

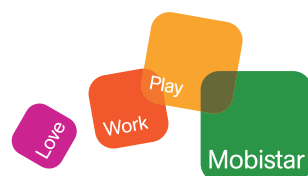
ACTIVITY  
REPORT  
2014

# TRANSFORM DELIVER PERFORM

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**MOBISTAR:  
THE NAME  
TO TRUST FOR  
CONNECTIVITY**

Mobistar intends to set the industry standard for mobile broadband connectivity and to excel in the area of domestic and business fixed line services supported by superior quality data services.

Mobistar offers the widest possible range of devices and services to enable its customers to access content anywhere, anytime.

Mobistar intends to be an open operator, collaboratively developing ecosystems in conjunction with a range of partners.

**€1 249.2Mio**  
MOBISTAR GROUP TURNOVER

**5.568Mio**  
CONNECTED SIM CARDS

**1 562**  
EMPLOYEES

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# MOBISTAR READY FOR THE NEXT CHALLENGES

Jan Steyaert, Chairman of the Board of Directors, and Jean Marc Harion, CEO of Mobistar, review a year of change and look forward to future opportunities.

> Meeting with Jan Steyaert and Jean Marc Harion



*In 2015, Mobistar will be focusing on its core business, connectivity, whilst working to improve the customer experience.*

## What have been the defining moments of 2014 for you?

**Jan Steyaert:** Mobistar took centre stage once again, particularly in the second half of the year... Right throughout the year, we took strong measures to improve our key financial indicators. The falling customer numbers we saw the previous year stabilised, and we are now regaining customers. Moreover, we have improved our average per-customer income. We achieved this through the hard work of our staff as well as an unfaltering investment policy. In order to maintain this momentum, we will propose to shareholders that we withhold dividend payment for 2014. This will enable us to continue to invest in our network and pursue our plan for change and continue to lay the foundations for our future development.

**Jean Marc Harion:** This was a second year of change, during which we saw positive business developments. Our investments in our network, particularly 4G, took us to a leading position in the market. Our strategy is beginning to yield results. Overall customer satisfaction has increased, as has the perceived quality of our network. More than ever, the skill and hard work of Mobistar's staff make the difference. We are ready for a comeback.

## In a constantly evolving telecoms market, what is currently Mobistar's core business?

**J.M.H.:** Connectivity. Connecting people and things as effectively as possible, starting with the mobile phone or smartphone as a key communications tool which is both flexible and customisable, for both work and leisure purposes. Our main aim is to provide the most efficient, accessible and reliable channel for accessing content of all kinds, guided by a strategy of technological openness. We also want to play a leading role in facilitating new applications, whether for mobile payments or cloud data storage. Within less than a year of the launch of our 4G network, we are seeing an absolute boom in mobile communication usage.

## What new steps have you taken to ensure you offer the best connectivity?

**J.M.H.:** We are now clearly leading the field in 4G coverage. At the same time, we want to help our customers discover the benefits of high-speed mobile connectivity, by helping them to choose the right devices, at the best prices, and by offering them innovative services. The results speak for themselves: there is a strongly improved perception of our network quality. An increasing number of our customers tell us that they prefer to access online services using their 4G mobile, rather than their fixed domestic connection.

Moreover, we have implemented the new Enterprise Mobility 3.0 strategy, which is designed to help business customers make the most of the opportunities that mobility can offer them. Machine-to-machine interactions (M2M) and human-machine interactions will play an increasing role. We have reinforced our leading position in this strong growth area.

Finally, we've updated our distribution channels to encourage more direct selling and face-to-face advice through our concept stores. Our ambition is to provide the best customer experience on the market. We like to thank our customers for their loyalty and confidence in us by awarding them with special gifts and surprises throughout the year.

## What do you make of the major developments on the Belgian telecoms market over the last few months?

**J.S.:** The contrast is remarkable. In the mobile market, customers have 30 companies to choose from. The fixed line market on the other hand is a duopoly, with just 2 players in each region dividing up the so-called triple play market (i.e. telephony, internet and digital television). This is not good for either consumers or businesses. Unlike mobile phone prices, which have fallen considerably, Belgium's triple play tariffs are amongst the highest in Europe, showing that the opening up of the fixed line market has been a failure. Cable regulation is the first step towards encouraging competition, but further measures are needed.

## What is Mobistar's key strategy?

**J.M.H.:** Just as we've already done for mobile data and 4G, we will continue to facilitate access to high-speed connectivity for as many businesses and individuals as possible. Once the wholesale service purchase prices relating to cable regulation have been clarified by the regulators, we will launch our ultra high-speed internet and digital television offer to the market. The opening up of the cable market will mean we can offer our customers convergent services.

## What major challenges lie ahead in 2015?

**J.S.:** Mobistar's main strength is that it has renewed its focus on its core business, namely mobile connectivity, whilst paving the way to participation in the triple play market. With the cable market issue, the eyes of Europe are upon us: we are breaking new ground by challenging this historic monopoly, which has now become a duopoly. In short, Mobistar is seeing a return to form.

**J.M.H.:** We have been through a tricky time, which has affected all areas of the company. These efforts combined with our investments in 4G have enabled us to gain the upper hand. Starting from this position of strength, we will continue our conquest of the marketplace. Moreover, the launch of our cable offer will be crucial to stimulating competition in this country. We will also be introducing attractive new services for businesses. Finally, we will continue to exercise tight cost control. The combination of our own strengths and the challenges we face make for exciting times for us.



# OUR PERFORMANCE AT A GLANCE (IN BELGIUM)

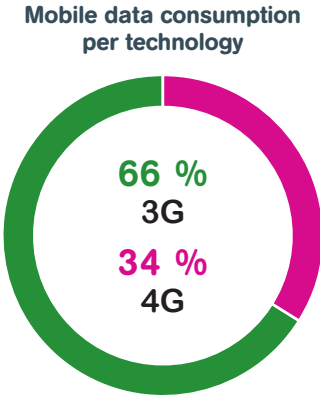
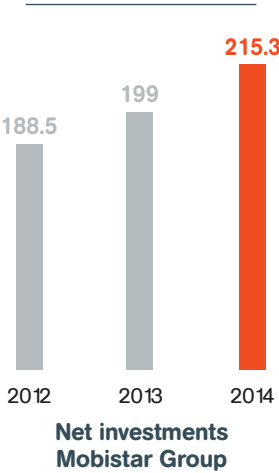
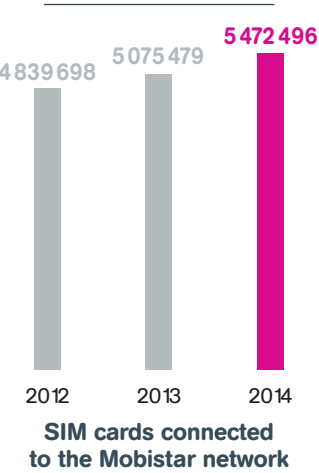
€1065.6Mio  
SERVICE REVENUE

41%  
OF BELGIAN SIM CARDS ARE  
CONNECTED TO THE MOBISTAR  
NETWORK

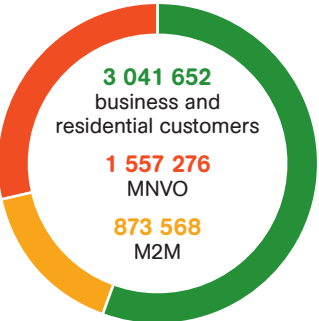
€215Mio  
NET INVESTMENTS  
MOBISTAR GROUP



“2014 was a second year of change, in which we experienced renewed business growth.”  
Jean Marc Harion, CEO

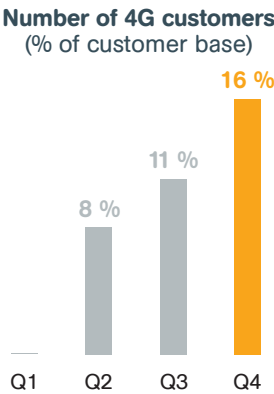
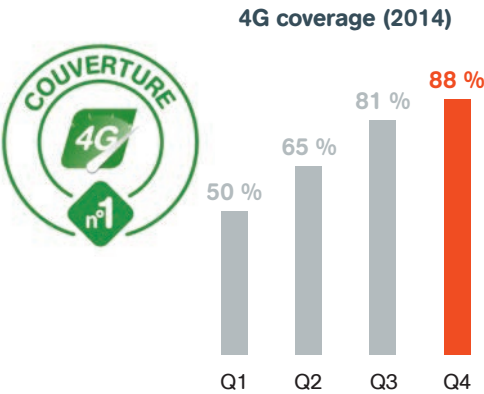


5 472 496  
CONNECTED SIM CARDS



n°1  
FOR 4G COVERAGE  
AT END 2014

500 000  
CUSTOMERS USING MOBISTAR'S 4G  
NETWORK BY END 2014



JANUARY

CABLE SERVICES KICK OFF

Mobistar pays 1.2 million euros to cable operators to initiate implementation of cable regulation. This marks the first practical stage of the operators' plan to offer competitive ultra-high-speed broadband and digital television services to Belgian consumers. The cementing of various technical partnerships at the end of the year marks the launch of the test phase.



FEBRUARY

INCREASED  
SATISFACTION  
LEVELS

An independent survey shows that over 90 % of customers are happy with the Mobistar network. The extensive investments made by the company to optimise the network come to fruition.



MAY

A NEW IN-STORE  
EXPERIENCE

After Liège, a brand-new concept store @Mobistar opens in Antwerp. This futuristic store offers customers an innovative experience. Here customers can try out a wide range of devices, get their smartphones repaired or benefit from expert advice.

In a similar bid to improve customer service and experience, in 2014 Mobistar took back exclusive control of its telecoms sales outlets in Carrefour hypermarkets throughout Belgium. The operator also bought up some assets from the distributor Euphony.

MARCH

4G  
CHAMPION

Mobistar launches its 4G network, offering both the best quality and best coverage. By the end of the year, it covered 88 % of the Belgian population. Since May onwards, Brussels residents are also able to benefit from 4G. Mobistar was also the first Belgian operator to successfully test a 4G+ network in Mechelen.

AUGUST

MOBILE AND  
MOBIFLEET  
BOOST SME  
MOBILITY

Mobiline is the first virtual mobile switchboard in Belgium, a unique business solution for SMEs which supersedes traditional telephone systems. Mobistar offers a further innovation with Mobifleet, a smart phone and tablet fleet management tool, created in partnership with Systemat.

SEPTEMBER

MOBISTAR OFFERS  
ITS CUSTOMERS  
THE STARS

Mobistar creates the event with its "Have a Nice Day" customer loyalty scheme. The cherry on the cake for Mobistar customers was the exclusive availability of tickets for Mika at Ancienne Belgique, followed a few days later by a unique event with Lady Gaga and Tony Bennett at Grand Place in Brussels.

OCTOBER

CO<sub>2</sub> NEUTRALITY

Mobistar's buildings, network and stores are now CO<sub>2</sub> neutral. Mobistar is the first Belgian operator to have completely offset its business activities' emissions.

DECEMBER

MILLIONTH SIM  
CARD INSTALLED  
IN A MACHINE

Mobistar announced that it has installed over 1 million SIM cards machines or objects (from drinks vending machines to vehicles), making it Belgium's leading machine-to-machine (M2M) operator.



# MOBISTAR AT THE HEART OF CONNECTIVITY

## MISSION

Mobistar enables unique mobility experiences for individuals, communities and companies through relevant innovation.

Mobistar is one of the main actors on the telecommunications market in Belgium and Luxembourg. The company offers its residential customers prepaid and postpaid mobile subscriptions as well as innovative mobile telecom solutions. On the business market, Mobistar offers fixed line telecoms via the DSL network and broadband internet, acts as an integrated telecoms operator and offers a portfolio of mobility and connectivity services. Mobistar also acts as a wholesale operator, providing its partners with access to its infrastructure and service capacities.

Mobistar is continually investing in its premium quality mobile network, offering 2G, 3G and 4G technologies. Mobistar, whose majority shareholder is the Orange group, is listed on the Brussels Stock Exchange.

## VISION

Mobistar will be celebrated by its customers as the trusted leader in personal(ised) communication and service.

## VALUES

### Straightforward

We communicate openly and take responsibility for our behaviour.

### Empowered

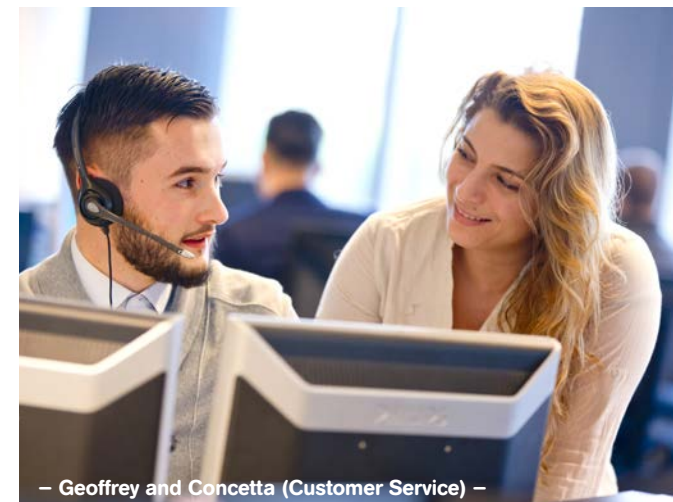
We focus on successful execution and take ownership for our work, life and passion.

### Dynamic

We stimulate new ideas, encourage learning and try things differently.

### Respectful

We pay attention to people and value differences in all our working relationships.



– Geoffrey and Concetta (Customer Service) –



# A CHANGING MARKETPLACE

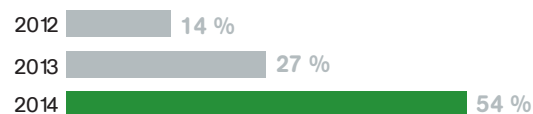


In Europe, the increasing availability of high-speed mobile (4G) seems to have had the effect of halting the steadily falling telecoms revenues seen over the last few years. In the fixed line market, the prevailing duopoly (traditional telecom operator and cable operator) on the Belgian market resulted in continuously rising prices, going against the overall mobile market trend.



**CABLE OFFER**  
Mobistar needs to be able to enter the digital television and ultra fast broadband market under affordable conditions whilst ensuring that customers get a good deal.  
– Philippe Toussaint, Cable and Convergence Director –

 **54 %**  
OF MOBILE INTERNET USERS  
IN BELGIUM



Source: Mobistar and Arthur D. Little

## Exponential Growth of Mobile Data Traffic

After six years of sharp decline, related to dramatically falling mobile telecoms prices, the European telecoms market finally started to even out in 2014. The boom in smartphone and tablet sales led to a correspondingly dramatic rise in mobile data traffic, compensating somewhat for the decline of the traditional “voice-based” telecoms market.

Mobistar was amongst those operators who, after years of decline, saw an increase to average per-customer income, sparked by the deployment of high-speed mobile networks (4G). 2014 saw dramatically rising mobile data traffic in Belgium. The use of mobile phone apps, particularly those for the major social networks, became a way of life for a growing number of Belgians.

## Duopoly in Fixed Line Broadband and Digital Television

2014 was a significant year for market competition in Belgium, with the operator Base (KPN) relinquishing its digital television service Snow, which essentially supported the duopoly between the traditional fixed line telecoms operator and cable operators. This duopoly situation is unusual in Europe and is detrimental to consumer interests. This lack of competition has led to constantly rising prices in the fixed broadband and digital television markets. This is in marked contrast to what happens on the mobile telecoms market, where competition between some 30 operators (mobile and virtual networks) has led to some of the lowest prices in Europe. The well-documented disparity in existing churn rates for fixed line and mobile telecoms services is indicative of the considerable problems fixed line customers have in changing operator.

Recent changes to cable regulation have nevertheless now made improved competition in the Belgian fixed broadband market a real possibility, which will be to the benefit of consumers. A decision by the Brussels Court of Appeal in November 2014 marked the opening of the network infrastructure of cable operators in Flanders, thereby lifting a number of uncertainties and paving the way for the launch of a new convergent offering in 2015. A decision on Brussels and the south of the country is expected in the first half of 2015.

Nevertheless, the operating conditions and the cost of services set out within this context should (as per European Commission stipulations) make it affordable for Mobistar to break into the internet and television market whilst offering an attractive price for consumers. These conditions have not yet been met. Mobistar is therefore appealing to the regulators to rapidly improve these conditions in order to enable a new entrant to participate profitably in the marketplace and to the benefit of consumers. Mobistar will set the date of its commercial launch once operating conditions and wholesale television and internet service prices have been clarified by the regulators.



### Regulatory Framework

2014 was dominated by federal, regional and European elections and, from a regulatory perspective, was first and foremost a year for finally implementing decisions taken in previous years. Mobistar is anticipating that in 2015 regulatory measures will have a less negative impact on the business market than they have in recent years. The operator in fact estimates that the cumulative effect of national and European regulations has affected its income to the tune of €300 million between 2010 and 2014. 2014 highlights:

- The 800 MHz spectrum acquisition, which enables wider 4G coverage, was finalised. This is a 20-year licence, enabling Mobistar to offer its customers the best outdoor and indoor 4G coverage.



**+29 %**

SALES OF SMARTPHONES  
IN BELGIUM IN 2014



Source: GfK



### TAXING HURTS

The tax on mobile phone towers and masts introduced by the Walloon Region in December 2013 (also extending the power to make similar levies to Walloon municipalities), could cost the Belgian telecoms sector tens of millions of euros in 2014.



– Guillaume and Henri (Purchasing) and Charlene (Operations) –

- In September 2014, Mobistar secured continued availability of its 900 MHz frequencies as well as future access to 2x25 MHz chunks of the 1800 MHz spectrum until November 2021.
- On 17<sup>th</sup> of January 2014, Mobistar commenced the effective implementation of cable regulation in Belgium by making the requisite payments to cable operators. At the end of the year, Mobistar welcomed the decision of the Brussels Court of Appeal, ending the case brought by Telenet contesting the regulation of the opening of the cable network. Mobistar prompted the regulators to support this decision so that the implementation of the regulation might achieve its aims, namely to improve competition in the market and offer consumers greater choice and better prices.
- The Brussels Capital Region paved the way for 4G deployment in the European capital by setting a standard limit on radiation from mobile phone antennas to 6 volts per meter. It is worth bearing in mind that the World Health Organisation's own recommended emissions limit is 42.6 V per metre.

- The European Commission imposed new price caps on international roaming rates for operators, but at a lower percentage rate than previous years.
- Lower mobile termination rate (MTR) charges in Luxembourg, for calls between customers on different networks, has impacted Orange Luxembourg's EBITDA to the tune of several million euros.
- The "Vande Lanotte agreement", a self-regulatory framework negotiated between the operators and the former Minister for Economic Affairs, was implemented. This agreement requires operators to actively inform customers about better rates and thereby encourage competition.



# RENEWED GROWTH

Over the last few years, Mobistar’s business model has evolved to keep pace with dramatically falling prices across the mobile telecoms market. Its dynamic adaptability has enabled the company to achieve an advantageous market position, allowing it to capitalise upon new opportunities.



5

STRATEGIC PRIORITIES FOR 2015



**HAPPY CUSTOMERS**  
We are always looking to improve customer satisfaction. This is our priority.  
– Elisabeth Opsomer, Prepaid Marketing Manager –

Mobistar’s plan for change, first implemented in mid-2013, is based on both sustainable changes to cost structures and accelerated investments. In 2014, these two parallel leverage strategies yielded their initial results, showing a slight increase to average per-customer income. Moreover, customer satisfaction increased appreciably. Mobistar is set to continue this strategy throughout 2015 whilst continuing to seize new growth opportunities. The company has set five strategic priorities to ensure continued, sustainable growth:



**Lead the Mobile Market**

- Mobistar’s mission is to provide the best quality mobile network and to offer the best 4G network. By the end of 2014, Mobistar was the top 4G supplier, covering 88 % of the Belgian population. It is aiming for 99 % coverage by the end of 2015.
- On the mobile contract market, Mobistar intends to see a return to sustainable growth by enticing new customers with attractive offers and innovative services.



**Be the Number 1 Convergent Services Provider**

- Mobistar aims to become both the market leader and its benchmark for convergent services based on cable regulation. On the retail market, the opening up of the cable market means Belgian consumers can look forward to benefiting from competitive services which meet their real needs.
- On the business market, Mobistar is expanding its convergent services offer by capitalising on VDSL fixed line solutions.



**Offer the Best Customer Experience on the Market**

- Mobistar intends to offer the best all-round customer experience in the telecoms sector. The provision of reliable networks is crucial here (necessitating both coverage and speed), as is impeccable customer service at every stage: before, during and after sales.
- The business puts its customers firmly at the heart of the business. Its core strength is its web platform as well as a cross-functional approach to distribution networks.



**Manage Operating Costs As Efficiently As Possible**

- Mobistar continues to exercise assiduous cost control. It intends to implement new business models with its partners.
- Improving service quality should help drive down operating costs. This operation will also be boosted by a company-wide process improvement scheme for business change.



**Improve Staff Commitment**

- Mobistar aims to create a work culture based on the quality, simplification and improvement of the customer experience. Digitisation of the business is crucial to the way we work.
- Employees will have meaningful career development opportunities as well as new opportunities in the company’s growth areas, right across the board.

# THE BEST COVERAGE AND MUCH MORE



– Mostafa (Network) –

In 2014, Mobistar invested no less than €155m (excluding licence purchase costs) in its networks in order to improve the company's end-to-end customer experience. The operator took the lead in the 4G market whilst continuing to optimise its 3G network, as well as its fixed and convergent infrastructure for the business market.



## 99.5 %

MOBISTAR'S OVERALL  
OUTDOOR NETWORK  
COVERAGE (OF THE  
BELGIAN POPULATION)

### A Great Leap Forward for 4G

Mobistar is Belgium's number one operator for 4G population coverage. By winning its 800 MHz operating licence in late 2013, it was able to build a large coverage, ensuring good indoor reception. The quality of indoor coverage is essential for Mobistar, whose policy is not to roll out high-speed mobile connections in any town unless they can guarantee an indoor coverage rate of at least 50 %. It was on this basis that 4G was rolled out in Brussels in May 2014.

By the end of 2014, the operator had achieved an outdoor 4G coverage rate of 88 % for the entire Belgian population, and an indoor coverage rate of 64 %. Around 500,000 customers, i.e. around one third of Mobistar's mobile data customers, make daily usage of 4G. This progress was made possible through investments to upgrade the antennas infrastructure as well as extensive transmission network reconfiguration work.

## 500 000

NUMBER OF 4G USERS ON THE MOBISTAR  
NETWORK



Discover more about the  
Mobistar network on  
[www.mobistar.be](http://www.mobistar.be)

Mobistar is currently rolling out its high-speed mobile network across less densely populated areas, to achieve a 99 % 4G coverage rate by the end of 2015, matching that of 2G.

### A Solid 3G Leadership

At the same time, Mobistar is continuing to optimise its 3G network, relying on its leading role in low-band UMTS network management. Mobistar has the most UMTS users on the 900 MHz spectrum. This experience is also extremely useful for 4G deployment on the 800 MHz spectrum.

To maintain optimal availability at a time when mobile data usage is booming, Mobistar works hard to keep its networks flowing by preventing congestion. The quality of perceived customer experience relies strongly upon the ongoing work being carried out to optimise transitions between the various network types (2G, 3G and 4G) and frequency spectrums (800 MHz, 900 MHz, 1800 MHz, 2.1 GHz and 2.6 GHz). Customers who are travelling need to be able to count on a completely seamless service, from departure to arrival, and whether they are travelling by road, rail or underground. To this end, Mobistar is working hard to improve signal quality in certain 'strategic' areas such as tunnels and rail connections.

## 5.5M

OF SIM CARDS  
CONNECTED TO THE  
MOBISTAR NETWORK



### 4G PERFORMANCE MONITORING

We are constantly monitoring  
our network performance in  
order to ensure we offer our  
customers the best possible  
experience.

– Yann Farmine -  
Development Manager –





### Crystal-clear Voice Quality

Progress in high-speed connections, which are most suitable for the most recent usage patterns, should not be at the expense of voice transmission quality. Mobistar is the only operator to deploy HD Voice technology, based on higher-performance technology to markedly improve the audio quality of voice transmission, resulting in crystal-clear sound. Mobistar is at the cutting-edge of this new quality standard, which is soon to become industry standard.

### Simplified Network Architecture

In 2014, Mobistar simplified its network architecture by harmonising certain technologies whilst discarding obsolete standards (e.g. ATM). This enables the business to continue making considerable investments whilst also rationalising costs.

Belonging to a huge multinational group such as Orange has also enabled it to enjoy economies of scale with suppliers and manufacturers and to share certain quality control processes and software upgrades.

The Mobistar network is subject to continuous investment in order to improve its performance and quality for our customers.



– Stefan and Hicham (Network) –

### FIRST 4G+ NETWORK TEST IN MECHELEN A SUCCESS

In May 2014, Mobistar was the first Belgian operator to successfully test a real 4G+ network (also known as LTE Advanced) offering speeds in excess of 200 Mbps. Aggregating the 1800 and 800 MHz 4G frequencies has resulted in more efficient use of the spectrum, thereby offering higher speeds and better indoor coverage (up to a 30 % increase). Mobistar will be marketing this technology as soon as compatible 4G+ devices are available on the market and national coverage is consistent and extensive enough to ensure a high-quality customer experience.



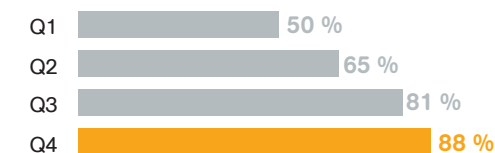
# 4 x

IN 2014, IN ORDER TO DEAL WITH INCREASING MOBILE DATA TRAFFIC, OUR CORE NETWORK CAPACITY WAS INCREASED FOURFOLD

# n°1

FOR 4G COVERAGE BY END 2014

### Mobistar 4G coverage (2014)



### Increased Reliability of Fixed Line Business Services

Mobistar has been working to rationalise and optimise its fibre-optic and VDSL network, and in a way which is entirely transparent for business customers. This has enabled it to improve the reliability of its fixed line telecoms solutions, via both digital and analogue lines and its IP VPN offer. As a player in the fixed-mobile convergence business market, Mobistar has also carried out a number of deployments which deliver the benefits of small cell technology (such as Femtocell) in order to provide high-speed mobile in hard-to-access areas.



# BETTER UNDERSTANDING YOUR NEEDS

To ensure it offers the best mobile connectivity experience, Mobistar relies on both its outstanding network and on solutions that make its customers' day-to-day lives easier. In 2014, the operator's pioneering work paved the way to it becoming the first choice of residential customers across the board.



7 000

GUESTS ATTENDED THE MIKA AND  
LADY GAGA CONCERTS

3 041 000

ACTIVE CUSTOMERS (MOBISTAR S.A.)



Discover our solutions on  
[www.mobistar.be](http://www.mobistar.be)

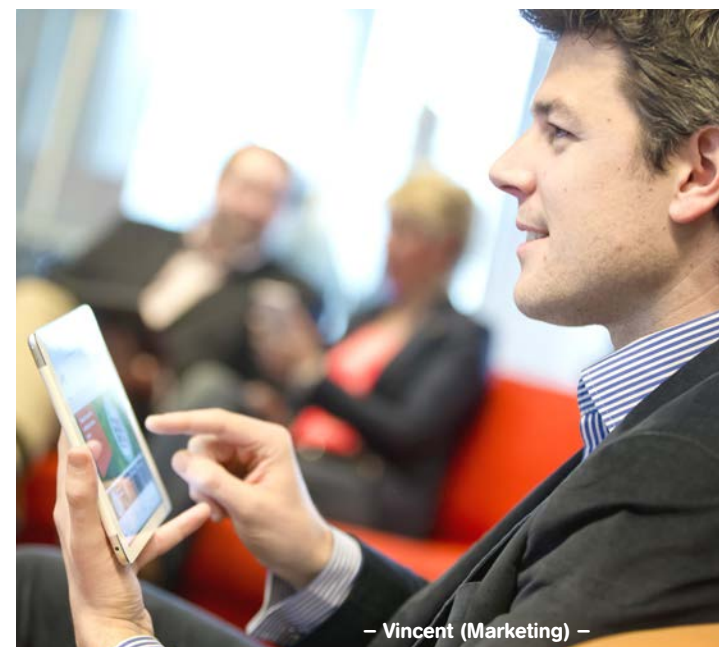
## Giving Customers Star Treatment

Mobistar has been treating its customers with thoughtful rewards and surprises. With the launch of the 'Have a nice day' loyalty scheme in April, all Mobistar customers received an invitation to choose a special gift via the Mobistar site customer area. The cherry on the cake undoubtedly being the 2 exclusive concerts of Mika at Ancienne Belgique and Lady Gaga and Tony Bennett at Grand Place in Brussels, with respectively 2,000 and 5,000 Mobistar guests.

## A Personal Check-up

Mobistar far exceeds its legal obligations to provide information, by proactively getting in touch with its customers to offer them a tariff that best suits their usage patterns. Equally, customers can contact the operator at any time to check that they are on the best tariff for them. This proactive approach has revealed that, generally speaking, customers don't necessarily just go for the cheapest option but instead look for the one which best meets their needs, including for instance all-inclusive mobile data packages to avoid nasty surprises.

On the latter issue, Mobistar advocates maximum transparency with regard to data consumption. An alert system lets customers know when they are about to exceed their data limits. Again, Mobistar goes way beyond its legal obligations by letting customers know when they have reached 80 % of their data limit and by automatically imposing a block at 100 %. Customers then have the choice whether to approve the block, continue to pay per usage or buy a larger data package. There is also the free MyMobistar app, which allows everybody to check their consumption data at any time.



– Vincent (Marketing) –

## MySwap to Stay on Top

In September, Mobistar launched MySwap, an exclusive service in Belgium and indeed in Europe. The operator guarantees to swap 4G smartphones for up to 50 % of their purchase price within 2 years. MySwap only costs 3 euros per month and is available for selected 4G smartphones. It is an attractive package for high-tech enthusiasts who always like to have the latest model.

## Choice at Attractive Prices

In 2014, Mobistar optimised and expanded its smartphone "subsidisation" strategy. Whatever tariff they are on, consumers are free to choose from a huge range of high-quality 4G phones without having to break the bank. Consumers can also go to the updated Mobistar Centers for informed advice. The operator is committed to helping consumers get the most out of 4G, starting with the right choice of handset.

## International Calls at Competitive Rates

In mid-2014, Mobistar launched 1617 a prepaid card with competitive international call rates is designed for foreigners living in Belgium who like to regularly keep in touch with friends and family back home.

With its Panther 60 package, Mobistar was also the first operator to offer a package which includes a high volume of calls, text messages and mobile data for all inbound and outbound communication in Europe.



“The Mobistar network is subject to continuous investment in order to improve its performance and quality for our customers.”

#### More Customer-friendly Sales Outlets

In 2014, Mobistar began a major modernisation scheme, updating its sales outlets at a rate of 5 stores a month. Stores are now more spacious and modern, encouraging customers to test as many devices as possible. Mobistar has slightly reduced the number of its stores from 162 to 140, to ensure that each offers a better range of services and an improved customer service experience, with the addition of an in-store repair service.

Showcasing these new-look sales outlets are the 2 flagship stores in Liège and Antwerp, which offer a fully immersive experience in the newly available digital technologies.

As well as making stores more attractive and comfortable, Mobistar has used this upgrade of its distribution network to harmonise a number of processes. The in-store offer has been brought completely in line with Mobistar's online offer, which was itself completely overhauled in 2014. Many customers actually start their shopping online before going into a store to test out a smartphone handset or get face-to-face advice.

#### Exclusive Distribution Partnerships

The operator has terminated its contract with The Phone House, on the basis that the “multi-operator” sales approach was no longer responding to customers' very specific requirements. Mobistar has moreover been able to strike some new exclusive partnership deals: following the bankruptcy of the company managing the telecoms stores in Carrefour hypermarkets, Mobistar has signed a deal with the distribution chain. This agreement covers a makeover for the 35 “in-store stores” in Carrefour hypermarkets, with Mobistar colours and branding. The operator also has a similar agreement with Media Markt.

Mobistar took over a part of the assets of Euphony Benelux.

Mobistar's Concept Stores guarantee customers a unique experience, with the focus on exploration, discovery and service.

5

THE AVERAGE NUMBER OF MOBISTAR SHOPS UPGRADED EACH MONTH



#### CUSTOMER SATISFACTION CHARTER

In 2011, Mobistar signed a Customer Satisfaction Charter. Mobistar then implemented ongoing process improvements to ensure it offers the highest quality customer service.

2014 Indicators	Average
% responses	91.62
Average wait time (in seconds)	24
Invoice resolutions (in days)	9.1
Cases lodged with the Ombudsman	1 600

#### Simplifying Customer Welcome Processes

Where appropriate, Mobistar is keen to “digitise” customer relations. Taking advantage of digital technology, the new customer welcome process has been simplified: new customers receive an email directing them towards a webpage containing a range of helpful information on how to use their device, understanding their bill and how to track their usage online. 85 % of subscribing customers now receive their invoices electronically (by email or text message), which offers environmental as well as financial benefits. New customer welcome processes have been updated in order to make full usage of digital communication (i.e. text message, email). Customers can also access the MyMobistar data tracking app via [www.mobistar.be](http://www.mobistar.be). Here, information is clearly laid out in order to make usage easy to understand and to avoid any unpleasant surprises.



#### TOWARDS CONVERGENCE

We have started operational tests on our broadband and television services to prepare for commercial launch.

– Thomas Parvais – Senior Cable Product Manager –

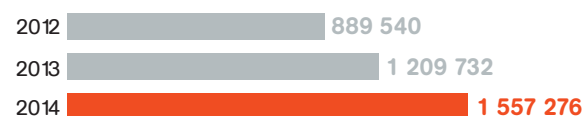




# MOBILITY AS A TRANSFORMATIONAL BUSINESS OPPORTUNITY

**+25.6 %**  
ACTIVE M2M SIM CARDS

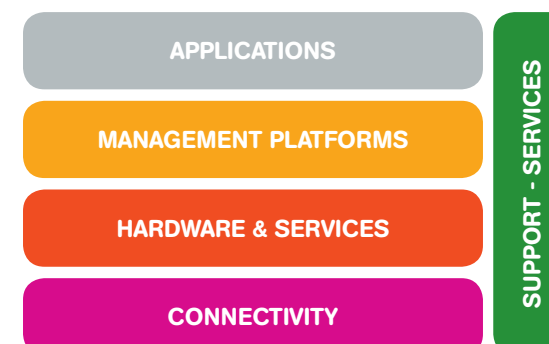
Evolution of the number of MVNO cards



With the arrival of 4G, the widespread use of cloud computing, the availability of reliable and affordable mobile devices and the rise of the internet of things (M2M), information technology is rapidly breaking new ground. Mobistar is here to support those companies that see this mobility as an unparalleled opportunity to strengthen their business.

In 2014, Mobistar launched its Enterprise Mobility 3.0 strategy, helping business customers to improve their efficiency by capitalising on the “mobilisation” of their IT processes. This strategy is based on the following building blocks:

## OUR ENTERPRISE MOBILITY 3.0 STRATEGY



### SHAPE, FOR WORKFORCE MOBILISATION

In 2014 Mobistar introduced its innovative Shape package, a very simple and flexible mobile telecommunications solution for professional fleet management. Because telecoms requirements vary across the workforce, Shape allows you to combine 6 different packages that best suit everyone's needs, from the jetsetting sales force to the “fixed” workers who simply need to be contactable. Shape comes with the Invoice Split service, which enables businesses to set maximum limits and thus stay in control of their budget.

### Appropriate Connectivity

Mobistar's leading position in the 4G market means it can offer mobile infrastructures capable of providing consistent and reliable support to business processes. With its “Shape” offer, the operator has changed its pricing model to offer all-inclusive “peace of mind” packages.

### Device Security and Management Services

Mobistar is helping companies manage the explosion of mobile devices and applications. In partnership with mobile device management specialists, the operator helps businesses stay in control of their mobile device fleet. Data security is also an absolute priority.

### High Added Value Applications

Mobistar is part of an inspiring ecosystem of some 170 mobile application providers across a number of areas. Using Showpad and Salesforce on their tablets, the operator's sales teams are able to provide a more efficient service for their business clients.





**MACHINE TO MACHINE**  
The machine-to-machine market is now booming in Belgium. As a market leader, Mobistar has all the competencies required to help our customers reinvent their business processes.  
– Gert Pauwels –  
M2M Marketing manager –

#### A Wholesale Market Led by Two Partners

Over one and a half million Mobistar SIM cards have been activated via mobile virtual network operators (MVNOs). Most important in terms of volume is undoubtedly Telenet. Another partner with the wind in its sails is the virtual operator Lyca Mobile.

#### Leading the Market in Connected Objects

As a leader in the machine-to-machine industry, Mobistar is ideally placed to help businesses optimise their information flows thanks to the huge potential of the internet of things.

#### Mobiline

Mobistar has launched a unique new solution, which offers mobile telecoms but with all the advantages of traditional fixed line services. Customers can keep their landline numbers and calls are simply directed to company mobiles.

#### Mobifleet

In partnership with Systemat, Mobistar has unveiled a new smartphone and tablet fleet management tool for SMEs. They benefit from a hassle-free solution which includes handy features such as devices preconfigured with company apps, a helpdesk available for staff 6 days a week and a data recovery tool in the event of loss.

#### New Taxis Verts Initiative with Mobistar

In Brussels, the Taxis Verts company is using Mobistar's 4G network to offer in-car WiFi and using Enterprise Mobility to offer the eCab mobile app which creates new connections with customers.



– Yuri (Purchasing), Els (B2B Solutions) and Khaled (Wholesales Offers) –



Discover our business solutions on [business.mobistar.be](http://business.mobistar.be)



# ORANGE COMMUNICATIONS LUXEMBOURG

# 17

ORANGE SHOPS IN LUXEMBOURG, INCLUDING "IN-STORE SHOPS" IN AUCHAN, SATURN AND DELHAIZE

# 165

RELAY ANTENNAS INSTALLED BY ORANGE LUXEMBOURG IN 2014

#### An Enhanced Range of Services

The Luxembourg-based operator, a wholly-owned subsidiary of Mobistar, invested heavily in its mobile network performance in 2014, following cutting-edge work in the 4G field. The range of services has also been improved to offer customers greater convenience, in a market which is now increasingly competitive with the arrival of a fourth operator.

Orange Communications Luxembourg has invested no less than 10 % of its turnover in improving not only its 4G network coverage (85 % of the population by end 2014), but also the density and capacity of its 2G and 3G networks. The perception of Orange's network quality consequently improved accordingly, sustained towards the end of the year by a major advertising campaign focusing on its proximity to the Luxembourg population.

#### Promoting Peace of Mind

The Luxembourg operator has completely overhauled its portfolio of mobile services, promoting all-inclusive packages for maximum peace of mind. Its new flagship product, Hello Europe Intense, includes roaming tariffs which are highly attractive to its many cross-border workers.

#### A Promising Start for Quadruple Play

In 2014, things really started to take off in the convergent fixed line + mobile + internet + digital television market, in association with cable operator Eltrona & Luxembourg Online. Sales showed a healthy increase and the television offering has been gradually expanded. Orange TV is in the privileged position of being able to offer previews of Orange Studio films (in German and in French). The public image of Orange Luxembourg is also further enhanced by its high-profile partnership with the My French Film Festival.

#### Pro Corners Success

Orange Luxembourg has been reaping the rewards of its Pro Corners spaces, launched last year for professional users. The operator has performed well in the freelance and small business segment. At the big business end of the market, the Luxembourg operator has felt the heat of new competition. Over the next few months, its convergent services offer for businesses should help get it on a more secure footing in this exceptionally dynamic market.





– Bilal, Mimouna and Victor (Customer Service)–

# COMMITMENT AND EMPLOYABILITY

## THE TWO MAINSTAYS OF MOBISTAR'S "PEOPLE" STRATEGY

Motivated and committed staff make all the difference. This is why Mobistar's team members are at the heart of one of its five strategic priorities. It intends to be an attractive company to work for, keen to ensure its employees enjoy career development and a rewarding working life. Its business culture strives to encompass well-being, collaboration, performance and growth opportunities by capitalising on the best that digital technology has to offer. Mobistar's team members are the ambassadors of a company which is helping to digitise society.

### Happy Employees Are Committed Employees

With their own unique talents, all team members contribute to the company's capacity for innovation and success. This is why for two years now Mobistar has been running a scheme designed to objectively measure its employees' commitment levels (Employee Net Promoter Scores, or e-NPS) and its managerial qualities (people factor) on the basis of an anonymous survey run twice a year. It is designed to measure commitment and to maintain a dialogue with its employees; this business-wide "chat" gives everyone a voice, allowing people to share their progress and their successes as well as raise issues. This initiative has enabled management to understand workers' real needs and to adjust their strategy accordingly.

The e-NPS score rose by over 15 points in 2014. It also emerged that over 70 % of employees would recommend Mobistar as a good employer.

**+15**  
INCREASE OF THE EMPLOYEE  
NET PROMOTER SCORE (E-NPS),  
IN ONE YEAR.

 **70 %**  
OF EMPLOYEES WOULD  
RECOMMEND MOBISTAR  
AS A GOOD EMPLOYER



“Employees who are proud of their brand and their products, as well as their experience working within a collaborative, digital company, make all the difference.”

Anne Cambier, Chief People Officer

Improved internal satisfaction makes a crucial contribution to employees' motivation and therefore commitment. It requires transparent communication about corporate strategy, and for the last two years the company has been involved in making some major changes to improve operational efficiency. Mobistar will continue to promote lateral growth opportunities within the company, as a meaningful way of developing the skills the company requires and to enable each and every employee to improve their own skill set and fulfil their potential.

#### Brand Ambassadors

Mobistar wishes to extend to its employees a mobile and digital experience, just as it does to its domestic and business customers, in order to make its employees genuine ambassadors of the Mobistar brand, strategy and products. This is where Enterprise Mobility 3.0 comes in, encouraging businesses to transform their technologies into a competitive advantage. This strategy stimulates new ways of working which are more flexible, more mobile and ultimately more productive, thereby helping businesses to realise the true potential of digitisation and mobility.

# 1432

EMPLOYEES (MOBISTAR S.A.)



– Hicham, Miguel and Anne (B2B) –



– Nathalie and Anissa (Sales) –

**DEVELOPING SKILLS**  
Employability is the second mainstay of Mobistar's human resources policy. The business is thus investing in its employees' skills development, through both training and career development tools, in order to prepare the business for the future and help employees anticipate their needs and expectations over a three-year perspective. A general development plan has been drawn up for the company as a whole.



*In a rapidly-changing market, we are constantly working on staff development, to prepare Mobistar for the future.*  
– Lien Santens  
HR Business Partner –

#### IT Outsourcing

Transparency, forward planning and career development opportunities for IT specialists were all key to the process of outsourcing a significant section of the IT department. Some 130 staff were therefore transferred to the IT service company Tech Mahindra. By opting to outsource to a group whose business is wholly IT-focused, Mobistar has joined forces with a partner able to support the company's digital transformation whilst maintaining staff employability.

#### A Star Employer

Mobistar promotes an environment in which everyone is content, encouraging collaboration between employees and individual growth and development. The business is very keen to provide a pleasant, open and efficient workplace, based on the values of respect, empowerment and constructive dialogue.

A stimulating working environment is also an environment in which success can be appropriately celebrated. Throughout its 18-year history, Mobistar has organised a series of surprises and events for its team members. At the end of the year, a team game designed by an employee is held, helping to build team spirit whilst raising funds for a good cause. These internal activities have tied in nicely with the highly successful external M4AGIC promotion campaign (promoting our 4G offer).



# A CSR-STAMP IN ALL OUR ACTIVITIES

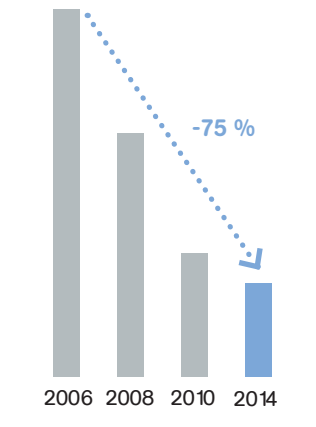
At Mobistar, corporate social responsibility (CSR) is an everyday part of our business, through an active commitment to our customers, society, environment and staff.



– Djaouida (Network), Eric (B2B) and Yamina (Customer Service) –

**CLOSE THE GAP**  
In 2014, 125 screens, 137 computers, 366 laptops and 62 printers were donated to the Close the Gap association, before being cleaned, reconditioned and sent to developing countries for use in educational projects.

**-75 %**  
REDUCTION IN CO<sub>2</sub> EMISSIONS  
BETWEEN 2006 AND 2014



  
Discover the CO<sub>2</sub> video on:  
[www.youtube.com/mobistarbelgique](http://www.youtube.com/mobistarbelgique)

Mobistar is one of Belgium's leading companies when it comes to the practise of corporate social responsibility. Its exercise of this responsibility is shaped entirely by the company's ongoing dialogue with various stakeholders, be they civil society, the public authorities, business partners, etc. To this end, the CSR Advisory Board, which was set up in 2013 and comprises a number of respected figures in the CSR field, continues to provide an objective and external perspective on company CSR policy. Headed up by Sabine Denis, Change Executive Officer of the Business & Society Belgium network, the board met twice in 2014. At the same time a CSR Committee, which included the CEO and 5 members of Executive Management, was tasked with ensuring that CSR was effected at every level of the company.

Corporate social responsibility covers 4 main areas:

### Staff Well-being and Communication

The understanding and implementation of our strategy are key to ensuring staff commitment. Mobistar has provided a range of information tools to ensure everyone understands corporate strategy and makes a valuable contribution towards it, at both individual and team level.

Mobistar is also keen to create a working environment which fosters a healthy work/life balance. There are regular initiatives to encourage mental and physical well-



**TAKING RESPONSIBILITY**  
We put our CSR aspirations into action every day, to the benefit of our customers, society, the environment and our employees.  
– Sabine Desmette, Head of CSR –

being, including: lunchtime sports classes, the provision of free fruit, help with the cost of smoking cessation treatment, flu vaccinations, etc.

### Responsible Goods and Services

What has emerged from our dialogue with stakeholders is that one of Mobistar's primary responsibilities, as a key player in developing the local economy, is to guarantee its customers an impeccable service, which means supplying high-quality, reliable and trustworthy goods and services. It also means we must constantly remain vigilant to data protection and child protection issues in relation to certain content.

To this end, we have provided technical solutions for parents and the main Mobistar website now contains a mini information site.

### A Commitment to Inclusion

In 2014, Mobistar continued its funding of Participate!, a charitable autism support organisation. On 2 April, some 25 specially-trained team members volunteered to take part in World Autism Awareness Day. They got involved with children and adults with autism in work and leisure activities.

The association's website [www.participate-autisme.be](http://www.participate-autisme.be) has also been recently updated to include more content. The site attracted over 250,000 visitors in





## Environment

GRI	INDICATORS	UNITS	2012	2013	2014
EN03	Volume of fuel (all buildings, all uses)	m <sup>3</sup>	322	286	330
EN03	Volume of natural gas	m <sup>3</sup>	238 140	172 980	178 290
EN03	CO <sub>2</sub> emissions due to use of fuel	tons CO <sub>2</sub>	862	765	884
EN16	CO <sub>2</sub> emissions due to use of natural gas	tons CO <sub>2</sub>	460	334	344
EN04	Total amount of electricity used	GWh	110	108	104
EN16	CO <sub>2</sub> emissions related to the use of electricity	tons CO <sub>2</sub>	0	0	0
EN03	Volume of diesel used for the vehicles	liter	1 862 598	1 861 572	1 586 210
EN16	CO <sub>2</sub> emissions as a result of vehicles	tons CO <sub>2</sub>	5 122	5 119	4 362
EN29	Distance travelled by train	km	1 353 461	1 410 642	1 245 649
EN16	Total CO <sub>2</sub> emissions saved by using green energy	tons CO <sub>2</sub>	23 888	27 000	27 965

Mobistar was awarded 3-star “Ecodynamic Enterprise” status by Bruxelles Environnement, its highest accolade. This award constitutes official recognition, by the Brussels Capital Region authorities, for businesses which have implemented an effective environmental management policy. It rewards the company’s positive environmental work as well as its advances in such areas as waste, rational energy use, managing staff mobility, etc.



**VIVA FOR LIFE - MUSIC FOR LIFE**  
At the end of the year, staff actively supported an internal event to raise funds for Viva for Life and Music for Life, to help child victims of poverty.

2014. The charity’s staff carried out around a hundred presentations and training sessions for parents across the country.

On 20 September, the charity organised a conference in Brussels on “Autism and Quality of Life” for parents and professionals. The morning was devoted to plenary talks delivered by national and international experts, whilst the afternoon session offered various interactive workshops. 700 people participated.

### A CO<sub>2</sub> Neutral Company

Having reduced its CO<sub>2</sub> emissions by 75 % since 2006, Mobistar is also offsetting all irreducible emissions from its operations. Mobistar’s buildings, network and shops are now all CO<sub>2</sub> neutral. So whichever Mobistar services they use, customers can be confident that they are not contributing to CO<sub>2</sub> production.

CO<sub>2</sub> neutrality now extends to electricity, gas, oil, paper, waste, business travel via air and rail and air-conditioning system refrigerants.

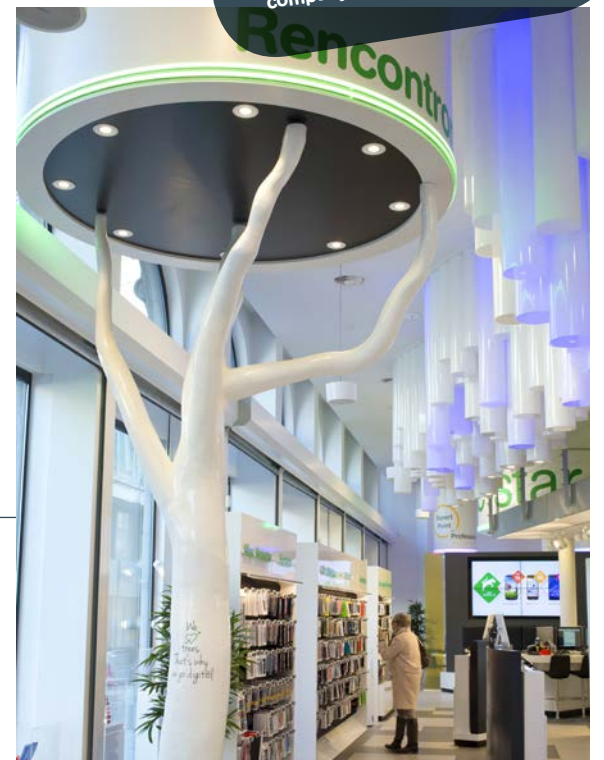
In association with the independent company CO<sub>2</sub>Logic, Mobistar calculates and reduces its carbon footprint, before offsetting its irreducible CO<sub>2</sub> emissions through its support of a project providing domestic ovens in Uganda. This project aims not only to reduce CO<sub>2</sub> emissions but also improve living conditions for the local population.

# 27 757

NUMBER OF MOBILE PHONES  
COLLECTED IN SHOPS FOR RECYCLING

# 428

EMPLOYEES USING  
ECO-MOBILITY

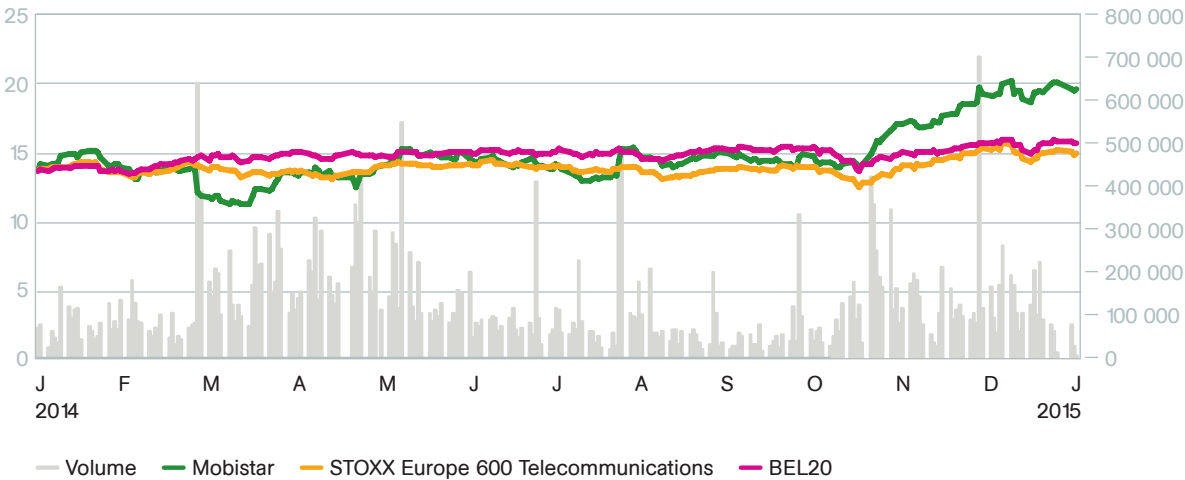




# INFORMATION TO SHAREHOLDERS AND INVESTORS

The aim of Mobistar’s Investor Relations team is to create a trustful relationship with the financial markets by being a reliable source and provide relevant information that assists both investors and management in their decision-making.

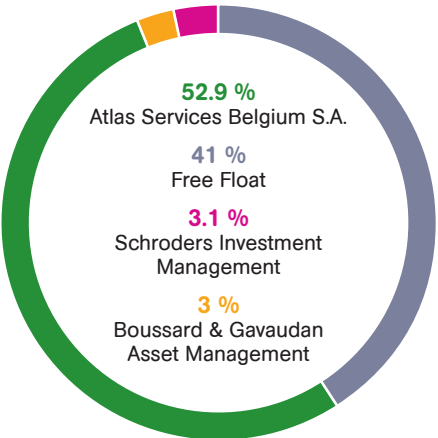
Evolution of the Mobistar share, Bel 20 and Stoxx Europe 600 telco



**+42 %**  
INCREASE OF THE  
MOBISTAR SHARE IN 2014

Following a solid stock market performance of the European telecommunications companies in 2013, the sector continued to perform well in 2014. The Mobistar share also performed very strong in 2014 and ended the year with an increase of 42 %.

Shareholders’ structure  
(situation on 31/12/2014)



## Financial calendar

12-Jan-2015	Start blackout period
4-Feb-15	Financial results Q4 & FY 2014: Press release Analyst & Investor Conference call
31-Mar-15	Publication Annual Report on the website
1-Apr-15	Start blackout period
23-Apr-15	Financial results Q1 2015: Press release Analyst & Investor Conference call
6-May-15	Annual General Meeting
1-Jul-15	Start blackout period
24-Jul-15	Financial results Q2 2015: Press release Analyst & Investor Conference call
1-Oct-15	Start blackout period
20-Oct-15	Financial results Q3 2015: Press release Analyst & Investor Conference call



## For more information

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