Press release
Embargo until February 13, 2019 at 7:00 am
Regulated information

Financial information for the fourth quarter and full year 2018

Orange Belgium's Bold positioning drives another quarter of solid commercial growth

- Strong growth in mobile contract net-adds: +116.8% yoy / +61k in Q4'18
- Solid convergence contract net-adds: +75.0% yoy / +25 k in Q4'18
- Q4'18 Retail services revenue +9.8% yoy
- Q4'18 Adjusted EBITDA +11.3% yoy
- Proposed dividend: €0.50 per share

Q4'18 Belgium operational highlights

- **Record mobile contract net-adds.** The mobile contract customer base grew 61k to 2.5m subscribers. Orange Belgium's simplified mobile offering continued to attract customers towards mid and high-end tariffs. These plans include abundant voice/data allowances and have improved customer satisfaction and retention.
- **Average mobile data consumption per subscriber continued its growth trajectory**. In December, usage grew 79% yoy (twice the 2017 growth rate) to 3.2 GB/month.
- **Convergence offering confirmed its high attractiveness without recourse to promotional activities.** Love customers reached 180k (+75.0% yoy) with net-adds of 25k subscribers. Convergent mobile subscribers grew by 81.6% yoy and represent 11.5% of mobile contract customers.
- **Solid growth in B2C convergent ARPO and slight contraction in mobile-only ARPO.** B2C convergent ARPO grew by 7.0% to €75.5 due to absence of promotional activities. Mobile-only ARPO ended 1.8% lower as decreasing out-of-bundle revenues mitigated greater access revenues.

Group financial highlights

- **Q4'18 revenues increased 5.1% to €342.2m** thanks to retail services (+9.8%), in particular convergent services (+94.6%). Full-year revenues grew 2.7% to €1,279.8m on the solid growth in retail services (+8.4%).
- **Q4'18 Adjusted EBITDA grew by 11.3% to €77.4m** on growing revenues as well as efficiencies, in particular an improving cost structure in convergence services. Amidst a surge in convergent customers, the cable operations' EBITDA loss was limited to €1.5m this quarter against a €3.5m loss in Q4'17. Adjusted EBITDA for the full-year contracted by 3.3% €286.1m due to the loss of MVNO revenues and the impact of EU roaming regulation.
- **Net debt decreased to €264.3m at year-end.** Gearing remains low with a net debt to EBITDA ratio of 0.9x.
- The Board of Directors will propose at the Annual General Meeting a dividend of €0.50 per share for the 2018 fiscal year.

Orange Belgium Group's consolidated key figures	FY 2018	FY 2017	Variation	Q4 2018	Q4 2017	Variation
Belgium operating KPI						
Mobile contract customers base excl. M2M (in '000)				2,469	2,315	6.6%
Net adds excl. M2M qoq (in '000)	*153*	*68*	*126.9%*	*61*	*28*	*116.8%*
ARPO mobile only contract (€ per month)				20.8	21.2	-1.8%
Convergent customer base (in '000)				180	103	75.0%
Net adds qoq (in '000)	*77*	*70*	*11.0%*	*25*	*21*	*18.5%*
B2C convergent ARPO (€ per month)				75.5	70.5	7.0%
convergent mobile customer as % mobile contract customer base				*11.5%*	*6.7%*	
Group financials (€ m)						
Revenues	1,279.8	1,246.4	2.7%	342.2	325.4	5.1%
Retail service revenues	768.4	709.0	8.4%	199.3	181.4	9.8%
Adjusted EBITDA	286.1	295.8	-3.3%	77.4	69.6	11.3%
% of Revenues	*22.4%*	*23.7%*		*22.6%*	*21.4%*	
Net profit	32.4	39.0	-16.8%	8.2	-1.9	529.0%
Capex	-179.4	-188.4	-4.8%	-69.0	-73.8	6.5%
Organic cash flow	80.6	65.9	22.3%	-14.1	-15.9	11.4%
Net financial debt				264.3	312.8	-15.5%

Michaël Trabbia, Chief Executive Officer, commented:

"2018 was a turning point for Orange Belgium. We reshaped the telecom market with our Bold Challenger positioning, while confirming our success on the Internet & TV market with our Love offer. We listened to our customers' unmet demand for simple and worry-free offers. I am proud that we were the first Belgian mobile operator to launch unlimited mobile and convergent services.

Our unlimited offers and excellent network contributed to a record number of new customers choosing a mobile or Love offer in 2018. Our customers are clearly reaping the benefits: average data consumption has increased 79% in only one year! And for the first time, Orange was the most used mobile network in Belgium during the New Year celebration.

In 2019, we will continue to address consumer frustrations in Belgium. We will therefore launch a genuine unlimited Internet-only offer. We are committed to not increase prices on mobile and bundles. Finally, we guarantee indoor mobile coverage for each customer."

Arnaud Castille, Chief Financial Officer, stated:

"Orange Belgium met all 2018 targets despite active competition, loss of MVNO revenues and the impact of EU roaming regulation. This demonstrates our ability to create value with a Bold positioning and highlights the Group's strong underlying performance. I am especially pleased that Adjusted EBITDA returned to growth in the third and fourth quarter.

Shaping the future, we also reached two important achievements in 2018. We signed a 5-year wholesale partnership with Medialaan, the leading Flemish commercial broadcaster. Secondly, we narrowed the convergence operations' EBITDA losses by 11% through a combination of cost optimization, churn reduction and lower wholesale price."

2019 outlook

Orange Belgium expects slight growth in revenues in 2019. The Company targets Adjusted EBITDA between €285m and €305m. Total capex is expected to remain stable in comparison to last year.

1. Key highlights

1.1 Operational highlights

- Orange Belgium guarantees indoor connectivity
  As a market differentiator, Orange Belgium gives its customers various innovative solutions to boost the quality of their indoor calling and surfing experience. Orange customers with an eligible smartphone can benefit from Voice-over-Wi-Fi (VoWiFi) calling feature or they can ask for a mobile coverage extender (Femto) device to enjoy a premium indoor coverage. Both solutions are free of charge. During the year, the company dispatched approximately 6.5k Femto devices.

- Orange Belgium participates in the Fluvius' fibre pilot project in Flanders
  Fluvius, the public utilities provider in Flanders, is rolling out a pilot FTTH network with passive access across 5 municipalities. Orange Belgium is the first Belgian telecom operator to partner with Fluvius on this pilot project. Orange Belgium will be responsible for its own backhaul network and will roll out its own active equipment connected to Fluvius' fibre network.

  This initiative allows an acceleration of investment and lower prices for consumers, as several operators can use the shared infrastructure at a reasonable price. It also stimulates competition as each service operator can use its own active equipment, which allows them to further differentiate on services and technological network innovation.

- BIPT updated its customer care quality indicators for the first half of 2018
  The Belgian regulator BIPT updated its barometer on fixed and mobile services. The information is designed to provide end-users as well as policymakers with better insight into the available services. The BIPT analysis highlighted Orange Belgium's customer care. The company led in response time on customer assistance services, percentage of problems solved at first contact as well as complaints concerning billing and repair time.

1.2 Regulatory highlights

- Revision of Broadband and TV distribution market analysis decisions – update
  Telenet filed an appeal with the European Court of Justice to contest the EC comments letter regarding the new market analysis. In parallel, all cable operators have appealed the decisions before the Belgian Court of Appeal (Cour des Marchés). On 30 January 2019, the Court of Appeal rejected the claims of Telenet, Nethys and Brutélé to suspend the market analysis decisions while waiting for the outcome of the European Court. The timing for the final outcome of these procedures is uncertain.

  The BIPT launched a consultation on the cost models for wholesale access to cable networks and Proximus' FTTH network. The consultation started on December 13, 2018 and will run until February 15, 2019. The results of the consultation will be used as input for the future decisions regarding regulated wholesale tariffs.

  The implementation of the "broadband only" and "single installer" obligations is decided by the aforesaid BIPT division and should be available by mid-year.

  A pre-consultation on the updated reference offers for cable and the reference offer for Proximus' fiber network, in order to reflect the obligations of the new market analysis decisions, is ongoing. The consultation on the reference offer decisions is expected mid-2019. This should lead to lower access price and greater competition in the fixed market.

- New spectrum allocation, renewal of existing spectrum attributions
  The draft of the Royal Decrees regarding the allocation of the 700, 1400 and 3400-3800 MHz band and the renewal/reallocation conditions of the 900, 1800 and 2100 MHz bands were approved in July. However, Mr Alexander De Croo – then Minister of Telecommunications – put forward an unexpected new element relating to the conditions to attract a 4th mobile network operator. The Council of Ministers gave an initial approval for the Royal Decrees at the end of that month.

  On 6 February 2019, the Federal and regional governments failed to reach an agreement on the allocation of proceeds from the spectrum auction and – by a lack of an impact study – on the possibility of opening the auction to a fourth entrant with discriminatory conditions.

  It is unclear whether the current government will handle the proposal to change the electronic communications law and the Royal Decrees regarding the attribution and renewal of an important number of frequencies. A spectrum auction in 2019 is in any case unlikely. If the current government cannot conclude on the matter, the process will be substantially delayed further.

- Fixed voice access and call origination
  In line with other EU markets, the BIPT has decided to deregulate fixed voice related markets. Proximus proposes to continue to supply a carrier select / carrier preselect service on commercial terms until the end of 2019. The BIPT decided on December 17, 2018, to deregulate end-users' access to national fixed telephony services via CS (Carrier

Selection) and CPS (Carrier Preselection). A similar decision has been taken for the wholesale fixed call origination market.

- Regulation on international intra-EU tariffs for voice & SMS
  As from May 15, 2019. European regulations are applicable to intra-EU international voice calls and SMS for residential customers. A cap of €0.19 per minute (excl. VAT) is applicable to voice calls while SMS charges are limited to €0.06 (excl. VAT) per message.
- Electromagnetic fields standards in Brussels
  The Brussels regional government has agreed to a framework with mobile operators to allow the deployment of a next-generation network in the capital. The cap for Electromagnetic fields is expected to increase from 6 volts per meter to 14.5 volts per meter. Without this increase, 5G deployment would be impossible in the Brussels region.

2. Comments on the financial situation

2.1 Consolidated figures for the Orange Belgium Group

Orange Belgium group's consolidated key figures (€ m)	FY 2018	FY 2017	Variation	Q4 2018	Q4 2017	Variation
Revenues	**1,279.8**	**1,246.4**	**2.7%**	**342.2**	**325.4**	**5.1%**
Retail service revenues	768.4	709.0	8.4%	199.3	181.4	9.8%
Equipment sales	125.0	125.4	-0.3%	40.1	43.9	-8.6%
Wholesale revenues	329.2	350.7	-6.1%	85.6	82.7	3.4%
Other revenues	57.2	61.3	-6.6%	17.3	17.4	-0.8%
Adjusted EBITDA	**286.1**	**295.8**	**-3.3%**	**77.4**	**69.6**	**11.3%**
% of Revenues	*22.4%*	*23.7%*		*22.6%*	*21.4%*	
Reported EBITDA	278.6	305.6	-8.8%	74.4	67.6	10.1%
% of Revenues	*21.8%*	*24.5%*		*21.8%*	*20.8%*	
Net profit	**32.4**	**39.0**	**-16.8%**	**8.2**	**-1.9**	**529.0%**
Earnings per share (€)	0.54	0.65	-17.0%	0.14	-0.03	527.9%
Capex	-179.4	-188.4	-4.8%	-69.0	-73.8	6.5%
% of Revenues	*14.0%*	*15.1%*		*20.2%*	*22.7%*	
Organic cash flow	**80.6**	**65.9**	**22.3%**	**-14.1**	**-15.9**	**11.4%**
Net financial debt				264.3	312.8	-15.5%
Net financial debt / Reported EBITDA				0.9	1.0	

2.2 Consolidated statement of comprehensive income

Revenues

Group revenues grew 2.7% to €1,279.8m in 2018. In Q4'18, group revenues increased 5.1% yoy to €342.2m. For the last quarter of the year, the MVNO revenues had a positive impact of €2.7m while the EU roaming regulation had a negative impact of €5.5m. The total impact during 2018 of the MVNO revenues was -€27.9m and -€26.2m for the EU roaming regulation.

Retail service revenues grew 8.4% to €768.4m for the full year and by 9.8% in the fourth quarter to €199.3m. Growth was mainly driven by convergent services revenues, which doubled (+94.6% in the fourth quarter and +117.6% for the full-year).

Result of operating activities before depreciation and other expenses

The adjusted EBITDA amounted to €77.4m in the fourth quarter, an increase of 11.3% yoy, which translated into a margin of 22.6%, an improvement of 124 bps. For the full year, the adjusted EBITDA reached €286.1m (-3.3% yoy). The EU roaming regulation impacted the adjusted EBITDA for the quarter by - €3.1m. For the complete year, the impact of the MVNO revenues and the EU regulation was of -€27.9m and of -€16.8m, respectively.

It is important to highlight that the EBITDA loss of convergence services has decreased from €3.5m in the fourth quarter of 2017 to €1.5m this quarter in spite of a steady increase of the convergence subscriber base. This was achieved thanks to cost improvement, churn reduction and a reduced wholesale price. As soon as the single-installer is implemented, Orange will have a positive impact on its direct costs as well as on the churn levels.

Total operational expenses reached €264.8m in Q4'18 (+3.5%) compared to €255.9m in the previous year. Total operational expenses for the full-year increased 4.5% to €993.7m. The following provides an overview of the different expenses:

- **Direct costs** decreased by 0.5% to €160.5m in Q4'18 as the lower wholesale price for cable access helped contained access costs. During the quarter, higher cable access and content costs were offset by lower customer equipment costs and commissions due to the 2017 acquisition of distribution partners. For the full-year, direct costs increased 4.5% to €593.0m mainly due to higher cable access and content costs.
- **Labor costs** increased due to the integration of distribution partners acquired last year. Labor costs in Q4 increased 1.4% to €34.1m in Q4'18 (Q4'17: €33.6m) For the full-year, labor costs increased 6.5% to €139.5m (2017: €131.0m).

- **Indirect costs** amounted to €70.2m in Q4'18 compared to €60.9m in the previous year. The 15.3% increase is due to greater IT & Network expenses linked to the Company's digital transformation as well as higher advertizing expenses due to end of year campaigns. For the full-year, indirect costs increased 3.5% to €261.1m due to higher IT & Network expenses and advertizing expenses.

The adjustments to EBITDA amounted to -€2.9m in Q4'18 and -€7.6m for the full-year. These were entirely related to headcount related restructuring charges.

Reported EBITDA adjustments (€ m)	FY 2018	FY 2017	Variation	Q4 2018	Q4 2017	Variation
Adjusted EBITDA	286.1	295.8	-3.3%	77.4	69.6	11.3%
Adjustments	-7.6	9.8	N/A	-2.9	-1.9	N/A
- o/w other restructuring costs	-7.6	9.7	N/A	-2.9	-1.9	N/A
- o/w other operating income	0.0	0.1	N/A	0.0	0.0	N/A
Reported EBITDA	278.6	305.6	-8.8%	74.4	67.6	10.1%

Depreciation and amortization

In Q4'18, depreciation and amortization increased from €60.8m to €62.0m. On a full-year basis, depreciation and amortization increased from €230.1m to €235.7m in 2018.

Operating profit (EBIT)

Q4'18 operating profit was €12.5m compared to a €11.0m operating loss in Q4'17. The increase was largely attributable to a €6.8m growth in reported EBITDA during the quarter. 2018 EBIT decreased 25.6% to €43.2m due to lower Adjusted EBITDA and higher restructuring charges. The operating margin in Q4'18 was 3.7% and 3.4% on a full-year basis.

Financial result

Net financial expenses were comparable to the previous year. Q4'18 expenses were €1.3m while full-year expenses amounted to €4.9m.

Taxes

Tax expense for Q4'18 was €3.0m compared to a €10.4m tax credit in Q4'17. Full-year tax expense decreased from €14.1m in 2017 to €5.9m in 2018. The decrease is the cumulative impact of a lower pre-tax profit, and a lower corporate tax rate (29.58% in 2018 versus from 33.99% in 2017). In 2017, the Company took a €17.9m goodwill impairment charge on Orange Communications Luxembourg, which was not tax-deductible. The effective tax rate in 2018 was 15.3% against 26,6% in the previous year.

Net profit

In Q4'18, higher Adjusted EBITDA and lower tax expense contributed to a net profit of €8.2m compared to a €1.9m loss in 2017. The full-year net profit decreased from €39.0m in 2017 to €32.4m in 2018 due to lower Adjusted EBITDA and higher restructuring charges.

2.3 Liquidity and capital resources

The Group uses Operating cash flow and Organic cash flow as the main metrics for analysing cash generation. Operating cash flow is defined as Adjusted EBITDA less capex. Organic cash flow measures the Net cash provided by operating activities, less capex, plus proceeds from the disposal of tangible and intangible assets.

During the quarter, the Company spent €69.0m on capital expenditures (Q4'17: €73.8m), of which €12.3m was cable-related (Q4'17: €11.3m). Capital expenditure for the year was €179.4m (2017 €188.4m), of which €43.7m (2017 €46.8m) was cable-related.

Operating cash flow improved from -€4.2m in Q4'17 to €8.4m in Q4'18 due to higher Adjusted EBITDA and lower capex. On a full-year basis, operating cash flow increased to €106.7m due to lower capex.

Organic cash flow improved in Q4'18 as cash usage decreased from €15.9m to €14.1m. On a full-year basis, organic cash flow improved by 22.3% to €80.6m due to lower capex payables.

Consolidated cash flow statement (€m)	FY 2018	FY 2017	Variation	Q4 2018	Q4 2017	Variation
Adjusted EBITDA	**286.1**	**295.8**	**-3.3%**	**77.4**	**69.6**	**11.3%**
Capex	-179.4	-188.4	4.8%	-69.0	-73.8	6.5%
Operating cash flow	**106.7**	**107.4**	**-0.6%**	**8.4**	**-4.2**	**299.9%**
Tax paid	-29.0	-52.4	44.6%	-4.0	-14.8	72.8%
Net interest	-3.8	-3.8	1.7%	-0.9	-0.9	7.7%
Working capital	18.5	45.9	-59.8%	-23.6	3.4	-803.6%
Other	-10.5	-18.7	44.1%	-13.1	-17.7	26.0%
Change in fixed assets payables	-1.4	-14.1	90.3%	19.1	16.8	13.7%
Disposal of property, plant and equipment and intangible assets	0.0	1.6	-100.0%	0.0	1.6	-100.0%
Organic cash flow	**80.6**	**65.9**	**22.3%**	**-14.1**	**-15.9**	**11.4%**
Financial investments	-4.2	-8.0		4.5	-8.3	
Treasury shares	2.5	-2.2		2.5	0.0	
Dividends	-30.0	-30.0		0.0	0.0	
Debt drawdown	14.8	5.9		16.4	-5.9	
Debt repayment	-50.1	-70.1		- 0.0	29.9	
Net change in cash and cash equivalents	**13.6**	**-38.5**		**9.3**	**-0.2**	
Cash and cash equivalents						
Opening balance	13.0	51.4		17.2	13.2	
Closing balance	26.6	13.0		26.6	13.0	
Net financial debt	**264.3**	**312.8**				

Net debt at year-end was €264.3m, compared to €312.8m at the end of 2017. The net debt/reported EBITDA ratio at December 31, 2018 amounted to 0.9x.

Orange Belgium Group's consolidated key figures (€ m)	2018	2017
Group revolving credit facility	-288.3	-325.8
Bank credit line	-2.5	0.0
Gross debt	**-290.9**	**-325.8**
Cash and equivalents	26.6	13.0
Net debt	**-264.3**	**-312.8**
Net debt/Adjusted EBITDA	0.9x	1.0x
Net debt/Reported EBITDA	0.9x	1.0x

2.4 Activities of the Orange Belgium Group by segment

The following gives a breakdown of Orange Belgium Group's activities in greater detail:

2.4.1. Activities in Belgium

Operational Review

Key operating figures of Orange Belgium (in '000)	Q4 2018	Q4 2017	Variation
Convergent KPIs			
convergent customer base	**180**	**103**	**75.0%**
- B2C convergent customer base	162	94	73.0%
- B2B convergent customer base	18	9	95.4%
quarterly ARPO (€ per month)			
- B2C convergent ARPO	75.5	70.5	7.0%
Mobile KPIs			
mobile customers (excl. MVNOs)	**4,149**	**3,855**	**7.7%**
- contract	3,582	3,265	9.7%
- M2M	1,114	950	17.2%
- excluding M2M	2,469	2,315	6.6%
- prepaid	567	589	-3.8%
mobile customers (excl. MVNOs)	**4,149**	**3,855**	**7.7%**
- B2C convergent	244	137	77.9%
- mobile only and mobile B2B	3,906	3,717	5.1%
- M2M	1,114	950	17.2%
- excluding M2M	2,225	2,178	2.1%
- of which B2B convergent mobile	40	19	108.2%
- prepaid	567	589	-3.8%
MVNO customers	12	522	-97.6%
quarterly ARPO (€ per month)			
mobile only blended ARPO	18.0	18.2	-1.5%
- mobile only contract ARPO	20.8	21.2	-1.8%
- mobile only prepaid ARPO	7.1	7.7	-6.7%
Fixed KPIs			
broadband customers	186	109	71.1%
- FTTx and cable customers	180	103	75.0%
- xDSL	6	6	1.1%
- LTE for fixed and others	0	0	
internet features			
TV	180	103	75.0%

Convergent operations

The convergent customer base, i.e. customers that have subscribed to offers combining at least a fixed broadband connection and a mobile contract, is an important commercial indicator for Orange Belgium. Orange Belgium's growth momentum in convergence continued in Q4'18 with 25k net additions, resulting in a total convergent customer base of 180k, of which 162k were B2C customers and 18k B2B customers. This was achieved without any promotional activities. Churn in the convergent segment reached its lowest level since launch. This was realized thanks to a dedicated focus on quality throughout the entire customer journey.

In the B2C mobile convergent segment, Orange Belgium added 34k subscribers during the quarter, taking its customer base for this segment to 244k (137k in Q4'17). The B2C convergent ARPO increased 7% to €75.5 euros in Q4'18. The B2B mobile convergent customer base increased to 40k at the end of Q4'18.

Mobile operations

Orange Belgium's mobile performance was very solid in Q4'18, with net adds of 110k mobile customers or an increase of 295k compared to the end of the fourth quarter of 2017. Excluding M2M, the contract customer base increased by 61k in the fourth quarter, which shows an acceleration in net additions compared to last year. The M2M contract base increased by 58k in the past quarter to 1.1m connected cards. Finally, the prepaid customer base slipped by 3.8% in the fourth quarter of 2018.

Mobile-only blended ARPO, which excludes all B2C mobile customers who have subscribed to a convergence offer, amounted to €18.0 in the fourth quarter of 2018, an decrease of 1.5% yoy. The mobile-only contract ARPO slipped by 1.8% yoy to to €20.8 in the fourth quarter of 2018. Explained by the fact that Orange Belgium's generous offers in voice and data included in its mobile plans have led to a reduction in out-of-access revenues. This was in part compensated by an increase in the access revenues. Prepaid ARPO dropped 6.7% to €7.1 in the fourth quarter of 2018.

Fixed segment

At the end of the Q4'18, Orange Belgium had a total of 122k fixed voice lines, compared to 134k at the end if Q4'17. The xDSL customer base, which mostly relates to legacy ADSL business that is no longer available, remained flat.

Financial Review

Key financial figures of Orange Belgium (€ m)	FY 2018	FY 2017	Variation	Q4 2018	Q4 2017	Variation
Revenues	**1,226.4**	**1,191.6**	**2.9%**	**327.2**	**310.5**	**5.4%**
Retail service revenues	727.6	671.5	8.4%	188.4	171.9	9.6%
Convergent service revenues	106.3	48.9	117.6%	32.7	16.8	94.6%
Mobile only service revenues	583.3	583.9	-0.1%	145.8	145.4	0.2%
Fixed only service revenues	33.6	35.3	-5.0%	8.9	8.7	1.6%
IT & Integration service revenues	4.5	3.5	28.8%	1.1	0.9	17.7%
Equipment sales	110.4	108.8	1.5%	36.2	38.2	-5.3%
Wholesale revenues	322.6	344.1	-6.2%	83.0	80.5	3.1%
Other revenues	65.7	67.2	-2.2%	19.6	20.0	-1.9%
Adjusted EBITDA	**279.9**	**287.2**	**-2.5%**	**74.7**	**63.8**	**17.0%**
% of Revenues	*22.8%*	*24.1%*		*22.8%*	*20.5%*	
Reported EBITDA	**272.4**	**297.1**	**-8.3%**	**71.8**	**61.9**	**16.0%**
% of Revenues	*22.2%*	*24.9%*		*21.9%*	*19.9%*	

Revenues in Belgium for the full year increased 2.9% yoy to €1,226.4m. Revenues grew 5.4% yoy to €327.2m in the fourth quarter.

Growth in retail service revenues have continued its acceleration in Q4'18 with a year-on-year increase of 9.6%. Retail service revenues in Q4'18 amounted to €188.4m and €727.6m for the full-year. This strong increase was driven by continued uptake of convergent services. Convergent services revenues continued its spectacular growth trajectory in the fourth quarter with an increase of 94.6% yoy, resulting in an increase of 117.6% year-on-year full-year. This growth stems from the sustained uptake of customers opting for Orange Belgium's Love offer, resulting in both an increase of the cable broadband and digital TV customer base, as well as in an increase of convergent mobile customer. Mobile-only service revenues were stable on a quarterly and full year-basis.

Equipment sales declined by 5.3% to €36.2m in Q4'18 and grew 1.5% to €110.4m for the full-year.

Wholesale revenues grew 3.1% to €83.0m in Q4'18. For the full-year, wholesale revenues decreased by 6.2% to €322.6m. This was essentially the outcome of expected lower MVNO revenues: €10.2m in the Q4'18 and €43.3m for the full-year versus €7.4m and €70.8m in the comparable period in 2017.

Adjusted EBITDA in Belgium was €74.7m in Q4'18 and €279.9m for the full-year of 2018, compared to €63.8m and €287.2m in the comparable period in 2017.

Orange Belgium further reduced the EBITDA loss of its cable business to €1.5m in Q4'18 (loss of €4.3m in Q3'18 and a loss of €3.5m in Q4'17) due to better industrialization, lower churn and improved wholesale conditions. On the latter, the BIPT lowered the wholesale access price to €20.29, effective from August 1, 2018 and laid the course for a vast improvement in the operational model. For the full-year, the cable business represented an EBITDA loss of €16.4m, compared to a loss of €18.5m in 2017.

2.4.2. Activities in Luxembourg

Market overview

In October, Prime Minister Xavier Bettel was re-elected by forming a new coalition. Digitalization of the country is a clear priority. In early November, the government announced, it would have an active role in the country's 5G deployment in 2019.

High mobile penetration is slowing subscriber growth. Competition has intensified with very aggressive promotional entry tariffs and heavy promotion on flagship devices. Tango (Proximus Luxembourg) launched *infinity* targeting the youth segment. Join, the 4th player, MVNO of Post went bankrupt and is now fully owned by the incumbent. SFR (Telenet) has been actively communicating in Q4.

Mobile Number Portability (MNP) was rather flat this year with less moves between operators than in the previous. This is a continuous phenomenon so far and is symptomatic of market saturation. The main moves were on the B2B entry and mid tariffs as well as Orange Luxembourg's disruptive "Boom" residential mobile offer (which was promoted in Q4 on a limited period).

Operational Review

Key operational figures of Orange Luxembourg (in '000)	Q4 2018	Q4 2017	Variation
Convergent KPIs			
convergent customer base	**8**	**5**	**57.5%**
- B2C convergent customer base	4	4	24.9%
- B2B convergent customer base	4	2	122.2%
Mobile KPIs			
mobile customers (excl. MVNOs)	**193**	**183**	**5.1%**
- contract	180	173	4.4%
- M2M	71	65	8.4%
- excluding M2M	110	108	1.9%
- prepaid	12	11	16.4%
mobile customers (excl. MVNOs)	**193**	**183**	**5.1%**
- B2C convergent	4	4	24.9%
- mobile only	188	180	4.7%
- M2M	71	65	8.4%
- excluding M2M	105	104	1.1%
- prepaid	12	11	16.4%
MVNO customers	2	2	2.9%
quarterly ARPO (€ per month)			
mobile only blended ARPO	28.1	27.0	4.2%
- mobile only contract ARPO	30.7	29.1	5.5%
- mobile only prepaid ARPO	6.5	6.7	-3.2%
Fixed KPIs			
broadband customers	13	17	-23.3%
- FTTx and cable customers	8	5	57.5%
- xDSL	5	12	-60.2%
- LTE for fixed and others	0	0	NA
internet features			
TV	4	4	3.9%

Orange Luxembourg delivered another strong quarter as evidenced by growth of convergent, mobile and fixed customer base. In Q2'18, Orange Luxembourg changed its handset subsidy strategy to target higher value customers. This transformation is delivering positive impacts on EBITDA and cash flows. The Company finished the year with the highest MNP share.

In the mobile market, Orange Luxembourg's prepaid customer base continued to grow in spite of its focus on the postpaid segment. In Q4'18, Orange Luxembourg achieved positive net-adds on the contract mobile segment. Mobile subscribers grew 5.1% to 193k on lower churn in the B2B segment as well as the addition of large accounts. Blended ARPO increased 4.2 % to €28.1 euros.

Consumers have a better perception of Orange's price positioning. That had positive spill over effects on all offers and especially the improved Love convergent offers. Orange became a full-fiber provider by selling 1Gbps fiber access as well as 100Mbps, the current market standard. Orange Luxembourg's internet and convergent offers remain attractive as the convergent customer base grew 57.5%. Customers looking for an internet-only plan can choose an ADSL plan (Internet @ Home) or a Fibre plan (La Fibre 100 % Fibre).

Financial Review

Key financial figures of Orange Luxembourg (€ m)	FY 2018	FY 2017	Variation	Q4 2018	Q4 2017	Variation
Revenues	**66.9**	**66.2**	**1.0%**	**19.0**	**18.7**	**1.5%**
Retail service revenues	40.7	37.4	8.8%	10.8	9.5	14.2%
Convergent service revenues	0.0	0.0		0.0	0.0	
Mobile only service revenues	33.0	31.7	4.1%	8.6	7.9	9.5%
Fixed only service revenues	7.8	5.8	35.0%	2.2	1.6	37.3%
IT & Integration service revenues	0.0	0.0		0.0	0.0	
Equipment sales	14.6	16.6	-11.8%	3.9	5.7	-30.7%
Wholesale revenues	10.7	9.9	7.9%	3.8	3.1	23.7%
Other revenues	0.9	2.4	-61.9%	0.5	0.5	-9.5%
Adjusted EBITDA	**6.2**	**8.5**	**-27.1%**	**2.7**	**5.8**	**-52.4%**
% of Revenues	*9.3%*	*12.9%*		*14.4%*	*30.7%*	
Reported EBITDA	**6.1**	**8.5**	**-27.7%**	**2.7**	**5.8**	**-53.2%**
% of Revenues	*9.2%*	*12.8%*		*14.2%*	*30.7%*	

Q4'18 revenues grew 1.5% to €19.0m. Retail services continued to perform strongly with revenues increasing 14.2% to €10.8m. Mobile-only revenue increased 9.5% on a growing subscriber base (+4.7%) and ARPO improvement (+4.2%). The continued success of Love offers helped Fixed revenues.

Orange Luxembourg reported Adjusted EBITDA of €2.7m in Q4'18 (Q4'17: €5.8m). The year-on-year decline is due to a one-off item in the previous year. In Q4'17, the company received a €3.3m settlement from a vendor for non-completion of a project. Excluding that one-off, Adjusted EBITDA increased 9.7% in the fourth quarter.

3. Financial risks and risk management

There have been no significant changes in the information contained in the 2017 annual report (p.75-76 and p.114-115).

4. Disputes

The information relating to disputes included in the 2017 annual report has been updated as follows:

Telecom masts

Since 1997, certain municipalities and four provinces have adopted local taxes, on an annual basis, on pylons, masts or antennas erected within their boundaries. Orange Belgium continues to file fiscal objections against each tax assessment notice received concerning these taxes. These taxes are currently being contested in Civil Courts (Courts of First Instance - Tax Chamber and Courts of Appeal).

On 22 December 2016, the three mobile operators concluded an agreement in principle with the Walloon government on the issue of taxing mobile infrastructure in the Walloon region for the period 2016-2019 and agreed to settle the dispute on the Walloon regional taxes for 2014.

Over a 4 year period (2016-2019), Orange Belgium commits to pay €16.1m and to invest €20m on incremental telecom infrastructure in the Walloon region. In return, the Walloon Region commits to: i) no longer levy taxes on telecom infrastructure; ii) implement a legislative, regulatory and administrative framework designed to facilitate the deployment of such infrastructure; and iii) discourage municipalities and provinces from taxing telecom infrastructure. In 2018, several Walloon municipalities and provinces levied taxes on telecom infrastructure.

The operators will be entitled to deduct such local taxes levied in 2016-2019 by Walloon municipalities or provinces from the 2019 settlement and investment amounts.

Regulation of broadband and cable

On 29 June 2018, the CRC (the telecoms and media regulators) adopted new decisions on the broadband and broadcast. These maintain the access obligations of incumbent operators of fixed networks, among which cable operators: Telenet, Nethys and Brutélé. The decisions imply additional obligations compared to the ones imposed in the 2011 decision and foresee a reduction of applicable wholesale charges. Telenet attacked the observations of the EC on the draft decision before the General Court of the European Union. The cable operators also attacked the market analysis decisions before the Court of appeal of Brussels. Orange Belgium intervened in the national proceedings to support the CRC decision. On 3 October 2018, the Court of Appeal delivered an intermediary judgment. The Court put the national proceedings on hold until judgment of the European Court, while maintaining its prerogative to maintain or suspend the decisions.

Access to Telenet's cable network – own channel

The decisions on regulated access to the cable networks allows Orange Belgium to offer its "own channels" (channels that are not commercially offered by the cable operators) to its retail TV customers. VOO permits such channels (Eleven Sports 3) on its network. Telenet refuses to offer such access at reasonable conditions.

Orange Belgium filed a legal claim before the Commercial Court against Telenet to get access to an own channel at reasonable conditions. On 30 May 2018, the Commercial Court of Antwerp dismissed Orange Belgium's claim. Orange Belgium appealed this decision. The pleadings before the Court of appeal are foreseen in March 2019 and a judgment is expected in the second quarter of 2019.

Access to Telenet's cable network – own internet profile

An "internet profile" is the internet access tariff plans that a broadband provider offers its retail clients. These can vary in data transmission speeds and/ or volumes. Cable network regulations permits alternative operators to package "internet profiles" which differ from the regulated cable operator's "own internet profiles". Despite several requests since 2015, Telenet refused to grant Orange Belgium such own profile. In view of the damages incurred by these refusals, Orange Belgium filed a complaint against Telenet with the regulator in February 2018. On 22 October 2018, the regulator published a decision which found Telenet in breach with its regulatory obligation for not providing an own profile to Orange Belgium.

Lycamobile

On 19 February 2016, Lycamobile Belgium Limited and Lycamobile BVBA initiated legal proceedings against Orange Belgium (previously Mobistar) before the Brussels Commercial Court claiming damages for the alleged belated commercial launch of Lycamobile's 4G services. The case was heard on 10 March 2017. By judgement on 12 May 2017, the Brussels Commercial Court dismissed the claim and ordered Lycamobile to pay Orange Belgium €18,000 as compensation for procedural costs. The judgement was served on 3 July 2017 and Lycamobile paid the full amount. On 11 August 2017, Lycamobile filed an appeal before the Brussels Court of Appeal. An introductory hearing took place on 21 September 2017 and a calendar for the filing of trial briefs was set. Parties have exchanged trial briefs. No pleading date has been set.

Agency agreement

In July 2011, a former agent initiated a procedure before the Brussels Commercial Court to obtain compensation for the termination of his agency agreement. The agent claims damages for an amount of around €16.9m. Orange Belgium is convinced that the claim is, at least for the major part, unfounded and filed a counterclaim for around €14.6m. A hearing was held on 14 January 2013. By judgement on 22 April 2013, the Brussels Commercial Court decided that the claims from both parties were partially founded. The court appointed a judicial expert to determine the compensation to be paid by both parties. After several years, both parties reached a settlement. The proceedings were formally terminated by the court on 8 February 2018.

Euphony Benelux SA in bankruptcy

On 2 April 2015, Orange Belgium was summoned by the receivers of Euphony Benelux NV to a hearing on 17 April 2015 at the Brussels Commercial Court. The bankruptcy receivers claim that Orange Belgium should pay a provisional amount of one (1) euro for overdue commissions as well as an eviction fee. In this context, the bankruptcy receivers claim that Orange Belgium should submit all relevant documents to allow the bankruptcy receivers to calculate the amounts claimed.

On 17 April 2018, the Court dismissed the claim relating to the eviction fee and appointed an expert for the claim relating to the overdue commissions. Orange Belgium has filed an appeal at the Brussels Court of Appeals. An introductory hearing took place and the Court of Appeals has set a calendar for the filing of trial briefs. Both parties are currently exchanging trial briefs.

5. Significant event after the end of the fourth quarter of 2018

On 1 January 2019, the BIPT's decision on fixed termination rate which lowers tariffs from €0.007/min to €0.0016/min entered into force. 3Starsnet, a fixed operator, has filed an appeal to the BIPT's decision.

6. Shareholder remuneration

The Orange Belgium Group aims to balance the appropriate cash returns to equity holders with the requirement of maintaining a balanced and sound financial position, while leaving sufficient leeway to continue to invest in its convergent strategy and building out of its network.

Considering the financial and commercial performance of 2018 and the mid-term outlook, the Board of Directors will propose to the Annual General Meeting of Shareholders on 2 May 2019 to distribute an ordinary gross dividend of €0.50 per share for the financial year 2018. If approved, the gross ordinary dividend of €0.50 will be paid on 16 May 2019 (ex-dividend date 14 May 2019; record date 15 May 2019).

7. IFRS 16

As from 1 January 2019, Orange Belgium will adopt the IFRS 16 accounting standard. This new standard changes the accounting treatment of leases. Under IAS17, finance lease agreements are recognized on the balance sheet whereas operating leases are off-balance sheet. However, IFRS16 makes no distinction between finance and operating leases as both will be recognized on the balance sheet.

Orange Belgium – in line with Orange SA group reporting – will update its financial KPI terminology. EBITDAaL (EBITDA after leases) will replace Adjusted EBITDA. Orange SA held an IFRS 16teach-in session on 6 February 2019. That presentation is available on Orange SA on investor relations website.

8. Outlook

Orange Belgium expects slight growth in revenues in 2019 taking into account further uptake on its postpaid and convergent customer base.

For 2019, the Company expects an Adjusted EBITDA (under IAS17) between €285m and €305m. This range takes into account headwinds such as the decrease in MVNO revenues, the international call impact due to the new regulation and the payment of the Orange branding fee as from May. As a reminder, the Company expects cable operations to achieve EBITDA breakeven by year-end. Orange Belgium expects the gap between Adjusted EBITDA and EBITDAaL to be minimal in 2019.

In addition, total capex is expected to remain stable in comparison to last year.

9. 2019 Financial calendar

23 March	Start of quiet period
24 April	Financial results Q1 2019 (7:00 am CET) – Press release
24 April	Financial results Q1 2019 (10:00 am CET) – Audio conference call
02 May	Annual General Meeting of Shareholders
25 June	Start of quiet period
24 July	Financial results Q2 2019 (7:00 am CET) – Press release
24 July	Financial results Q2 2019 (2:00 pm CET) – Audio conference call/webcast
24 September	Start of quiet period
23 October	Financial results Q3 2019 (7:00 am CET) – Press release
23 October	Financial results Q3 2019 (10:00 am CET) – Audio conference call

This is a preliminary agenda and is subject to changes

10. Conference call details

Date:	13 February 2019
Time:	14:00 (CET), 13:00 (UK), 08:00 (US/NY)
Conference call:	Orange Belgium FY 2018 results

Please aim to access the conference call ten minutes prior to the scheduled start time.

11. Shares

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

	FY 2018	FY 2017	Q4 2018	Q4 2017
Trading of shares				
Average closing share price (€)	15.5	20.0	15.7	18.7
Average daily volume	65,702	55,848	70,111	50,130
Average daily value traded (€m)	1.0	1.1	1.1	0.9
Shares and market values				
Total number of shares (m)	60.01	60.01	60.01	60.01
Treasury shares (k)	0.0	141.5	0.0	141.5
Closing price (€)	17.2	17.5	17.2	17.5
Market capitalization (€m)	1,034.6	1,050.3	1,034.6	1,050.3

12. Quarterly results

Orange Belgium Group ('000)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Convergent KPIs					
convergent customer base	189	162	143	128	108
- B2C convergent customer base	167	144	127	114	97
- B2B Convergent customer base	22	19	16	14	11
Mobile KPIs					
mobile customers (excl. MVNOs)	4,342	4,232	4,140	4,050	4,038
- contract	3,763	3,643	3,553	3,458	3,438
- M2M	1,184	1,125	1,087	1,019	1,015
- excluding M2M	2,578	2,519	2,466	2,439	2,423
- prepaid	580	589	586	592	600
mobile customers (excl. MVNOs)	4,342	4,232	4,139	4,050	4,038
- B2C convergent	248	214	184	167	141
- mobile only	4,094	4,018	3,956	3,884	3,897
- M2M	1,184	1,125	1,087	1,019	1,015
- excluding M2M	2,330	2,305	2,282	2,272	2,282
- prepaid	580	589	586	592	600
MVNO customers	12	13	27	210	525
Fixed KPIs					
broadband customers	199	173	153	139	120
- FTTx and cable customers	189	162	143	128	108
- xDSL	10	11	11	11	12
- LTE for fixed and others	0	0	0	0	0
internet features					
TV	184	159	140	126	107

Orange Belgium ('000)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Convergent KPIs					
convergent customer base	180	155	136	122	103
- B2C convergent customer base	162	140	123	110	94
- B2B Convergent customer base	18	15	13	11	9
quarterly ARPO (per month, in €)					
- B2C convergent ARPO	75.5	76.7	73.7	71.9	70.5
Mobile KPIs					
mobile customers (excl. MVNOs)	4,149	4,040	3,947	3,857	3,855
- contract	3,582	3,463	3,372	3,275	3,265
- M2M	1,114	1,055	1,017	946	950
- excluding M2M	2,469	2,408	2,355	2,329	2,315
- prepaid	567	577	575	582	589
mobile customers (excl. MVNOs)	4,149	4,040	3,947	3,857	3,855
- B2C convergent	244	210	180	163	137
- mobile only	3,906	3,830	3,767	3,694	3,717
- M2M	1,114	1,055	1,017	946	950
- excluding M2M	2,225	2,197	2,175	2,166	2,178
- of which B2B convergent mobile customers	40	32	27	24	19
- prepaid	567	577	575	582	589
MVNO customers	12	13	25	208	522
quarterly ARPO (€ per month)					
mobile only blended ARPO	18.0	18.8	18.4	18.1	18.2
- mobile only contract ARPO	20.8	21.8	21.3	21.1	21.2
- mobile only prepaid ARPO	7.1	7.5	7.4	7.0	7.7
Fixed KPIs					
broadband customers	186	161	141	127	109
- FTTx and cable customers	180	155	136	122	103
- xDSL	6	5	5	5	6
- LTE for fixed and others	0	0	0	0	0
internet features					
TV	180	155	136	122	103

Orange Luxembourg ('000)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Convergent KPIs					
convergent customer base	8	7	7	6	5
- B2C convergent customer base	4	4	4	4	4
- B2B Convergent customer base	4	4	3	3	2
Mobile KPIs					
mobile customers (excl. MVNOs)	193	192	193	194	183
- contract	180	180	181	183	173
- M2M	71	69	71	73	65
- excluding M2M	110	111	111	110	108
- prepaid	12	12	11	11	11
mobile customers (excl. MVNOs)	193	192	193	194	183
- B2C convergent	4	4	4	4	4
- mobile only	188	188	189	190	180
- M2M	71	69	71	73	65
- excluding M2M	105	107	107	106	104
- prepaid	12	12	11	11	11
MVNO customers	2	2	2	2	2
quarterly ARPO (€ per month)					
mobile only blended ARPO	28.1	27.4	27.6	26.2	27.0
- mobile only contract ARPO	30.7	29.6	29.9	28.2	29.1
- mobile only prepaid ARPO	6.5	6.8	6.3	6.2	6.7
Fixed KPIs					
broadband customers	13	13	12	12	12
- FTTx and cable customers	8	7	7	6	5
- xDSL	5	5	6	6	6
- LTE for fixed and others	0	0	0	0	0
internet features					
TV	4	4	4	4	4

13. Consolidated financial statements

12.1 Consolidated statement of comprehensive income

in million €	31.12.2018	31.12.2017 Restated (*) (**)
Retail service revenues	**768.4**	**709.0**
Convergent service revenues	106.3	48.9
Mobile only service revenues	616.2	615.5
Fixed only service revenues	41.3	41.1
IT & Integration Service	4.5	3.5
Equipment sales	125.0	125.4
Wholesale revenues	329.2	350.7
Other revenues	57.2	61.3
Revenues	**1,279.8**	**1,246.4**
Purchase of material	-187.4	-187.2
Other direct costs	-399.3	-372.7
Impairment loss on trade & other receivables, including contract assets	-6.3	-7.4
Direct costs	**-593.0**	**-567.3**
Labor costs	**-139.5**	**-131.0**
Commercial expenses	-45.5	-43.1
Other IT & network expenses	-90.8	-86.6
Property expenses	-56.9	-57.7
General expenses	-66.1	-67.1
Other indirect income	19.6	21.6
Other indirect costs	-21.4	-19.3
Indirect costs	**-261.1**	**-252.3**
Adjusted EBITDA	**286.1**	**295.8**
Adjustments of EBITDA	-7.6	9.8
o/w other restructuring costs (***)	-7.6	9.7
o/w other operating income	0.0	0.1
Reported EBITDA	**278.6**	**305.6**
Depreciation and amortization	-235.7	-230.1
Impairment of goodwill	0.0	-17.9
Share of profits (losses) of associates	0.3	0.3
Operating profit (EBIT)	**43.2**	**58.0**
Financial result		
Financial costs	-4.9	-4.9
Tax expense	-5.9	-14.1
Net profit (loss) of the period (****)	**32.4**	**39.0**
Profit (loss) attributable to equity holders of the parent	32.4	39.0
Consolidated Statement of Comprehensive Income		
Net profit (loss) for the period	32.4	39.0
Other comprehensive income (cash flow hedging net of tax)	-0.4	0.7
Total comprehensive income for the period	32.0	39.7
Part of the total comprehensive income attributable to equity holders of the parent	**32.0**	**39.7**
Basic earnings per share (in EUR)	**0.54**	**0.65**
Weighted average number of ordinary shares (excl. treasury shares)	60,014,414	59,872,914
Diluted earnings per share (in EUR)	**0.54**	**0.65**
Diluted weighted average number of ordinary shares (excl. treasury shares)	60,014,414	59,872,914

* The Group has initially applied IFRS 15 and 9 at 1 January 2018. The Group applied IFRS 15 retrospectively on 1 January 2016 under which comparative information is restated.

** The presentation of the statement of comprehensive income has been aligned with the changed internal reporting format used by the parent company, changes are related to presentation of Revenues.

*** Restructuring costs consist of contract termination costs and redundancy charges.

**** Since there are no discontinued operations, the net profit or loss of the period corresponds to the result of continued operations.

12.2 Consolidated statement of financial position

in million €	31.12.2018	31.12.2017 Restated (*)
ASSETS		
Goodwill	67.0	66.4
Other intangible assets	285.3	304.0
Property, plant and equipment	772.3	809.9
Interests in associates and joint ventures	4.4	4.0
Non-current financial assets	2.5	1.5
Other non-current assets	1.4	0.7
Deferred tax assets	3.3	3.5
Total non-current assets	**1,136.2**	**1,190.0**
Inventories	27.7	24.9
Trade receivables	194.3	184.8
Current financial assets	0.4	0.5
Current derivatives assets	0.2	0.1
Other current assets	2.7	2.7
Operating taxes and levies receivables	1.9	1.4
Current tax assets	0.1	0.0
Prepaid expenses	11.4	11.0
Other Assets related to contracts with customers	61.8	69.8
Cash and cash equivalents	26.6	13.0
Total current assets	**326.9**	**308.1**
Total assets	**1,463.1**	**1,498.1**
EQUITY AND LIABILITIES		
Share capital	131.7	131.7
Legal reserve	13.2	13.2
Retained earnings (excl. legal reserve)	442.2	440.2
Treasury shares	0.0	-2.5
Equity attributable to the owners of the parent	**587.1**	**582.6**
Total equity	**587.1**	**582.6**
Non-current financial liabilities	269.9	319.6
Non-current derivatives liabilities	2.8	3.0
Non-current employee benefits	0.1	0.3
Non-current provisions for dismantling	63.2	65.9
Other non-current liabilities	1.9	2.8
Deferred tax liabilities	8.1	10.8
Total non-current liabilities	**346.0**	**402.3**
Current financial liabilities	20.8	6.1
Current derivatives liabilities	0.2	0.1
Current fixed assets payable	53.3	56.2
Trade payables	266.6	224.3
Current employee benefits	30.8	30.0
Current provisions for dismantling	1.2	1.0
Current restructuring provisions	3.0	1.8
Other current liabilities	3.5	12.7
Operating taxes and levies payables	85.6	94.2
Current tax payables	3.1	23.3
Liabilities related to contracts with customers	59.4	61.3
Deferred income	2.3	2.2
Total current liabilities	**530.0**	**513.1**
Total equity and liabilities	**1,463.1**	**1,498.1**

*The Group has initially applied IFRS 15 and 9 at 1 January 2018. The Group applied IFRS 15 retrospectively on 1 January 2016 under which comparative information is restated.

12.3 Consolidated cash flow statement

in million €	31.12.2018	31.12.2017 Restated (*)
Operating activities		
Consolidated net income	**32.4**	**39.0**
Adjustments to reconcile net income (loss) to cash generated from operations		
Operating taxes and levies	16.4	8.5
Gains (losses) on disposal	0.0	-1.6
Depreciation, amortization and impairment	235.7	230.1
Changes in provisions	-1.0	-17.9
Impairment of goodwill	0.0	17.9
Share of profits (losses) of associates and joint ventures	-0.3	-0.3
Operational net foreign exchange and derivatives	0.1	-0.2
Finance costs, net	4.9	4.9
Income tax	5.9	14.1
Share-based compensation	0.7	0.1
Impairment loss on trade and other receivables, including contract assets	6.3	7.4
Changes in working capital requirements		
Decrease (increase) in inventories, gross	-3.0	5.7
Decrease (increase) in trade receivables, gross	-17.1	-14.6
Increase (decrease) in trade payables	42.3	45.2
Changes in other assets and liabilities	-9.8	-0.3
Change in other assets related to contracts with customers	8.0	6.2
Change in liabilities related to contracts with customers	-1.8	3.6
Other net cash out		
Operating taxes and levies paid	-25.5	-24.7
Interest paid and interest rates effects on derivatives, net	-3.8	-3.8
Income tax paid	-29.0	-52.4
Net cash provided by operating activities	**261.4**	**266.8**
Investing activities		
Purchases (sales) of property, plant and equipment and intangible assets		
Purchases of property, plant and equipment and intangible assets	-179.4	-188.4
Increase (decrease) in fixed assets payables	-1.4	-14.1
Proceeds from sales of property, plant and equipment and intangible assets	0.0	1.6
Organic cash flow (**)	**80.6**	**65.9**
Cash paid for investment securities and acquired businesses, net of cash acquired	-4.2	-8.2
Proceeds from sale of investment securities and businesses, net of cash sold	0.0	0.1
Decrease (increase) in securities and other financial assets	0.1	0.1
Net cash used in investing activities	**-184.9**	**-208.9**
Financing activities		
Long-term debt redemptions and repayments	-50.1	-70.1
Increase (decrease) of bank overdrafts and short-term borrowings	14.8	5.9
Purchase of treasury shares	2.5	-2.2
Dividends paid to owners of the parent company	-30.0	-30.0
Net cash used in financing activities	**-62.9**	**-96.3**
Net change in cash and cash equivalents	**13.6**	**-38.5**
Cash and cash equivalents – opening balance	13.0	51.4
o/w cash	8.7	4.1
o/w cash equivalents	4.3	47.3
Cash change in cash and cash equivalents	13.6	-38.5
Cash and cash equivalents – closing balance	26.6	13.0
o/w cash	19.9	8.7
o/w cash equivalents	6.7	4.3

* The Group has initially applied IFRS 15 and 9 at 1 January 2018. The Group applied IFRS 15 retrospectively on 1 January 2016 under which comparative information is restated.

** Net cash flow from operations less acquisitions of tangible and intangible assets plus proceeds from disposals of tangible and intangible assets.

12.4 Consolidated statement of changes in equity

in million €	Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity
Balance at 31 December 2017, as previously reported	**131.7**	**13.2**	**399.6**	**-2.5**	**542.0**
Adjustment due to application of IFRS 15 (net of tax)			40.6		40.6
Restated balance as at 31 December 2017	**131.7**	**13.2**	**440.2**	**-2.5**	**582.6**
Adjustment on initial application of IFRS 9 (net of tax)			-0.7		-0.7
Adjusted balance at 1 January 2018	**131.7**	**13.2**	**439.5**	**-2.5**	**581.9**
Net profit for the period			32.4		32.4
Other comprehensive income			-0.4		-0.4
Total comprehensive income for the period			**32.0**		**32.0**
Own Shares				2.5	2.5
Share based compensation			0.7		0.7
Declared dividends			-30.0		-30.0
Balance as at 31 December 2018	**131.7**	**13.2**	**442.2**		**587.1**

in million €	Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity
Balance at 1 January 2017, as previously reported	**131.7**	**13.2**	**387.8**	**-0.3**	**532.4**
Adjustment on initial application of IFRS 15 (net of tax)			42.7		42.7
Restated balance as at 1 January 2017	**131.7**	**13.2**	**430.5**	**-0.3**	**575.1**
Restated net profit for the period			39.0		39.0
Restated other comprehensive income			0.7		0.7
Restated total comprehensive income for the period			**39.7**		**39.7**
Own Shares				-2.2	-2.2
Declared dividends			-30.0		-30.0
Restated balance as at 31 December 2017	**131.7**	**13.2**	**440.2**	**-2.5**	**582.6**

12.5 Segment information

31.12.2018 (in million €)	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Retail service revenues	**727.6**	**40.7**	**0.0**	**768.4**
Convergent service revenues	106.3	0.0	0.0	106.3
Mobile only service revenues	583.3	33.0	0.0	616.2
Fixed only service revenues	33.6	7.8	0.0	41.3
IT & Integration service revenues	4.5	0.0	0.0	4.5
Equipment sales	110.4	14.6	0.0	125.0
Wholesale revenues	322.6	10.7	-4.1	329.2
Other revenues	65.7	0.9	-9.4	57.2
Revenues	**1,226.4**	**66.9**	**-13.5**	**1,279.8**
Direct costs	-570.2	-36.3	13.5	-593.0
Labor costs	-129.8	-9.8	0.0	-139.5
Indirect costs	-246.5	-14.6	0.0	-261.1
Adjusted EBITDA	**279.9**	**6.2**	**0.0**	**286.1**
Reported EBITDA	**272.4**	**6.1**	**0.0**	**278.6**

31.12.2017 (in million €)	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Retail service revenues	**671.5**	**37.4**	**0.0**	**709.0**
Convergent service revenues	48.9	0.0	0.0	48.9
Mobile only service revenues	583.9	31.7	0.0	615.5
Fixed only service revenues	35.3	5.8	0.0	41.1
IT & Integration service revenues	3.5	0.0	0.0	3.5
Equipment sales	108.8	16.6	0.0	125.4
Wholesale revenues	344.1	9.9	-3.3	350.7
Other revenues	67.2	2.4	-8.2	61.3
Revenues	**1,191.6**	**66.2**	**-11.5**	**1,246.4**
Direct costs	-541.9	-37.0	11.5	-567.3
Labor costs	-121.3	-9.6	0.0	-131.0
Indirect costs	-241.2	-11.1	0.0	-252.3
Adjusted EBITDA	**287.2**	**8.5**	**0.0**	**295.8**
Reported EBITDA	**297.1**	**8.5**	**0.0**	**305.6**

14. Statutory auditor’s procedures

The statutory auditor, KPMG Bedrijfsrevisoren - Réviseurs d’Entreprises, represented by Jos Briers has confirmed that the audit procedures, which have been substantially completed, have not revealed any material misstatement in the accounting information included in the Company’s annual announcement.

15. Glossary

Financial KPIs

revenues

revenues in line with the offer	Provide Group revenues split in convergent services, mobile only services, fixed only services, IT & integration services, wholesale, equipment sales and other revenues.
retail service revenues	Revenue aggregation of revenues from convergent services, mobile only services, fixed only services, IT & integration services.
convergent services	Revenues from B2C convergent offers (excluding equipment sales). A convergent offer is defined as an offer combining at least a broadband access (xDSL, FTTx, cable or Fixed-4G (fLTE) with cell-lock) and a mobile voice contract (excluding MVNOs). Convergent services revenues do not include incoming and visitor roaming revenues.
mobile only services	Revenues from mobile offers (excluding B2C convergent offers and equipment sales) and M2M connectivity, excluding incoming and visitors roaming revenues.
fixed only services	Revenues from fixed offers (excluding B2C convergent offers and equipment sales) including (i) fixed broadband, (ii) fixed narrowband, and (iii) data infrastructure, managed networks, and incoming phone calls to customer relations call centers.
IT & integration services	Revenues from collaborative services (consulting, integration, messaging, project management), application services (customer relationship management and infrastructure applications), hosting, cloud computing services, security services, video-conferencing and M2M services. It also includes equipment sales associated with the supply of these services.
wholesale	Revenues with third-party telecom operators for (i) mobile: incoming, visitor roaming, domestic mobile interconnection (i.e. network sharing and domestic roaming agreement) and MVNO, and for (ii) fixed carriers services.
equipment sales	Revenues from all mobile and fixed equipment sales, excluding (i) equipment sales associated with the supply of IT & Integration services, and (ii) equipment sales to dealers and brokers.
other revenues	Include (i) equipment sales to brokers and dealers, (ii) portal, on-line advertising revenues, (iii) corporate transversal business line activities, and (iv) other miscellaneous revenues.

P&L elements

reported EBITDA / adjusted EBITDA	Reported EBITDA corresponds to the operating income before depreciation and amortization, before effects resulting from business combinations, before reclassification of cumulative translation adjustment from liquidated entities, before impairment of goodwill and fixed assets, and before share of profits (losses) of associates. Adjusted EBITDA (previously Restated EBITDA) corresponds to the reported EBITDA adjusted for the effects of significant litigation, specific labor expenses, review of the investments and business portfolio, restructuring costs and, where appropriate, other specific items.

cash flow elements

operating cash flow	Adjusted EBITDA minus CAPEX.
CAPEX	Capital expenditures on tangible and intangible assets excluding telecommunication licenses and excluding investments through financial leases.
licences & spectrum	Cash out related to acquisitions of licences and spectrum.
change in WCR	Change in net inventories, plus change in gross trade receivables, plus change in trade payables, plus change in other elements of WCR.
other operational items	Mainly offset of non-cash items included in adjusted EBITDA, items not included in adjusted EBITDA but included in net cash provided by operating activities, and change in fixed asset payables.
net debt variation	Variation of net debt level.

net financial debt

net financial debt	Net financial debt as defined and used by Orange does not include Orange Bank activities, for which this concept is not relevant. It consists of (a) financial liabilities excluding operating payables (translated at the year-end closing rate) including derivative instruments (assets and liabilities), less (b) cash collateral paid, cash, cash equivalents and financial assets at fair value. Financial instruments designated as cash flow hedges and net investment hedges included in net financial debt are set up to hedge, among other, items that are not (future cash flows, net investment in foreign currencies). Effects on the hedge of these items are carried in equity. As a consequence, the “equity components related to unmatured hedging instruments” are added to gross financial debt to offset this temporary difference.

Operational KPIs

convergent

B2Cconvergent customer base	Number of B2C customers holding an offer combining at least a broadband access (xDSL, FTTx, cable or Fixed-4G (fLTE) with cell-lock) and a mobile voice contract (excluding MVNOs).
B2C convergent ARPO	Average quarterly Revenues Per Offer (ARPO) of convergent services are calculated by dividing (a) the revenues from convergent offers billed to the B2C customers (excluding equipment sales) over the past three months, by (b) the weighted average number of convergent offers over the same period. The weighted average number of convergent offers is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of convergent offers at the start and end of the month. Convergent ARPO is expressed as monthly revenues per convergent offer.

mobile

mobile customer base (excl. MVNOs)	Number of customers with active simcard, including (i) M2M and (ii) business and internet everywhere (excluding MVNOs). Since 1Q 2018, customers of entities accounted for using the equity method are no longer counted in customer bases. Data for 2016 and 2017 have been restated accordingly.
contract	Customer with whom Orange has a formal contractual agreement with the customer billed on a monthly basis for access fees and any additional voice or data use.
prepaid	Customer with whom Orange has written contract with the customer paying in advance any data or voice use by purchasing vouchers in retail outlets for example.
M2M (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.
mobile B2C convergent customers	Number of mobile lines of B2C convergent customers.
mobile only customers	Number of mobile customers (see definition of this term) excluding mobile convergent customers (see definition of this term).
MVNO customers	Hosted MVNO customers on Orange networks.
mobile only ARPO (quarterly)	Average quarterly Revenues Per Offer (ARPO) of mobile only services are calculated by dividing (a) the revenues of mobile only services billed to the customers, generated over the past three months, by (b) the weighted average number of mobile only customers (excluding M2M customers) over the same period. 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 only ARPO is expressed as monthly revenues per customer.

Fixed

number of lines (copper + FTTH)	Number of fixed lines operated by Orange. Since 1Q 2018, customers of entities accounted for under the equity method are no longer counted in customer bases. Data for 2016 and 2017 have been restated accordingly.
B2C broadband convergent customers	Number of B2C customers holding an offer combining at least a broadband access (xDSL, FTTx, cable or Fixed-4G (fLTE) with cell-lock) and a mobile voice contract (excluding MVNOs).
fixed broadband only customers	Number of fixed broadband customers excluding broadband convergent customers (see definition of this term).
fixed only broadband ARPO (quarterly)	Average quarterly Revenues Per Offer (ARPO) of fixed only broadband services (xDSL, FTTH, Fixed-4G (fLTE), satellite and Wimax) are calculated by dividing (a) the revenues from consumer fixed only broadband services over the past three months, by (b) the weighted average number of accesses over the same period. The weighted average number of accesses is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of accesses at the start and end of the month. ARPO is expressed as monthly revenues per access.

Consolidation perimeter

The consolidation perimeter has not changed since 31 December 2017 and 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 %), Walcom S.A. (100 %), Walcom Business solutions S.A. (100 %), Walcom Liège S.A. (100 %), A3COM S.A. (100 %) and A&S Partners S.A. (100 %).

Rounding

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

About Orange Belgium

Orange Belgium is one of the leading telecommunication operators in the Belgian market, with over 3m 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 of 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).

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