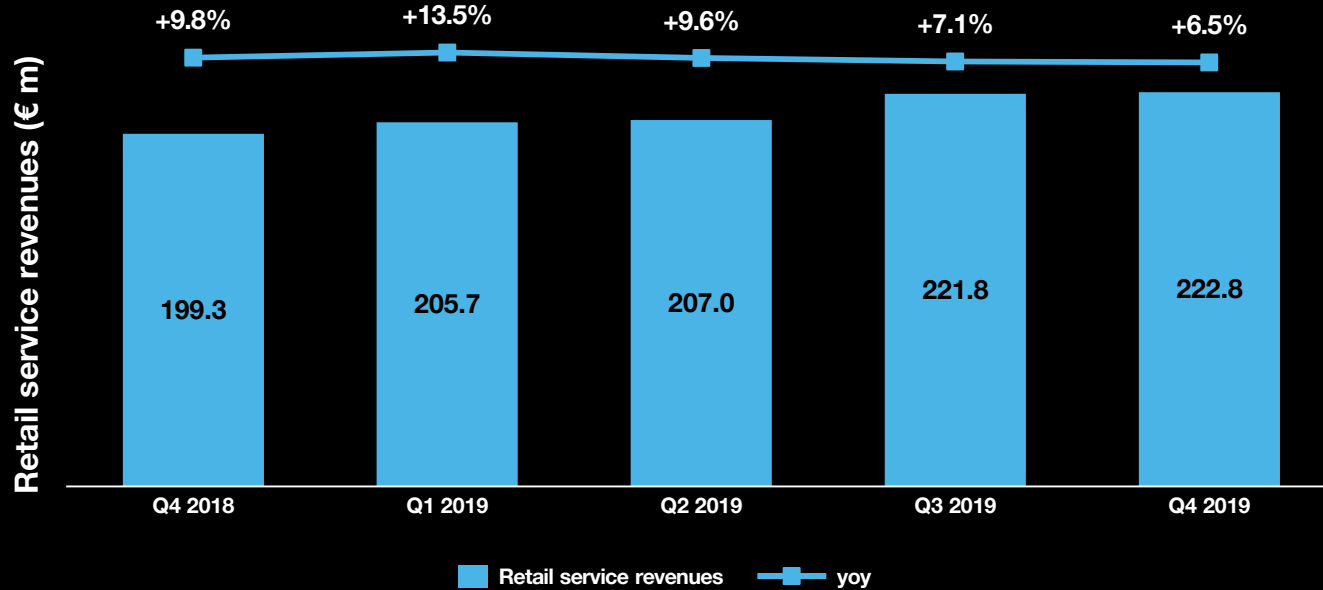
- Increase Customer Service first contact resolution
- End-to-End responsibility

3 year transformation plan:
2019 - 2021

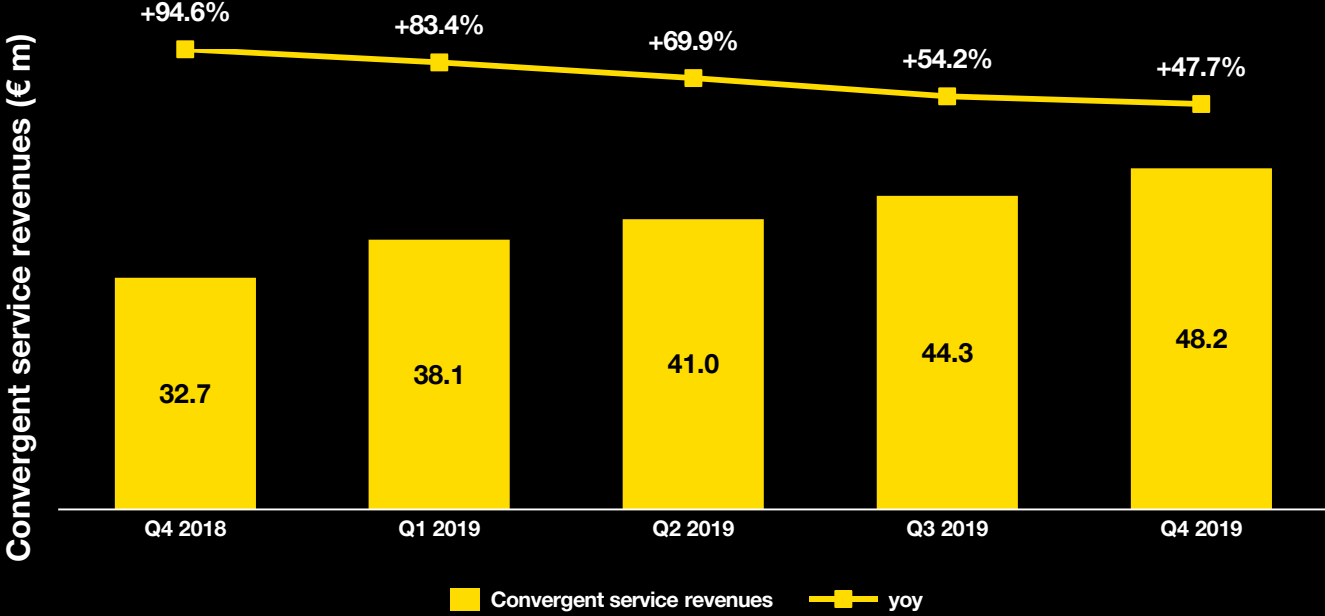
Section three

Financial Results

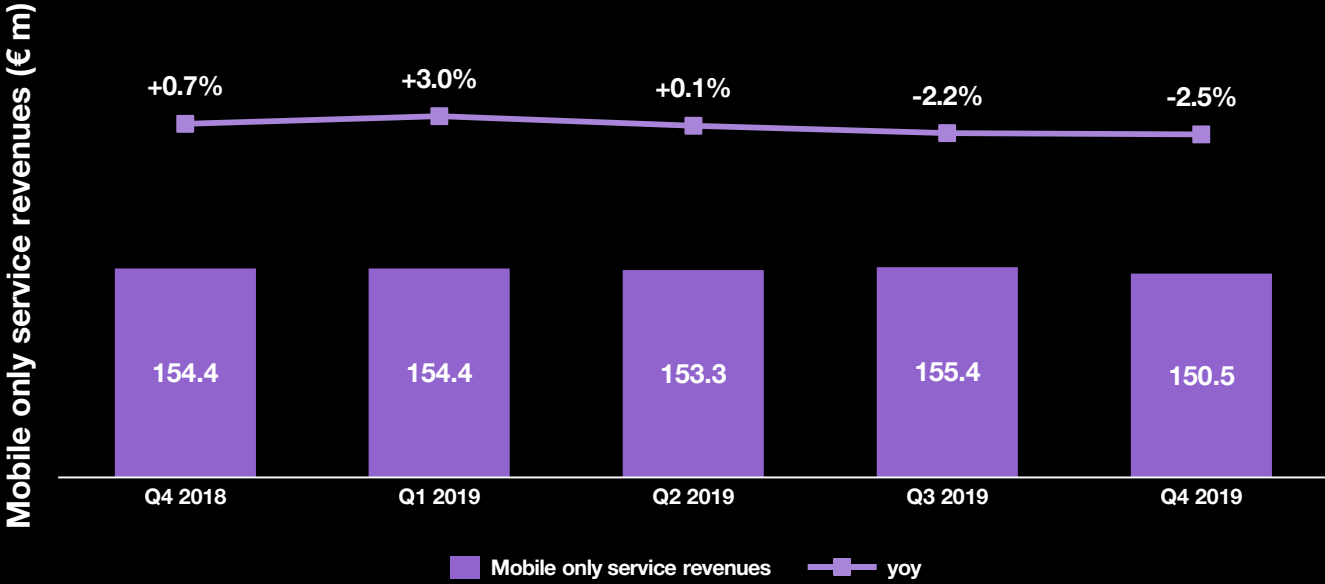
Retail service revenues: another quarter of solid growth



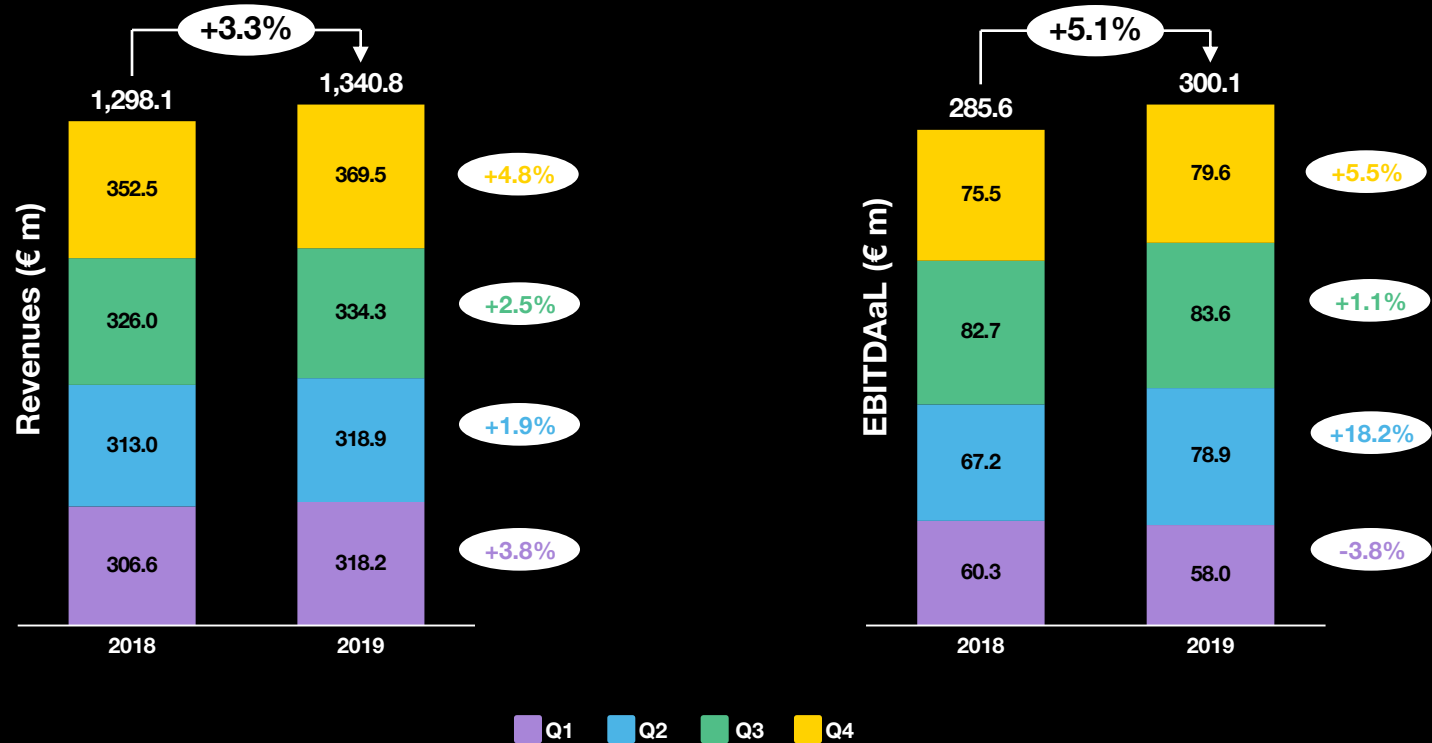
Convergent service revenues: sustained growth



Mobile only service revenues slightly decreased, despite strong increase in convergence revenues



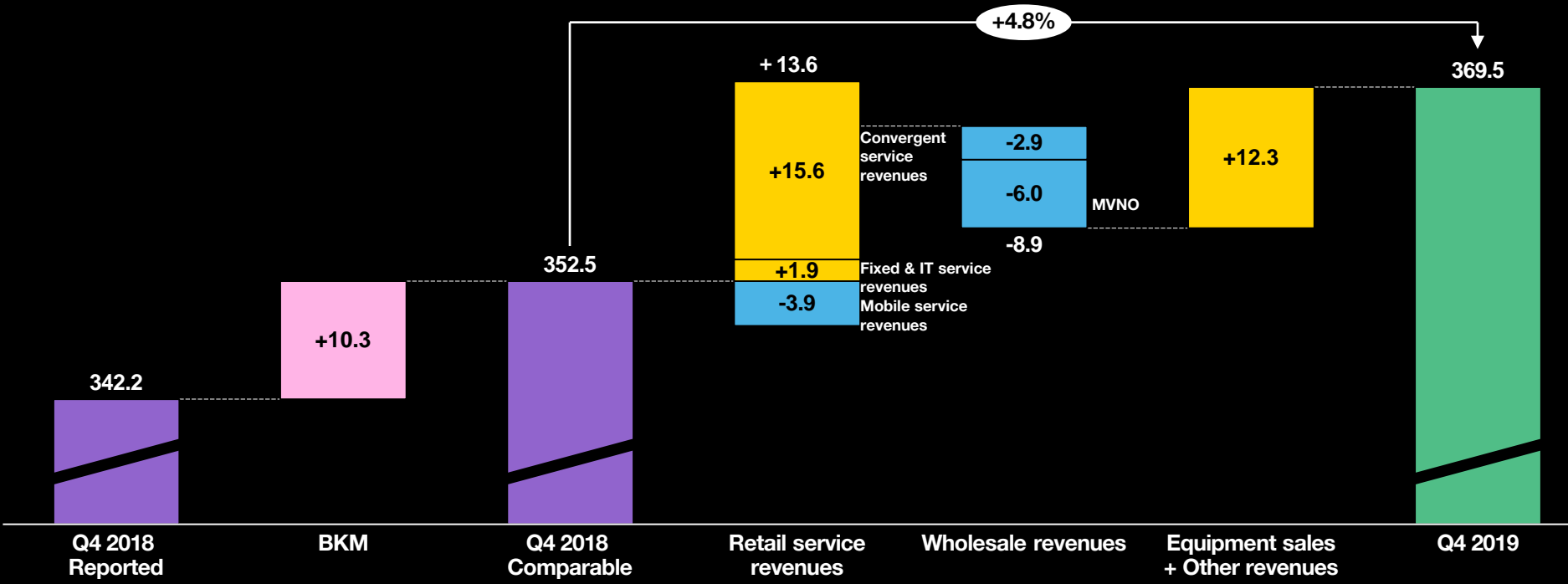
Orange Belgium Group: 2019 key financial results



- Q1'18, Q2'18, Q3'18 and Q4'18 EBITDAaL on a comparable basis
- Q3'18 and Q4'18 Revenues on a comparable basis

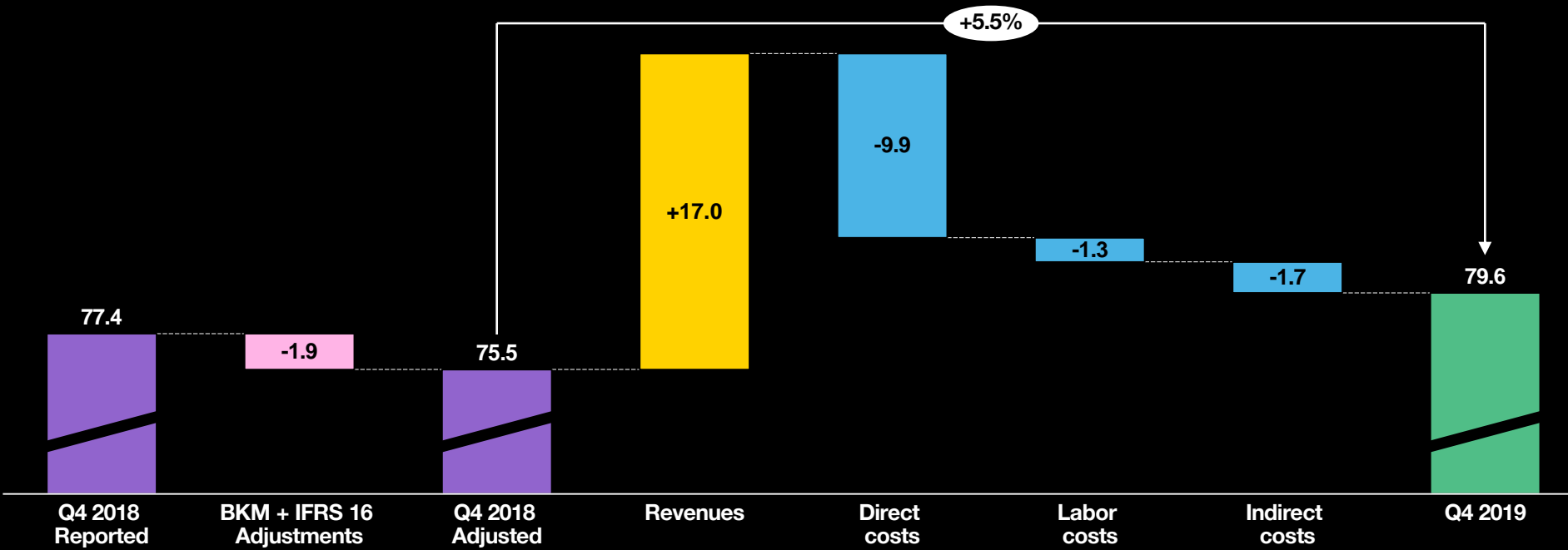
Revenues driven by increase in retail service revenues and equipment sales, despite lower MVNO revenues

Revenues evolution (€ m)



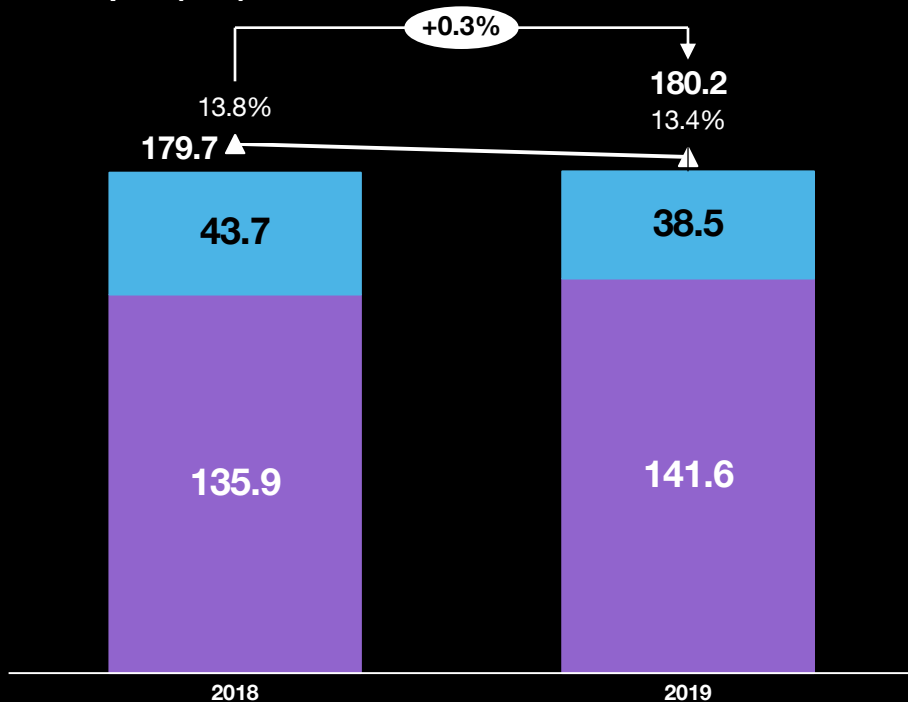
EBITDAaL increased thanks to higher retail service revenues, continuous improvements in the cable operations and cost efficiencies with Bold Inside

EBITDAaL evolution (€ m)



FY 2019 eCapex stable

eCapex (€ m)



Net debt

€234.3 m

Net debt/EBITDAaL

0.8x

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

■ Core capex

▲ Total capex to total revenues ratio

Cable operations continue to improve in 2019

		<u>Variations</u>
Revenues:	€108.1 m	+69%
EBITDAaL:	€6.8 m	+€23.2 m
eCapex:	€38.5 m	-12%
Operating cash flow:	- €31.7 m	+€28.4 m

Section four

Dividend

Proposal to pay dividend of €0.60 for financial year 2019

Maintaining a balanced and sound financial position

- Orange Belgium aims to provide an appropriate cash returns to equity holders while maintaining a balanced and sound financial position, thereby leaving sufficient leeway to continue to invest in its convergent strategy and the build out of its network and other growth opportunities.
- The Board of Directors will propose the AGM to distribute a ordinary dividend for the financial year 2019 of €0.60 per share.
- If approved, the payment of the dividend will be done on 14 May 2020 (ex-dividend date 12 May 2020; record date 13 May 2020).

Section five

2020 guidance

2020 guidance

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

Outlook

- Further uptake of the postpaid and convergent Love customer base
- Limited headwinds in comparison to 2019
- Final decision on cable regulation expected in Q2 2020
- Brand fees : full year impact
- MVNO revenues: full year impact of Medialaan
- Limited eCapex impact due to RAN sharing implementation

Section five

Q&A

Orange Belgium
Q4 2019
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