Press release
Embargo until 24 July 2020 at 7:00 am
Regulated information

Financial information for the second quarter of 2020 and first half of 2020

Strong EBITDAaL growth continues, in line with full-year ambition

- Mobile postpaid customer base +3.1% yoy on quarterly net-adds of 7k
- Convergence customer base +33.6% yoy on quarterly net-adds of 8k
- Q2 Revenues[1] -7.9% yoy / Q2 Retail service revenues[1]: +2.1% yoy
- Q2 EBITDAaL[1] +9.7% yoy
- EBITDAaL guidance unchanged

COVID-19

- **COVID-19 measures have impacted the commercial performance.** The closure of shops until mid-May lead to lower acquisition of convergence and mobile customers. Consequently, handset sales also dropped significantly (-€11.7m). After reopening shops in mid-May, sales quickly regained pre-lockdown levels. Several B2B integration service projects were frozen, also slowing down this activity. In terms of traffic, SMS (-€16m), customer roaming (-€4.7m) and visitor roaming (-€5.8m) were strongly reduced. Additionally, lower cable installations and network deployment limitation impacted eCapex. In parallel mitigation measures have been taken in terms of labour management (activity rate, recruitment, temps, and consultants), advertising and promotion, general and administrative expenses.

Operational highlights

- **The convergence customer base grew by 8k during Q2 to 288k Love customers (+33.6% yoy),** in spite of the COVID-19 impact. Love Duo continues to represent one third of gross adds. The convergent mobile subscribers continue to increase and represent 17.8% of mobile postpaid customers, up 424 bp vs Q2'19.
- **The mobile postpaid customer base grew by 7k during Q2 to 2.6m subscribers (+3.1% yoy)** despite COVID-19 impact. Customers are taking advantage of the multi-card offer, with a promising start of the GO mobile portfolio.
- **B2C convergent ARPO decreased slightly by 1.5% yoy to €75.6** explained by the growing Love Duo customer base with a lower price point, which already represents 15% of Love customers.
- **Mobile only postpaid ARPO declined by 4.6% yoy to €19.7,** due to the COVID-19 impact with lower out-of-bundle revenues from roaming, partly offset by migrating customers to higher tariff plans in the new GO portfolio.

Orange Belgium: key operating figures

	Q2 2019	Q2 2020	change
Mobile postpaid customer base (in '000)	2,516	2,594	3.1%
Net adds (in '000)	*26*	*7*	*-73.7%*
Mobile only postpaid ARPO (€ per month)	20.6	19.7	-4.6%
Convergent customer base (in '000)	216	288	33.6%
Net adds (in '000)	*16*	*8*	*-47.7%*
B2C convergent ARPO (€ per month)	76.8	75.6	-1.5%
Convergent mobile customer as % mobile contract customer base	*13.6%*	*17.8%*	*424 bp*

Financial highlights

- **Revenues decreased by 7.9% yoy[1] to €302.8m.** Retail service revenues increased by €4.6m (+2.1% yoy[1]) supported by higher convergence services (+33.2% yoy). Wholesale revenues decreased (-26% yoy) due to lower incoming SMS revenues (-€16m) which have no impact on EBITDAaL. The decline of roaming revenues is compensated by lower roaming costs. Equipment sales declined (-21.9% yoy), also with limited impact on EBITDAaL.
- **EBITDAaL increased by 9.7% yoy[1] to €86.0m**, mainly thanks to increasing retail service revenues, improved cable EBITDAaL margin and cost efficiencies as a result of our Bold Inside transformation plan. Cable operations' EBITDAaL had a positive result of €6.4m this quarter vs €2.4m in Q2'19. The COVID-19 mitigation actions compensated the impact of decreasing revenues on EBITDAaL
- **eCapex decreased by 30.7% yoy to €29.8m**, due to COVID-19 measures which has led to lower cable installations and slow down of network deployment.
- In line with our communication for Q1'20, **Orange Belgium updates its 2020 financial guidance** on revenues and eCapex. Revenues guidance changes from low single digit growth to slight decrease on a comparable basis; EBITDAaL guidance remains unchanged at €310m-€330m; and eCapex guidance shifts from stable without RAN sharing to slight decrease (RAN sharing included).

Orange Belgium Group: key financial figures

in €m	reported Q2 2019	comparable[1] Q2 2019	Q2 2020	comparable change	reported change	reported H1 2019	comparable H1 2019	H1 2020	comparable change	reported change
Revenues	318.9	328.7	302.8	-7.9%	-5.1%	637.1	656.4	636.6	-3.0%	-0.1%
Retail service revenues	*207.0*	*216.4*	*221.0*	*2.1%*	*6.8%*	*412.6*	*431.3*	*445.8*	*3.4%*	*8.0%*
EBITDAaL	78.9	78.4	86.0	9.7%	9.0%	136.9	136.1	148.2	8.8%	8.2%
margin as % of revenues	*24.7%*	*23.8%*	*28.4%*	*456 bp*	*368 bp*	*21.5%*	*20.7%*	*23.3%*	*253 bp*	*179 bp*
eCapex	-42.9	-42.9	-29.8	-30.7%	-30.7%	-79.8	-79.8	-64.9	-18.7%	-18.7%
Operating cash flow[2]	36.0	35.4	56.2	58.7%	56.3%	57.1	56.3	83.3	47.9%	45.9%
Net financial debt	248.8		181.3			248.8		181.3		

1. Comparable base includes Upsize N.V. 2019 before acquisition
2. Operating cash flow defined as EBITDAaL – eCapex

Michaël Trabbia, Chief Executive Officer, commented:
Besides the COVID-19, we have been able to deliver a strong EBITDAaL growth, as a result of our Bold Challenger positioning and our continuous efforts on our Bold Inside transformation plan.

During the quarter, our commercial performance has been impacted by the lock-down but remained positive and increased again when our shops reopened.

In order to better address the customer demand for higher speed, we upgraded our Internet Boost option to an ultra-fast download speed of 400 Mbps. Our B2B customers can also benefit from this 400 Mbps internet connection. In addition, we updated our Love Pro offer to allow our Soho customers to benefit from the multi-product advantage that was already available for our residential customers.

As we constantly look at improving our offers while remaining true to our customer promise, we signed an agreement with Eleven Sports that will allow all our customers to access to the Jupiler Pro League for the five coming years at a reasonable price, without having to pay for large content bundles.

After 4 intense and passionate years, I will step down as Orange Belgium CEO in a few weeks to take a new and exciting challenge at Orange Group. I am particularly proud of the commitment and efforts of our teams that allowed us to successfully position Orange Belgium as the customer-centric Bold Challenger of the Belgian market, become a credible convergent player and deliver a solid and sustained commercial and financial growth. As from 1st of September, Xavier Pichon will take over the lead of Orange Belgium. I am convinced that Xavier, together with the teams, will bring Orange Belgium to further successes.

Arnaud Castille, Chief Financial Officer, stated:
The COVID-19 has impacted us on both an operational and financial level. The closure of our shops has reduced our customer acquisition in mobile and fixed, as well as handset sales. In parallel, we saw a reduction in churn during this period.

From a financial perspective, our revenues are mainly impacted by low-margin business, specifically SMS traffic and handset sales. Also, the decrease in roaming traffic has an impact both on revenues as on costs. However, our retail service increased, which is fundamental for our business. Therefore, from a margin perspective we saw a low impact on EBITDAaL, also thanks to the mitigation measures taken and the necessary efforts made by our teams. The reduction of cable activation also results in a decrease in eCapex.

As a consequence, we will adapt a little our financial guidance for 2020, by slightly decrease revenues in comparison to 2019 on a comparable basis and by a slight decrease in our eCapex including RAN sharing. We maintain our EBITDAaL guidance unchanged between €310m-€330m.

On 1 April, we started the joint venture with Proximus on the RAN sharing and transferred the relevant people to the newly created company MWingz, of which each has 50% ownership. This collaboration will clearly benefit both OPEX and CAPEX as we stated earlier.

From a cost perspective we continue our Bold inside programme as planned. We are migrating our customers to our simplified new GO portfolio and decreasing our legacy portfolio. Our new e-shop improved our digital sales, which also continued after the lockdown.

Contents

1. Key highlights

1.1 Operational highlights

- COVID-19 impact

  Orange Belgium has been fully mobilised to ensure network and service continuity and to support its customers. Network and service continuity are critical in managing the COVID-19 crisis. The network has been capable of handling the increased traffic without any major issues for our customers. Technical teams permanently monitor the network and reinforce it if necessary to guarantee seamless communication at all times. In addition, Orange Belgium has offered its residential customers 4GB of mobile data volume for free to make sure they can stay connected anywhere, anytime. Customers will be given the opportunity to choose an alternative gift if they don't need more data.

  Orange Belgium also decided to join forces supporting the COVID-19 Track & Trace call centre to fight the pandemic in Belgium. This call centre proactively contacts Belgian residents who have positively tested for COVID-19 and any Belgian residents they have recently been in contact with. The objective is to follow the spread of the virus as closely as possible and mitigate the risks by asking the potentially infected people to quarantine and/or get tested. Belgian Telecom operators consider this support to the authorities' call centre as a part of their corporate social responsibility and the solidarity they show by bringing solutions in their fields of expertise to the government. The operators hope this new tool will help successfully contain the COVID-19 outbreak.

  As said in Q1'20, the COVID-19 measures also has impacted the company's financial and operational performance. Shops remained closed for almost 2 months, impacting the gross adds both in mobile and convergent offers, as well as in handset revenues (the latter being a low-margin activity). The decrease in gross adds in the market has led to a reduction in churn as well, and a decrease in commercial costs (a large part of the commercial costs are variable). Due to the strict national and international travel restrictions, voice and data traffic have increased during the lockdown, while roaming traffic has decreased.

- Orange Belgium introduces 400Mbps speed option for all customers and gives a major boost to its Love Pro offer for independents and small/home offices through a multi-product advantage

  Orange Belgium decided to revamp its Love offer: as from 15 June, customers can opt for a revamped Internet Boost service, which allows 400 Mbps download speed – instead of 200Mbps – and upload speeds from 20 Mbps for customers on the footprint of VOO, to 40 Mbps for customers on the footprint of Telenet.

  Keeping up with its Bold challenger profile, Orange Belgium therefore also decided to grant small and home offices (typically restaurants, consultants, plumbers, …) opting for the Love Pro offer with the Internet Boost the multi-product advantage already available for residential customers on the Go Intense and Go Unlimited subscriptions.

- Orange Belgium revamps and boosts its offer for B2B customers with 400 Mbps download speed, double data and television

  Following the evolution of SMEs' needs regarding connection speeds, Orange Belgium has decided to boost its Shape & Fix Basic offer, by offering as from 10 June 400 Mbps connections for download and up to 40 Mbps for uploads.

  As from 49 euros (VAT excluded), businesses can enjoy an extremely fast broadband connection, to which they can add a fixed line with unlimited national calls for 10 euros. And, considering small business owners often use their own homes as a centre of operation, they can add a TV subscription for only 15 euros more, and get the whole package (fixed internet + fixed phone + television) for 74 euros in total. All of this, with the usual free of charge cyber security tools offered in every B2B offer, together with the support of a dedicated and reliable support team. Moreover, opting for a Shape & Fix Basic solution automatically doubles the data volume of a B2B customer's mobile fleet.

- The Jupiler Pro League will be available to all Orange customers, convergent and mobile, for 5 years

  Orange Belgium and Eleven Sports have signed an agreement on the distribution of the 3 new Eleven Sports channels dedicated to the Pro League matches and competitions, including the Jupiler Pro League. Orange Belgium is the first player signing a distribution agreement making the Jupiler Pro League available to its customers for the coming 5 years.

- Xavier Pichon appointed CEO of Orange Belgium

  The Board of Directors of Orange Belgium has decided to appoint Xavier Pichon to the position of CEO of Orange Belgium as from 1 September 2020. He has 20 years' experience as an ExCom member in large corporations. He started his career in 1990, joining Orange in 1998 where he took up various positions, such as Chief Financial Officer of Orange France and Group Head of Investor Relations. His last role was Deputy CEO at Orange France, leading Finance, Strategy, Transformation and Development. Xavier is recognized for his strong management skills, his deep business strategic expertise and extensive experience in investor and stakeholder relations.

1.2 Regulatory highlights

- Orange Belgium takes note of the final decision of the regulators regarding the wholesale tariffs for access to the cable networks

  On 27 May 2020 the CRC published its final decision on new cable wholesale tariffs, which are slightly lower compared to the proposal submitted to the EC, which came into force on 1 July 2020.

  Orange Belgium regrets that the European Commission comments have only marginally resulted in changes to the draft decision.

Orange Belgium considers that the wholesale charges, especially for the high-speed internet access services, will remain significantly above “fair charges” to the detriment of consumers. Furthermore, the significant increase of the wholesales charges over time (up to 25%) drives towards unjustified and regular retail price increases for Belgian consumers.

Orange Belgium requests the regulators to monitor closely the effects of this decision on price changes for Belgian customers, as asked by the European Commission; and to initiate a review of the wholesale prices as soon as a negative effect is observed on retail prices so that systematic retail tariff increases can be limited.

Such an evaluation should be planned at the latest before the end of 2021.

- New spectrum allocation, renewal of existing spectrum attributions

The Royal Decrees regarding the allocation of the 700, 1400 and 3400-3800 MHz band and the renewal/reallocation conditions of the 900, 1800 and 2100 MHz bands were not finalised by the previous government.

End 2019, the BIPT launched a consultation regarding various spectrum related matters, such as the means for the BIPT to prolong the 900 MHz, 1800 MHz and 2100 MHz licenses beyond the current expiry date of March 2021, the proposal to increase the reserve price for the 3.6 GHz spectrum band, and the conditions for private 5G networks in the 3.8-4.2 GHz band.

At the moment, it is unlikely that an auction for any of the before-mentioned spectrum will be organised before 2021.

Via its decisions of 15 July 2020, the BIPT granted five operators temporary usage rights in the 3.6GHz-3.8GHz band for 5G services. The operators are Orange Belgium, Proximus, Telenet, Cegeka and Entropia. Each of these operators gets 40 MHz, with usage rights starting 1 August 2020. The licenses will expire at the start of the usage rights of the auctioned spectrum. On 20 February 2020, the BIPT issued a call for candidates for the remaining license of 2 x 15 MHz in the 2.6 GHz band. This license was not allocated during the attribution process in 2012. The BIPT extended to 15 May 2020 the deadline for submitting applications. Citymesh was the only candidate.

The BIPT launched on 10 June 2020 a consultation on the request of a five-year extension of Gridmax’s licence for spectrum in the 3.5 GHz band (allocated on 17 August 2016 and valid until 16 March 2021) until 6 March 2026. The consultation ended on 11 July 2020.

From a general perspective, Orange Belgium considers that spectrum allocations should go along with long-term visibility, together with deployment obligations in order to ensure that operators effectively invest in networks and use spectrum in an efficient and effective way.

2. Comments on the financial situation

2.1 Consolidated figures for the Orange Belgium Group

Orange Belgium Group: consolidated P&L

in €m	reported Q2 2019	comparable Q2 2019	Q2 2020	comparable change	reported change	reported H1 2019	comparable H1 2019	H1 2020	comparable change	reported change
Revenues	318.9	328.7	302.8	-7.9%	-5.1%	637.1	656.4	636.6	-3.0%	-0.1%
Belgium	306.2	315.9	290.2	-8.2%	-5.2%	611.7	630.9	612.1	-3.0%	0.1%
Luxembourg	16.3		14.9		-8.8%	32.5		31.5		-3.2%
Interco elimination	-3.6		-2.3		-36.1%	-7.1		-7.0		-1.4%
EBITDAaL	78.9	78.4	86.0	9.7%	9.0%	136.9	136.1	148.2	8.8%	8.2%
Belgium	76.8	76.3	83.1	9.0%	8.3%	133.2	132.4	142.5	7.6%	7.0%
Luxembourg	2.1		2.9		37.9%	3.7		5.7		52.1%
margin as % of revenues	*24.7%*	*23.8%*	*28.4%*	*456 bp*	*368 bp*	*21.5%*	*20.7%*	*23.3%*	*253 bp*	*179 bp*

2.2 Consolidated statement of comprehensive income

Revenues

Comparable Group revenues decreased by 7.9% to €302.8m.

Orange Belgium Group: consolidated revenues

in €m	reported Q2 2019	comparable Q2 2019	Q2 2020	comparable change	reported change	reported H1 2019	comparable H1 2019	H1 2020	comparable change	reported change
Convergent service revenues	*41.0*	*41.0*	*54.6*	*33.2%*	*33.2%*	*79.1*	*79.1*	*106.3*	*34.5%*	*34.5%*
Mobile only service revenues	*153.3*	*153.3*	*142.3*	*-7.2%*	*-7.2%*	*307.7*	*307.7*	*290.6*	*-5.5%*	*-5.5%*
Fixed only service revenues	*11.4*	*12.1*	*14.6*	*20.4%*	*27.6%*	*23.6*	*24.9*	*28.9*	*15.8%*	*22.4%*
IT & Integration Services	*1.3*	*10.0*	*9.5*	*-4.8%*	*642.6%*	*2.3*	*19.6*	*20.0*	*1.9%*	*756.7%*
Retail service revenues	207.0	216.4	221.0	2.1%	6.8%	412.6	431.3	445.8	3.4%	8.0%
Equipment sales	29.9	29.9	23.4	-21.9%	-21.9%	61.2	61.2	56.1	-8.4%	-8.4%
Wholesale revenues	72.3	72.3	53.5	-26.0%	-26.0%	139.1	139.1	118.8	-14.6%	-14.6%
Other revenues	9.7	10.1	4.9	-50.9%	-49.2%	24.1	24.8	15.9	-35.8%	-34.0%
Revenues	318.9	328.7	302.8	-7.9%	-5.1%	637.1	656.4	636.6	-3.0%	-0.1%

- **Retail service revenues** increased by 2.1% on a comparable basis to €221.0m mainly driven by revenue growth in convergence service. IT & Integration services decreased following COVID-19 measures impacting projects.
- **Equipment sales** declined by 21.9% to €23.4m due to the closure of the shops.
- **Wholesale revenues** declined by 26.0% explained by the decrease in SMS traffic and roaming in.
- **Other revenues** declined by 50.9% to €4.9m, due to the decrease in standalone handset sales
- Equipment sales contain the sales of handsets via subsidy, while the standalone handset sales are included in “Other revenues.” The decrease of both items amounts to €11.7m, completely related to subsidy and standalone handset.

Operating costs

Total operational costs decreased by 13.4% in comparison to the previous year on a comparable basis, reaching €216.8m.

in €m	reported Q2 2019	comparable Q2 2019	Q2 2020	comparable change	reported change	reported H1 2019	comparable H1 2019	H1 2020	comparable change	reported change
Direct costs	-138.4	-142.6	-115.9	-18.7%	-16.3%	-283.7	-292.3	-256.9	-12.1%	-9.4%
Labour costs	-36.4	-41.9	-34.9	-16.6%	-4.1%	-73.2	-83.7	-74.2	-11.3%	1.4%
Indirect costs including RouA and finance lease costs	-65.3	-65.8	-66.0	0.2%	1.1%	-143.3	-144.3	-157.3	9.0%	9.8%
of which RouA and finance lease costs	*-12.4*	*-12.4*	*-12.7*			*-23.3*	*-23.3*	*-25.5*		
	-240.1	-250.3	-216.8	-13.4%	-9.7%	-500.2	-520.3	-488.4	-6.1%	-2.4%

- **Direct costs** decreased by 18.7% to €115.9m on a comparable basis. This is mainly due to an important decrease in SMS interconnection and handset costs.
- **Labour costs** amounted to €34.9m, 16.6% lower than Q2’19 on a comparable basis, explained by reduction in activity rate and a slowdown in recruitment.
- **Indirect costs** remained stable (+0.2%) at €66.0m on a comparable basis.

From EBITDAaL to Net profit

Reconciliation from EBITDAaL to Net profit

in €m	reported Q2 2019	Q2 2020	reported H1 2019	H1 2020
EBITDAaL	**78.9**	**86.0**	**136.9**	**148.2**
margin as % of revenues	*24.7%*	*28.4%*	*21.5%*	*23.3%*
Share of profits (losses) of associates	0.0	0.0	0.1	0.1
Depreciation, amortization of other intangible assets and property, plant and equipment	-59.5	-60.1	-120.3	-118.6
Other restructuring costs	0.1	-1.8	-4.6	-3.6
Lease interest expense		0.5		1.1
Operating profit (EBIT)	**19.5**	**24.5**	**12.1**	**27.1**
Financial result	-1.1	-1.6	-2.2	-3.1
Profit (loss) before taxation (PBT)	**18.3**	**23.0**	**9.9**	**24.0**
Tax expense	-1.6	-3.2	-1.4	-3.6
Net profit (loss) before the period	**16.8**	**19.8**	**8.5**	**20.4**

- **EBITDAaL** increased by 9.7% on a comparable basis to €86.0m. This improvement is mainly due to a positive result in EBITDAaL of cable operations (€6.4m vs €2.4m), increase in MVNO revenues (+€1.6m), and cost efficiencies as well as mitigation measures related to COVID-19.
- **Depreciation and amortization** increased from €59.5m to €60.1m.
- **Restructuring costs** for the quarter amounted to €1.8m.
- **Net financial expenses** (including finance lease cost for an amount of €0.4m) amounted to €1.6m.
- The group reported a **tax expense** of €3.2m in Q2'20 vs €1.6m in Q2'19.
- Orange Belgium reported a **net profit** of €19.8m during Q2'20 vs €16.8m in Q2'19.

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 EBITDAaL less eCapex. Organic cash flow measures the net cash provided by operating activities less eCapex, plus proceeds from the disposal of tangible and intangible assets.

Operating cash flow increased from €36.0m to €56.2m in comparison to Q2'19, due to higher EBITDAaL and lower eCapex.

Operating cash flow

in €m	reported Q2 2019	Q2 2020	reported H1 2019	H1 2020
EBITDAaL	78.9	86.0	136.9	148.2
eCapex	-42.9	-29.8	-79.8	-64.9
Operating cash flow	36.0	56.2	57.1	83.3

Organic cash flow amounted to €78.6m in Q2'20.

Reconciliation to organic cash flow

in €m	reported Q2 2019	Q2 2020	reported H1 2019	H1 2020
Net profit (loss) before the period	**16.8**	**19.8**	**8.5**	**20.4**
Adjustments to reconcile net profit (loss) to cash generated from operations	77.9	81.8	169.7	170.1
Changes in working capital requirements	-1.4	35.9	7.0	20.0
Other net cash out	-12.3	-14.2	-20.4	-21.8
Net cash provided by operating activities	**81.0**	**123.3**	**164.8**	**188.7**
eCapex	-42.9	-29.8	-79.8	-64.9
Increase (decrease) in fixed assets payables	7.9	-2.4	-15.6	-14.1
Repayment of lease liabilities	-11.2	-12.6	-22.1	-24.7
Organic cash flow	**34.8**	**78.6**	**47.4**	**84.8**

Net debt at the end of quarter stood at €181.3m, compared to €234.3m at the end of 2019. Gearing, as measured by the net debt/Reported EBITDAaL ratio, decreased to 0.6x.

Net debt

€m, period ended	31.12.2019	30.06.2020
Cash & cash equivalents		
Cash	-18.3	-23.2
Cash equivalents	-1.9	-46.8
	-20.2	**-70.0**
Financial liabilities		
Intercompany short-term borrowing	8.8	245.1
Third parties short-term borrowing	0.6	1.9
Intercompany long-term borrowing	245.0	4.2
	254.4	**251.2**
Net Financial debt (Financial liabilities minus cash and cash equivalents)	**234.3**	**181.3**
Net debt/Reported EBITDAaL	0.8	0.6

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. Orange Belgium

Operating review

Convergent services

Orange Belgium's convergence customer base continued to grow in Q2'20. During the quarter, the Love offer attracted 8k new subscribers to reach 288k Love customers. B2C customers represent almost 90% of convergence subscriber base.

The portion of Love Duo customers keep increasing quarter after quarter. At the end of Q2'20, they represented 15% of the customer base. This had a direct impact on the B2C convergent ARPO, which slightly decreased by 1.5% yoy, since Love Duo has a lower price point than Love Trio.

Orange Belgium: convergent services operating figures (in '000s, unless otherwise indicated)

	Q2 2019	Q2 2020	*change*		Q2 2019	Q2 2020
Convergent customer base				Net-adds		
B2C convergent customer base	194	258	*33.1%*	B2C convergent customer base	14	8
B2B convergent customer base	22	30	*38.1%*	B2B convergent customer base	2	1
	216	**288**	***33.6%***		**16**	**8**
ARPO (in € per month)						
B2C convergent	76.8	75.6	*-1.5%*			

Mobile services

The company achieved net-adds of 7k subscribers in the postpaid segment. The postpaid customer base increased by 3.1% to 2.6 million while the prepaid customer base decreased by 13.3%.

Postpaid mobile ARPO retreated by 4.6% to €19.7 in the second quarter of 2020, because of lower out-of-bundle revenues following the drop in roaming. Prepaid ARPO decreased by 9.9% to €6.4 in the second quarter of 2020.

Orange Belgium: mobile services operating figures (in '000s, unless otherwise indicated)

	Q2 2019	Q2 2020	*change*		Q2 2019	Q2 2020
Mobile customers				Net-adds		
B2C convergent	294	396	*34.5%*	B2C convergent	22	11
B2B convergent	47	66	*40.0%*	B2B convergent	3	1
Mobile only	2,174	2,132	*-2.0%*	Mobile only	1	-5
Postpaid	2,516	2,594	*3.1%*	Postpaid	26	7
Prepaid	557	483	*-13.3%*	Prepaid	-4	-28
M2M	1,238	1,462	*18.1%*	M2M	77	32
	4,311	**4,540**	***5.3%***		**98**	**11**
MVNO customers	277	329	*18.5%*		267	7
Mobile only ARPO (€ per month)						
Blended	**17.9**	**17.2**	***-3.7%***			
Postpaid (mobile only)	20.6	19.7	*-4.6%*			
Prepaid	7.1	6.4	*-9.9%*			

Financial review

Revenues in Belgium decreased by 8.2% on a comparable basis to €290.2m. The drop in SMS and handset sales were the main factors for this decrease.

Nevertheless, retail service revenues continued to grow. Retail service revenues increased by 2.2% to €210.0m thanks to increasing convergent services revenues. Convergent services revenues continued to grow in the second quarter with a year-on-year increase of 33.2%, showing the attractiveness of the Love offer.

Equipment sales decreased by 21.3% to €21.2m in Q2'20.

Wholesale revenues decreased by 25.8% to €52.5m due to a decrease in SMS revenues and roaming traffic.

Orange Belgium: key financial figures

in €m	reported Q2 2019	comparable Q2 2019	Q2 2020	comparable change	reported change	reported H1 2019	comparable H1 2019	H1 2020	comparable change	reported change
Convergent service revenues	41.0	41.0	54.6	*33.2%*	33.2%	79.1	79.1	106.3	*34.5%*	34.5%
Mobile only service revenues	144.7	144.7	133.8	*-7.5%*	-7.5%	290.2	290.2	273.8	*-5.6%*	-5.6%
Fixed only service revenues	9.2	9.9	12.1	*22.9%*	32.0%	19.1	20.4	24.3	*18.8%*	27.2%
IT & Integration services	1.3	10.0	9.5	*-4.8%*	642.6%	2.3	19.6	20.0	*1.9%*	756.7%
Retail service revenues	196.1	205.5	210.0	*2.2%*	7.1%	390.6	409.2	424.4	*3.7%*	8.6%
Equipment sales	27.0	27.0	21.2	-21.3%	-21.3%	56.0	56.0	50.2	-10.3%	-10.3%
Wholesale revenues	70.7	70.7	52.5	-25.8%	-25.8%	136.0	136.0	116.4	-14.4%	-14.4%
Other revenues	12.3	12.7	6.4	-49.5%	-48.1%	29.1	29.8	21.1	-29.0%	-27.4%
Revenues	306.2	315.9	290.2	-8.2%	-5.2%	611.7	630.9	612.1	-3.0%	0.1%
EBITDAaL	76.8	76.3	83.1	9.0%	8.3%	133.2	132.4	142.5	7.6%	7.0%
margin as % of revenues	*25.1%*	*24.1%*	*28.6%*	450 bp	357 bp	*21.8%*	*21.0%*	*23.3%*	229 bp	151 bp

EBITDAaL increased by 9.0% due to higher retail service revenues (supported by convergence and MVNO revenues), and cost control, among others in cable operations (which had a positive EBITDAaL of €6.4m vs. €2.4m in Q2'19).

2.4.2. Orange Communications Luxembourg

Operating review

Orange Communications Luxembourg increased its mobile subscriber base to 200k.

Orange Communications Luxembourg: mobile services operating figures

	Q2 2019	Q2 2020	change		Q2 2019	Q2 2020
Mobile customers				**Net-adds**		
Postpaid	112	117	*4.6%*	Postpaid	1	2
Prepaid	13	14	*6.4%*	Prepaid	0	0
M2M	71	69	*-3.1%*	M2M	1	-2
	196	**200**	***1.9%***		**2**	**1**
MVNO customers	3	3	4.6%			

Financial review

Revenues decreased by 8.8% to €14.9m. Retail services increased by 0.7% to €10.9m. Mobile only service revenues as well as equipment sales decreased by 1.4% and 26.9% respectively.

EBITDAaL increased by 37.9% to €2.9m.

Orange Communications Luxembourg: key financial figures

in €m	reported Q2 2019	comparable Q2 2019	Q2 2020	comparable change	reported change	reported H1 2019	comparable H1 2019	H1 2020	comparable change	reported change
Mobile only service revenues	8.6		8.5		-1.4%	17.5		16.8		-4.2%
Fixed only service revenues	2.2		2.4		9.0%	4.5		4.6		2.3%
Retail service revenues	10.8		10.9		0.7%	22.0		21.4		-2.9%
Equipment sales	2.9		2.1		-26.9%	5.3		5.9		11.6%
Wholesale revenues	2.6		1.8		-29.2%	5.0		4.1		-17.8%
Other revenues	0.0		0.0		NM	0.2		0.1		-60.1%
Revenues	16.3		14.9		-8.8%	32.5		31.5		-3.2%
EBITDAaL	2.1		2.9		37.9%	3.7		5.7		52.1%
margin as % of revenues	*12.8%*		*19.4%*		656 bp	*11.5%*		*18.0%*		655 bp

3. Outlook

Orange Belgium expects slight decrease in revenues in 2020 on a comparable basis.

For 2020, the Company expects EBITDAaL between €310m and €330m. This range takes into account:

- a smaller amount of headwinds in comparison to last year
- first year during which the Company will pay the Orange branding fee throughout the year
- first complete year that Medialaan will be in the Company's network
- new cable wholesale regulation put in place in Q3
- savings with our Bold Inside program
- Impacts of COVID-19 (decrease in SMS traffic, roaming traffic, handset sales, B2B IT & Integration services, potential B2B bad debt, in parallel to the mitigation measures applied)

In addition, total eCapex is expected to slightly decrease in comparison to last year, including the RAN sharing agreement.

4. Financial risks and risk management

There were no changes to the information disclosed on p.78-79 and p.120-121 in the 2019 annual report.

5. Subsequent events

- Orange Luxembourg 5G spectrum

  The "Institut Luxembourgeois de Regulation" (ILR) have announced the results of their 5G spectrum award for frequencies in 700MHz and 3.5GHz bands. A total of 390MHz was offered, comprised of 2x30MHz in the 700MHz band and 330MHz in the 3.5GHz band (3420 – 3750MHz).

  Orange Luxembourg succeeded to acquire 2 x 10 MHz in the 700 MHz band and 110 MHz in the 3.5 GHz band.

6. 2020 Financial calendar

02 October	Start of quiet period
23 October	Financial results Q3 2020 (7:00 am CET) – Press release
23 October	Financial results Q3 2020 (2:00 pm CET) – Audio conference call

This is a preliminary agenda and is subject to changes

7. Conference call details

Date:	24 July 2020
Time:	2:00 pm (CET), 1:00 pm (UK), 8:00 am (US/NY)
Webcast:	Orange Belgium Q2 2020 results

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

8. Shares

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

	Q2 2019	Q2 2020
Trading of shares		
Average closing share price (€)	18.1	15.1
Average daily volume	44,535	57,831
Average daily value traded (€ m)	0.8	0.9
Shares and market values		
Total number of shares (m)	60.01	60.01
Treasury shares (k)	26.0	103.8
Closing price (€)	17.4	14.5
Market capitalization (€ m)	1,046.7	870.2

9. 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: Mobile Virtual Network Operator). 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 centres.
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.

Profit & Loss

Data on a comparable basis	Data based on comparable accounting principles, scope of consolidation and exchange rates are presented for previous periods. The transition from data on an historical basis to data on a comparable basis consists of keeping the results for the period ended and then restating the results for the corresponding period of the preceding year for the purpose of presenting, over comparable periods, financial data with comparable accounting principles, scope of consolidation and exchange rate. The method used is to apply to the data of the corresponding period of the preceding year, the accounting principles and scope of consolidation for the period just ended as well as the average exchange rate used for the income statement for the period ended. Changes in data on a comparable basis reflect organic business changes. Data on a comparable basis is not a financial aggregate as defined by IFRS and may not be comparable to similarly-named indicators used by other companies.
EBITDAaL (since 1 January 2019)	EBITDA after lease is not a financial measure as defined by IFRS. It corresponds to the net profit before: taxes; net interest expense; share of profit/losses from associates; impairment of goodwill and fixed assets; effects resulting from business combinations; reclassification of cumulative translation adjustment from liquidated entities; depreciation and amortization; the effects of significant litigation, specific labour expenses; review of the investments and business portfolio, restructuring costs.

Cash flow statement

Operating cash flow	EBITDAaL minus eCapex since 1 January 2019. Prior to 31 December 2018 it was defined as Adjusted EBITDA minus Capex.
Organic cash flow	Organic cash flows correspond to net cash provided by operating activities decreased by capex/eCapex and the repayment of lease liabilities, increased by proceeds from sale of property, plant and equipment and intangible assets and adjusted for the payments for acquisition of telecommunications licences.
eCapex (since 1 January 2019)	Economic Capex is not a financial measure as defined by IFRS. It corresponds to capital expenditures on tangible and intangible assets excluding telecommunication licenses and excluding investments through financial leases less proceeds from the disposal of fixed and intangible assets.
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.

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).
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.
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 scope of consolidation includes the following companies: Orange Belgium S.A. (100%), the Luxembourgian company Orange Communications Luxembourg S.A. (100%), IRISnet S.C.R.L. (28.16%), Smart Services Network S.A. (100%), Walcom S.A. (100%), Walcom Liège S.A. (100%), Walcom Business Solutions S.A. (100%), A3COM S.A. (100%), A & S Partners S.A. (100%), Upsize N.V. (100%), BKM N.V. (100%), CCP@S B.V. (100%) and MWingz S.R.L. (50%).

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

10. Interim condensed consolidated financial statements

Interim condensed consolidated statement of comprehensive income

in €m	Notes	30.06.2019	30.06.2020
Retail service revenues		**412.6**	**445.8**
Convergent service revenues		79.1	106.3
Mobile only service revenues		307.7	290.6
Fixed only service revenues		23.6	28.9
IT & Integration Service		2.3	20.0
Equipment sales		61.2	56.1
Wholesale revenues		139.1	118.8
Other revenues		24.1	15.9
Revenues		**637.1**	**636.6**
Purchase of material		-86.1	-74.9
Other direct costs		-195.7	-179.2
Impairment loss on trade and other receivables, including contract assets		-1.9	-2.8
Direct costs		**-283.7**	**-256.9**
Labour costs		**-73.2**	**-74.2**
Commercial expenses		-17.6	-17.8
Other IT & Network expenses		-44.0	-50.8
Property expenses		-8.0	-7.2
General expenses		-25.9	-30.3
Other indirect income		13.7	10.6
Other indirect costs		-38.9	-36.3
Depreciation of right-of-use of leased assets		-22.6	-24.4
Indirect costs		**-143.3**	**-156.2**
Other restructuring costs (*)		-4.6	-3.6
Depreciation and amortization of other intangible assets and property, plant and equipment		-120.3	-118.6
Share of profits (losses) of associates		0.1	0.1
Operating Profit (EBIT)		**12.1**	**27.1**
Financial result		**-2.2**	**-3.1**
Financial costs		-2.2	-3.1
Financial income		0.0	0.0
Profit (loss) before taxation (PBT)		**9.9**	**24.0**
Tax expense	6	-1.4	-3.6
Net profit (loss) for the period (**)		**8.5**	**20.4**
Profit (loss) attributable to equity holders of the parent		8.5	20.4
Consolidated Statement of Comprehensive Income			
Net profit (loss) for the period		8.5	20.4
Other comprehensive income (cash flow hedging net of tax)		0.0	0.9
Total comprehensive income for the period		8.5	21.3
Part of the total comprehensive income attributable to equity holders of the parent		**8.5**	**21.3**
Basic earnings per share (in EUR)		**0.14**	**0.34**
Weighted average number of ordinary shares (excl. treasury shares)		59,988,414	59,892,635
Diluted earnings per share (in EUR)		**0.14**	**0.34**
Diluted weighted average number of ordinary shares (excl. treasury shares)		59,988,414	59,892,635

* 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

Interim condensed consolidated statement of financial position

in €m	Notes	31.12.2019 (*) Restated	30.06.2020
ASSETS			
Goodwill	4	104.4	104.4
Other intangible assets		276.9	259.1
Property, plant and equipment		747.6	711.0
Rights-of-use of leased assets	8	297.3	285.9
Interests in associates and joint ventures		5.3	5.4
Non-current financial assets		3.1	3.5
Other non-current assets		0.6	0.6
Deferred tax assets		2.6	2.2
Total non-current assets		**1,437.8**	**1,372.1**
Inventories		32.0	20.9
Trade receivables		224.8	196.4
Other assets related to contracts with customers		64.8	60.1
Current financial assets		0.4	0.4
Current derivatives assets		0.5	0.5
Other current assets		5.2	2.4
Operating taxes and levies receivables		0.5	0.8
Current tax assets		1.5	0.5
Prepaid expenses		14.0	20.8
Cash and cash equivalents	5	20.2	70.0
Total current assets		**363.8**	**372.7**
Total Assets		**1,801.6**	**1,744.8**
EQUITY AND LIABILITIES			
Share capital	6	131.7	131.7
Legal reserve		13.2	13.2
Retained earnings (excl. legal reserve)		446.8	437.9
Treasury shares		-0.2	-1.5
Equity attributable to the owners of the parent		**591.5**	**581.3**
Total Equity	6	**591.5**	**581.3**
Non-current financial liabilities	5	245.0	4.2
Non-current lease liabilities	8	244.6	241.5
Non-current derivatives liabilities		0.8	0.8
Non-current provisions for dismantling	9	75.3	74.6
Other non-current liabilities		2.6	2.7
Deferred tax liabilities		12.1	9.0
Non-current liabilities		**580.5**	**332.8**
Current fixed assets payable		52.9	38.8
Trade payables		314.0	295.7
Current financial liabilities	5	9.4	246.9
Current lease liabilities	8	51.7	42.5
Current derivatives liabilities		1.5	0.7
Current employee benefits		35.8	37.4
Current provisions for dismantling	9	2.1	1.0
Current restructuring provisions		1.9	1.2
Other current liabilities		10.4	5.4
Operating taxes and levies payables		78.7	94.6
Current tax payables		3.5	2.6
Liabilities related to contracts with customers		65.7	62.2
Deferred income		2.0	1.7
Total current liabilities		**629.6**	**830.7**
Total Equity and Liabilities		**1,801.6**	**1,744.8**

* The company refers to Note 4 for detailed information with regard to the finalization of the purchase price allocation of the Upsize N.V. acquisition.

Interim condensed consolidated cash flow statement

in €m	Notes	30.06.2019	30.06.2020
Operating activities			
Consolidated net profit		**8.5**	**20.4**
Adjustments to reconcile net profit (loss) to cash generated from operations			
Operating taxes and levies		21.6	19.7
Depreciation, amortization and impairment of other intangible assets and property, plant and equipment		120.3	118.6
Depreciation of right-of-use assets		22.6	24.4
Gains (losses) on disposal		0.0	-0.4
Changes in other provisions		-0.5	-1.3
Share of profits (losses) of associates and joint ventures		-0.1	-0.1
Income tax expense		1.4	3.6
Finance costs, net		2.2	3.1
Operational net foreign exchange and derivatives		0.1	0.0
Share-based compensation		0.1	-0.2
Impairment loss on trade and other receivables, including contract assets		1.9	2.8
		169.7	**170.1**
Changes in working capital requirements			
Decrease (increase) in inventories, gross		7.6	11.1
Decrease (increase) in trade receivables, gross		-9.2	25.6
Increase (decrease) in trade payables		10.0	-19.2
Change in other assets related to contracts with customers		4.6	4.6
Change in liabilities related to contracts with customers		-0.5	-3.6
Changes in other assets and liabilities		-5.5	1.5
		7.0	**20.0**
Other net cash out			
Operating taxes and levies paid		-10.5	-12.2
Interest paid and interest rates effects on derivatives, net		-2.4	-2.8
Income tax paid	7	-7.5	-6.8
		-20.4	**-21.8**
Net cash provided by operating activities		**164.8**	**188.7**
Investing activities			
Purchases of property, plant and equipment and intangible assets			
Purchases of property, plant and equipment and intangible assets		-79.8	-64.9
Increase (decrease) in fixed assets payables		-15.6	-14.1
Cash paid for investments securities and acquired businesses, net of cash acquired		-1.3	-0.4
Net cash used in investing activities		**-96.7**	**-79.4**
Financing activities			
Long-term debt redemptions and repayments		10.0	3.6
Repayment of lease liabilities		-22.1	-24.7
Increase (decrease) of bank overdrafts and short-term borrowings		-20.8	-7.0
Purchase of treasury shares		-0.5	-1.3
Dividends paid to owners of the parent company	6	-30.0	-30.0
Net cash used in financing activities		**-63.4**	**-59.3**
Net change in cash and cash equivalents		**4.7**	**49.8**
Opening balance		**26.6**	**20.2**
o/w cash		19.9	18.3
o/w cash equivalents		6.7	1.9
Cash change in cash and cash equivalents		4.7	49.8
Closing balance	5	**31.4**	**70.0**
o/w cash		14.7	23.2
o/w cash equivalents		16.7	46.8

Organic Cash Flow (*)		47.4	84.8

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

Interim condensed consolidated statement of changes in equity

in €m	Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity
Balance at 31 December 2019 (*), as previously reported	**131.7**	**13.2**	**447.4**	**-0.2**	**592.1**
PPA adjustment Upsize N.V.			-0.6		-0.6
Restated balance as at 31 December 2019	**131.7**	**13.2**	**446.8**	**-0.2**	**591.5**
Net profit for the period			20.4		20.4
Other comprehensive income			0.9		0.9
Total comprehensive income for the period			**21.3**		**21.3**
Treasury shares				-1.3	-1.3
Employee- Share-based compensation			-0.2		-0.2
Declared dividends			-30.0		-30.0
Balance as at 30 June 2020	**131.7**	**13.2**	**437.9**	**-1.5**	**581.3**

in €m	Share capital	Legal reserve	Retained earnings	Treasury shares	Total equity
Balance at 31 December 2018 (**), as previously reported	**131.7**	**13.2**	**442.2**		**587.1**
Adjustment on initial application of IFRS 16 (net of tax)			-0.2		-0.2
Adjusted balance at 1 January 2019	**131.7**	**13.2**	**442.0**		**586.9**
Net profit for the period			8.5		8.5
Other comprehensive income			0.0		0.0
Total comprehensive income for the period			**8.5**		**8.5**
Treasury shares				-0.5	-0.5
Employee - Share-based compensation			0.1		0.1
Declared dividends			-30.0		-30.0
Balance as at 30 June 2019	**131.7**	**13.2**	**420.7**	**-0.5**	**565.1**

* The company refers to Note 4 for detailed information with regard to the finalization of the purchase price allocation of the Upsize N.V. acquisition.
** The Group has initially applied IFRS 16 on 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application.

Segment information

Interim condensed consolidated statement of comprehensive income for the first half of the year ended 30 June 2020

in €m, six months ended 30 June 2020	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Retail service revenues	**424.4**	**21.4**		**445.8**
Convergent service revenues	106.3			106.3
Mobile only service revenues	273.8	16.8		290.6
Fixed only service revenues	24.3	4.6		28.9
IT & Integration service revenues	20.0			20.0
Equipment sales	50.2	5.9		56.1
Wholesale revenues	116.4	4.1	-1.7	118.8
Other revenues	21.1	0.1	-5.3	15.9
Revenues	**612.1**	**31.5**	**-7.0**	**636.6**
Direct costs	-250.4	-13.5	7.0	-256.9
Labor costs	-70.2	-4.0		-74.2
Indirect costs, of which	-147.9	-8.3		-156.2
Operational taxes and fees	-18.4	-1.3		-19.7
Depreciation of right-of-use of leased assets	-22.5	-1.9		-24.4
Other restructuring costs	-3.4	-0.2		-3.6
Depreciation, amortization of other intangible assets and property, plant and equipment	-114.9	-3.7		-118.6
Share of profits (losses) of associates	0.1			0.1
Operating profit (EBIT)	**25.3**	**1.8**		**27.1**
Net financial income (expense)	-3.2	0.1		-3.1
Profit (loss) before taxation (PBT)	**22.1**	**1.9**		**24.0**
Tax expense	-3.2	-0.4		-3.6
Net profit (loss) for the period	**18.9**	**1.5**		**20.4**

Reconciliation from EBITDAaL to Net Profit for the first half of the year ended 30 June 2020

in €m, six months ended 30 June 2020	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
EBITDAaL	**142.5**	**5.7**		**148.2**
Share of profits (losses) of associates	0.1			0.1
Depreciation, amortization of other intangible assets and property, plant and equipment	-114.9	-3.7		-118.6
Other restructuring costs	-3.4	-0.2		-3.6
Lease interest expense	1.1	0.0		1.1
Operating profit (EBIT)	**25.3**	**1.8**		**27.1**
Financial result	-3.2	0.1		-3.1
Profit (loss) before taxation (PBT)	**22.1**	**1.9**		**24.0**
Tax expense	-3.2	-0.4		-3.6
Net profit (loss) before the period	**18.9**	**1.5**		**20.4**

Interim condensed consolidated statement of comprehensive income for the first half of the year ended 30 June 2019

Reported in €m, six months ended 30 June 2019	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
Retail service revenues	390.6	22.0		412.6
Convergent service revenues	79.1	0.0		79.1
Mobile only service revenues	290.2	17.5		307.7
Fixed only service revenues	19.1	4.5		23.6
IT & Integration Service revenues	2.3	0.0		2.3
Equipment sales	56.0	5.3		61.2
Wholesale revenues	136.0	5.0	-1.8	139.1
Other revenues	29.1	0.2	-5.2	24.1
Revenues	**611.7**	**32.5**	**-7.1**	**637.1**
Direct costs	-274.4	-16.4	7.1	-283.7
Labor costs	-68.7	-4.5		-73.2
Indirect costs, of which	-135.4	-7.8		-143.3
Operational taxes and fees	-20.4	-1.2		-21.6
Depreciation of right-of-use of leased assets	-20.6	-2.0		-22.6
Other restructuring costs	-4.6	0.0		-4.6
Depreciation, amortization of other intangible assets and property, plant and equipment	-116.6	-3.7		-120.3
Share of profits (losses) of associates	0.1	0.0		0.1
Operating profit (EBIT)	**12.1**	**0.0**		**12.1**
Net financial income (expense)	-2.3	0.1		-2.2
Profit (loss) before taxation (PBT)	**9.8**	**0.1**		**9.9**
Tax expense	-1.6	0.2		-1.4
Net profit (loss) for the period	**8.2**	**0.3**		**8.5**

Reconciliation from EBITDAaL to Net Profit for the first half of the year ended 30 June 2019

in €m, six months ended 30 June 2019	Orange Belgium	Orange Luxembourg	Interco elimination	Orange Belgium Group
EBITDAaL	**133.2**	**3.7**		**136.9**
Share of profits (losses) of associates	0.1	0.0		0.1
Depreciation, amortization of other intangible assets and property, plant and equipment	-116.6	-3.7		-120.3
Other restructuring costs	-4.6	0.0		-4.6
Operating profit (EBIT)	**12.1**	**0.0**		**12.1**
Financial result	-2.3	0.1		-2.2
Profit (loss) before taxation (PBT)	**9.8**	**0.1**		**9.9**
Tax expense	-1.6	0.2		-1.4
Net profit (loss) before the period	**8.2**	**0.3**		**8.5**

Notes to the interim condensed consolidated financial statements

Orange Belgium S.A. (a subsidiary of Orange S.A.) is one of the leading telecommunication operators in the Belgian market, with over 4 million customers, and in Luxembourg through its subsidiary Orange Communications Luxembourg. Orange Belgium is listed on Euronext Brussels.

The company is a convergent operator which provides mobile telecommunication, internet and TV services to residential clients, as well as innovative mobile and fixed line services to businesses and large corporates. Orange Belgium is also a wholesale operator, providing partners access to its infrastructure and service capabilities. Orange Belgium's high-performance mobile network supports 2G, 3G, 4G and 4G+ technology and is the subject of on-going investments.

1. Basis of preparation of the financial statements

1.1. Statement of compliance

The interim condensed consolidated financial statements for the six months period ended 30 June 2020 were prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and were authorized for issue by the Board of Directors on 23 July 2020.

This report should be read in conjunction with Orange Belgium's annual consolidated financial statements for the year ended 31 December 2019.

The interim condensed consolidated financial statements are presented in million euros except when otherwise indicated. The Group's functional and presentation currency is the euro. Each entity applies this currency for its financial statements

1.2. Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements as at and for the six months period ended 30 June 2020 have remained unchanged compared to those followed in the preparation of the consolidated financial statements for the year ended 31 December 2019. They should be read in conjunction with Orange Belgium's annual consolidated financial statements as at 31 December 2019 since they do not include all the information and disclosures required in the annual consolidated financial statements.

1.3. Uses of estimates and judgment

In the preparation of interim condensed consolidated financial statements, Orange Belgium's management is required to make estimates insofar as many elements included in these consolidated financial statements cannot be measured with precision. The underlying assumptions used for the main estimates are similar to those described in the annual report for the year ended 31 December 2019.

Management revises these estimates if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at 30 June 2020 may subsequently be changed.

Management also uses its judgment to define appropriate accounting policies to apply to certain transactions when the current IFRS standards and interpretations do not specifically deal with the related accounting issues.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

1.4. New accounting standards applicable as of January 1, 2020

1.4.1 Amendments to IFRS 3 "definition of a business"

The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and introduce an optional fair value concentration test.

These amendments did not have any impact on the Consolidated Statements of Orange Belgium Group at 30 June 2020. Orange Belgium Group will consider these amendments at the time of a new acquisition.

1.4.2 Amendments to IAS 1 and IAS 8 "materiality"

The amendments to IAS 1 and IAS 8, applicable since 1 January 2020, clarify and align the definition of material. The amendments are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments. Orange Belgium Group considers that all information disclosed in the annexes of the Consolidated Statements reflects all policies of the IASB's published amendments.

1.5. New accounting standards not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2020, and have not been applied in preparing these interim condensed consolidated financial statements.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current, issued on 23 January 2020, clarifies a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments:
- specify that an entity's right to defer settlement must exist at the end of the reporting period;
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- clarify how lending conditions affect classification; and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments are effective for annual periods beginning on or after 1 January 2022. However the IASB has issued an exposure draft to defer the effective date to 1 January 2023 as a result of the COVID-19 pandemic. These amendments have not yet been endorsed by the EU.

Amendments to IFRS 3 Business Combinations; IAS 16 Property, plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual improvements, issued on 14 May 2020, include several narrow-scope amendments which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards:
- Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

The amendments are effective for annual periods beginning on or after 1 January 2022. These amendments have not yet been endorsed by the EU.

On 28 May 2020 the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16), which was initially issued as an Exposure Draft ED/2020/2 in April 2020. The amendment provides a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. The amendment is effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted. The amendment has not yet been endorsed by the EU and has not been applied in preparing these interim condensed consolidated financial statements.

2. Consolidation perimeter

The consolidation perimeter includes IRISnet SCRL (accounted for by equity method - 28.16%), MWingz S.R.L. (accounted for as a joint operation and the following wholly-owned companies: Orange Belgium S.A., Orange Communications Luxembourg S.A., Smart Services Network S.A., Walcom S.A., Walcom Business Solutions S.A., Walcom Liège S.A., A3COM S.A., A&S Partners S.A., Upsize N.V., BKM N.V, CC@PS BV.

MWingz S.R.L. is a joint operation between Orange Belgium S.A. and Proximus S.A., each owning 50% of the company that will manage the unilateral and shared mobile radio access network of both shareholders. In 2019 both companies decided to build a shared mobile radio access network with the objective to meet customers' increasing demand for mobile network quality and deeper indoor coverage. The agreement will also allow a faster and more comprehensive 5G roll-out in Belgium. While sharing the common part of their mobile radio access networks, both companies will continue to have full control over their own core network and spectrum assets allowing to ensure differentiated services. MWingz S.R.L. is a company organized and created under the laws of Belgium and has been created as of 6 December 2019. Orange Belgium S.A. contributed in cash for 1 euro equivalent to 1 share out of the 2 shares issued by the Company. Proximus S.A. contributed in cash for 1 euro equivalent to 1 share. In April 2020, Orange Belgium did participate in the capital increase of MWingz S.R.L. for 1,599,999 million euros. Orange Belgium holds 50% of the shares of MWingz S.R.L. This company started the operational activities as from 1 April 2020.

In April 2020, Orange Belgium participated in the capital increase of CommuniThings through a 0.35 million euros investment.

Orange Belgium holds, directly or indirectly (e.g. through other subsidiaries) less than 20% of the voting power of Belgian Mobile Wallet and CommuniThings. As such, Orange Belgium does not have significant influence. Moreover, generating surplus value is not the main purpose of these two investments.

3. Covid-19 pandemic

The Coronavirus (COVID-19) pandemic is affecting human health, as well as the company's business and financial situation.

Orange Belgium has identified the following major points of attention:

- **Human health and safety:** Orange Belgium is closely monitoring developments in terms of this pandemic and puts the health and safety of its staff at the forefront. Orange Belgium is taking all the necessary measures to protect its staff in addition to the health instructions given by national authorities, while ensuring the conditions required for business continuity. Orange Belgium has introduced preventive measures such as teleworking for its employees whenever the activity can be carried out remotely and the necessary equipment is available. In other cases, Orange Belgium has also promoted barrier gestures as soon as possible in its instructions to staff and has made suitable hygiene equipment available. The long-term effects of the containment measures taken by the public authorities and relayed by Orange Belgium are uncertain, and in particular the psychological impact on its employees of the isolation that it is likely to cause.
- **Business continuity:** Orange Belgium must, as a provider of essential business services, ensure the continuity of its electronic communications services and in particular of its critical activities. In accordance with government directives, Orange Belgium has set up a business continuity plan, which mainly covers network and information systems supervision and operation teams, security teams, technical support, staff in data centres and intervention teams. In addition, the significant increase in traffic on Orange Belgium's networks poses a risk of congestion that could lead to a deterioration or even interruption of services. To avoid such degradation or even interruptions, Orange Belgium has increased the capacity of its networks.
- **Financial performance:** Orange Belgium expects a slight decrease in revenues in 2020 on a comparable basis mainly driven by following elements:
  - the closure of Orange stores during the lockdown period;
  - a slowdown in business with certain business customers, while on the other hand other customers might be requesting extra capacity or new services;
  - the decline in international and roaming traffic;
  - the decline in SMS;
  - a risk of a slowdown in investments and related projects, particularly with regard to networks;
  - an increased risk of payment default by certain customers (management is following closely the ageing balance and the bad debt – no significant increased arrears noted so far as a result of this COVID-19 outbreak);

As a consequence, Orange Belgium has modified its outlook for the financial year 2020. We refer to section 3 of the press release for the 2020 outlook.

4. Goodwill

There were changes in goodwill during the six months ended 30 June 2020. The goodwill related to Upsize N.V., as a result of the Purchase Price allocation, has been decreased by 14.3 million euros (see below).

As at 30 June 2020, there were no internal or external indicators that further impairment tests on goodwill should be performed.

Management continues to pay attention to any indication that could require an anticipated review of the values. These tests are planned to be performed for the year-end closing. The impairment test for goodwill is based on value in use calculation.

Goodwill related to Mobistar Affiliate S.A., Mobistar Enterprise Services S.A., A&S Partners S.A. and Upsize N.V. are fully allocated to the Belgium segment. Goodwill related to Orange Communications Luxembourg S.A. is fully allocated to the Luxembourg segment.

in €m	31.12.2019 Restated			30.06.2020		
	Acquisition Value	Accumulated impairment losses	Net carrying amount	Acquisition Value	Accumulated impairment losses	Net carrying amount
Orange Communications Luxembourg S.A.	68.7	-17.9	50.9	68.7	-17.9	50.9
Others goodwill – Belgium segment	53.5	0.0	53.5	53.5	0.0	53.5
Total goodwill	**122.3**	**-17.9**	**104.4**	**122.3**	**-17.9**	**104.4**

Purchase Price Allocation for the Upsize N.V. acquisition

Upsize N.V. is a holding company that was acquired on 31 July 2019. Upsize N.V. includes BKM N.V. and CC@PS BV and is a nationwide ICT integrator and a pioneer in cloud UCC solutions. It has a solid track-record in the SME and CMA markets in Belgium and works in four areas of expertise: Unified Communications & Collaboration (UCC) solutions; IT & security solutions; Document & Visual solutions; and Connectivity solutions. The purchase concerned 100% of the 60,000 shares of Upsize N.V. An amount of 51.6 million euros had been allocated preliminary to goodwill for the segment "Belgium" subject to finalization of the purchase price allocation which was not yet finalised as at 31 December 2019.

Orange Belgium accounted for the Upsize N.V. acquisition using the acquisition method, whereby the total purchase price is allocated to the acquired identifiable net assets based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. The purchase price allocation was not yet finalised as at 31 December 2019 as Upsize's intangible assets had been measured provisionally in the IFRS opening balance, pending confirmation of an independent valuation. The assessment of the fair value of the intangible assets acquired by Orange Belgium as part of Orange Belgium's acquisition of Upsize N.V. (Including its subsidiaries BKM N.V. and CC@PS BV) on 31 July 2019 (Acquisition Date) has been finalised and recorded in the books at 30 June 2020.

The recognition of the fair value of the intangible assets (19.0 million euros) fully related to the acquired customer relationships (18.0 million euros) and the Voxx-Telepo software platform (1.0 million euros). Together with the deferred tax impact of the above mentioned adjustment (4.7 million euros), goodwill was reduced by 14.3 million euros. The recognition of the fair value of the intangible assets of Upsize N.V. resulted in additional amortization expense of 0.7 million euros recognized for the period between the acquisition date, 31 July 2019, and 31 December 2019, for which the comparative financial information has been restated.

A summary of the purchase price and the identifiable assets acquired and liabilities assumed for the Upsize N.V. acquisition at the acquisition date is presented below:

in €m	IFRS Opening Balance	Fair value adjustments	Fair value of identifiable net assets
Assets			
Intangible assets	0.8	19.0	19.8
Property, plant and Equipment	0.5		0.5
Other financial assets	0.1		0.1
Rights-of-use leased assets	5.1		5.1
Inventories	4.9		4.9
Trade receivables	6.3		6.3
Other receivables	0.6		0.6
Cash and cash equivalents	1.2		1.2
Total Assets acquired	**19.5**	**19.0**	**38.5**
Liabilities			
Deferred taxes		-4.7	-4.7
Provisions	-0.1		-0.1
Financial liabilities	-16.5		-16.5
Lease liabilities	-4.7		-4.7
Other payables	-4.1		-4.1
Trade payables	-5.6		-5.6
Current employee benefits	-3.7		-3.7
Total liabilities assumed	**-34.6**	**-4.7**	**-39.4**
Fair value of identifiable net assets acquired	**-15.2**	**14.3**	**-0.9**
Total consideration transferred			36.5
Final goodwill arising from the acquisition			**37.4**

Orange Belgium has agreed to pay the selling shareholders in two years' time an additional consideration of 10.0 million euros which is linked to targets set in relation to the acquiree's revenue growth, EBITDA margin as well as a maximum churn percentage in key and operational people working for the acquiree. In this respect, Orange Belgium S.A. has included 1,350 thousand euros as contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition. No change in its fair value as at 30 June 2020.

5. Cash and cash equivalents, financial liabilities

Cash and cash equivalents include cash on hand and cash deposits with a maximum term of 3 months. Bank and inter-company cash pooling overdrafts are classified as short-term financial liabilities. The cash flow statement provides an explanation to the 53.0 million euros decrease in net financial debt for the first half of 2020.

€m, period ended	31.12.2019	30.06.2020
Cash & cash equivalents		
Cash	-18.3	-23.2
Cash equivalents	-1.9	-46.8
	-20.2	**-70.0**
Financial liabilities		
Intercompany short-term borrowing	8.8	245.1
Third parties short-term borrowing	0.6	1.9
Intercompany long-term borrowing	245.0	4.2
	254.4	**251.2**
Net Financial debt (Financial liabilities minus cash and cash equivalents)	**234.3**	**181.3**

Orange Belgium S.A. and its parent company, Atlas Services Belgium S.A. signed in 2015 a Revolving Credit Facility Agreement for a total facility amount of 420 million euros with the final maturity date set to 15 June 2021. As per 31 December 2019 the outstanding liability in relation to this Credit Facility Agreement amounted to 240 million euros which has been presented as a non-current financial liability in the IFRS consolidated financial statements as at 31 December 2019.

Bearing in mind the fact that the remaining period until the maturity date as at 30 June 2020 would amount up to less than 12 months, Orange Belgium S.A. presented this financial liability (as per 30 June 2020: 245 million euros) as current in the interim condensed consolidated statement of financial position.

The renewal of the Revolving credit facility agreement with Atlas Services Belgium S.A. has been initiated in June 2020. Orange Belgium S.A. is confident that this refinancing transaction will be positively ended before end of December 2020.

6. Shareholders' equity

During the first half of 2020, there were no changes to the share capital.

All ordinary shares are fully paid and have a par value of €2.195.

Share capital €m	31.12.2019	30.06.2020
Beginning of period	131.7	131.7
Issuance	0.0	0.0
Cancellation	0.0	0.0
End of period	131.7	131.7

# of ordinary shares	31.12.2019	30.06.2020
Beginning of period	60,014,414	60,014,414
Issuance	0.0	0.0
Cancellation	0.0	0.0
End of period	60,014,414	60,014,414

On 6 May 2020, the Annual General Meeting of shareholders approved the payment of a gross ordinary dividend of €0.50 for the 2019 financial year. The gross ordinary dividend amounted to 30 million euros and was paid on 14 May 2020.

The Annual General Meeting of Shareholders approved on 2 May 2019 to distribute a gross ordinary dividend for the 2018 financial year of €0,50 per share. The gross ordinary dividend amounted to 30 million euros and was paid on 16 May 2019.

As at 30 June 2020, Orange Belgium held 103,812 treasury shares whereas the Company did hold 9,527 treasury shares as at 31 December 2019.

7. Income taxes

Income taxes, calculated on the current year local results, increased to 5.8 million euros in the first half of 2020 compared to 3.0 million euros in the first half of 2019. This increase is fully in line with the higher profit before taxes in Belgium for the first half of 2020.

The following table shows the major components of income tax expense:

in €m	30.06.2019	30.06.2020
Current income tax	-3.0	-5.8
Deferred tax expense arising to the origination and reversal of temporary differences	1.6	2.2
Total tax expenses	-1.4	-3.6

8. Lease agreements

In the course of its activities, the Group regularly enters into leases as a lessee. The leases concern mainly the following asset categories:

- Land and buildings
- Network and terminals; and
- Other

8.1. Lease liabilities

As of 30 June 2020, lease liabilities amount to 284.0 million euros, including non-current lease liabilities of 241.5 million euros and current lease liabilities of 42.5 million euros.

8.2. Right-of-use assets

in €m				June 30, 2020	December 31, 2019
	Gross value	Accumulated depreciation	Accumulated impairment	Net book value	Net book value
Land and buildings	337.4	-64.4	0.0	273.0	285.1
Networks and terminals	5.6	-2.1	0.0	3.5	3.7
Other right-of-use	15.0	-5.6	0.0	9.4	8.5
Total right-of-use assets	**358.0**	**-72.1**	**0.0**	**285.9**	**297.3**

in €m	June 2020
Net book value of right-of-use assets -in the opening balance	**297.3**
Increase (new right-of-use assets)	11.5
Depreciation and amortization	-24.4
Impact of changes in the assessments	1.5
Net book value of right-of-use assets -in the closing balance	**285.9**

9. Current and non-current provisions

Provisions for outstanding litigation

Orange Belgium is a party in various judicial procedures whereby third-party individuals or entities are claiming repair of damages they pretend to have incurred. Each litigation is evaluated on an individual basis in order to assess as to whether it is more likely than not that an outflow of resources will be necessary to settle the litigation and to ensure that the assumptions taken to measure the provisions are valid.

The outstanding claims are built up during the previous years and it can be reasonably assumed that they will be subject to a Court decision or solved by means of a common agreement within the following years.

Provisions for litigation

€m	
Balance at 31 December 2019	**4.3**
Addition	0.2
Utilization	-0.0
Reversal	-0.0
Other	0.0
Balance at 30 June 2020	**4.5**

Provisions for network site dismantling

Provisions for network site dismantling decreased by 1.9 million euros. The decrease can mainly be explained by the actual lower average dismantling cost per site in 2020.

During the first half of 2020, the average dismantling cost per site was 11.7 thousand euros against 12.1 thousand euros in 2019.

Although size and installation on site may slightly vary from site to site, the provision is calculated on an average dismantling cost which is based on the actual costs incurred in the past for similar activities.

Provision for network site dismantling

€m	
Balance at 31 December 2019	**77.5**
Addition	0.0
Utilization	-0.5
Reversal	0.0
Other	-1.4
Balance at 30 June 2020	**75.6**

10. Disputes

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).

Discussions are currently going on with the Walloon government for the coming period regarding potential investments in return of reduction of taxes, similar to those that were applicable during the period 2016-2019. These discussions are not conclusive yet.

Access to Coditel Brabant (Telenet) 's cable network

After Orange Belgium paid the provision for the cable wholesale access set-up fees, Coditel Brabant (Telenet) failed to provide such access within the regulatory 6-month period. This, in combination with the lack of progress on the development of an effective wholesale service, prompted Orange Belgium to initiate legal action against Coditel/Telenet for breach of its regulatory obligations end of December 2016. Taking the implementation of a technical solution was still ongoing beginning 2018, the proceedings were put on hold. The case is reactivated and Telenet submitted briefs on 6

March 2020. An intermediary hearing that should have taken place in May was suspended due to the COVID-19 measures. If the file is ready for the court to proceed there should be a hearing in H2 2020.

Access to Telenet's cable network – own channel

Based on the decisions on regulated access to the cable networks Orange Belgium is entitled to offer "own channels" to its retail TV customers, i.e. channels that are not commercially offered by the cable operators. While VOO provided such own channel (Eleven Sports 3) on its network, Telenet refused to offer such access at reasonable conditions. Beginning 2018, Orange Belgium initiated proceedings against Telenet for breach of its regulatory obligations before the Commercial Court of Antwerp. On 30 May 2018 the Commercial Court of Antwerp dismissed Orange Belgium's claim.

Orange Belgium appealed this judgment. On 11 April 2019 the Court of appeal found Telenet in breach of its regulatory obligations as well as guilty of abusing its dominant position. The Court ordered Telenet to provide reasonable conditions within one month subject to penalty payment of €2500/day afterwards. Telenet appealed the decision of the Court of Appeal at the Supreme Court. Orange Belgium issued a claim of €250,000 (total amount of the penalty) against Telenet for non-compliance with the decision of the Court of Appeal. This claim is attacked by Telenet with the attachment judge. The pleadings were foreseen on 9 April 2020 but postponed due to COVID-19 related measures.

Access to Telenet's cable network – own internet profile

Under the regulation of the access to the cable networks alternative operators have the right to commercialize internet profiles that are not commercialized by the regulated cable operator ("own internet profiles"), i.e. an internet profile with different upload/download speeds and/or volumes than the internet speeds and/or volumes offered by the cable operator to its own retail clients. Despite several requests made by Orange Belgium to Telenet since 2015, Telenet refused to grant such own profile until May 2018. In view of the damages incurred by Orange Belgium linked to the refusals, Orange Belgium filed a formal complaint against Telenet with the regulator in February 2018. On 22 October 2018 the regulator published its decision finding Telenet in breach with its regulatory obligation for not providing an own profile to Orange Belgium. Orange Belgium sent a formal notice to Telenet in January 2019 requesting a compensation for the damages incurred. Facing the refusal of Telenet to pay damages, Orange Belgium introduced a damage claim before the Enterprise Court. The pleadings took place on 17 January 2020. On 14 February 2020 the Enterprise Court found Telenet in breach with its regulatory obligations and granted a part of the claimed damages. Orange Belgium decided to appeal the judgement, which will be filed in Q2 2020.

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.

Euphony Benelux NV 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. Parties have exchanged trial briefs. No pleading date has been set.

Fixed Termination Rates (FTR) – 3Starsnet

On 20 November 2018, the BIPT adopted a new FTR decision. 3Starsnet attempted to get the decision annulled via the Market Court but this was rejected. 3Starsnet has turned to the Supreme Court to get the decisions of the Market Court annulled. Orange Belgium intervenes in the procedures to defend the BIPT position. Orange Belgium submitted briefs (mémoire) on 25 February 2020.

RAN sharing

The provisional measures imposed by the Belgian Competition Authority expired on 16 March 2020 and Orange Belgium and Proximus have resumed works for the implementation of the project. On 1 April 2020 both companies transferred the relevant people to the newly created joint operation "MWingz". In parallel, a procedure on the merits has been initiated by the Belgian Competition Authority by way of a RFI (Request For Information). Orange Belgium filed a response to this request at the Belgian Competition Authority on 4 May 2020. We are awaiting further step(s) in the procedure on the merits.

VOO

In mid-February 2020, Orange Belgium summoned Nethys and Providence to appear in court in order to obtain from the judge in charge of interim measures the suspension of the sale of the VOO shares held by Nethys but to be transferred to Providence. An action on the merits, seeking annulment of the sale, had also been brought against the same parties.

At the end of June 2020, the judge suspended the sale of the shares, thus following Orange Belgium's arguments regarding the apparently dubious nature of the first agreement for the sale of VOO shares to Providence in May 2019, which spread to the second transaction in December 2019 after the new management of Nethys questioned the first agreement.

Nethys has indicated that it does not wish to appeal against this interim injunction and will put in place a new sale process before the end of 2020, thereby activating a resolutory condition contained in the Nethys/Providence agreement having as deadline the date of 30 June 2020.

11. Related parties

The terms and conditions applied to sales and purchases of traffic and services, to the centralized treasury management agreement, to the revolving credit facility agreements as well as to the interest-bearing loans and borrowings are determined at arm's length basis according to the normal market prices and conditions. There is no outstanding guarantee provided to or received from any related parties at the balance sheet date. No allowance for doubtful debtors on amounts owed by related parties is outstanding at the balance sheet date.

Following the rebranding exercise in 2016, Orange Belgium benefited a three year grace period. As from May 2019, a brand fee is charged on a yearly basis by the ultimate parent Orange S.A. which is mainly calculated as a percentage of retail service revenues.

in €m

30.06.2020	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Orange – Traffic and services	12.5	-14.4	0.0	0.0
Orange - Cash pool	0.0	0.0	46.4	4.2
Orange Affiliates - Traffic and services	5.2	-4.8	-3.5	5.3
Atlas Services Belgium - Loan	0.0	-0.8	0.0	245.0
Brand fees to Orange S.A.	0.0	-8.3	0.0	0.0
Total	**17.7**	**-28.3**	**42.9**	**254.5**

in €m

30.06.2019	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Orange - Traffic and services	14.6	-16.3	0.0	0.0
Orange - Cash pool	0.0	0.0	0.7	10.2
Orange Affiliates - Traffic and services	5.3	-6.0	2.4	0.4
Atlas Services Belgium - Loan	0.0	-1.2	0.0	279.8
Brand fees to Orange S.A.	0.0	-2.5	0.0	0.0
Total	**19.9**	**-26.0**	**3.1**	**290.4**

12. Subsequent events

- **Orange Luxembourg 5G spectrum**

  The “Institut Luxembourgeois de Regulation” (ILR) have announced the results of their 5G spectrum award for frequencies in 700MHz and 3.5GHz bands. A total of 390MHz was offered, comprised of 2x30MHz in the 700MHz band and 330MHz in the 3.5GHz band (3420 – 3750MHz).

  Orange Luxembourg succeeded to acquire 2 x 10 MHz in the 700 MHz band and 110 MHz in the 3.5 GHz band.

None of the above mentioned events were adjusting events and no other adjusting events arose between the balance sheet date and the date at which the interim condensed consolidated financial statements have been authorized for issue.

13. Other

13.1 Fair value levels of financial assets and liabilities

During the first half of 2020, no significant events have occurred regarding the fair value of financial assets and liabilities.

Declaration by the persons responsible

We, the undersigned, Michaël Trabbia, CEO, and Arnaud Castille, CFO, declare that to our knowledge:

a) the set of condensed consolidated financial statements drawn up in accordance with IAS 34 “Interim Financial Reporting”, gives a faithful image of the assets, financial situation and results of the issuer and the companies included within its consolidation;

b) the interim report contains a faithful presentation of the important events and major transactions between contracting parties which occurred during the first six months of the financial year, and their impact on the set of condensed consolidated financial statements, and a description of the main risks and uncertainties for the remaining months of the financial year.

Brussels, 23 July 2020

Michaël Trabbia CEO	Arnaud Castille CFO

Statutory auditor's report to the board of directors of Orange Belgium SA/NV on the review of the condensed consolidated interim financial information as at June 30, 2020 and for the six-month period then ended

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Orange Belgium SA/NV as at June 30, 2020, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated cash flow statement and the interim condensed consolidated statement of changes in equity for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2020 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, July 23, 2020

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Alexis Palm

Réviseur d'Entreprises / Bedrijfsrevisor

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 Communications 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 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).

More information on: corporate.orange.be, www.orange.be or follow us on Twitter: @pressOrangeBe.

Investors contact

Ana Castaño Lopez	ana.castanolopez@orange.com	+32 468 46 95 31
Koen Van Mol	koen.vanmol@orange.com	+32 495 55 14 99

ir@orange.be

Press contact

Annelore Marynissen	annelore.marynissen@orange.com	+32 479 016 058
Younes Al Bouchouari	younes.albouchouari@orange.be	+32 477 69 87 73

press@orange.be