Orange Belgium
Financial results FY 2016

Analysts and Investors

Roadshow presentation

09 February 2017

Disclamer

This presentation might contain forward-looking statements about Orange Belgium in particular for 2017. 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

Total service revenues

€ 1 093m

+0.7%

Year-on-year

Adjusted EBITDA

€ 315.7m

(€ 300.2m excl. Walloon pylon tax)

+14.4%

(+1.1% excl. Walloon pylon tax)

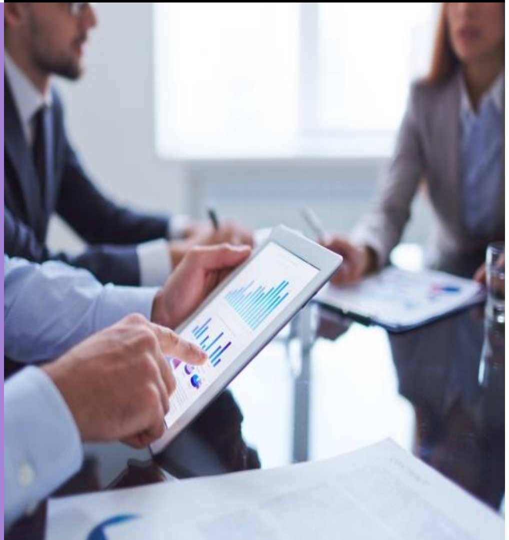
Year-on-year

Capex

€ 168m

-13.2%

Year-on-year



Orange Belgium reached the high end of its 2016 financial target

1) **Adj. EBITDA:** € 280-300m ✓
   - Excl. Walloon pylon tax: € 300.2m

2) **Mobile capex:** around € 145m ✓
   - 2016 mobile capex: € 148.8m

2016 key events

CRC finalized cable wholesale regulation

Board decision Orange Belgium rebranding

Festive rebranding into Orange Belgium

Telenet MVNO termination agreement

Installation of a new Executive team

Closing Walloon pylon tax agreement

Q1 2016	Q2 2016	Q3 2016	Q4 2016

Average mobile data usage > 1GB

National launch Orange Internet + TV offer

UEFA EURO 2016

Launch new prepaid “Tempo” portfolio

IBPT confirms Orange quality of service

Launch new postpaid “Animals” portfolio

Accelerated uptake of Orange Internet + TV

Orange Belgium's key growth drivers starting to pay off

1

Mobile data monetization

2

Fixed convergence opportunity

3

Customer experience

Leading 4G network

Rich device portfolio

Segmented mobile data portfolio

360° services

A proud 4G & 4G+ network leader
developing new use cases, anytime, everywhere during the customer journey

99.6%

4G Outdoor

National population coverage

91.9%

4G Indoor

National population coverage

99.9%

4G+ Brussels

Population coverage

54%

4G+

National population coverage

Orange Belgium spectrum portfolio

Spectrum portfolio more than sufficient to cover anticipated data growth

	Total	orange 91.4 MHz	BASE COMPANY 85 MHz	proximus 92.4 MHz	Ending Year
5G	700 MHz	Attribution conditions to be decided…			
4G	800 MHz	10	10	10	2033
2G & 3G	900 MHz	11.6	10.2	12.4	2021
2G & 4G	1800 MHz	25	25	25	2021
3G	2100 MHz	19.8	19.8	20	2021
4G	2600 MHz	25	20	25	2027

5G in preparation at Orange Belgium

Focusing on capacity and preparation of core mobile network and backhauls

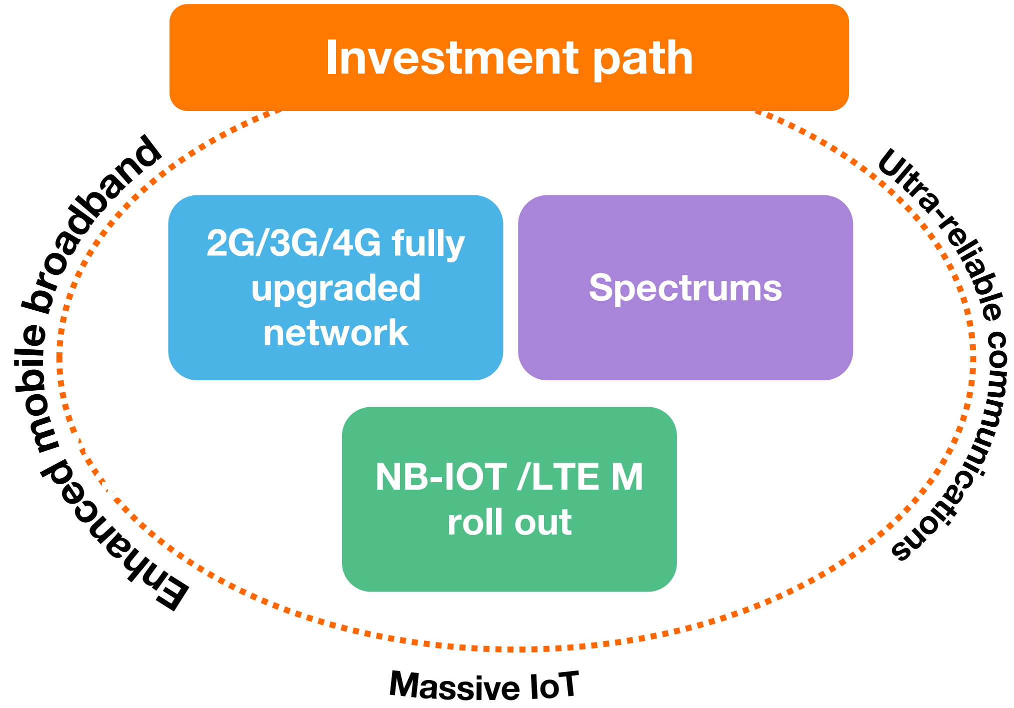
<u>Orange Belgium's 5G Timeline:</u>

Peak 4G capex 2014-2015

**Sufficient spectrum for 4G
but extra spectrum needed for 5G**

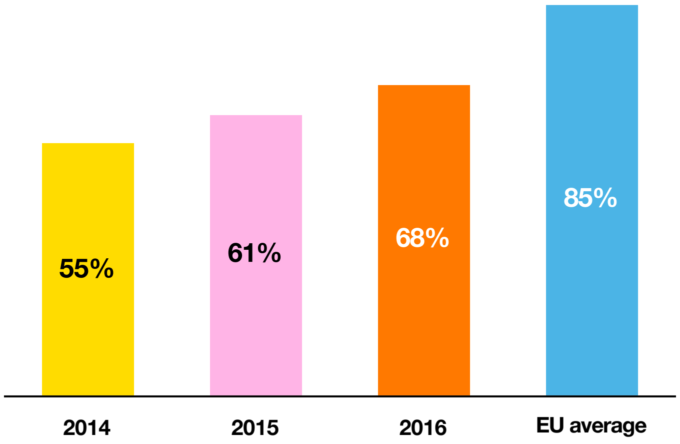
Meanwhile, increasing radio capacity

- **Multi Carrier aggregation**
- **Fiber backhauls**
- **Cell densification**

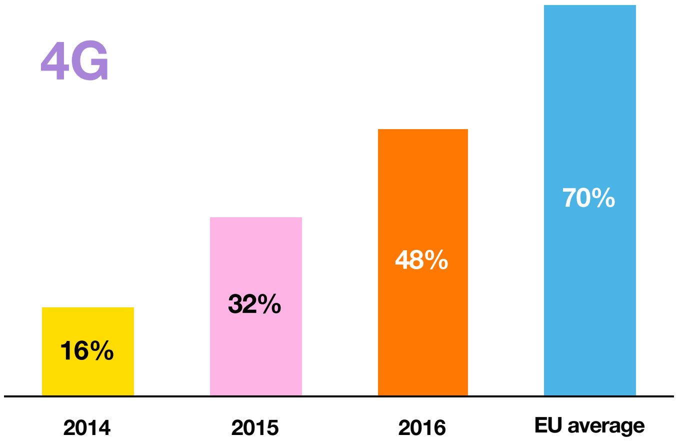


Active smartphone users reached 2.000.000 at the end of 2016
4G, and increasingly 4G+, takes the highest sales share

Orange Belgium's active smartphone penetration is catching up with EU averages



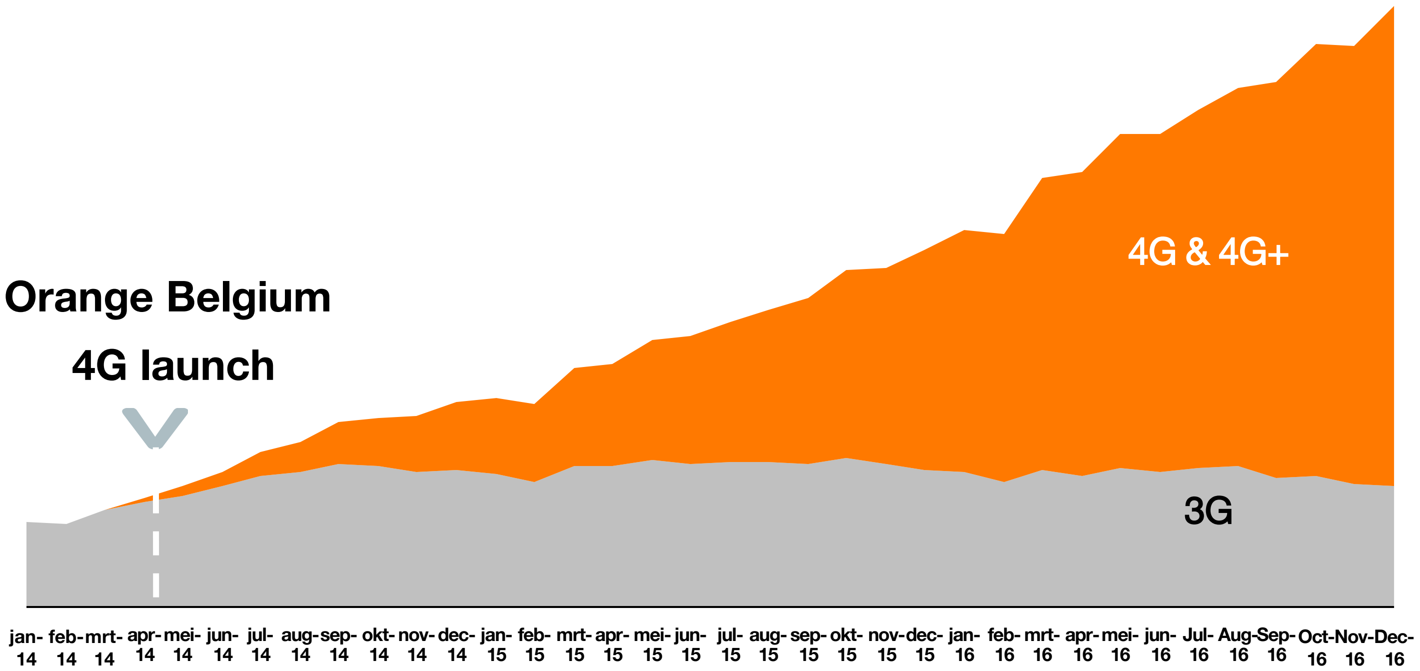
% of active smartphone users / total base



% of active 4G smartphone users / total base

Total data traffic increased by 68% in 2016

80% of total data consumption is 4G/4G+ traffic

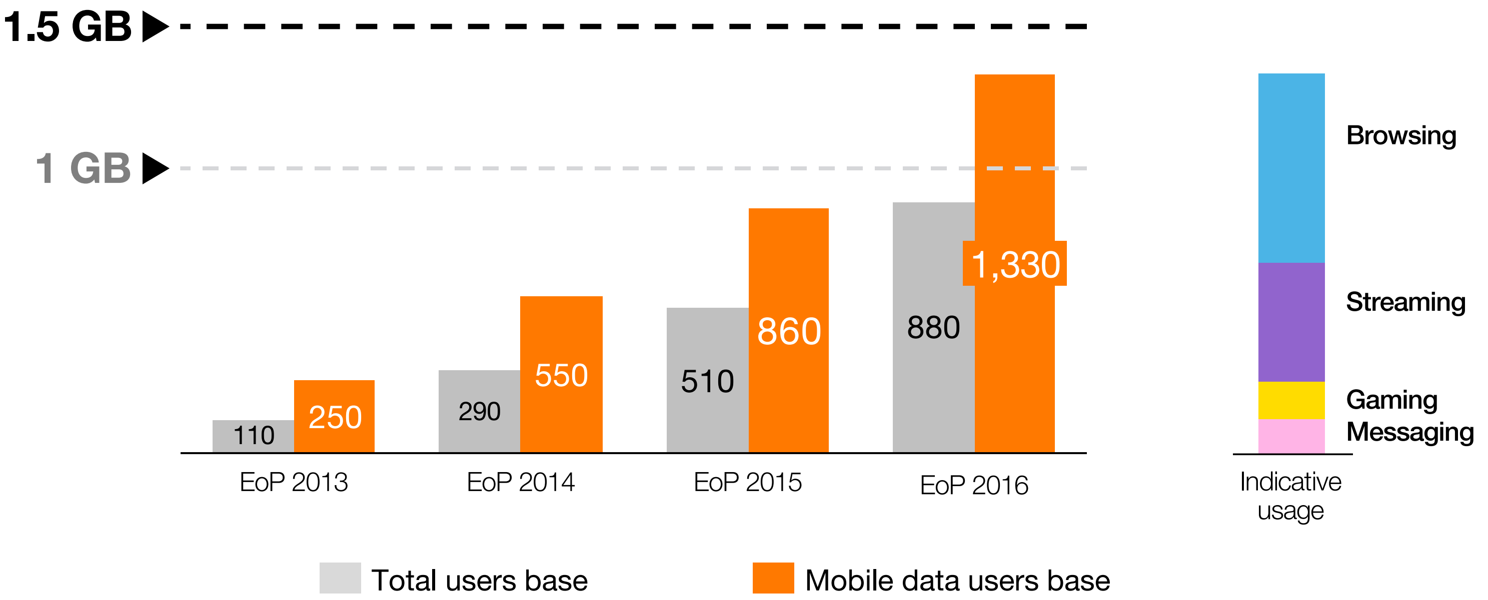


4G/4G+ users

1.4 million
48%

Total traffic up 5.5 times since 4G launch

Mobile data usage continues to grow linearly
As customers fully embrace the benefits in their daily lives and work

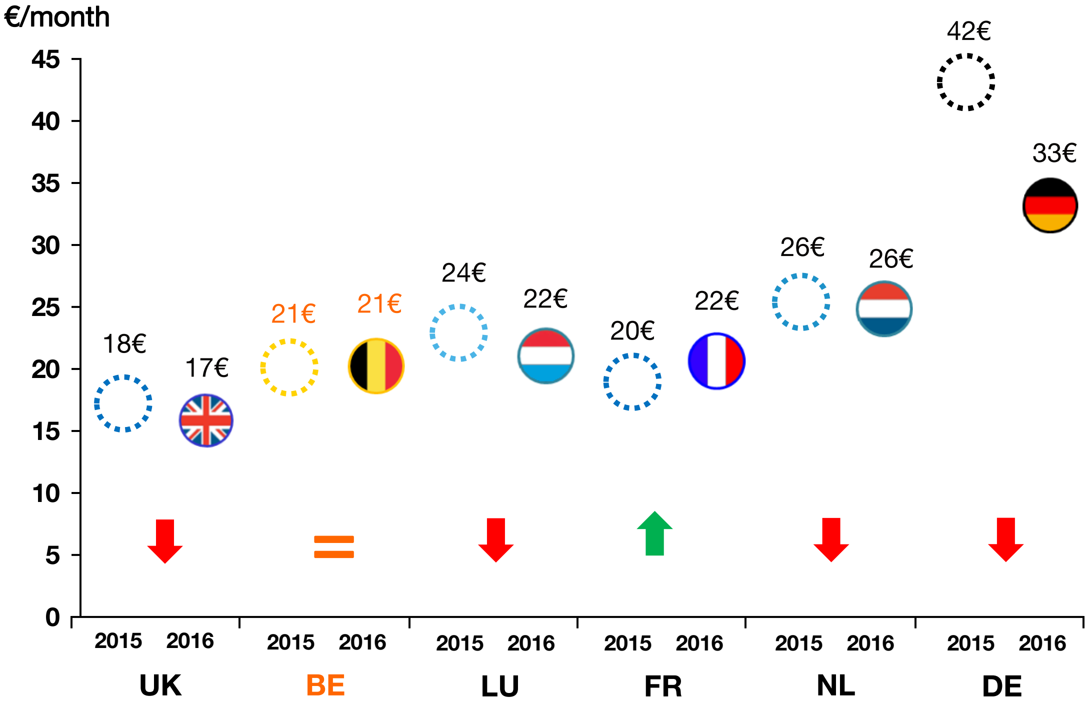


Belgian mobile prices remain among the most attractive according to the IBPT mobile price level benchmark

Orange Belgium's new portfolio leads the way for higher data users

IBPT benchmark, heavy user profile

6H voice, unlimited SMS, 1GB



* IBPT prices benchmark report - December 2015 and 2016

New simplified Animal portfolio

Clear focus on customer experience, convergence and mobile data monetization

Tariff plans	Hummingbird	Dolphin	Koala	Panther	Eagle	Eagle Premium
Price/month	8€	15€	25€	33€	39€	60€
SMS	unlimited	unlimited	unlimited	unlimited	unlimited	unlimited
Call	90 min	150 min	300 min + unlimited to	unlimited	unlimited	unlimited
Surf volume	100 MB	1,5 GB	3 GB	5 GB	10 GB	10 GB
Orange Cloud	500 MB	16 GB	32 GB	32 GB	64 GB	500 GB
Advantages included			COYOTE	COYOTE	COYOTE	COYOTE
In/to Europa						- 1000 min. in roaming - 1000 international call allowance (min) - 1000 SMS - 1 GB
Orange Internet & TV (only with mobile subscription)	49€/month	49€/month	49€/month	49€/month	39€/month	39€/month

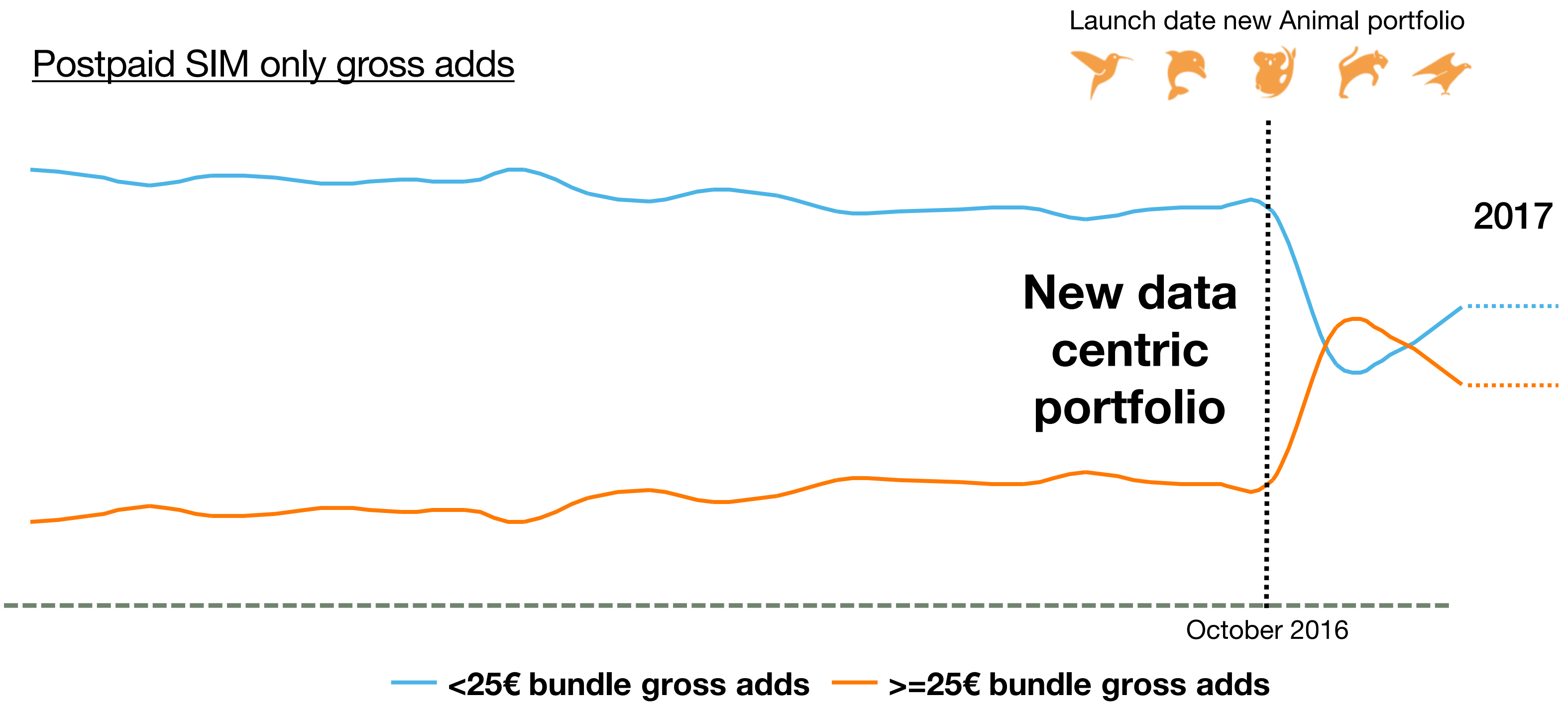
The following roaming-options can be added to the tariff plans:

- Transborder (12.1€ for 250 min. roaming, 250 min. international, 250 SMS, 250 MB)
- EU Traveler (24.2€ for 500 min. roaming, 500 min. international, 500 SMS, 500 MB)

New postpaid portfolio is delivering on expectations

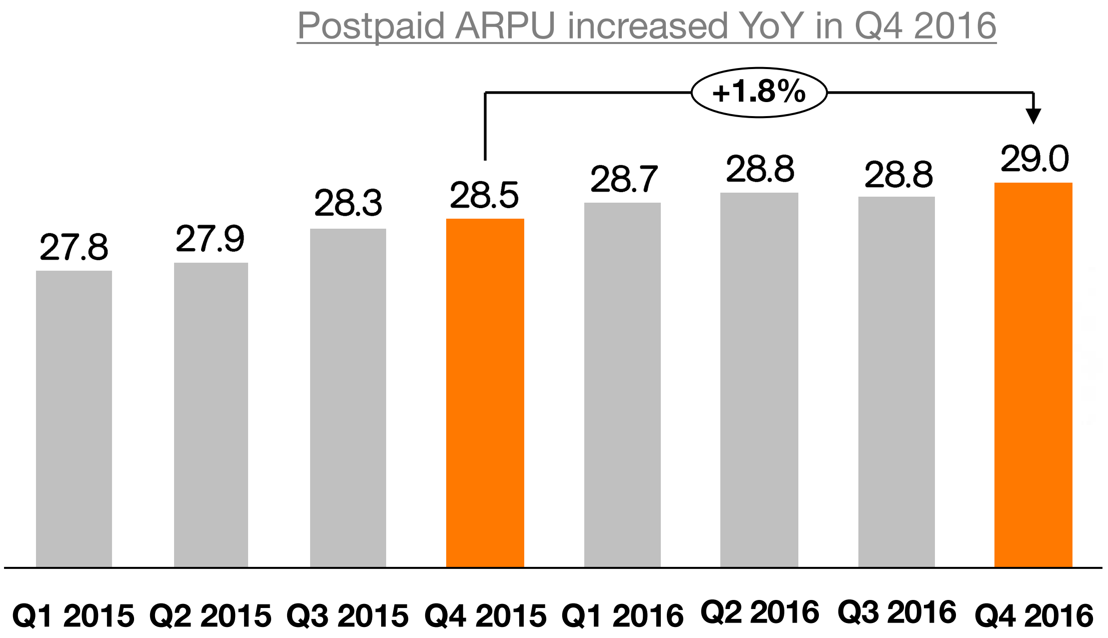
Close to half of the new SIM-only customers opt for a tariff plan of minimum 25 euros to benefit from more data

Postpaid SIM only gross adds



4G and data usage are driving postpaid ARPU growth

Ability to monetize mobile data confirmed

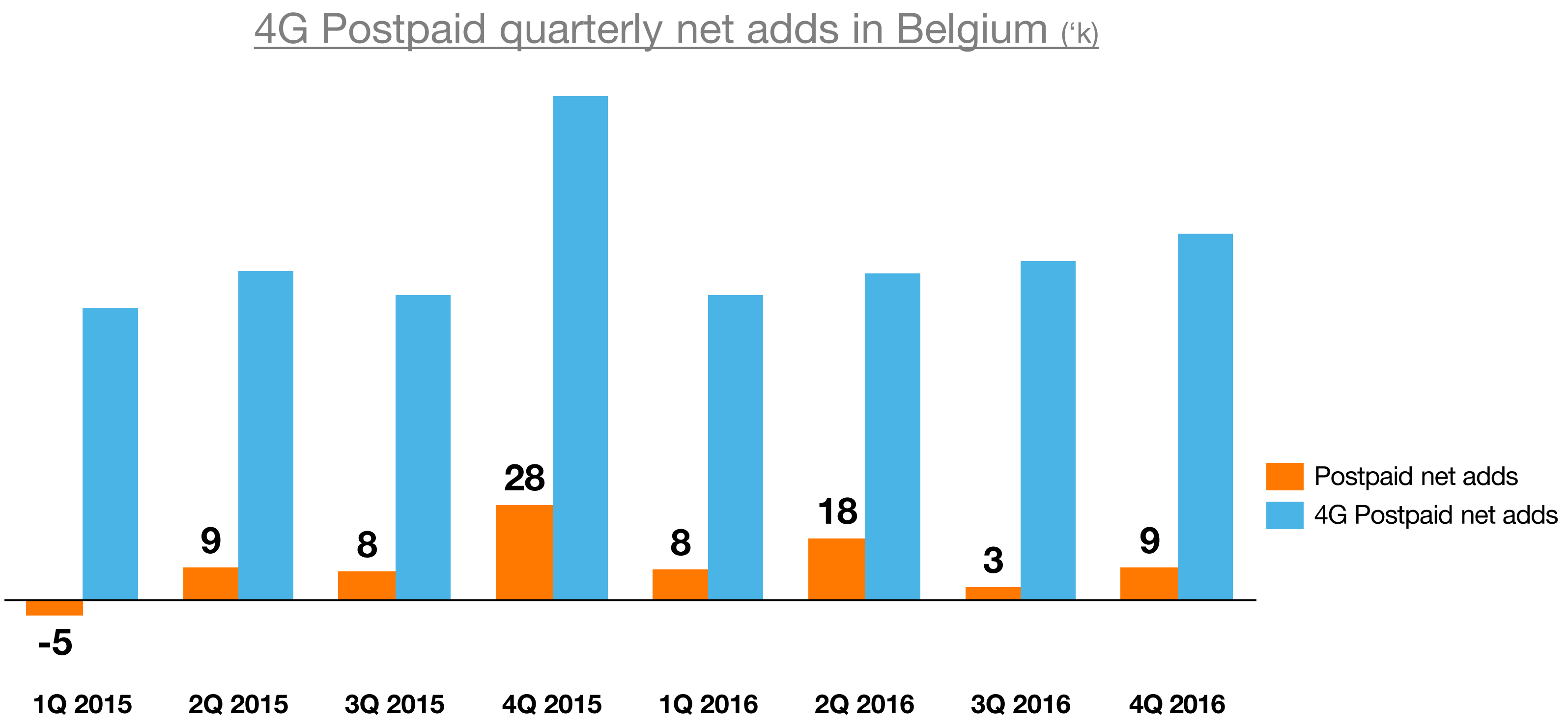


ARPU growth of 1.8 %

despite impact of roaming regulation

Postpaid ARPU, annual rolling (incl. visitor roaming)

Close to 100K 4G postpaid net additions each quarter
Seventh consecutive quarter in a row of postpaid growth



Orange Belgium active customers excl. M2M & MVNO

Orange Belgium's key growth drivers starting to pay off

1

Mobile data monetization

2

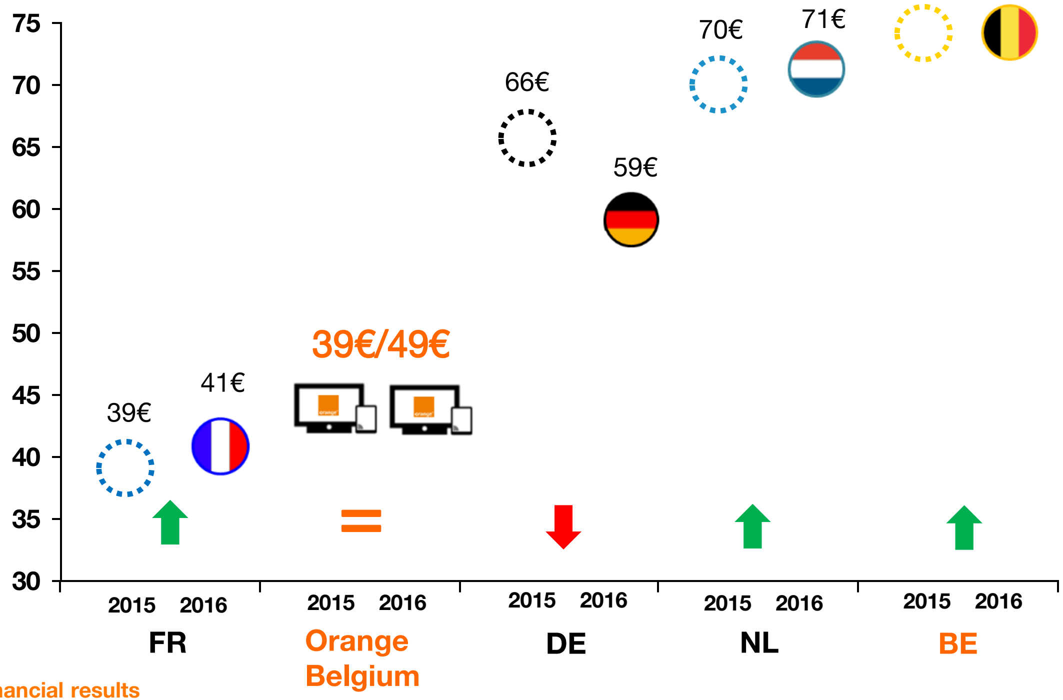
Fixed convergence opportunity

3

Customer experience

3-play prices further increased according to IBPT price level benchmark
Current Belgian prices rank among the highest in Europe

IBPT benchmark, very high broadband
>100 Mbps + TV + fixed voice



Recently announced price increases not even included

BASE COMPANY

+1.99%

January 10th, 2017

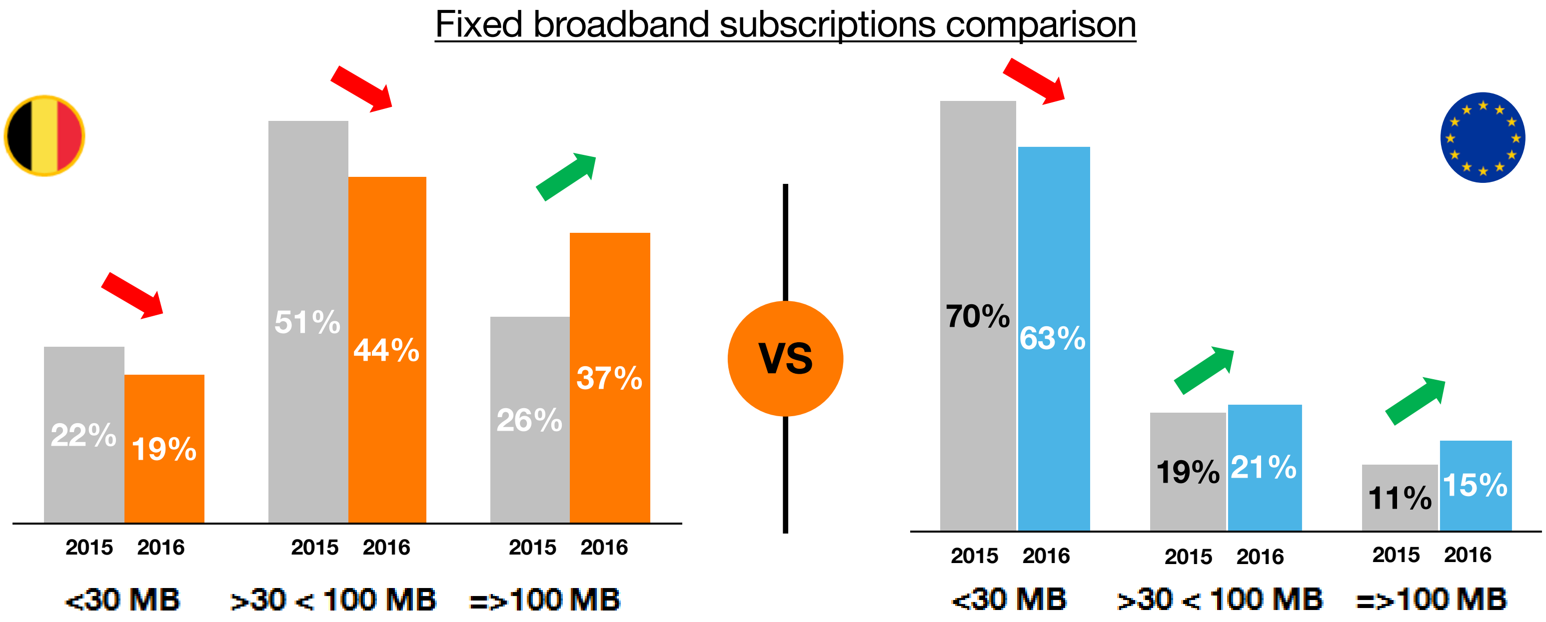
proximus

+4.7%

November 16th, 2016

* IBPT prices benchmark report - December 2015 and 2016

Belgium consumers are attracted by very high speed broadband
Compared to EU averages Belgium consumers are leading the pack



Source: EU digital agenda – Broadband indicators July 2016

The Orange Internet + TV offering provides an excellent quality at the most attractive market price and keeps on getting better

39€/month

Orange Eagle & Eagle Premium

Internet 100 Mbps
Unlimited volume

70 TV channels

49€/month

Orange Hummingbird, Dolphin, Koala & Panther

Internet 100 Mbps
Unlimited volume

70 TV channels

+

200 Mbps Internet boost : 10€-15€/month

Evening&Weekend : 3€/month

extra TV decoder : 9€/month

Driving the value creation story: “upsell cliff”
Stimulating upsell towards mid- and high end tariff plans

Mobile offer

≥ 15€/month

≥ 25€/month

≥ 39€/month

€49/m

€39/m

Orange Internet + TV

Internet

Speed: 100 Mbps download
5 Mbps upload (Voo footprint)
6 Mbps upload (Telenet footprint)
Boost: 200 Mbps +€10 North,
150Mbps +€15 South
Unlimited volume / Modem included

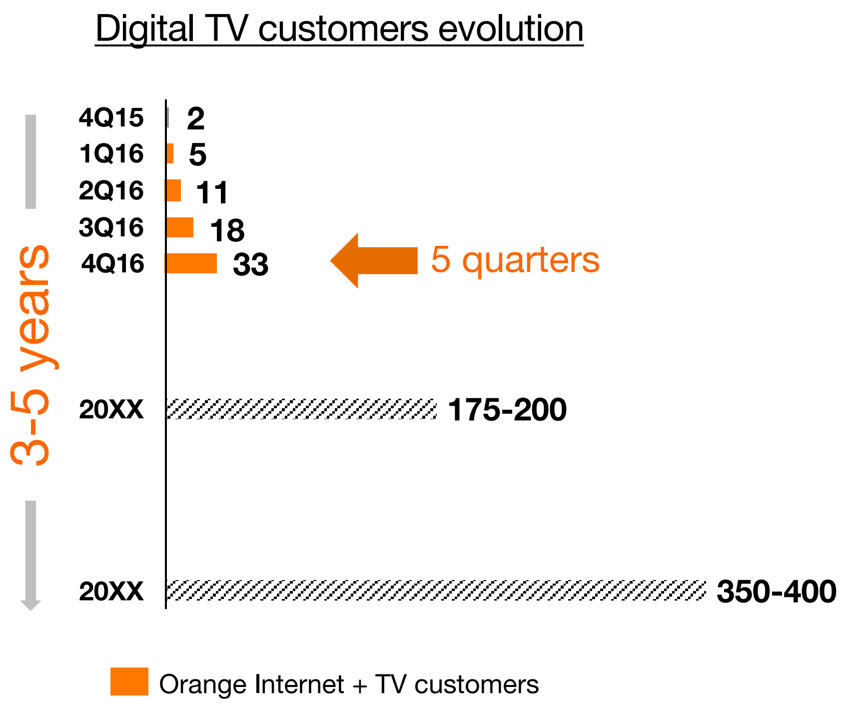
+

TV

Up to 70 channels (10 HD Voo/
15HD Telenet)
Cable subscription included
Rental TV decoder included
STB Capacity: 1 TB

Orange Belgium Internet + TV evolution and mid-term target

Already 33.4K customers seven months after the national launch



Source: competitors results communications

33.4 K

Orange Internet + TV customers

+15.8 K in Q4 2016

More than double of previous quarter

56.7 K

Associated Postpaid SIM cards

1.7 x

Average contracts per convergent household

~30 %

Orange Internet + TV customers

New Orange Belgium customers

Customer experience

Installation

Broadband

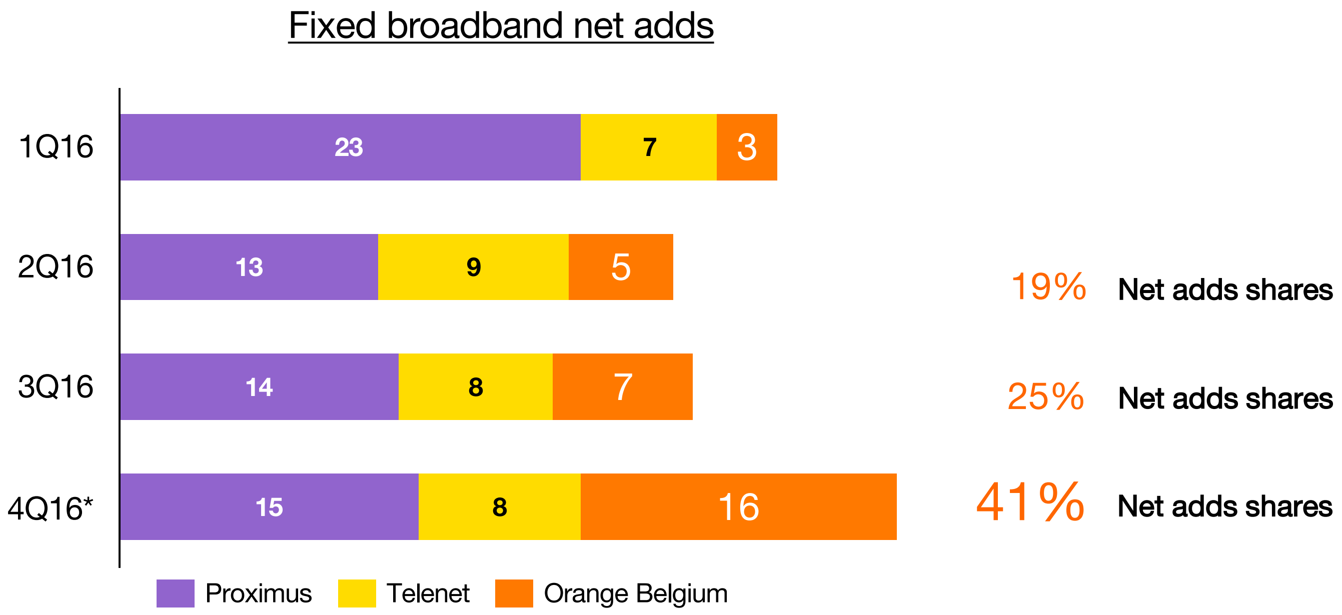
TV

Content

Orange Internet + TV

“Orange Belgium is demonstrating its ability to become a full convergent player”

Orange Belgium established itself as a full convergent player
Orange Internet + TV net adds doubled in the fourth quarter of 2016



*Source: Q4 broadband net adds of Proximus and Telenet are derived from their respective Q4 analyst consensus files

Orange Belgium is also a fully convergent operator
Addressing all segments of the B2B-market

Soho
« Internet + TV »

SME
« Shape & Fix »

Large accounts
« Trusted connectivity provider »

Orange Belgium's key growth drivers starting to pay off

1

Mobile data monetization

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Fixed convergence opportunity

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Customer experience

After only 6 months Orange brand is recognized by the market in Belgium
Increasing awareness will provide opportunities in fixed and mobile

Corporate Brand	Mobile operator	Fixed operator
3 out of 5	**3 out of 5**	**1 out of 3**
customer spontaneously aware of Orange	customer spontaneously aware of mobile offer	customer spontaneously aware of the Orange fixed offer

Rewarding loyalty to reduce churn with Orange Thank You

And increase the overall customer experience

Visibility & Awareness

Incremental Traffic

Reach / test a specific target

Test your new product

Targeted at prepaid and postpaid customers

Personalized 1-2-1 communication at regular frequency

Enter in contact with each specific segment

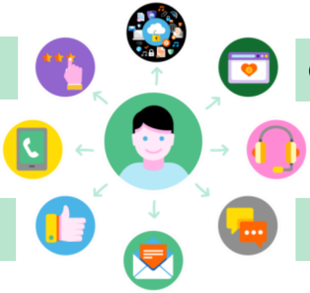
The customer at the heart of our strategy

Digitizing the experience and increasing customer engagement and value

Omnichannel

Mobility

Contact Center



Self care

Social CRM

Smart store

Capture digital traffic

Digitize retail operations

Digitize simple acts of supports & account management

Help customers to adopt digital

50% of equipped customer base is a My Orange active user.

Orange Belgium opens new business opportunities with 4G IOT

Connecting objects that were previously too remote or expensive to connect

City-Of-Things (Antwerp)

Innovate city & harbor

- Open ecosystem with 3GPP standardization
- National coverage from day 1 : Software update on existing LTE network
- Increased deep indoor LTE coverage
- Licensed spectrum guarantees quality of service
- Supports mobility & roaming
- SIM card provides a secure connection (authentication & ciphering)

imec REstore

Orange Belgium' crowd monitoring partnership with start-up Cropland
Rewarded by the AGORIA 2016 Smartcities award

- **Tailor-made**: customer support throughout the whole project life cycle
- **Flexible**: partnership with field specialized companies
- **Compliant**: customer data privacy protection ensured

Orange Belgium

Strategic partnerships

Mobile and Fixed network services

Network data analysis

Big data analytic Solution

orange

Flux vision

cropland

IBM

Integrated Big Data Analysis, Service and Solution

Tourism / Events security / Crowd management / Transport / Infrastructure / Retail

Section two
Financial results overview

Arnaud Castille
Orange Belgium, CFO

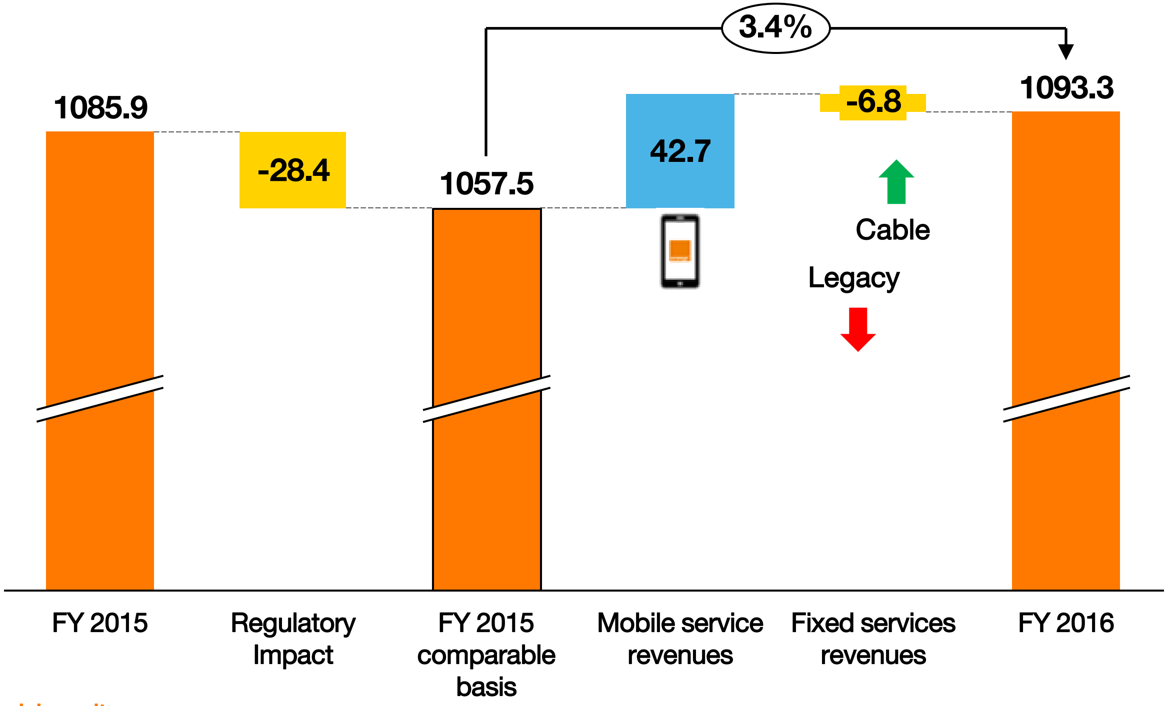
Total service revenues +0.7% (+3.4% excluding EU roaming impact)
Driven by solid mobile service revenues growth, reaching its highest level since 2014, and a return to fixed service revenues growth in 4Q16

FY 2016
Service revenues

€1,093.3m

+0.7% (yoy)

+€7.5m (yoy)



Mobile service revenues increased 1.4% y-o-y excl. regulation

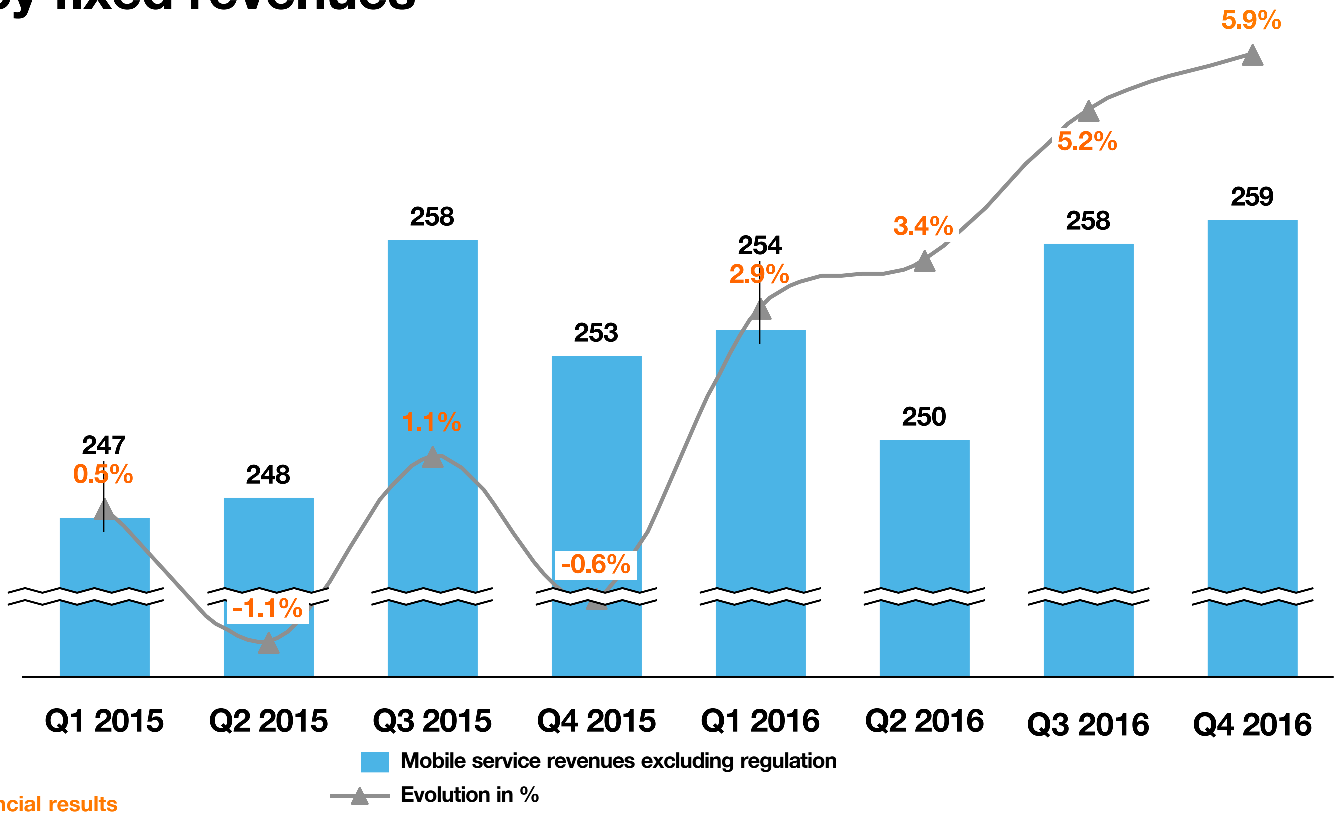
Fueled by mobile data growth, compensating EU roaming impact and erosion of legacy fixed revenues

FY 2016
Service revenues

€1,020.5m

+1.4% (yoy)

+€14.3m (yoy)



Pylon tax agreement puts an end to a period of uncertainty
The agreement had a positive adj. EBITDA impact of € 15.5m in 4Q16

Joint Press Release
Brussels, 23 December 2016

Walloon government and mobile operators seal agreement for an even more connected Wallonia

The Walloon government and mobile operators have announced that they have reached an agreement in principle on the issue of taxing mobile infrastructures, paving the way for an ambitious collaboration on the digital Wallonia of tomorrow.

In the framework of the digital strategy for Wallonia, "Digital Wallonia", Jean-Claude Marcourt, Vice-Minister-President and Minister of Economy and Foreign Commerce of the Walloon Government, confirms his willingness to make Wallonia a "Giga Region": "An ambitious policy for deploying super-fast mobile needs to be accompanied by measures designed to encourage operators to invest in their networks throughout the territory". And he adds, "We are creating, together with all the stakeholders of the sector, favorable conditions for the rapid development of high-speed connectivity for the benefit of the Region's economy. New opportunities will be offered to all companies and the population".

This agreement states that the Walloon Region undertakes to no longer levy any taxes on telecom infrastructure and to implement a legislative, regulatory and administrative framework designed to facilitate the deployment of this infrastructure. As well, the parties have agreed on how to settle the still unresolved dispute to the amount of 45 million euro for all operators. Minister for the Budget Christophe Lacroix adds that "We are creating a predictability that is favorable to all stakeholders, while guaranteeing operators a suitable legal framework and a fiscal framework conducive to investment".

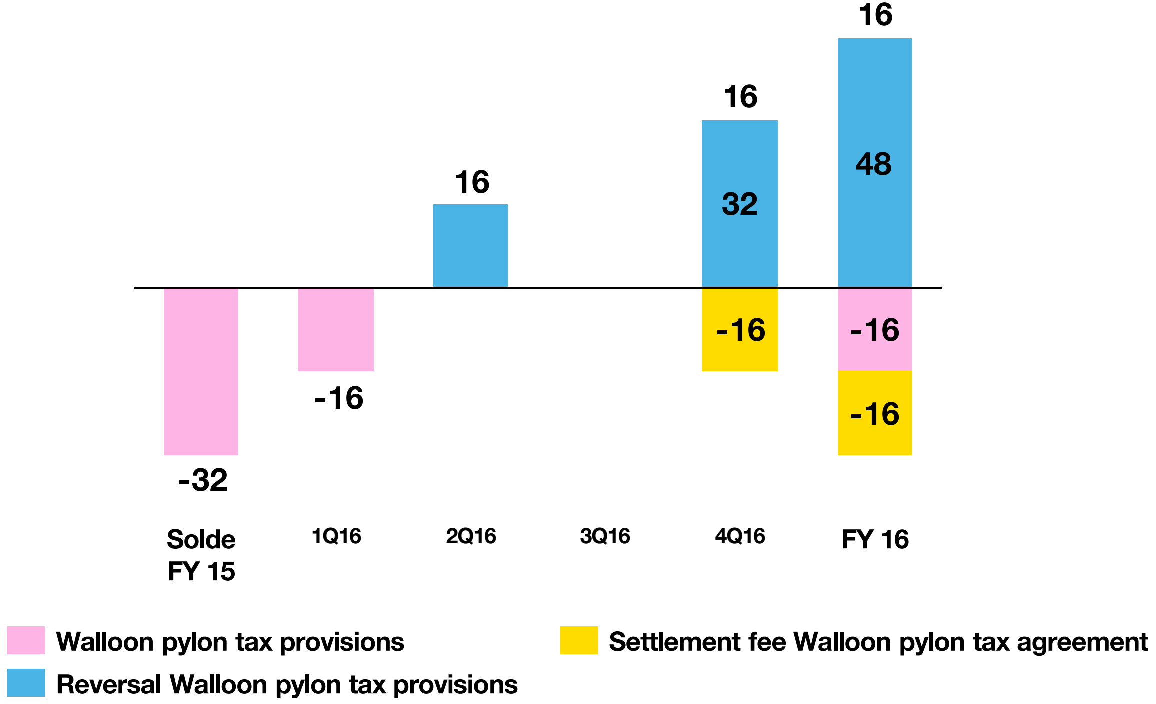
Lastly, the Region will emphasise to the municipalities and provinces the benefit, for all parties, with a view to optimal development of connectivity in the territories, of not taxing mobile infrastructure in the future, a point still being disputed on principle by telecom operators.

Meanwhile, mobile operators have agreed to invest a total of 60 million euro over the next three years on top of the investment already planned as part of their Walloon region investment plans for this period.

The goal of this additional investment is to reinforce the super-fast coverage of residential areas that have a certain shortfall, as well as in areas with a particular advantage or specific needs (areas of economic, industrial and commercial activity).

"This agreement puts an end to a period of uncertainty for Wallonia", claims Paul Furlan, Minister of Local Government and City Policy, who explains that, "these new bases are also aimed at encouraging local authorities to promote investments and connectivity in their area".

"This is a balanced agreement that gives the region every chance of achieving its digital strategy while also allowing for open collaboration with the government in the interests of



Orange Belgium delivered strong results in 2016

In addition to the rebranding into Orange and the consolidation of its position as a customer oriented convergent operator

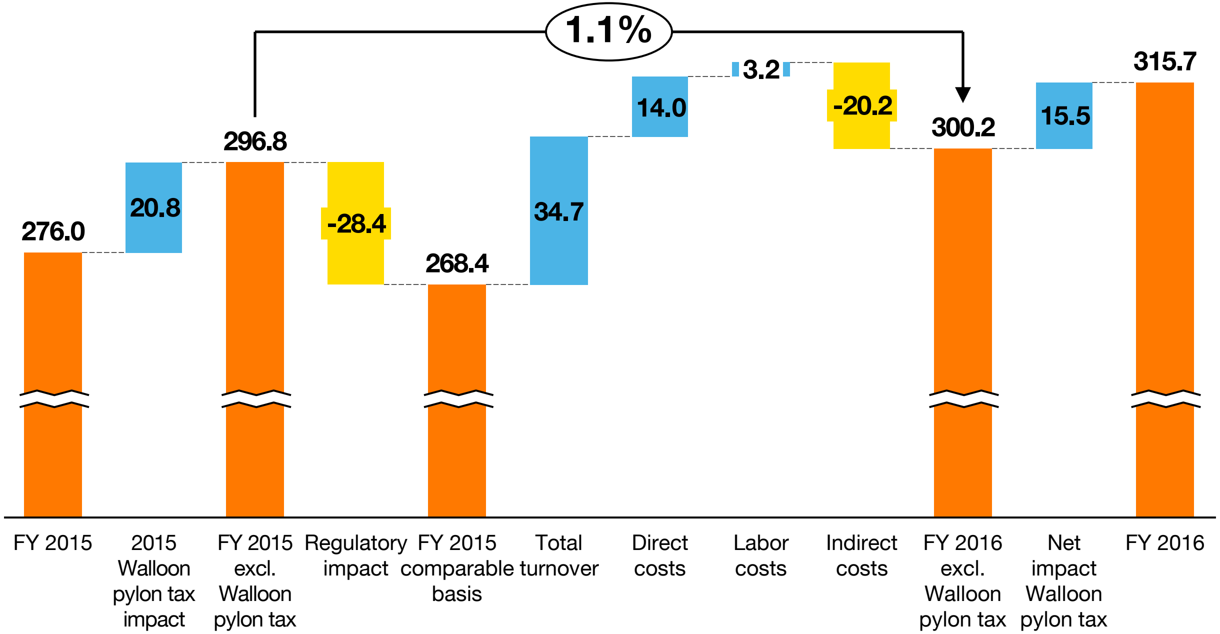
FY 2016
Adjusted EBITDA

€315.7m

28.9% of Total service rev.

+14.4% (yoy)

+€39.6m (yoy)



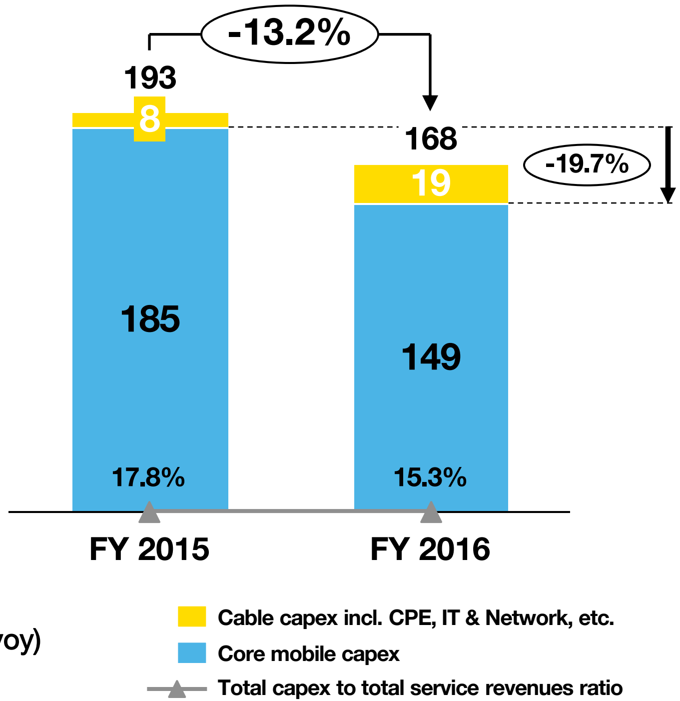
A strong result in the year the company rebranded to Orange Belgium and consolidated its position as a customer oriented convergent operator

Total capex decrease of 13.2 % y-o-y, including lift off cable capex
Network investment normalization after accelerated 4G roll-out

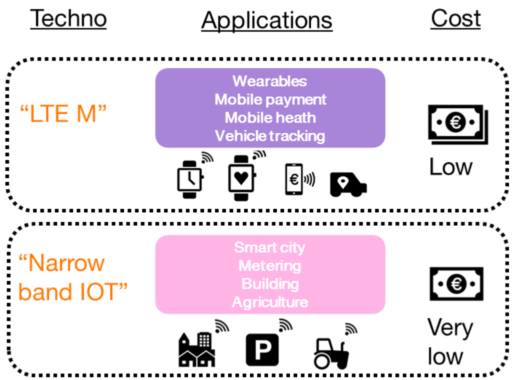
FY 2016
Capex

€167.7m
15.3% of Total service revenues

- Total capex : -13.2% (yoy)
- Core mobile capex: -19.7% (yoy)



Orange Belgium continues to invest in its network by boosting 4G indoor coverage, 4G+ deployment, rolling out fiber backhauling and the launch of Narrow Band IoT and LTE-M



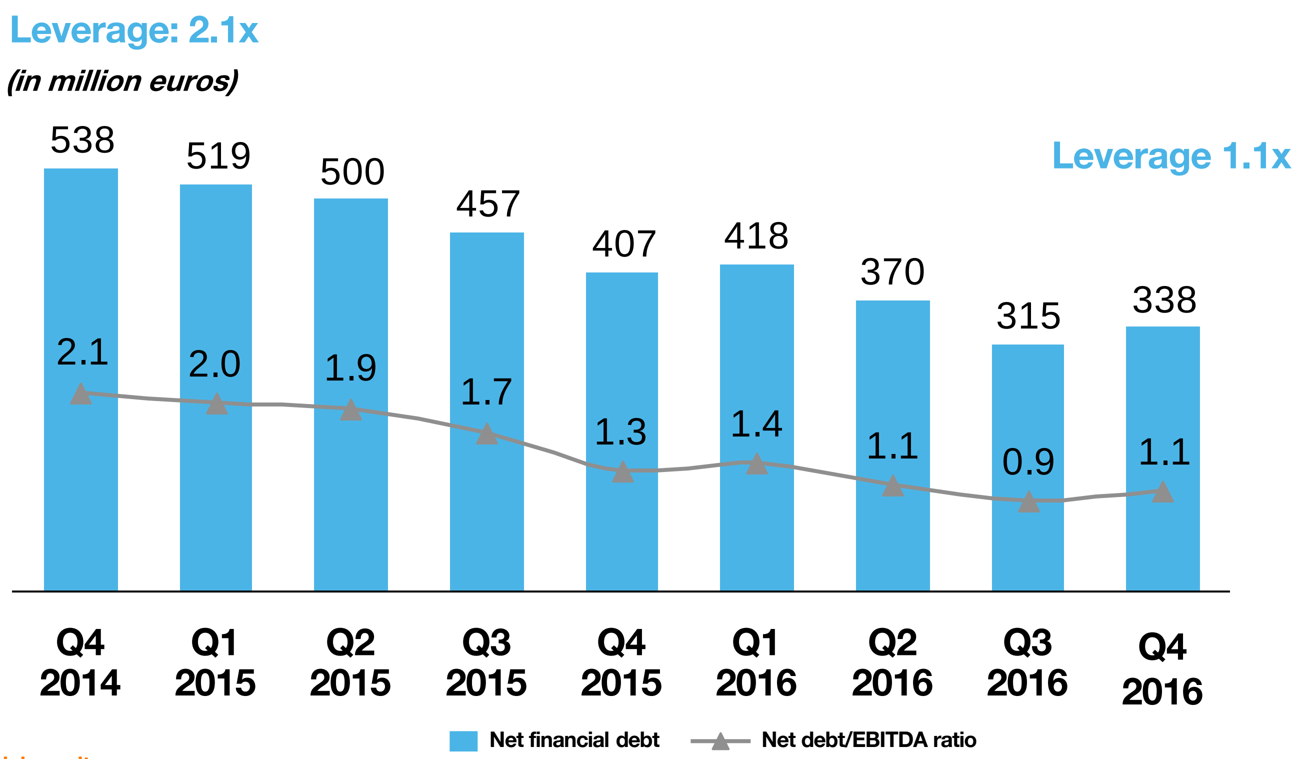
Net financial debt: Solid EBITDA and mobile capex normalization
Result in strong cash flow generation (including 52M€ spectrum fees)

FY 2016
Net financial debt

€338.0m

-17.1% (yoy)

- €69.5m (yoy)



Orange Belgium key financials

Improving financials with a growing customer base

in €m	FY 2016	FY 2015	Var. (%)	Insight
Total service revenues	**1,093.3**	**1,085.9**	**0.7%**	• Mobile service revenue growth in spite of €28m roaming impact (+1.4% underlying growth)
Total turnover	**1,241.6**	**1,235.4**	**0.5%**	• Reflecting services revenues growth but less mobile equipment revenues
Direct costs	-530.4	-544.4	-2.6%	• Decrease stems from lower SMS interconnection costs, commissions and bad debt and in spite of wholesale cable cost increase linked to the uptake of the Orange Internet + TV offering.
Labor costs	-130.6	-133.9	-2.4%	• Redeploying resources from legacy to growth
Indirect costs	-264.9	-281.1	-5.7%	• Indirect costs positively impacted by Walloon pylon tax agreement.
Adjusted EBITDA *(in % of service revenues)*	**315.7** *28.9%*	**276.0** *25.4%*	**14.4%**	• Positively impacted by higher revenues and less costs
Reported EBITDA *(in % of service revenues)*	**317.1** *29.0%*	**321.3** *29.6%*	**-1.3%**	• 2015 impacted by Proximus settlement for €54m
CAPEX *(in % of service revenues)*	**167.6** *15.3%*	**193.1** *17.8%*	-13.2%	• Investment normalization after 4G network roll-out
Operational Cash Flow (EBITDA - CAPEX)	**149.4**	**128.2**	16.5%	• Reflecting EBITDA evolution

Orange Belgium consolidated net income and financial debt
Improving cash flow generation and debt profile

in €m	FY 2016	FY 2015	Var. (%)	Insight
Reported EBITDA	**317.1**	**321.3**	**-1.3%**	
EBIT	**107.2**	**119.1**	**-10.0%**	
Financial results	-6.5	-6.7	-3.4%	
Tax	-24.1	-35.8	-32.6%	
Net income	**76.6**	**76.6**	**0.0%**	
Earning per share	1.28	1.28		
Net financial debt	**338.0**	**407.5**	**-17.1%**	• In light of the strong cash flow generation and reduced debt position, Orange paid the full outstanding amount of 52M€ related to the license for the 900MHz/1800MHz spectrum
Net financial debt/EBITDA	1.1	1.3		

Section three
2017 guidance

2017 financial guidance and outlook
Investing in future growth while protecting EBITDA margin

in million euros	2017 guidance
Total service revenues	To grow vs. 2016
Adjusted EBITDA	290-310
Core capex excl. cable	Stable vs. 2016

Outlook

- Further increase of the level of brand awareness
- Growing postpaid and convergent customer base with a clear focus on value management
- Further development of data usage / monetization of 4G investment
- Gross EU roaming impact of 36.4M€ on revenues and of 31.9M€ on adjusted EBITDA
- Capex outlook includes the additional investments foreseen in the framework of the Walloon settlement agreement. Cable capex is success related.

The Board of Directors of propose the AGM to reinitiate dividend
Creating additional shareholder value in 2017

- 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.
- The Board of Directors will propose the AGM to distribute a ordinary dividend for the financial year 2016 of 0.50 euro per share.
- If approved, the payment of the ordinary dividend of 0.50 euro will be done on 17 May 2017.

0.50 euro

Ordinary dividend for the financial year 2016 of 0.50 euro per share

One last thing…

Love

Section four
Q&A

Appendix 1
Key financial figures

		Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
ORANGE BELGIUM GROUP – Key financial figures									
Total service revenues	in mio EUR	277.7	275.3	267.9	272.4	271.9	276.8	268.9	268.2
Mobile service revenues	in mio EUR	258.5	257.6	250.1	254.3	253.3	257.7	248.0	247.2
Fixed service revenues	in mio EUR	19.2	17.7	17.8	18.1	18.6	19.1	20.9	21.0
Adjusted EBITDA	in mio EUR	78.5	92.2	91.1	53.8	47.9	86.0	72.2	69.9
% of service revenues		28.3%	33.5%	34.0%	19.8%	17.6%	31.1%	26.9%	26.0%
Reported EBITDA	in mio EUR	79.9	91.7	91.7	53.7	96.8	84.2	71.5	68.8
% of service revenues		28.8%	33.3%	34.2%	19.7%	35.6%	30.4%	26.6%	25.7%
CAPEX	in mio EUR	71.3	34.2	37.8	24.3	81.1	42.8	42.5	26.8
% of service revenues		25.7%	12.4%	14.1%	8.9%	29.8%	15.5%	15.8%	10.0%
Operating cash flow	in mio EUR	8.6	57.5	53.9	29.4	15.7	41.4	29.0	42.1
% of service revenues		3.1%	20.9%	20.1%	10.8%	5.8%	15.0%	10.8%	15.7%
Net financial debt	in mio EUR	338.0	315.2	369.9	418.1	407.5	457.0	499.8	518.5
Net financial debt / Reported EBITDA		1.1	0.9	1.1	1.4	1.3	1.7	1.9	2.0

Appendix 2
Orange Belgium's figures

		Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
ORANGE BELGIUM									
Mobile services									
Mobile retail customers (excl. MVNO)	in thousand	3,796.5	3,770.5	3,779.7	3 766.6	3 893.0	3 839.0	3 818.4	3 762.3
Mobile customers (excl. M2M)	in thousand	2,970.8	2,991.8	3,023.4	3 029.7	3 037.8	3 030.7	3 032.8	3 022.5
Postpaid	in thousand	2,247.6	2,238.3	2,234.8	2 217.0	2 208.5	2 180.9	2 172.6	2 163.3
Prepaid	in thousand	723.1	753.5	788.6	812.7	829.2	849.8	860.1	859.2
Mobile blended ARPU, annual rolling (incl. visitor roaming)	in EUR/month	24.5	24.3	24.2	24.0	23.9	23.9	23.6	23.7
Postpaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	29.0	28.8	28.8	28.7	28.5	28.3	27.9	27.8
Prepaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	11.8	11.9	11.9	12.0	12.2	12.7	13.3	13.8
M2M SIM cards	in thousand	825.7	778.7	756.4	737.0	855.3	808.3	785.7	739.8
MVNO customers	in thousand	2,040.7	1,990.0	1,907.3	1 816.6	1 784.6	1 696.6	1 990.4	1 710.0
Fixed services									
Fixed broadband internet and TV customers	in thousand	50.3	34.2	28.0	25.9	24.8	25.3	28.3	29.9
Of which cable	in thousand	33.4	17.6	10.5	5.3	2.3	0.8	0.6	0.3
Fixed telephone lines	in thousand	157.9	158.5	164.7	169.9	193.9	195.5	198.1	203.6

Appendix 3
Orange Luxembourg's figures

		Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
ORANGE LUXEMBOURG									
Mobile services									
Mobile retail customers (excl. MVNO)	in thousand	159.3	154.5	148.1	142.4	139.9	134.5	131.6	128.4
Mobile customers (excl. M2M)	in thousand	105.4	104.1	102.7	102.1	101.4	98.4	97.7	95.9
Postpaid	in thousand	97.3	96.6	95.2	94.1	91.6	87.0	85.7	83.0
Prepaid	in thousand	8.0	7.5	7.5	8.0	9.7	11.4	12.0	12.9
Mobile blended ARPU, annual rolling (incl. visitor roaming)	in EUR/month	35.2	35.5	36.4	37.2	37.9	38.1	38.3	38.8
M2M SIM cards	in thousand	53.9	50.4	45.4	40.3	38.5	36.1	34.0	32.6
MVNO customers	in thousand	2.2	2.1	2.1	2.1	2.1	2.0	2.0	2.0
Fixed services									
Fixed broadband internet and TV customers	in thousand	9.6	9.1	8.6	8.0	7.3	6.5	6.4	6.0
Fixed telephone lines	in thousand	0.7	0.9	0.9	1.1	1.2	0.5	1.3	1.7

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