orange

Press release
Embargo until 23 October 2020 at 7:00 am
Regulated information – Inside information

Financial information for the third quarter of 2020 and first nine months of 2020

Regained commercial momentum and efficient cost reduction boosting EBITDAaL

- Mobile postpaid customer base +2.6% yoy / Convergence customer base +30.8% yoy
- Q3 Revenues[1] -0.6% yoy / Q3 Retail service revenues[1] +2.6% yoy
- Q3 EBITDAaL[1] +7.2% yoy
- Guidance 2020 confirmed

Operational Highlights

- As from the second half of the quarter, Orange Belgium delivered upbeat **commercial performance** leading to outstanding financial results in spite of continuing **COVID-19 measures,** e.g. shops were allowed to re-open but with limited capacity. As seen in Q2'20, COVID-19 measures continued to directly impact the wholesale revenues as SMS traffic and roaming decreased.
- **Orange Belgium continued to increase its mobile customer base supported by the success of the multicard Go portfolio, despite a highly competitive environment.** Mid-quarter, data increased on the Go Plus offer, creating new commercial momentum. During the quarter, **21k new mobile postpaid customers** were added, reaching 2.6m subscribers (+2.6% yoy).
- **Convergence net adds returned to strong levels with +17k new Love subscribers.** The introduction of the Go Plus discount in combination with the Love option, together with the successful new Belgian football option created positive momentum for convergent offers. Once again Love Duo proves its worth attracting one third of the gross adds. Convergent mobile subscribers now represent 19.1% of mobile postpaid customers, up 454 bp vs Q3'19.
- **B2C convergent ARPO decreased by 3.0% yoy to €75.4,** explained by the growing Love Duo customer base with a lower price point (18% of the total convergent customer base) and the decrease in out-of-bundle revenues from roaming. This is partly compensated by the increasing number of options (e.g. Football option).
- **Mobile only postpaid ARPO declined by 3.0% yoy to €20.5,** due to the decrease in 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

	Q3 2019	Q3 2020	change
Mobile postpaid customer base (in '000)	2 548	2 615	2.6%
Net adds (in '000)	*32*	*21*	*-34.3%*
Mobile only postpaid ARPO (€ per month)	21.2	20.5	-3.0%
Convergent customer base (in '000)	233	305	30.8%
Net adds (in '000)	*17*	*17*	*-3.7%*
B2C convergent ARPO (€ per month)	77.7	75.4	-3.0%
Convergent mobile customer as % mobile contract customer base	*14.6%*	*19.1%*	*454 bp*

Financial Highlights

- **Revenues reached €335.3m, a slight decrease of 0.6% yoy[1].** Retail service revenues continued their growth trajectory (+2.6% yoy[1]) mainly supported by higher convergence services (+27.6% yoy). COVID-19 impacted the wholesale revenues (-12.7% yoy) due to lower incoming SMS revenues (-€9.1m) and declining roaming (compensated by lower roaming costs). The decrease of SMS revenues has no impact on EBITDAaL.
- **EBITDAaL grew by 7.2% yoy[1] to €89.4m**, driven by higher retail service revenues, as well as lower costs (-3.1% yoy[1] - mainly SMS, roaming cost and labour). Orange Belgium continues with the **Bold Inside transformation plan resulting in structural cost efficiencies**. The cable EBITDAaL had a positive result of €5.3m (+€3.1m yoy).
- **eCapex increased by 6.8% yoy to €47.5m**, partly explained by the increased installation of cable customers in comparison to last year.

Orange Belgium Group: key financial figures

in €m	reported Q3 2019	comparable[1] Q3 2019	Q3 2020	comparable change	reported change	reported 9M 2019	comparable 9M 2019	9M 2020	comparable change	reported change
Revenues	**334.3**	**337.2**	**335.3**	**-0.6%**	**0.3%**	**971.4**	**993.6**	**971.9**	**-2.2%**	**0.1%**
Retail service revenues	*221.8*	*224.7*	*230.6*	*2.6%*	*4.0%*	*634.5*	*656.0*	*676.4*	*3.1%*	*6.6%*
EBITDAaL	**83.6**	**83.4**	**89.4**	**7.2%**	**6.9%**	**220.5**	**219.6**	**237.6**	**8.2%**	**7.7%**
margin as % of revenues	*25.0%*	*24.7%*	*26.7%*	*193 bp*	*165 bp*	*22.7%*	*22.1%*	*24.4%*	*235 bp*	*174 bp*
eCapex	-39.3	-39.3	-41.9	6.8%	6.8%	-119.1	-119.1	-106.8	-10.3%	-10.3%
Operating cash flow[2]	**44.3**	**44.1**	**47.5**	**7.5%**	**7.0%**	**101.4**	**100.4**	**130.7**	**30.1%**	**28.9%**
Net financial debt	248.4		135.3			248.4		135.3		

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

Xavier Pichon, Chief Executive Officer, commented:
I am pleased to report a quarter of excellent commercial and financial performance. Despite increased competition, we regained commercial momentum and we were able to continue our growth in mobile and convergence. Our bold positioning has enabled us to reach the milestone of 300k customers only 4 years after the introduction of the first cable customer.

The COVID-19 measures still partially impacted our operations, limiting the full capacity of our shops and salespeople. We continue to do our utmost to ensure the safety and health of our customers, our team members and all our stakeholders.

We also confirm our 2020 guidance for this year, with slight decrease in revenues, EBITDAaL of €310m-€330m, and slight decrease in eCapex.

Arnaud Castille, Chief Financial Officer, stated:
Once again, we have been able to provide strong financial results over the last quarter. Our retail service revenues increased despite the impact of the health crisis. As a result of this growth in retail service revenues along with our Bold Inside transformation program, we were able to achieve strong EBITDAaL in the third quarter. This transformation program continues to deliver a structural decrease in our costs.

We have recently announced our choice of a new supplier of our mobile infrastructure. Not only will we be able to build a top-quality network, but we will also achieve important cost savings for building and maintaining this network in the future. The estimated financials of the network sharing agreement disclosed at the announcement remain valid: cash savings of €300m over 10 years and initial set-up costs of €130m over the next 3 years.

Contents

1. Key highlights

1.1 Operational highlights

- **COVID-19 impact**
  Despite the decrease in measures related to COVID-19, Orange Belgium continues to be 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 continues to handle 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.

  To a lesser degree, the COVID-19 measures have also impacted the company's financial and operational performance during the quarter. Due to certain limitations (social distancing, hygienic measures, limited number of shoppers,…) the full capacity of the shops was limited. The limitation in customer visits also impacted the commercial performance, as well as the number of ICT projects. Due to people being more restricted in their movements, mainly roaming and SMS traffic has been impacted.

- **Orange Belgium is CO2 neutral for its operations for the 6th year in a row**
  For the 6th year running, Orange Belgium was awarded the CO2 neutral label by CO2logic and Vinçotte for its operations. This label attests to a real and measurable commitment to the climate protection by Orange Belgium, through dedicated efforts to reduce greenhouse gas emissions, and to offset unavoidable emissions. This label confirms that Orange Belgium's operations - network infrastructure, shops, business travel and waste management - are CO2 neutral, meaning every call, SMS or data package transiting through the operator's network is to be considered as CO2 neutral.

- **Orange Belgium commits to reduce its CO2 carbon emissions not linked to its operations by 30 % by 2023**
  Orange Belgium is committed to remain CO2 neutral for its operations, in particular thanks to the use of more efficient technologies such as 5G, as well as the implementation of the RAN sharing agreement with Proximus, which will reduce the network's energy consumption further while traffic increases.

  In addition, Orange Belgium will limit its use of paper thanks to digitalization, promote eco-responsible packaging and further invest in its circular economy by recycling and refurbishing the Orange hardware (devices and modems).

  Furthermore, Orange Belgium is committed to reducing its carbon emissions that are not linked to its operations (company cars and home-work commuting) by 30% by 2023, thanks to a 360° mobility plan. This plan namely includes increasing teleworking in all departments, supporting alternatives to cars for coming to the office (bike, public transport), and changing company cars to select cars with lower CO2 emissions (including electric and hybrid cars).

- **Orange Belgium introduced Half ID SIM cards to reduce its plastic consumption**
  Orange Belgium introduced the Half ID SIM cards which are half the size of regular SIM cards and will allow Orange Belgium to reduce its plastic consumption by more than 2 tons a year. The first units of Half ID SIM cards were available as of the beginning of August 2020 in Orange Belgium's Smart and Concept stores. The total switch to Half ID's is expected by early 2023.

  This effort on plastic consumption, along with the introduction of eSIM, is part of the plan to reduce Orange Belgium's environmental impact.

- **Orange Belgium ambitions a leader position on developing a sustainable smartphone market**
  As part of its commitment to the environment, Orange Belgium is raising the general public's awareness by offering a simple solution: returning their mobile phone to an Orange shop gives it a second life and helps make the planet a little greener. Orange Belgium will therefore boost its BuyBack program, promote sustainable smartphones and soon start selling refurbished smartphones in its commercial network.

- **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.

- **Orange Belgium once more shakes the market with an unprecedented price on the football option**
  As previously announced, Orange Belgium and Eleven Sports have reached a deal regarding the rights for the Jupiler Pro League, allowing every Orange Belgium customer – convergent or mobile only - to watch Belgian football. Orange Belgium goes further in making football content accessible, with a pricing of only €10.99 for the new package to its Love Trio customers, including 3 new channels, entirely dedicated to the Belgian football champions.

  Furthermore, Orange will resell the Eleven Sports monthly passes for its Love Duo and mobile subscribers, so they can get equivalent access to the Pro League matches.

- **Orange Belgium adds a major data boost for all Go Plus subscribers and offers extra discounts to Go Plus families**
  To make sure Orange's customers never miss the content they love, the data cap of the Go Plus subscription has been upped from 5 to 8GB, automatically and for free for every customer (new and current).

As from 20 August, customers opting for a Love Duo or Love Trio combined with Go Plus subscription, will enjoy a 4 euros reduction on every mobile Go Plus subscription they add. Moreover, these reductions come on top of the multicard reductions which are already available for the Go Intense and GO Unlimited subscriptions. This new price reduction will be automatically granted to all residential customers that already have Go Plus subscriptions in their convergent pack.

- **Orange Belgium reached the significant milestone of 300,000 convergent customers**
  After launching its first convergent Love Trio offer (internet + TV + mobile) in May 2016 and now one year after the launch of its disruptive Love Duo offer (internet + mobile), Orange Belgium announced it has attracted more than 300,000 Love customers.

- **Orange Belgium launches a Smart Home portfolio and its own dedicated app to control every device that makes a customer's home safe and smart**
  Customers' appetite for smart devices is ever increasing and in response to this demand, Orange Belgium today launches its Smart Home portfolio, a complete offer of smart devices such as connected cameras, smart plugs and smart light bulbs, which can all be controlled thanks to a brand new mobile application, to make customers' homes smarter, more secure and more energy efficient in a very easy way.

- **Orange Belgium selects Nokia for its future mobile radio network**
  Orange Belgium has selected Nokia following a thorough competitive process, based on technological, operational and financial criteria. Orange Belgium will fully upgrade its existing 2G/3G/4G radio network by 2023. Orange Belgium will also start rolling out 5G, depending on frequency availability and EMF restrictions, in order to offer the best possible connectivity and to avoid saturation on the legacy networks for its customers, but also to allow businesses to fully take advantage of the industrial opportunities offered by 5G.

- **Xavier Pichon appointed CEO of Orange Belgium as from 1 September 2020**
  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.

- **Consultation on wholesale tariffs for access to the fibre network of Proximus**
  The BIPT has launched on 30 September 2020 a consultation on the monthly wholesale tariffs for access to the Proximus fiber network. The consultation ends on 30 October 2020.

- **Consultation on one-off charges for the cable networks**
  The BIPT has launched on 8 October 2020 a consultation on the one off charges related to wholesale services on the cable networks. The consultation ends on 12 November 2020.

- **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.

  While the new federal government announced its intention to move forward with the auction process quickly, the attribution of 5G spectrum and the renewal of the 900-1800 and 2100 MHz spectrum will be delayed to H2 2021. In the coalition agreement of the new government, there is ambiguity regarding the final conditions for the 5G licences. Further clarification will be required to obtain a clear view on timing for the auction and the conditions for the 5G licences.

Via its decisions of 15 July 2020 and 13 October 2020, the BIPT granted four operators temporary usage rights in the 3.6GHz-3.8GHz band for 5G services. The operators are Orange Belgium, Proximus, Telenet and Cegeka. The usage rights make possible the first commercial developments of 5G in this frequency band and would be valid until the start of the licenses that will be attributed by the auction. On 11 September 2020 several action groups against 5G appealed the decisions before the Market Court of Brussels, asking to annul the decisions on the grounds of administrative and environmental law issues. Orange Belgium, Telenet and Proximus intervene in the procedures to defend and preserve their respective temporary license. A judgment is not expected before Q2 2021. Meanwhile, the decisions will apply.

The BIPT decided on 20 February 2020 to auction 15 MHz duplex (2520-2535 / 2640-2655 MHz) which is still free in the 2.6 GHz band for 4G services. The license granted is valid for 15 years, from 2020 to 2035 and does not include specific coverage conditions. Proximus and Orange already own each 2×20 MHz in this band and Telenet has 2×15 MHz and were excluded from participation due to the applicable spectrum cap. By the decision of 22 September 2020, the BIPT granted the authorization to the sole candidate Citymesh.

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). By its decision of 13 October 2020 the BIPT decided to extend the duration as initially proposed.

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.

- RAN sharing agreement between Orange Belgium and Proximus
  Orange Belgium and Proximus signed on 25 November 2019 an agreement with the purpose of establishing a 50-50 joint venture on radio mobile access network sharing, covering 2G, 3G, 4G and 5G technologies. Telenet lodged a complaint with the national competition authority against this agreement. On its decision on 10 January 2020 the Competition authority provided for an additional period of 2 months during which the BIPT could further assess the agreement. The provisional measures decided by the Competition Authority expired on 16 March 2020 and Orange Belgium and Proximus have resumed works for the implementation of the project.

  The procedure on the merits is on-going.

2. Comments on the financial situation

2.1 Consolidated figures for the Orange Belgium Group

Orange Belgium Group: consolidated P&L

in €m	reported Q3 2019	comparable Q3 2019	Q3 2020	comparable change	reported change	reported 9M 2019	comparable 9M 2019	9M 2020	comparable change	reported change
Revenues	334.3	337.2	335.3	-0.6%	0.3%	971.4	993.6	971.9	-2.2%	0.1%
Belgium	320.0	323.0	321.4	-0.5%	0.4%	931.7	954.0	933.5	-2.2%	0.2%
Luxembourg	17.9		18.3		2.0%	50.4		49.7		-1.4%
Interco elimination	-3.7		-4.4		18.1%	-10.8		-11.3		5.3%
EBITDAaL	83.6	83.4	89.4	7.2%	6.9%	220.5	219.6	237.6	8.2%	7.7%
Belgium	81.8	81.6	86.7	6.1%	5.9%	215.0	214.1	229.2	7.1%	6.6%
Luxembourg	1.8		2.7		55.2%	5.5		8.4		53.1%
margin as % of revenues	*25.0%*	*24.7%*	*26.7%*	*193 bp*	*165 bp*	*22.7%*	*22.1%*	*24.4%*	*235 bp*	*174 bp*

2.2 Consolidated statement of comprehensive income

Revenues

Comparable Group revenues slightly decreased by 0.6% to €335.3m.

Orange Belgium Group: consolidated revenues

in €m	reported Q3 2019	comparable Q3 2019	Q3 2020	comparable change	reported change	reported 9M 2019	comparable 9M 2019	9M 2020	comparable change	reported change
Convergent service revenues	*44.3*	*44.3*	*56.5*	*27.6%*	*27.6%*	*123.4*	*123.4*	*162.9*	*32.0%*	*32.0%*
Mobile only service revenues	*155.4*	*155.4*	*149.7*	*-3.7%*	*-3.7%*	*463.1*	*463.1*	*440.3*	*-4.9%*	*-4.9%*
Fixed only service revenues	*13.5*	*13.7*	*14.5*	*5.6%*	*7.2%*	*37.1*	*38.6*	*43.3*	*12.2%*	*16.9%*
IT & Integration Services	*8.6*	*11.3*	*10.0*	*-11.4%*	*16.1%*	*10.9*	*30.9*	*29.9*	*-2.9%*	*174.0%*
Retail service revenues	221.8	224.7	230.6	2.6%	4.0%	634.5	656.0	676.4	3.1%	6.6%
Equipment sales	29.6	29.6	33.3	12.3%	12.3%	90.9	90.9	89.4	-1.7%	-1.7%
Wholesale revenues	73.2	73.2	63.9	-12.7%	-12.7%	212.3	212.3	182.8	-13.9%	-13.9%
Other revenues	9.6	9.7	7.4	-23.9%	-23.1%	33.7	34.5	23.3	-32.5%	-30.9%
Revenues	334.3	337.2	335.3	-0.6%	0.3%	971.4	993.6	971.9	-2.2%	0.1%

- **Retail service revenues** increased by 2.6% on a comparable basis to €230.6m mainly driven by revenue growth in convergence service revenues. IT & Integration services decreased following COVID-19 measures impacting projects.
- **Equipment sales** increased by 12.3% to €33.3m.
- **Wholesale revenues** declined by 12.7% explained by the decrease in SMS traffic and roaming.

- **Other revenues** declined by 23.9% to €7.4m, due to the decrease in handset sales through agents.

Operating costs

Total operational costs decreased by 3.1% in comparison to the previous year on a comparable basis, reaching €245.8m.

in €m	reported Q3 2019	comparable Q3 2019	Q3 2020	comparable change	reported change	reported 9M 2019	comparable 9M 2019	9M 2020	comparable change	reported change
Direct costs	-154.5	-155.9	-143.8	-7.8%	-7.0%	-438.3	-448.2	-400.7	-10.6%	-8.6%
Labour costs	-36.2	-37.8	-37.0	-2.1%	2.4%	-109.4	-121.5	-111.3	-8.4%	1.7%
Indirect costs including RouA and finance lease costs	-59.9	-60.1	-65.0	8.2%	8.5%	-203.2	-204.4	-222.3	8.8%	9.4%
of which RouA and finance lease costs	*-12.0*	*-12.0*	*-12.7*			*-35.3*	*-35.3*	*-37.1*		
	-250.6	-253.8	-245.8	-3.1%	-1.9%	-750.9	-774.1	-734.3	-5.1%	-2.2%

- **Direct costs** decreased by 7.8% to €143.8m on a comparable basis. This is mainly due to an important decrease in SMS interconnection partially offset by higher cable costs.
- **Labour costs** amounted to €37.0m, 2.1% lower than Q3'19 on a comparable basis, explained by reduction in activity rate and a slowdown in recruitment.
- **Indirect costs** increased by 8.2% on a comparable basis mainly driven by IT and network spend.

From EBITDAaL to Net profit

Reconciliation from EBITDAaL to Net profit

in €m	reported Q3 2019	Q3 2020	reported 9M 2019	9M 2020
EBITDAaL	**83.6**	**89.4**	**220.5**	**237.6**
margin as % of revenues	*25.0%*	*26.7%*	*22.7%*	*24.4%*
Share of profits (losses) of associates	0.6	0.0	0.6	0.1
Impairment of fixed assets	-0.2	0.0	-0.2	0.0
Depreciation, amortization of other intangible assets and property, plant and equipment	-60.8	-58.2	-181.2	-176.8
Other restructuring costs	-1.4	-1.1	-6.0	-4.7
Lease interest expense	0.0	0.2	0.0	1.4
Operating profit (EBIT)	**21.8**	**30.4**	**33.8**	**57.5**
Financial result	-1.1	-1.2	-3.3	-4.3
Profit (loss) before taxation (PBT)	**20.7**	**29.2**	**30.6**	**53.3**
Tax expense	-6.2	-7.7	-7.6	-11.3
Net profit (loss) before the period	**14.5**	**21.4**	**22.9**	**41.8**

- **EBITDAaL** increased by 7.2% on a comparable basis to €89.4m. This improvement is mainly due to a positive result in retail service revenues and cost efficiencies.
- **Depreciation and amortization** decreased and amounted €58.2m.
- **Restructuring costs** for the quarter amounted to €1.1m.
- **Net financial expenses** (including finance lease cost for an amount of €0.3m) amounted to €1.1m.
- The group reported a **tax expense** of €7.7m in Q3'20 vs €6.2m in Q3'19.
- Orange Belgium reported a **net profit** of €21.4m during Q3'20 vs €14.5m in Q3'19.

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 €44.3m to €47.5m in comparison to Q3'19, due to higher EBITDAaL.

Operating cash flow

in €m	reported Q3 2019	Q3 2020	reported 9M 2019	9M 2020
EBITDAaL	83.6	89.4	220.5	237.6
eCapex	-39.3	-41.9	-119.1	-106.8
Operating cash flow	44.3	47.5	101.4	130.7

Organic cash flow amounted to €46.1m in Q3'20.

Reconciliation to organic cash flow

in €m	reported Q3 2019	Q3 2020	reported 9M 2019	9M 2020
Net profit (loss) before the period	**14.5**	**21.4**	**22.9**	**41.8**
Adjustments to reconcile net profit (loss) to cash generated from operations	72.2	79.3	242.7	249.4
Changes in working capital requirements	22.2	4.1	28.4	24.1
Other net cash out	-1.3	-2.9	-21.7	-24.7
Net cash provided by operating activities	**107.7**	**102.0**	**272.3**	**290.6**
eCapex	-39.3	-41.9	-119.1	-106.8
Increase (decrease) in fixed assets payables	-4.6	-1.2	-20.1	-15.4
Repayment of lease liabilities	-11.9	-12.8	-34.0	-37.5
Organic cash flow	**51.8**	**46.1**	**99.2**	**130.9**

Net debt at the end of quarter stood at €135.3m, compared to €234.3m at the end of 2019. Gearing, as measured by the net debt/Reported EBITDAaL ratio, decreased to 0.4x.

Net debt

€m, period ended	31.12.2019	30.09.2020
Cash & cash equivalents		
Cash	-18.3	-25.4
Cash equivalents	-1.9	-60.7
	-20.2	**-86.1**
Financial liabilities		
Intercompany short-term borrowing	6.7	215.4
Third parties short-term borrowing	0.6	2.0
Intercompany long-term borrowing	247.1	4.1
	254.4	**221.5**
Net Financial debt (Financial liabilities minus cash and cash equivalents)	**234.3**	**135.3**
Net debt/Reported EBITDAaL	0.8	0.4

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

In Q3'20, Orange Belgium's convergence customer base continued to grow. During the quarter, the Love offers attracted 17k new subscribers to reach 305k Love customers. B2C customers represent almost 90% of convergence subscriber base.

The portion of Love Duo customers keeps increasing quarter after quarter. At the end of Q3'20, Love Duo represented 18% of the customer base. This had a direct impact on the B2C convergent ARPO, which decreased by 3.0% yoy, since Love Duo has a lower price point than Love Trio, as well as the effect of the decrease in roaming.

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

	Q3 2019	Q3 2020	*change*		Q3 2019	Q3 2020
Convergent customer base				**Net-adds**		
B2C convergent customer base	209	273	*30.6%*	B2C convergent customer base	15	15
B2B convergent customer base	24	32	*33.0%*	B2B convergent customer base	2	2
	233	**305**	***30.8%***		**17**	**17**
ARPO (in € per month)						
B2C convergent	77.7	75.4	*-3.0%*			

Mobile services

The company reached 2.6 million postpaid customers while adding 21k subscribers net adds in the quarter. The prepaid customer base decreased by 14.1%.

Postpaid mobile ARPO retreated by 3.0% to €20.5 in the third quarter of 2020, because of lower out-of-bundle revenues following the drop in roaming. Prepaid ARPO grew by 11.5% in Q3'20 due to an increase in domestic data and voice in comparison to the same period of last year.

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

	Q3 2019	Q3 2020	*change*		Q3 2019	Q3 2020
Mobile customers				Net-adds		
B2C convergent	319	430	*34.5%*	B2C convergent	25	33
B2B convergent	52	71	*34.8%*	B2B convergent	5	4
Mobile only	2,176	2,115	*-2.8%*	Mobile only	2	-17
Postpaid	2,548	2,615	*2.6%*	Postpaid	32	21
Prepaid	553	475	*-14.1%*	Prepaid	-4	-8
M2M	1,305	1,531	*17.3%*	M2M	67	69
	4,406	**4,621**	***4.9%***		**95**	**81**
MVNO customers	321	343	*7.0%*		44	15
Mobile only ARPO (€ per month)						
Blended	**18.3**	**18.2**	***-0.6%***			
Postpaid (mobile only)	21.2	20.5	*-3.0%*			
Prepaid	6.7	7.4	*11.5%*			

Financial review

Revenues in Belgium decreased by 0.5% on a comparable basis to €321.4m. The drop in SMS and roaming were the main factors for this decrease.

Nevertheless, retail service revenues continued to grow. Retail service revenues increased by 3.1% to €220.0m thanks to increasing convergent services revenues. Convergent services revenues continued to grow with a year-on-year increase of 27.6%, showing the attractiveness of the Love offer.

Equipment sales increased by 10.8% to €29.2m in Q3'20, due to catch-up from the post lock-down period.

Wholesale revenues decreased by 12.4% to €61.9m due to a decrease in SMS revenues and roaming traffic.

Orange Belgium: key financial figures

in €m	reported Q3 2019	comparable Q3 2019	Q3 2020	comparable change	reported change	reported 9M 2019	comparable 9M 2019	9M 2020	comparable change	reported change
Convergent service revenues	44.3	44.3	56.5	*27.6%*	27.6%	123.4	123.4	162.9	*32.0%*	32.0%
Mobile only service revenues	146.4	146.4	141.0	*-3.7%*	-3.7%	436.6	436.6	414.8	*-5.0%*	-5.0%
Fixed only service revenues	11.3	11.5	12.6	*9.4%*	11.4%	30.3	31.9	36.8	*15.4%*	21.3%
IT & Integration services	8.6	11.3	10.0	*-11.4%*	16.1%	10.9	30.9	29.9	*-2.9%*	174.0%
Retail service revenues	210.6	213.5	220.0	*3.1%*	4.5%	601.2	622.7	644.4	*3.5%*	7.2%
Equipment sales	26.4	26.4	29.2	10.8%	10.8%	82.3	82.3	79.4	-3.6%	-3.6%
Wholesale revenues	70.6	70.6	61.9	-12.4%	-12.4%	206.6	206.6	178.3	-13.7%	-13.7%
Other revenues	12.4	12.5	10.2	-18.3%	-17.5%	41.5	42.3	31.4	-25.8%	-24.4%
Revenues	320.0	323.0	321.4	-0.5%	0.4%	931.7	954.0	933.5	-2.2%	0.2%
EBITDAaL	81.8	81.6	86.7	6.1%	5.9%	215.0	214.1	229.2	7.1%	6.6%
margin as % of revenues	*25.6%*	*25.3%*	*27.0%*	169 bp	139 bp	*23.1%*	*22.4%*	*24.5%*	211 bp	147 bp

EBITDAaL increased by 6.1% due to higher retail service revenues and cost control during the quarter.

2.4.2. Orange Communications Luxembourg

Operating review

Orange Communications Luxembourg increased its mobile subscriber base to 206k, increasing by 3.6%.

Orange Communications Luxembourg: mobile services operating figures

	Q3 2019	Q3 2020	change		Q3 2019	Q3 2020
Mobile customers				Net-adds		
Postpaid	113	117	*3.5%*	Postpaid	1	0
Prepaid	15	16	*9.5%*	Prepaid	1	2
M2M	71	71	*1.1%*	M2M	0	3
	198	**206**	***3.6%***		**2**	**6**
MVNO customers	3	3	0.1%			

Financial review

Revenues during the quarter increased by 2.0% to €18.3m mainly explained by the increase of equipment sales (including stand-alone handsets), partially offsetting the decrease in retail service revenues and wholesale revenues.

EBITDAaL increased by 55.2% to €2.7m.

Orange Communications Luxembourg: key financial figures

in €m	reported Q3 2019	comparable Q3 2019	Q3 2020	comparable change	reported change	reported 9M 2019	comparable 9M 2019	9M 2020	comparable change	reported change
Mobile only service revenues	9.0		8.7		-3.4%	26.5		25.5		-3.9%
Fixed only service revenues	2.2		1.9		-14.2%	6.7		6.5		-3.1%
Retail service revenues	11.2		10.6		-5.5%	33.2		32.0		-3.8%
Equipment sales	3.2		4.0		25.0%	8.5		10.0		16.7%
Wholesale revenues	3.5		2.9		-14.8%	8.4		7.0		-16.6%
Other revenues	0.0		0.7		NM	0.2		0.8		247.9%
Revenues	17.9		18.3		2.0%	50.4		49.7		-1.4%
EBITDAaL	1.8		2.7		55.2%	5.5		8.4		53.1%
margin as % of revenues	*9.9%*		*15.0%*		516 bp	*10.9%*		*16.9%*		602 bp

3. Outlook

Orange Belgium reconfirms its 2020 guidance: 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. 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. The court was requested to fix a date for an intermediary hearing.

- **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 took place on 24 September. A judgment is expected by the end of October 2020.

- **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. Pleadings will take place in Q1 2021.

- **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. The date for pleadings is not yet set.

- **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 different RFI's (Requests For Information).

- **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.

- **Temporary licenses band 3.6 – 3.8 GHz**
  On 15 of July, the Belgian Telecom Regulator (BIPT) published the decisions granting temporary user rights in the 3600-3800 MHz frequency band to four operators: Cegeka, Orange Belgium, Proximus and Telenet. These user rights allow these operators to enable the first 5G developments within this frequency band in Belgium. On 11 September 2020, several action groups against 5G appealed the decisions before the Market Court of Brussels, asking to annul the decisions on the grounds of administrative and environmental law issues. Orange Belgium, Telenet and Proximus will intervene in the procedures to defend and preserve their respective temporary license. A judgment is not expected before Q2 2021.

- **All Communications – GSM - repeaters**
  The enterprise 'All Communications' appealed a decision of the Belgian Telecom Regulator (BIPT) before the Market Court. The decision stated that All Communications cannot install GSM repeaters without the prior consent of a MNO. All MNO will intervene in the procedure. Pleadings will take place in December 2020.

6. Subsequent events

No other significant events occurred after the end of the third quarter and first nine months of 2020.

7. 2021 Financial calendar

05 February	Financial results Q4 2020 (7:00 am CET) – Press release
05 February	Financial results Q4 2020 (2:00 pm CET) – Audio conference call

This is a preliminary agenda and is subject to changes

8. Conference call details

Date:	23 October 2020
Time:	2:00 pm (CET), 1:00 pm (UK), 8:00 am (US/NY)
Conference call pin code:	62928188#

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

9. Shares

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

	Q3 2019	Q3 2020
Trading of shares		
Average closing share price (€)	19.6	14.3
Average daily volume	44,535	48,944
Average daily value traded (€ m)	0.8	0.7
Shares and market values		
Total number of shares (m)	60.01	60.01
Treasury shares (k)	36.1	104.1
Closing price (€)	18.9	13.8
Market capitalization (€ m)	1,136.7	827.0

10. Consolidated financial statements

Consolidated statement of comprehensive income

in €m	30.09.2019	30.09.2020
Retail service revenues	**634.5**	**676.4**
Convergent service revenues	123.4	162.9
Mobile only service revenues	463.1	440.3
Fixed only service revenues	37.1	43.3
IT & Integration Service	10.9	29.9
Equipment sales	90.9	89.4
Wholesale revenues	212.3	182.8
Other revenues	33.7	23.3
Revenues	**971.4**	**971.9**
Purchase of material	-129.4	-115.6
Other direct costs	-305.8	-281.9
Impairment loss on trade and other receivables, including contract assets	-3.1	-3.2
Direct costs	**-438.3**	**-400.7**
Labour costs	**-109.4**	**-111.3**
Commercial expenses	-28.7	-26.5
Other IT & Network expenses	-67.2	-73.5
Property expenses	-11.2	-10.5
General expenses	-40.7	-44.6
Other indirect income	17.6	17.4
Other indirect costs	-37.8	-46.2
Depreciation of right-of-use of leased assets	-35.3	-37.1
Indirect costs	**-203.2**	**-221.0**
Other restructuring costs (*)	-6.0	-4.7
Depreciation and amortization of other intangible assets and property, plant and equipment	-181.2	-176.8
Impairment of fixed assets	-0.2	0.0
Share of profits (losses) of associates	0.6	0.1
Operating Profit (EBIT)	**33.8**	**57.5**
Financial result	**-3.3**	**-4.3**
Financial costs	-3.3	-4.3
Financial income	0.0	0.0
Profit (loss) before taxation (PBT)	**30.6**	**53.3**
Tax expense	-7.6	-11.3
Net profit (loss) for the period (**)	**22.9**	**41.8**
Profit (loss) attributable to equity holders of the parent	23.0	42.7
Consolidated Statement of Comprehensive Income		
Net profit (loss) for the period	22.9	41.8
Other comprehensive income (cash flow hedging net of tax)	0.0	0.9
Total comprehensive income for the period	23.0	42.7
Part of the total comprehensive income attributable to equity holders of the parent	**23.0**	**42.7**
Basic earnings per share (in EUR)	**0.38**	**0.70**
Weighted average number of ordinary shares (excl. treasury shares)	59,978,283	59,898,567
Diluted earnings per share (in EUR)	**0.38**	**0.70**
Diluted weighted average number of ordinary shares (excl. treasury shares)	59,978,283	59,898,567

* 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

Consolidated statement of financial position

in €m	31.12.2019 (*) Restated	30.09.2020
ASSETS		
Goodwill	104.4	104.4
Other intangible assets	276.9	248.9
Property, plant and equipment	747.6	704.9
Rights-of-use of leased assets	297.3	316.0
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	2.0
Total non-current assets	**1,437.8**	**1,385.8**
Inventories	32.0	19.2
Trade receivables	224.8	191.8
Other assets related to contracts with customers	64.8	58.5
Current financial assets	0.4	0.4
Current derivatives assets	0.5	0.3
Other current assets	5.2	3.8
Operating taxes and levies receivables	0.5	0.7
Current tax assets	1.5	0.2
Prepaid expenses	14.0	17.7
Cash and cash equivalents	20.2	86.1
Total current assets	**363.8**	**378.8**
Total Assets	**1,801.6**	**1,764.6**
EQUITY AND LIABILITIES		
Share capital	131.7	131.7
Legal reserve	13.2	13.2
Retained earnings (excl. legal reserve)	446.8	459.5
Treasury shares	-0.2	-1.5
Equity attributable to the owners of the parent	**591.5**	**602.9**
Total Equity	**591.5**	**602.9**
Non-current financial liabilities	245.0	3.8
Non-current lease liabilities	244.6	270.8
Non-current derivatives liabilities	0.8	0.8
Non-current provisions for dismantling	75.3	73.6
Other non-current liabilities	2.6	2.7
Deferred tax liabilities	12.1	8.6
Non-current liabilities	**580.5**	**360.3**
Current fixed assets payable	52.9	37.5
Trade payables	314.0	298.5
Current financial liabilities	9.4	217.5
Current lease liabilities	51.7	42.7
Current derivatives liabilities	1.5	0.2
Current employee benefits	35.8	37.9
Current provisions for dismantling	2.1	1.8
Current restructuring provisions	1.9	0.4
Other current liabilities	10.4	4.7
Operating taxes and levies payables	78.7	90.9
Current tax payables	3.5	9.3
Liabilities related to contracts with customers	65.7	58.3
Deferred income	2.0	1.6
Total current liabilities	**629.6**	**801.4**
Total Equity and Liabilities	**1,801.6**	**1,764.6**

* The company refers to Note 4 of Q2 2020 press release for detailed information with regard to the finalization of the purchase price allocation of the Upsize N.V. acquisition.

Consolidated cash flow statement

in €m	30.09.2019	30.09.2020
Operating activities		
Consolidated net profit	**22.9**	**41.8**
Adjustments to reconcile net profit (loss) to cash generated from operations		
Operating taxes and levies	12.9	20.7
Depreciation, amortization and impairment of other intangible assets and property, plant and equipment	181.2	176.8
Depreciation of right-of-use assets	34.1	37.1
Impairment of non-current assets	0.2	0.0
Gains (losses) on disposal	-0.8	-1.0
Changes in other provisions	1.4	-2.7
Share of profits (losses) of associates and joint ventures	-0.6	-0.1
Income tax expense	7.6	11.3
Finance costs, net	3.3	4.3
Share-based compensation	0.3	-0.2
Impairment loss on trade and other receivables, including contract assets	3.1	3.2
	242.7	**249.4**
Changes in working capital requirements		
Decrease (increase) in inventories, gross	11.7	13.1
Decrease (increase) in trade receivables, gross	-7.1	29.8
Increase (decrease) in trade payables	18.2	-16.6
Change in other assets related to contracts with customers	8.3	6.2
Change in liabilities related to contracts with customers	0.7	-7.4
Changes in other assets and liabilities	-3.4	-1.0
	28.4	**24.1**
Other net cash out		
Operating taxes and levies paid	-10.7	-12.7
Interest paid and interest rates effects on derivatives, net	-2.7	-4.2
Income tax paid	-8.3	-7.8
	-21.7	**-24.7**
Net cash provided by operating activities	**272.3**	**290.6**
Investing activities		
Purchases of property, plant and equipment and intangible assets		
Purchases of property, plant and equipment and intangible assets	-119.1	-106.8
Increase (decrease) in fixed assets payables	-20.1	-15.4
Cash paid for investments securities and acquired businesses, net of cash acquired	-35.1	-0.4
Decrease (increase) in securities and other financial assets	-0.4	-0.2
Net cash used in investing activities	**-174.7**	**-122.8**
Financing activities		
Long-term debt redemptions and repayments	-15.2	-26.8
Repayment of lease liabilities	-34.0	-37.5
Increase (decrease) of bank overdrafts and short-term borrowings	-25.1	-6.2
Purchase of treasury shares	-0.7	-1.3
Dividends paid to owners of the parent company	-30.0	-30.0
Net cash used in financing activities	**-105.0**	**-101.9**
Net change in cash and cash equivalents	**-7.4**	**65.9**
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	-7.4	65.9
Closing balance	**19.2**	**86.1**
o/w cash	17.9	25.4
o/w cash equivalents	1.3	60.7

Organic Cash Flow (*)	99.2	130.9

* 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.

11. 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.

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.

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