



Financial information for the third quarter and first nine months of 2017

Solid commercial performance confirms the relevance of Orange Belgium's convergent and mobile data strategy

**9M 2017: Total service revenues + 2.4 % yoy, adjusted EBITDA +1.3 % yoy at group level,
Q3 2017: + 15k postpaid net adds, +2.7 % yoy postpaid ARPU growth, +18k convergent Orange LOVE net adds in Belgium**

Brussels, 23 October 2017 – Today, the Orange Belgium Group (Euronext Brussels: OBEL) publishes its results for the third quarter and first nine months of 2017. The third quarter of 2017 was marked by a strong commercial dynamism and a good performance of Orange Belgium's growth drivers: convergence, mobile data monetization and customer experience. The development of its convergent customer base progressed well, reaching 82 thousand convergent LOVE customers in Belgium with 129 thousand attached SIM cards. The mobile performance in Belgium was good in the third quarter of 2017 with +15 thousand postpaid net subscribers' additions in combination with a postpaid ARPU growth of +2.7 % yoy. This demonstrates the success of the company's value strategy in accelerating the market shift to higher data usage.

✓ **Orange Belgium's data monetization strategy leverages the shift to higher data usage**

Orange Belgium's postpaid net additions amounted to 15 thousand in the third quarter of 2017, reaching a total of 2.29 million postpaid customers. As a result of increased 4G smartphone penetration – up from 44 % a year ago to 56 % at the end of the third quarter of 2017 – and growing demand for music and video streaming – lifting average smartphone usage to 1.7 GB from 1.2 GB a year ago – Orange Belgium's postpaid ARPU increased to 30.0 euros, a year-on-year growth of 2.7 %. This increase is achieved thanks to a higher data usage.

✓ **Orange Belgium starts a new phase as a convergent operator**

The convergent LOVE customer base increased by 18 thousand in the third quarter of 2017 to 82 thousand, while the company's mobile LOVE customer base increased by 23 thousand to 129 thousand, representing almost 6 % of the total postpaid customer base. Since the launch of its convergent offer, Orange Belgium introduced new TV channels, the Orange TV app and a new double data offer for its LOVE customers. With the milestone of 100 thousand convergent LOVE customers in sight by the end of the year, Orange Belgium is entering a new phase as a convergent operator, aiming at deploying always more efficient and customer oriented marketing, sales, provisioning, installation and loyalty programs. This is taking place in parallel with the proliferation of Easy Switch and ahead of the expected implementation of a fairer and cost-oriented wholesale model with more detailed service level agreements for the cable operators.

✓ **Orange Belgium invites regulators to rule in favor of competition in the fixed market**

The Belgian regulators' consultation on the draft market analysis of the TV and broadband market ran until the end of September 2017. The Belgian Competition Authority and the European Commission should be notified in the fourth quarter of 2017 once observations have been reviewed. A final decision is expected in the first half of 2018. Orange Belgium has called on the regulators to rapidly come to a final proposition and to improve substantially the financial conditions for cable wholesale access, in order to obtain a sustainable margin of the standalone cable business.

✓ **Orange Belgium delivered a good financial performance in the first nine months of 2017, against a roaming headwind. The group achieved a total turnover of 933.7 million euros in the first nine months of 2017, an increase of 1.5 % year-on-year (+4.7 % underlying growth after adjustment for the 28.0 million euros related to EU roaming). Despite the decrease of the adjusted EBITDA in the third quarter of 2017 mainly due to lower MVNO revenues, Orange Belgium Group's adjusted EBITDA increased 1.3 % in the first nine months of 2017 to 240.3 million euros, compared to 237.1 million euros a year ago. This result was achieved despite the negative EBITDA contribution of the standalone cable business of 14.9 million euros in the first nine months of 2017. Orange Belgium Group invested 114.6 million euros in the first nine months of 2017, of which 35.5 million euros was related to cable activities. Despite these growth related investments, an operational cash flow of 137.4 million euros was generated in the first nine months of 2017. At the end of**

September 2017, **the net financial debt stood at 288.3 million euros**. As a result, the net financial debt/reported EBITDA ratio stood at 0.9x.

- ✓ **The Orange Belgium Group confirms its guidance for the financial year 2017:** growth in total service revenues, an adjusted EBITDA between 290 and 310 million euros and total capex excluding investments linked to the uptake of the Orange Internet + TV offer to remain stable compared to 2016.

Michaël Trabbia, Orange Belgium's Chief Executive Officer, commented:

"We engaged the Orange Belgium Group in an ambitious digital transformation to reshape Orange Belgium and deliver agility, efficiency and enhanced customer experience. Our value oriented approach to mobile data growth and the acquisition of convergent customers have progressed well."

In the second half of 2017, we are preparing the next phase of our convergent story. First, we have stepped up the commercial appeal of our convergent offer by doubling the mobile data volume for all convergent LOVE customers thereby incentivising our existing customers to include all their SIM-cards in the package. We will continue to enhance our services in the coming months. Second, the on-going regulatory market review is a key requirement in setting the correct framework for the coming years and Orange Belgium invites the regulators to substantially improve the current financial and operational conditions for cable wholesale access. Advances in both of these components are required to ensure fair and true competition in the fixed market in Belgium."

Arnaud Castille, Chief Financial Officer, stated:

"Orange Belgium achieved solid commercial results in the third quarter of 2017. We succeeded in increasing our postpaid and convergent customer base, as well as our postpaid ARPU, and we achieved compelling underlying revenue growth despite the impact of the EU roaming regulation and the lower wholesale MVNO revenues. We achieved this notwithstanding the tactical promotional activity of our competitors. We are also very happy with the successful acquisitions of two important distribution partners in the Brussels area which will further strengthen our market reach and rapidly generate synergies. In addition, we have lowered our net debt position in the third quarter of 2017 and consolidated our very solid balance sheet structure."

1. Key operational highlights

- **The evolution of Orange Belgium's convergent LOVE offer continues at a steady pace**
Orange Belgium launched a new future-proof cable modem in the third quarter of 2017 to propel the customer experience to a higher level. The modem enables very high speed broadband internet access (up to 600-700 Mbps throughput) via up to 24 downstream and 8 upstream channels and also offers state-of-the-art Wi-Fi specifications (Wi-Fi 33 ac 3x3, 2.4 GHz/5 GHz, etc.) an important differentiating feature for the overall customer experience. This quarter, Orange Belgium also launched an updated TV User Interface application with improved recording capabilities, better stability and performance, new customer diagnostic tools, etc. Orange Belgium also continued to reinforce its content offering with new TV channels such as Viceland HD, ActuaTV, M6 Boutique & ABExplore.
- **Orange Belgium doubled data volumes for all mobile customers who are part of a LOVE bundle**
As of 14 September, all postpaid subscribers who are part of a convergent LOVE bundle enjoy 100 % more mobile data every month at no extra charge. The more mobile subscriptions customers have within their convergent LOVE combination, the more they can enjoy the double data. Independents and small businesses with a convergent LOVE PRO bundle are also benefitting from a doubling of their mobile data allowance. From 20 November, this mobile data bonus will also be available for convergent business customers subscribing to the following convergent Shape & Fix offers: Shape & Fix Comfort, Shape & Fix Extra and/or Shape & Fix Basic with digital lines.
- **Orange Belgium strengthens its distribution and fosters a superior customer experience**
Orange Belgium acquired A3Com and A&S Partners, which were Orange Belgium distribution partners for almost 20 years. Through these acquisitions, Orange Belgium has strengthened its footprint in the Brussels region and has streamlined its distribution channels further. Orange Belgium distributes its products and services via a network of 141 owned and partner Orange shops, in addition to 73 points of sale located in Carrefour hypermarkets and Media Markt stores across the country. Based on the Go & Shop survey, conducted in the period May-June by the independent organization GfK, Orange Belgium's shops considerably outperformed the other Belgian operators. In particular, respondents rated Orange Belgium's shops to be better than peers in the key criteria of true telecom experience, shop location, friendliness, and instant and accurate services, amongst others.
- **Orange Belgium's loyalty program is a growing market differentiator**
The Orange Thank You program surprises loyal customers with exclusive events and rewards. Since this unique program was launched in 2014, Orange Belgium has rewarded loyal customers with more than 2.5 million gifts. In the third quarter of 2017, the major Orange Thank You events included: 1/ The avant-première of blockbuster 'Valerian and the City of a thousand Planets' including a VIP package for a trip to Los Angeles and Paris; 2/ Belgian basketball matches, including the Belgian Lions, the Belgian Cats, and the Pro Basketball League and 3/ an exclusive DJ-set performed by Dimitri Vegas & Like Mike, voted the best DJs in the world by the prestigious DJ Mag Top 100, in front of 6,000 Orange Belgium customers.
- **Orange Belgium sweetened the back-to-school period with smartphone installments and subsidized offers**
The back-to-school period is an important opportunity for Orange Belgium to present new subsidized devices and installment plans, equipping Orange Belgium's customers with financing facilities for up to twenty-four months. Orange Belgium customers benefit from a Huawei P9 Lite, a Samsung Galaxy J5 2017 Edition or an LG Q6 device for only 9 euros with a Dolphin Smartphone subscription. This boosts the proliferation of smartphone and data usage among Orange Belgium customers and future customers.
- **The BIPT's service quality barometer once again confirmed Orange Belgium's network and service quality**
At network levels, the BIPT confirmed the very high quality of Orange Belgium's 3G and 4G networks. In addition, the BIPT has again published its barometer, relating to the performance of various providers in the first half of 2017. It provides consumers with information about the quality of mobile telephony services and the efficiency of customer support services. 94 % of customer issues submitted to Orange Belgium's customer

service are resolved immediately. With this score, Orange Belgium ranks at the top of the list with a 15 percentage point lead over main competitors.

- **Orange Fab is ready to launch the first season of its start-up accelerator program**

Orange Fab is a three-month start-up accelerator program that works with mature start-ups that are changing how people connect and communicate. The main objective of Orange Fab is to create a commercial partnership between the start-ups and the Business Units of Orange. Orange Fab will help these young companies based in Belgium or Luxembourg to grow their businesses and to build innovative products and services improving people's lives. Four key domains (IoT, network, content and intelligence) have been chosen, covering a wide variety of sectors such as smart cities, connected objects, drones, unified communication, fixed and mobile convergence, Artificial Intelligence, big data, cloud gaming.... The application period for start-ups ran until 20 October. Once selected in November, these start-ups will be offered three months of specific support (e.g. commercial acceleration, participation in events, advice and support on the important subjects encountered by the enterprise, etc.).

- **Orange Belgium has been selected by the European Commission as partner in the Podium-project**

The 'Proving Operations of Drones with Initial UTM' – project (Podium) will be performed by a consortium led by Eurocontrol and which alongside Orange Belgium includes, Airbus, DSNA, DELAIR, Drones Paris Region, INAS, Naviar, NLR and Unify. Third parties, including many drone operators, will complete the expertise of the consortium. The development of UAS Traffic Management (UTM) systems is a major challenge for the drone industry as a whole. The goal of a UTM is to provide safety and security for drone operations via this autonomous infrastructure, but above that, the system is designed to open up beyond visual line of sight (BVLOS) operations.

- **The migration of Lycamobile's MVNO customers has been completed at the end of July 2017**

The MVNO contract between Orange Belgium and Lycamobile ended at the end of March 2017. In line with the requirements of the contract, Lycamobile had until the end of September 2017 to migrate its customers. At the end of July 2017 Lycamobile concluded the migration. In addition Telenet initiated the first migration of a part of its customers towards the BASE network. As a result the wholesale MVNO customer base stood at 1,066.7 thousand customers at the end of September 2017, a decrease of 863.7 thousand customers compared to the end of June 2017.

2. Comments on the financial situation

2.1 Consolidated figures for the Orange Belgium Group

Orange Belgium group's consolidated key figures	9M 2017	9M 2016	Variation	Q3 2017	Q3 2016	Variation
Total number of connected SIM cards (Orange Belgium, Orange Luxembourg and MVNO's)	5,040.1	5,917.2	-14.8 %	5,040.1	5,917.2	-14.8 %
Mobile retail customers (excl. MVNO)	3,971.2	3,925.1	+1.2 %	3,971.2	3,925.1	+1.2 %
Consolidated turnover (mio €)	933.7	919.8	+1.5 %	316.4	311.1	+1.7 %
Total service revenues (mio €)	835.4	815.6	+2.4 %	281.8	275.3	+2.4 %
Mobile equipment sales (mio €)	82.1	83.6	-1.9 %	29.3	28.0	+4.4 %
Adjusted EBITDA (mio €)	240.3	237.1	+1.3 %	83.1	92.2	-9.9 %
Adjusted EBITDA margin in % of total service revenues	28.8 %	29.1 %		29.5 %	33.5 %	
Reported EBITDA (mio €)	252.0	237.2	+6.3 %	94.4	91.7	+2.9 %
Reported EBITDA margin in % of total service revenues	30.2 %	29.1 %		33.5 %	33.3 %	
Consolidated net profit (mio €)	50.2	47.9	+4.7 %	22.5	22.2	+1.4 %
Net profit per ordinary share (€)	0.84	0.80	+4.7 %	0.38	0.37	+1.4 %
Net investment (mio €)	114.6	96.4	+18.9 %	37.4	34.2	+9.3 %
Net investment / Total service revenues	13.7 %	11.8 %		13.3 %	12.4 %	
Operational cash flow (mio €)	137.4	140.8	-2.4 %	56.9	57.5	-1.0 %
Organic cash flow (mio €)	81.8	94.1	-13.1 %	42.8	55.3	-22.5 %
Net financial debt (mio €)	288.3	315.2	-8.5 %	288.3	315.2	-8.5 %

2.2 Consolidated statement of comprehensive income

Revenues

The Orange Belgium Group's consolidated turnover rose in the third quarter and first nine months of 2017 by 1.7 % and 1.5 % to 316.4 and 933.7 million euros respectively, compared to 311.1 and 919.8 million euros in the third quarter and first nine months of 2016. This is broadly in line with the result of the first semester of 2017.

The total service revenues increased in the third quarter and first nine months of 2017 by 2.4 % year-on-year to 281.8 and 835.4 million euros respectively, compared to 275.3 and 815.6 million euros in the third quarter and first nine months of 2016. This growth was achieved despite the impact of the regulatory implementation of Roam-Like-at-Home and lower wholesale MVNO revenues in the third quarter of 2017. As of 15 June 2017, retail roaming within the EU has to be offered at domestic retail prices for consumption within the "Fair Use Policy" (FUP). Excluding the regulatory EU roaming impact of 14.9 million euros in the third quarter of 2017 and of 28.0 million euros in the first nine months of 2017, the total service revenues of the Orange Belgium Group increased, in the third quarter and first nine months of 2017 respectively by 8.2 % and 6.1 % year-on-year. The end of the wholesale MVNO agreement with Lycamobile was foreseen at the end of September 2017, hence they concluded the migration of their customer base towards their new host network in July 2017. As a result the wholesale MVNO revenues in the third quarter of 2017 declined by 4.1 million versus the same period in 2016, reflecting the departure of Lycamobile only partly compensated by more than expected traffic from Telenet. Year-to-date September 2017, the wholesale MVNO revenues were still up 10.8 % year-on-year, reflecting the higher MVNO revenues booked in the first half of 2017.

The consolidated mobile equipment sales of the Orange Belgium Group amounted to 29.3 and 82.1 million euros in the third quarter and first nine months of 2017, compared to 28.0 and 83.6 million euros last year. As a result of lower device discounts and on the back of the gradual uptake of the Smartphone Instalment offer, the mobile equipment sales continued the positive trend embedded in the previous quarter, enabling an increase of 4.4 % year-on-year in the third quarter and limiting the decrease year-on-year in the first nine months of 2017 to 1.9 %.

Result of operating activities before depreciation and other expenses

Orange Belgium Group's adjusted EBITDA amounted to 83.1 and 240.3 million euros in the third quarter and first nine months of 2017, compared to 92.2 and 237.1 million euros in the third quarter and first nine months of 2016. The adjusted EBITDA margins amounted to 29.5 % and 28.8 % of total service revenues in the third quarter and first nine months of 2017 compared to 33.5 % and 29.1 % a year ago.

The gross impact of EU-roaming amounted to 11.8 and 24.6 million euros in the third quarter and first nine months of 2017. Hence, excluding the regulatory EU roaming impact, the adjusted EBITDA in the third quarter of 2017 would have increased by 3.3 % compared to the third quarter of 2016, while the adjusted EBITDA in the first nine months of 2017 would have increased 13.1 % year-on-year.

Direct costs amounted to 146.9 and 404.7 million euros in the third quarter and first nine months of 2017, compared to 123.7 and 382.0 million euros in the same periods a year ago. The year-to-date September variance shows a decline in the expenses related to the purchase of materials, resulting from the decrease in the number of subsidized devices, compared to the same period last year. The other direct costs in the first nine months of 2017 came out higher than last year, mainly explained by the increase in both wholesale access fees and in content related to the uptake of the convergent LOVE offer. Moreover in the third quarter of 2017 the interconnection and purchase of material costs increased due to more data roaming consumption and more subsidies in a more promotional driven market. Labour costs amounted to 30.8 and 97.4 million euros in the third quarter and first nine months of 2017 compared to 30.3 and 98.5 million euros a year ago, a delta of respectively +1.7 % and -1.1 % year-on-year. The indirect costs amounted to 55.7 and 191.3 million euros in the third quarter and first nine months of 2017, compared to 64.9 and 202.2 million euros in the same periods last year.

The total operational expenses amounted to 233.3 and 693.4 million euros in the third quarter and first nine months of 2017 compared to 218.9 and 682.6 million euros in the third quarter and first nine months of 2016. The operational expenses related to the Orange Internet + TV offering, including the monthly cable wholesale fee paid to the cable operators, amounted to 12.5 and 33.6 million euros in the third quarter and first nine months of 2017, compared to 7.3 and 13.6 million euros in the third quarter and first nine months of 2016. The wholesale cable access fee paid to the host network operators represented the bulk of cable related expenses and, to a lesser extent, content-related expenses.

Reported EBITDA adjustments (in million €)	9M 2017	9M 2016	Variation	Q3 2017	Q3 2016	Variation
Adjusted EBITDA	240.3	237.1	1.3 %	83.1	92.2	-9.9 %
Adjustments	+11.8	+0.1	Na	+11.2	-0.5	Na
- o/w other restructuring costs	+11.7	+0.1	Na	+11.2	-0.5	Na
- o/w other operating income	+0.1	0.0	Na	0.0	0.0	Na
Reported EBITDA	252.0	237.2	6.3 %	94.4	91.7	2.9 %

The adjustments of EBITDA amounted to +11.2 and +11.8 million euros in the third quarter and first nine months of 2017, compared to -0.5 and +0.1 million euros a year ago. The adjustments in the third quarter of 2017 were positive, largely due to a change in provision as a result of the mutual termination of a long-term partner contract. Consequently, the reported EBITDA of the Orange Belgium Group amounted in the third quarter and first nine months of 2017 to 94.4 and 252.0 million euros compared to 91.7 and 237.2 million euros a year ago. The reported EBITDA margin stood at 33.5 % and 30.2 % of total service revenues in the third quarter and first nine months of 2017 respectively, compared to 33.3 % and 29.1 % a year ago.

Net profit

The consolidated net profit of the Orange Belgium Group amounted to 22.5 and 50.2 million euros in the third quarter and first nine months of 2017, compared to 22.2 and 47.9 million euros a year ago. Consequently, the net profit per share amounted to 0.38 and 0.84 euro in the third quarter and first nine months of 2017, compared to 0.37 and 0.80 euro in the same periods last year.

2.3 Consolidated statement of financial position

The consolidated statement of financial position amounted to 1,443.3 million euros on 30 September 2017, compared to 1,524.2 million euros at the end of December 2016.

The net financial debt at the end of September 2017 stood at 288.3 million euros, compared to 315.2 million euros a year ago, a decrease of 8.5 % year-on-year. The cash flow generation in the third quarter of 2017 was solid thanks to an improvement in the management of working capital. The net financial debt/reported EBITDA ratio at the end of the first nine months of 2017 decreased to 0.9x compared to 1.1x at the end of December 2016.

2.4 Consolidated cash flow statement

The Orange Belgium Group invested 37.4 and 114.6 million euros, i.e. 13.3 % and 13.7 % of total service revenues, in the third quarter and first nine months of 2017 compared to 34.2 and 96.4 million euros, i.e. 12.4 % and 11.8 % of total service revenues a year ago. The cable related capital expenditures amounted to 9.5 and 35.5 million euros in the third quarter and first nine months of 2017, of which close to 80 % was related to modems, set-top boxes and installations. The remaining cable related capex was mainly related to IT investments that aim to optimize the provisioning chain and to maximize the customer experience. The operational cash flow, defined as reported EBITDA minus net investments, amounted to 56.9 and 137.4 million euros in the third quarter and first nine months of 2017 compared to 57.5 and 140.8 million euros in the third quarter and first nine months of 2016. The organic cash flow (which measures the cash flow provided by the operating activities, less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets), amounted to 42.8 and 81.8 million euros in the third quarter and first nine months of 2017, compared to 55.3 and 94.1 million euros a year ago. The decline was mainly the result of higher tax prepayments and an increase in the purchases of property, plant and equipment and intangible assets, linked to the uptake of the convergent LOVE offer.

2.5 Activities of the Orange Belgium Group by segment

In greater detail, the breakdown of Orange Belgium Group's activities is the following:

2.5.1. Activities in Belgium

Key financial figures of Orange Belgium S.A.	9M 2017	9M 2016	Variation	Q3 2017	Q3 2016	Variation
Total service revenues (mio €)	799.0	782.7	+2.1 %	269.1	265.3	+1.5 %
of which mobile services	739.4	732.2	+1.0 %	248.0	248.7	-0.3 %
of which fixed services	59.6	50.4	+18.1 %	21.1	16.6	+27.3 %
Total turnover (mio €)	894.0	884.1	+1.1 %	301.6	300.0	+0.6 %

Key operating figures of Orange Belgium S.A.	Q3 2017	Q3 2016	Variation
ARPU (€/month/active customer)	25.9	24.7	+5.0 %
Mobile retail customers (excl. MVNO)	3,789.8	3,770.5	+0.5 %
Mobile customers (excl. IoT/M2M)	2,894.6	2,991.8	-3.2 %
Of which postpaid	2,287.1	2,238.3	+2.2 %
Of which prepaid	607.5	753.5	-19.4 %
IoT/M2M SIM cards	895.2	778.7	+14.9 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	1,066.7	1,990.0	-46.4 %
Fixed broadband internet and TV customers	93.6	34.2	+173.9 %
Of which cable	81.8	17.6	+365.7 %
Fixed telephone lines	142.1	158.5	-10.4 %

Mobile activities

Market Review

Given the implementation of the 'Roam-Like-at-Home' framework as of 15 June 2017, and the traditional summer holiday period, there was a big appetite amongst customers to use more data while traveling abroad. More generally, the third quarter saw a continued demand for mobile data from the Belgian consumers with a further penetration of 4G enabled smartphones and an increase in average mobile data usage per customer.

The Belgian telecom regulator published the results of its sixth annual consumer survey, which aims at understanding the perception consumers have of the Belgian telecommunications market in 2017. The survey was conducted with a total of 1,553 respondents of different ages and gender. In general users were satisfied with the services and prices offered in the mobile market. Users were also satisfied with the level of information they received from their mobile operator.

Operational Review

Orange Belgium's mobile retail customer base (excl. MVNO) stood at 3,789.8 thousand at the end of the third quarter of 2017, an increase of 10.8 and 19.2 thousand compared to the previous quarter and the third quarter of 2016.

The postpaid customer base increased by 15.5 and 48.8 thousand compared to the previous quarter and the end of the third quarter of 2016, respectively. This increase was achieved thanks to a number of elements: 1/ Orange Belgium's mobile tariff grid is constructed in a way that it strikes the right balance between the value the customer gets and the price he has to pay for it; 2/ the back-to-school promotions provided attractive subsidies for low- to mid-end devices, while the high end was serviced via the smartphone instalment offering; 3/ the more efficient use of big data, both in terms of data collection as well as in terms of interpreting the data, made it possible to target specific segments more efficiently, while also lowering churn for other segments; 4/ a general improvement in customer experience metrics in combination with a very effective loyalty program and 5/ the enrichment of the convergent LOVE offer with double data which further boosted the circle effect of the convergent offer.

Total smartphone penetration increased to 71 %, mainly driven by the postpaid segment. 4G and 4G+ smartphone penetration reached 56 % and 24 %. The average monthly mobile data consumption of Orange Belgium's total and smartphone customer base amounted in September to 1.2 and 1.7 GB, respectively. This usage growth per subscriber combined with the larger smartphone customer base resulted in an increase of 49 % of total data traffic in the month of September 2017. The portion of 4G data traffic within the total traffic has now reached 86 %.

The active prepaid customer base decreased to 607.5 thousand, a decrease of 41.2 and 146.1 thousand customers compared to the previous quarter and the third quarter of 2016. The performance in the third quarter of 2017 was impacted by the deactivation of remaining customers that had not registered themselves in compliance with the prepaid registration law. This means that there are no anonymous consumers anymore within Orange Belgium's customer base.

The IoT- and M2M segment, refers to a network of physical objects embedded with electronics, software, sensors, and network connectivity, including built-in mobile SIM cards, that enables these objects to collect data and exchange communications with one another or a database. At the end of September 2017 895.2 thousand active SIM cards were hosted on the Orange Belgium network, an increase of 36.5 and 116.4 thousand compared to the end of the second quarter 2017 and to the end of the third quarter of 2016, respectively.

The MVNO contract between Orange Belgium and Lycamobile ended at the end of March 2017. In line with the requirements of the contract, Lycamobile had until the end of September 2017 to migrate its customers. At the end of July 2017 Lycamobile concluded the migration. In addition Telenet initiated the first migration of a part of its customers towards the BASE network. As a result the wholesale MVNO customer base stood at 1,066.7 thousand customers at the end of September 2017, a decrease of 863.7 thousand customers compared to the end of June 2017.

Including the MVNO customer base, Orange Belgium's total network customer base stood at 4,856.4 thousand at the end of the third quarter of 2017, compared to 5,760.6 at the end of the third quarter of 2016.

Financial Review

The blended ARPU increased by 5.0 % year-on-year in the third quarter of 2017 to 25.9 euros from 24.7 euros in the third quarter of 2016. Similar to the previous quarters, this increase in ARPU was achieved thanks to a more favourable customer mix between postpaid and prepaid and a sustained increase of the postpaid ARPU.

The postpaid ARPU increased to 30.0 euros from 29.2 euros a year ago. This growth was achieved thanks to a progressive rebalancing of customers towards the mid-end offers. Although the implementation of the Roam-Like-at-Home had a significant impact, the decline was mitigated by an increased usage of mobile data within and outside Europe, in addition to an increase in visitor roaming traffic. Contrary to the previous quarters the postpaid ARPU in the third quarter of 2017 was less impacted by the decline of SMS interconnection revenues.

The prepaid ARPU amounted to 11.4 euros in the third quarter of 2017 compared to 11.7 euros in the third quarter of 2016, a year-on-year decline of 2.5 %.

The mobile service revenues of Orange Belgium amounted to 248.0 and 739.4 million euros in the third quarter and first nine months of 2017, compared to 248.7 and 732.2 million euros in the third quarter and first nine months of 2016, a decrease of 0.3 % and an increase of 1.0 % respectively. The lower growth rate in the third quarter is fully explained by the 4.1 million euros lower wholesale MVNO revenues in the third quarter of 2017 versus the same period in 2016, reflecting the departure of Lycamobile only partly compensated by the higher than expected revenues from Telenet. The wholesale MVNO revenues amounted to 18.3 and 63.7 million euros in the third quarter and first nine months of 2017 compared to 22.3 and 57.5 million euros a year ago. The wholesale MVNO revenues over the first nine months of 2017 were still up 10.8 % year-on-year, reflecting the higher MVNO revenues booked in the first half of 2017.

The EU roaming impact amounted to 14.9 and 28.0 million euros in the third quarter and first nine months of 2017. Excluding this impact the mobile service revenues of Orange Belgium would have increased by 6.8 % and 4.7 % year-on-year.

Fixed and convergent activities

Market Review

The “Easy-switch” legislation took effect on 1 July. This legislation imposes processes to ensure that switching fixed internet services occurs quickly and easily for the end-customer.

On 7 July 2017 the telecom and media regulators published their draft decisions regarding the analysis of the broadband and television broadcasting markets and submitted these for consultation to the different stakeholders. The consultation period ended on 29 September 2017.

Operational Review

Orange Belgium agrees with most of the regulators’ findings in the draft market analysis decision relating to the retail and the wholesale markets. It fully supports the finding of significant market power and it considers that the technical and operational remedies put forward – as well as for copper, cable and fibre regulation – are absolutely and urgently needed to allow sustainable competition.

Orange Belgium welcomes the move towards wholesale access conditions for cable and fibre networks based on fair tariffs (based on costs with a reasonable margin), but disagrees with the pricing options put forward while waiting for these fair charges, and requests a review of the wholesale conditions during this period to price levels that are up to 10 euros below the current applicable tariffs.

In addition, Orange Belgium considers that an open passive fibre network architecture is the best way forward to break the historical duopoly. As indicated earlier, Orange Belgium is willing to co-invest in a shared FTTH infrastructure progressively and proportionally under the right financial and operational conditions (e.g. 5 % initially, 10 or 15 % subsequently depending on the results achieved). To date, no satisfactory co-investment proposal has been made by Proximus. Orange Belgium is therefore insisting that a firm regulatory approach must be adopted to ensure a cooperation model, building on an imposed open network architecture. On the B2B market, still largely dominated by Proximus, Orange Belgium is asking for an effective and rapid implementation of a regulated central access solution.

At the end of the third quarter of 2017, Orange Belgium had a total of 93.6 thousand fixed broadband internet and TV customers, compared to 34.3 and 77.8 thousand at the end of the third quarter of 2016 and second quarter of 2017, respectively. At the end of the third quarter of 2017, Orange Belgium had 81.8 thousand convergent LOVE customers with 128.6 thousand attached mobile contracts, an increase of 17.5 and 22.8 thousand respectively.

The number of fixed telephone lines stood at 142.1 thousand at the end of the third quarter of 2017 compared to 158.5 thousand at the end of the third quarter of 2016.

Financial Review

Orange Belgium’s fixed service revenues amounted to 21.1 and 59.6 million euros in the third quarter and first nine months of 2017, compared to 16.6 and 50.4 million euros in the third quarter and first nine months of 2016. This year-on-year increase of 27.3 % and 18.1 % in fixed service revenues reflects the uptake of Orange Belgium’s convergent LOVE offer.

2.5.2. Activities in Luxembourg (Orange Communications Luxembourg S.A.)

Key financial figures of Orange Communications Luxembourg S.A.	9M 2017	9M 2016	Variation	Q3 2017	Q3 2016	Variation
Total service revenues (mio €)	38.9	36.2	+7.3 %	13.7	12.1	+13.3 %
of which mobile services	34.6	33.1	+4.6 %	12.2	11.0	+11.3 %
of which fixed services	4.3	3.2	+35.8 %	1.5	1.1	+32.2 %
Total turnover (mio €)	47.4	44.9	+5.4 %	16.8	14.4	+16.6 %

Key operating figures of Orange Communications Luxembourg S.A.	Q3 2017	Q3 2016	Variation
ARPU (€/month/active customer)	36.1	34.9	+3.3 %
Mobile retail customers (excl. MVNO)	181.4	154.5	+17.4 %
Mobile customers (excl. IoT/M2M)	112.4	104.1	+7.9 %
Of which postpaid	101.9	96.6	+5.5 %
Of which prepaid	10.5	7.5	+38.7 %
IoT/M2M SIM cards	69.0	50.4	+36.9 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	2.2	2.1	+6.7 %

Market Review

The Luxembourg market remained competitive with promotions on Internet and TV services from all operators, in addition to back-to-school promotions on mobile tariffs and devices. In view of the implementation of Roam-Like-at-Home, all operators promoted the availability across Europe of voice, SMS and mobile internet in all subscription plans.

ILR, the Luxembourg regulator, published a public consultation to gather feedback from stakeholders on their interest in a number of applications using 700 MHz frequencies, in order to determine the best use of this spectrum alongside the forthcoming deployment of mobile broadband services.

Operational Review

In March 2017, Orange Luxembourg launched its version of the convergent LOVE offer. In the meantime it has enhanced its convergent LOVE offer further with Orange VOD, a video-on-demand service. The service was launched at the end of September 2017 and is available on a film-by-film basis or through a monthly subscription. The offer provides access to over 3,000 films including the latest blockbusters on tablet, smartphone, PC/Mac, Smart TV or PlayStation. Orange Luxembourg also launched a new internet offer, "La Fibre 100% Fibre" during the back-to-school period to provide a straightforward internet offer which was very well received. For its mobile customers, Orange Luxembourg was the first operator to launch a "Click and Collect" online service allowing customers to choose and make a reservation for a smartphone to be collected at the nearest shop two hours later. "Click and Collect" combines digital with local and retail shopping in Luxembourg's town centres.

In the third quarter of 2017, Orange Luxembourg's fixed broadband internet and TV customers increased to 9.9 thousand, up from 9.1 thousand in the third quarter of 2016 and on a par with the 9.9 thousand in the second quarter of 2017. At the end of the third quarter of 2017, Orange Luxembourg had 181.4 thousand SIM cards connected to its network, compared to 154.5 thousand at the end of the third quarter of 2016, an increase of 17.4 % year-on-year and also higher than the 178.3 thousand at the end of the second quarter of 2017. In both cases, growth was driven by a solid increase of the postpaid and IoT/M2M customer base in addition to a relative stabilisation of the prepaid customer base and a slight increase in the MVNO customer base.

Financial Review

Orange Luxembourg ended the third quarter and first nine months of 2017 with total service revenues of 13.7 and 38.9 million euros, an increase of 13.3 % and 7.3 % year-on-year respectively. Orange Luxembourg also achieved an acceleration in the growth of mobile service revenues in the third quarter of 2017, despite the gross impact of 0.8 and 2.9 million euros in the third quarter and first nine months of 2017 resulting from the EU roaming regulation. This gross regulatory impact was balanced by a significant increase in visitor roaming

traffic driven by high usage elasticity in reaction to Roam-Like-at-Home, in addition to the steering from large groups who do not have affiliates in these countries and therefore benefiting Orange Luxembourg's traffic. Orange Luxembourg's blended ARPU rose to 36.1 euros in the third quarter of 2017, up from 34.9 euros a year ago and 35.2 euros in the second quarter of 2017. This year-on-year growth brings an end to the more than 14 quarters decline in ARPU. The total turnover in the third quarter and first nine months of 2017 amounted to 16.8 and 47.4 million euros compared to 14.4 and 44.9 million euros during the same periods last year. In addition to the solid upward trend in total service revenues, Orange Luxembourg also benefited from strong mobile equipment sales in the third quarter of 2017.

3. Financial risks and risks management

No change has occurred in comparison to the information contained in the 2016 annual report (p.63 and p.100-101).

4. Disputes

The information relating to disputes contained in the 2016 annual report and in the first quarter and first semester 2017 reports has been modified as follows:

Regulation of broadband and cable: In the appeals against the cable wholesale price decisions of 2013 and 2016, the pleadings took place over three weeks in September 2017. A final judgement on all attacks (in French and in Dutch) is expected at the end of October or November 2017 at the latest.

Lycamobile: On 19 February 2016, Lycamobile Belgium Limited and Lycamobile BVBA initiated legal proceedings against Orange Belgium (at that time Mobistar) before the Brussels Commercial Court claiming damages for the alleged belated commercial launch of Lycamobile's 4G services. Orange Belgium considers this claim ungrounded. The case has been handled before the court at the hearing on 10 March 2017. By judgement of 12 May 2017, the Commercial Court of Brussels has entirely dismissed Lycamobile's claim and ordered it to pay to Orange Belgium an indemnity for procedural costs in the amount of 18,000 euros. The judgement has been served upon Lycamobile on 3 July 2017, so that the appeal period (in this case one month plus 30 days due to service of the judgement in Ireland) has started. Lycamobile has launched an appeal against this judgement before the Brussels Court of Appeal on 11 August 2017. During the introductory hearing on 21 September 2017 a calendar for the exchange of trial briefs was agreed. The parties will now exchange trial briefs.

5. Significant events after the end of the first nine months of 2017

No other significant events occurred after the end of the first nine months of 2017 reporting period.

6. Trends

The Orange Belgium Group confirms its guidance for the financial year 2017: growth in total service revenues, an adjusted EBITDA between 290 and 310 million euros and total capex excluding investments linked to the uptake of the Orange Internet + TV offer to remain stable compared to 2016.

7. Financial calendar

23-Oct-17	Financial results Q3 2017 (7:00 am CET) – Press release
23-Oct-17	Financial results Q3 2017 (10:00 am CET) – Audio conference call
08-Jan-18	Start quiet period
07-Feb-18	Financial results Q4 2017 (7:00 am CET) – Press release
07-Feb-18	Financial results Q4 2017 (2:00 pm CET) – Audio conference call/webcast
30-Mar-18	Start quiet period
20-Apr-18	Financial results Q1 2018 (7:00 am CET) – Press release
20-Apr-18	Financial results Q1 2018 (10:00 am CET) – Audio conference call
02-May-18	Annual General Meeting of Shareholders
29-Jun-18	Start quiet period
20-Jul-18	Financial results Q2 2018 (7:00 am CET) – Press release
20-Jul-18	Financial results Q2 2018 (2:00 pm CET) – Audio conference call/webcast
28-Sep-18	Start quiet period
24-Oct-18	Financial results Q3 2018 (7:00 am CET) – Press release
24-Oct-18	Financial results Q3 2018 (10:00 am CET) – Audio conference call

Preliminary agenda still subject to potential changes

8. Conference call details

Date: 23 October 2017
Time: 10:00 am (CET), 9:00 am (UK), 4:00 am (US/NY)
Conference call: <https://corporate.orange.be/en/financial-information>

Please plan on accessing the conference call ten minutes prior to the scheduled start time.

9. Shares

Share trading volumes and closing prices are based on trades made on NYSE Euronext Brussels.

	9M 2017	9M 2016	Q3 2017	Q3 2016
Trading of shares				
Average closing share price (€)	20.5	20.3	20.1	21.1
Average daily volume	57,438	75,315	41,594	62,148
Average daily value (€)	1,173,605	1,515,597	835,154	1,310,556
Shares and market values				
Total number of shares	60,014,414	60,014,414	60,014,414	60,014,414
Treasury shares	112,250	25,000	112,250	25,000
Outstanding shares	60,014,414	60,014,414	60,014,414	60,014,414
Closing price (€)	19.6	21.8	19.6	21.8
Market capitalization (€)	1,173,881,938	1,306,513,793	1,173,881,938	1,306,513,793

10. Quarterly results

		Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
ORANGE BELGIUM GROUP								
Mobile services								
Mobile retail customers (excl. MVNO)	in thousand	3,971.2	3,957.3	3,924.0	3,955.8	3,925.0	3,927.8	3 909.1
Mobile customers (excl. IoT/M2M)	in thousand	3,007.0	3,030.1	3,033.1	3,076.1	3,095.9	3,126.1	3 131.8
Postpaid	in thousand	2,389.1	2,371.6	2,348.5	2,345.0	2,334.8	2,330.0	2 311.1
Prepaid	in thousand	617.9	658.5	684.6	731.2	761.1	796.1	820.7
IoT/M2M SIM cards	in thousand	964.2	927.3	890.9	879.6	829.1	801.8	777.3
MVNO customers	in thousand	1,068.9	1,932.6	1,998.9	2,042.9	1,992.1	1,909.3	1 818.7
Fixed services								
Fixed broadband internet and TV customers	in thousand	103.5	87.7	76.3	59.9	43.2	36.7	33.9
Fixed telephone lines	in thousand	142.6	151.3	157.6	158.6	159.4	165.6	171.0
ORANGE BELGIUM								
Mobile services								
Mobile retail customers (excl. MVNO)	in thousand	3,789.8	3,779.0	3,759.1	3,796.5	3,770.5	3,779.7	3 766.6
Mobile customers (excl. IoT/M2M)	in thousand	2,894.6	2,920.3	2,927.1	2,970.8	2,991.8	3,023.4	3 029.7
Postpaid	in thousand	2,287.1	2,271.7	2,250.5	2,247.6	2,238.3	2,234.8	2 217.0
Prepaid	in thousand	607.5	648.7	676.6	723.1	753.5	788.6	812.7
Mobile blended ARPU, three months average (incl. visitor roaming)	in EUR/month	25.9	25.4	24.5	24.8	24.7	24.5	24.0
Postpaid ARPU, three months average (incl. visitor roaming)	in EUR/month	30.0	29.3	28.9	29.1	29.2	29.0	28.6
Prepaid ARPU, three months average	in EUR/month	11.4	11.3	11.1	11.8	11.7	12.0	11.7
IoT/M2M SIM cards	in thousand	895.2	858.6	832.0	825.7	778.7	756.4	737.0
MVNO customers	in thousand	1,066.7	1,930.4	1,996.7	2,040.7	1,990.0	1,907.3	1 816.6
Fixed services								
Fixed broadband internet and TV customers	in thousand	93.6	77.8	66.3	50.3	34.2	28.0	25.9
Of which cable	in thousand	81.8	64.3	49.8	33.4	17.6	10.5	5.3
Fixed telephone lines	in thousand	142.1	150.7	157.0	157.9	158.5	164.7	169.9
ORANGE LUXEMBOURG								
Mobile services								
Mobile retail customers (excl. MVNO)	in thousand	181.4	178.3	164.9	159.3	154.5	148.1	142.4
Mobile customers (excl. IoT/M2M)	in thousand	112.4	109.7	106.0	105.4	104.1	102.7	102.1
Postpaid	in thousand	101.9	99.9	98.0	97.3	96.6	95.2	94.1
Prepaid	in thousand	10.5	9.8	8.0	8.0	7.5	7.5	8.0
Mobile blended ARPU, three months average (incl. visitor roaming)	in EUR/month	36.1	35.2	33.3	35.1	34.9	35.8	35.2
IoT/M2M SIM cards	in thousand	69.0	68.6	58.9	53.9	50.4	45.4	40.3
MVNO customers	in thousand	2.2	2.2	2.2	2.2	2.1	2.1	2.1
Fixed services								
Fixed broadband internet and TV customers	in thousand	9.9	9.9	10.0	9.6	9.1	8.6	8.0
Fixed telephone lines	in thousand	0.5	0.6	0.7	0.7	0.9	0.9	1.1

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
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ORANGE BELGIUM GROUP – Key financial figures

Total service revenues	in mio EUR	281.8	279.5	274.0	277.7	275.3	267.9	272.4
Mobile service revenues	in mio EUR	259.2	258.9	253.4	258.5	257.6	250.1	254.3
Fixed service revenues	in mio EUR	22.6	20.6	20.7	19.2	17.7	17.8	18.1
Adjusted EBITDA	in mio EUR	83.1	85.0	72.2	78.5	92.2	91.1	53.8
% of service revenues		29.5 %	30.4 %	26.3 %	28.3 %	33.5 %	34.0 %	19.8 %
Reported EBITDA	in mio EUR	94.4	85.7	71.9	79.9	91.7	91.7	53.7
% of service revenues		33.5 %	30.7 %	26.2 %	28.8 %	33.3 %	34.2 %	19.7 %
CAPEX	in mio EUR	37.4	45.0	32.2	71.3	34.2	37.8	24.3
% of service revenues		13.3 %	16.1 %	11.7 %	25.7 %	12.4 %	14.1 %	8.9 %
Operating cash flow	in mio EUR	56.9	40.7	39.8	8.6	57.5	53.9	29.4
% of service revenues		20.2 %	14.6 %	14.5 %	3.1 %	20.9 %	20.1 %	10.8 %
Net financial debt	in mio EUR	288.3	329.7	323.7	338.0	315.2	369.9	418.1
Net financial debt / Reported EBITDA		0.9	1.0	1.0	1.1	0.9	1.1	1.4

11. Glossary

Customer base (excl. MVNOs)	Number of customers with active SIM card, including business and internet everywhere and IoT/M2M.
Postpaid (excl. M2M)	Customer with whom Orange Belgium has a formal contractual agreement, billed on a monthly basis for access fees and any additional voice or data use.
Prepaid (excl. M2M)	Customer with whom Orange Belgium has written contract, paying in advance any data or voice use by purchasing vouchers in retail outlets for example.
IoT/M2M (Internet of things / Machine to machine)	Exchange of information between machines that is established between the central control system (server) and any type of equipment, through one or several communication networks.
MVNO customers	Hosted MVNO customers on Orange Belgium's network
ARPU (three months average)	Average annual revenues per user (ARPU) are calculated by dividing the revenues from mobile (outgoing and incoming) voice and non-voice services and visitor roaming, generated over the past three months, excluding "machine to machine", by the weighted average number of customers over the same period, excluding "machine to machine" customers. The weighted average number of customers is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of customers at the start and end of the month. Mobile ARPU is expressed as monthly revenues per customer.
Restatements	Restructuring/redundancy costs related to staff and other restructuring costs.
Reported EBITDA / Adjusted EBITDA	Reported EBITDA corresponds to the operating income before depreciation and amortization, before impairment of goodwill and fixed assets, and before share of profits (losses) of associates. Adjusted EBITDA corresponds to the Reported EBITDA adjusted for exceptional items.
Revenues by activity	Provide group revenues split in mobile services, fixed services, mobile equipment sales and other revenues.
Mobile service revenues	Customer billed revenues, incoming revenues, visitor roaming, domestic mobile interconnection (i.e. network sharing and domestic roaming agreement), machine-to-machine and MVNO.
Fixed service revenues	Include i) fixed narrowband, except equipment sales and rentals, ii) fixed broadband, iii) data infrastructure & managed networks, and global services, iv) fixed carriers services.
Mobile equipment sales	Include subsidized and non-subsidized equipment sales. It excludes accessories sales, according to future IFRS standards that will imply to display only equipment revenue directly linked to service.
Other revenues	Include i) fixed equipment sales and rentals, ii) mobile accessories sales, and iii) other revenues.
Operational cash flow	Reported EBITDA – net investments.
Organic cash flow	Net cash flow from operations, less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets.
Consolidation perimeter	The consolidation perimeter has changed since 31 December 2016 and now includes Orange Belgium S.A. (100 %), Orange Communications Luxembourg S.A. (100 %), Smart Services Network S.A. (100 %), IRISnet S.C.R.L. (accounted for by equity method - 28.16 %), and Walcom S.A. (100 %).

About Orange Belgium

Orange Belgium is one of the leading telecommunication operators on the Belgian market, with over 3 million customers, and in Luxembourg through its subsidiary Orange Luxembourg.

As a convergent actor, we provide mobile telecommunication services, internet and TV to private clients, as well as innovative mobile and fixed line services to businesses. Our high-performance mobile network supports 2G, 3G, 4G and 4G+ technology and is the subject of ongoing investments.

Orange Belgium is a subsidiary of the Orange Group, one of the leading European and African operators for mobile telephony and internet access, as well as one of the world leaders for telecommunication services to enterprises.

Orange Belgium is listed on the Brussels Stock Exchange (OBEL).

More information on: corporate.orange.be, www.orange.be or follow us on Twitter: [@pressOrangeBe](https://twitter.com/pressOrangeBe).

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