Press release
Embargo until October 23, 2019 at 7:00 am
Regulated information

Financial information for the third quarter of 2019 and first nine months of 2019

Orange Belgium continues on its growth trajectory

- **Mobile postpaid customer base grew 5.8% yoy on quarterly net-adds of 32k**
- **Convergence customer base increased 50.3% yoy on quarterly net-adds of 17k**
- **Revenues[1]: +2.5% yoy for the quarter / Retail service revenues[1]: +7.1% yoy for the quarter**
- **EBITDAaL[1] +1.1% yoy for the quarter**

Belgium Q3'19 operating highlights

- **Orange Belgium anchors its Bold challenger positioning with the successful launch of Love Duo in July.** While Love Duo had a marginal impact on the quarter's convergent net-adds due to time-to-installation, the order book demonstrates strong consumer appetite for cord-cutting offers. Concurrently, the single-installer process was progressively implemented. Most cable installations are now completed in a single intervention, thus improving customer experience and reducing installation costs.
- **Orange Belgium continues to attract mobile postpaid customers in spite of competition's increased promotional activity.** During the quarter, Orange Belgium added 32k mobile postpaid subscribers and ended with a customer base of 2.5m (+5.8% yoy).
- **Convergent net-adds (+17k) remained solid.** This is a strong performance in the context of the transition to single-installer which had a temporary impact on customer connections. At the end of the quarter, convergent mobile subscribers represent 14.6% of mobile postpaid customers (Q3'18: 10.1%).
- **Mobile-only postpaid ARPO decreased 2.6% yoy** mainly due to the regulation on intra-EU calls. The company continued to benefit from the migration towards simple abundant tariff plans which reduces out-of-bundle revenues while increasing access revenues. **B2C convergent ARPO increased 1.3% yoy** as all new customers are now billed set-up fees.

Orange Belgium: key operating figures

	Q3 2018	Q3 2019	change
Mobile postpaid customer base (in '000)	2,408	2,548	5.8%
Net adds (in '000)	*53*	*32*	*-39.6%*
Mobile only postpaid ARPO (€ per month)	21.8	21.2	-2.6%
Convergent customer base (in '000)	155	233	50.3%
Net adds (in '000)	*19*	*17*	*-9.7%*
B2C convergent ARPO (€ per month)	76.7	77.7	1.3%
Convergent mobile customer as % mobile contract customer base	*10.1%*	*14.6%*	*451 bp*

Q3'19 consolidated financial highlights

- **Revenues reached €334.3m, grew 2.5% yoy[1] despite lower MVNO revenues.** Retail service revenues increased 7.1%[1], representing another quarter of solid growth.
- **EBITDAaL increased by 1.1% yoy[1] to €83.6m despite headwinds of €12.9m (MVNO revenues, brand fees and EU regulation effect)**. This performance was driven by higher retail service revenues, sustained efficiencies as well as continuous improvements in the cable operations.
- **Orange Belgium continues to drive efficiencies in its cable operations.** The business generated a positive EBITDAaL of €2.2m in Q3'19. The 9M19 cable operating cash flow improved by €19.6m yoy but remains negative at -€26.7m.
- **BKM's acquisition was finalized on 31 July.** The ICT player contributed an EBITDAaL of €0.8m on revenues of €7.9m.
- **eCapex amounted to €39.3m.** Some Network and IT spend was brought forward to Q3'19 but will have no impact on full-year eCapex.
- **Operating cash flow amounted to €44.3m**. Net financial debt amounted to €248.4m due to the acquisition of BKM.
- **2019 guidance confirmed**. Orange Belgium Group expects slight revenue growth, EBITDAaL of €285m-€305m and stable eCapex.

Orange Belgium Group: key financial figures

in €m	reported Q3 2018	comparable[1] Q3 2018	Q3 2019	comparable change	reported change	reported 9M 2018	comparable[1] 9M 2018	9M 2019	comparable change	reported change
Revenues	**318.0**	**326.0**	**334.3**	**2.5%**	**5.1%**	**937.6**	**945.6**	**971.4**	**2.7%**	**3.6%**
Retail service revenues	*199.1*	207.0	*221.8*	*7.1%*	*11.4%*	*569.1*	577.1	*634.5*	*9.9%*	*11.5%*
EBITDAaL		**82.7**	**83.6**	**1.1%**			**210.2**	**220.5**	**4.9%**	
margin		*25.4%*	*25.0%*	*-35 bp*			*22.2%*	*22.7%*	*47 bp*	
eCapex		-33.2	-39.3	18.2%			-110.5	-119.1	7.8%	
Operating cash flow[2]		**49.5**	**44.3**	**-10.3%**			**99.7**	**101.4**	**1.7%**	
Adjusted EBITDA	**81.4**					**208.7**				
margin	*25.6%*					*22.3%*				
Capex	-33.1					-110.4				
Operating cash flow[3]	**48.3**					**98.3**				
Net financial debt	254.0	265.5	248.4			254.0	265.5	248.4		

1. Comparable base includes the impact from IFRS 16 implementation and BKM consolidation
2. Operating cash flow defined as EBITDAaL – eCapex
3. Operating cash flow defined as Adjusted EBITDA –Capex

Michaël Trabbia, Chief Executive Officer, commented:

I am pleased to report another quarter of sustained commercial and financial performance. In spite of increased promotional activities from competitors, our mobile and convergence operations continue to grow thanks to our Bold challenger positioning.

In July, we further delivered on our ambition to break telco conventions. We launched Love Duo because we believe customers shouldn't pay for services they don't need. Belgian consumers have embraced this broadband + mobile offer designed for cord-cutters: we are seeing a significant increase in our order book, which looks quite promising for the future.

At the same time, following the new regulation, we successfully implemented the single-installer process for our cable customers. The Orange technician can now deal with most installations by himself in a single intervention, improving both customer experience and costs.

Arnaud Castille, Chief Financial Officer, stated:

This quarter proves yet again our commercial focus is on the right track. Retail service revenues as well as the mobile and convergent customer base continue to grow.

From a financial perspective, the strength of our core business growth, as well as our continued efficiency efforts, allowed us to maintain a growing EBITDAaL despite the significant headwinds that impact us in 2019. For the 9 months ended September, we improved the cable operations' operating cash flow by €19.6m. We remain focused on driving efficiencies in all aspects of our internal processes which will further expand Orange Belgium's EBITDAaL margin.

During the quarter, we welcomed BKM into the fold. We expect this acquisition to enhance our B2B offering and expand our presence in the ICT and connectivity markets. Work on the mobile access network sharing agreement with Proximus is progressing according to plan. We expect to finalize the agreement by year-end.

We confirm our 2019 guidance. We expect slight revenue growth, EBITDAaL of €285m-€305m and a stable eCapex.

1. Key highlights

1.1 Operational highlights

- **Orange Belgium launches Love Duo, the mobile and fixed broadbland bundle for cord-cutters**
  Love Duo is Orange Belgium's 2P offer which allows consumers to combine a mobile postpaid plan with an unlimited fixed broadband connection. Orange mobile customers will pay an additional €34 per month for the broadband connection whereas an Eagle customer will pay an additional €24 per month.

- **The single-installer regulation was implemented in July**
  Under the new regulation, Orange technicians can access customers' external and internal cable infrastructure. In practice, this means most installations will be completed in a single intervention. Customers will benefit from a reduced time-to-connection and improved customer experience.

- **Proximus and Orange Belgium join forces to develop the mobile access network of the future**
  On July 11, both operators signed a term sheet to finalize a mobile access network sharing agreement by year-end. The objective is 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 their mobile access networks, both companies will continue to have full control over their own spectrum assets.

- **The Belgian Competition Authority cleared Orange Belgium's acquisition of Upsize S.A.**
  On July 2, the Belgium Competition Authority announced it cleared without conditions Orange Belgium's acquisition of Upsize S.A.. The transaction was finalized at the end of July.

1.2 Regulatory highlights

- **Wholesale high quality access market review**
  On March 29, the BIPT published a draft analysis of the wholesale high-quality access (essentially leased lines). The draft decision finds that Proximus continues to have significant market power. The remedies put forward include the provision of access at fair and non-discriminatory prices to active high quality access (on fibre and copper) and passive local fibre infrastructure. The access remedies are modulated in function of the specific geographical competitive situation. A decision is expected before the end of the year.

- **Revision of Broadband and TV distribution market analysis decisions**
  By its decision of September 4, the court of appeal rejected the cable operators' appeals against the market analysis decisions of June 2018. The cable operators may still appeal this decision at the Supreme Court.

  The BIPT's market analysis decision of 2018 set out a number of service and operational improvements, of which the single-installer approach and the possibility to offer fixed broadband without TV services. These improvements were implemented in July/August 2019.

  On July 5, the BIPT and media regulators published their draft decision on wholesale tariffs for access to cable networks. Concurrently, the regulators launched a national consultation that ended on September 6. Orange Belgium expressed its view that an improved wholesale tariff is required to allow sustainable competition in the fixed broadband market. The company is pleased that the regulators have confirmed their intention to establish true and fair competition in the Broadband and TV markets. To establish the "fair tariffs", implied by the June 2018 market analysis decision, the regulators have applied the "Cost +" methodology which should lead to wholesale prices more in line with the real infrastructure costs. Orange Belgium has sent its comments, focusing on avoiding unjustified wholesale price increases and ensuring that the cost base for some cable operators is not overestimated. A final price decision is now expected in Q1 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. While regional governments were formed recently, an interim government remains in office until a federal government is formed. Consequently, the attribution of 5G spectrum and the renewal of the 900-1800 and 2100 MHz spectrum are not expected before H2 2020.

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 2018	comparable Q3 2018	Q3 2019	comparable change	reported change	reported 9M 2018	comparable 9M 2018	9M 2019	comparable change	reported change
Revenues	**318.0**	**326.0**	**334.3**	**2.5%**	**5.1%**	**937.6**	**945.6**	**971.4**	**2.7%**	**3.6%**
Belgium	304.7	312.6	320.0	2.4%	5.0%	899.2	907.1	931.7	2.7%	3.6%
Luxembourg	15.9		17.9		12.7%	47.9		50.4		5.3%
Interco elimination	-2.5		-3.7		46.9%	-9.5		-10.8		13.6%
EBITDAaL		**82.7**	**83.6**	**1.1%**			**210.2**	**220.5**	**4.9%**	
Belgium		81.0	81.8	1.0%			206.7	215.0	4.0%	
Luxembourg		1.6	1.8	7.5%			3.5	5.5	58.1%	
margin as % of revenues		*25.4%*	*25.0%*	*-35 bp*			*22.2%*	*22.7%*	*47 bp*	
Adjusted EBITDA	**81.4**					**208.7**				
Belgium	79.8					205.3				
Luxembourg	1.6					3.5				
margin as % of revenues	*25.6%*					*22.3%*				

2.2 Consolidated statement of comprehensive income

Revenues

- Retail services revenues increased 7.1% to €221.8m. This solid performance was driven by the continuous growth in convergence (+54.2%). On a reported basis, IT & Integration services revenues increased due to the consolidation of BKM.
- Wholesale revenues declined 11.9% on expected lower MVNO revenues as well as lower interconnection revenues. MVNO revenues were €4.9m in the quarter versus €10.1m in the comparable period of last year. Interconnection revenues were impacted by lower SMS costs.

Orange Belgium Group: consolidated revenues

in €m	reported Q3 2018	comparable Q3 2018	Q3 2019	comparable change	reported change	reported 9M 2018	comparable 9M 2018	9M 2019	comparable change	reported change
Convergent service	*28.7*	*28.7*	*44.3*	*54.2%*	*54.2%*	*73.6*	*73.6*	*123.4*	*67.6%*	*67.6%*
Mobile only service	*158.8*	*158.8*	*155.4*	*-2.2%*	*-2.2%*	*461.8*	*461.8*	*463.1*	*0.3%*	*0.3%*
Fixed only service	*10.4*	*10.9*	*13.5*	*24.0%*	*29.9%*	*30.3*	*30.8*	*37.1*	*20.5%*	*22.5%*
IT & Integration Services	*1.1*	*8.6*	*8.6*	*0.4%*	*670.9%*	*3.4*	*10.8*	*10.9*	*0.9%*	*222.7%*
Retail service revenues	199.1	207.0	221.8	7.1%	11.4%	569.1	577.1	634.5	9.9%	11.5%
Equipment sales	26.3	26.3	29.6	12.6%	12.6%	84.9	84.9	90.9	7.0%	7.0%
Wholesale revenues	83.1	83.1	73.2	-11.9%	-11.9%	243.6	243.6	212.3	-12.8%	-12.8%
Other revenues	9.5	9.5	9.6	1.0%	1.0%	40.0	40.0	33.7	-15.7%	-15.7%
Revenues	**318.0**	**326.0**	**334.3**	**2.5%**	**5.1%**	**937.6**	**945.6**	**971.4**	**2.7%**	**3.6%**

Result of operating activities before depreciation and other expenses

Q3'19 was characterised by several headwinds: lower MVNO revenues, EU regulation on intra-european calls and sms, brand fees (from May 2019) and a phasing of IT and advertising spend. These elements notwithstanding, EBITDAaL grew 1.1% to €83.6m through a focus on continuous operational improvements and cost control. Lastly, cable operations in Belgium generated a positive EBITDAaL of €2.2m during the quarter on improved operational efficiency. BKM contributed €0.8m of EBITDAaL on two months of consolidation. The EBITDAaL margin retreated by 35 bp to 25.0%.

Reconciliation from operating profit to EBITDAaL

in €m	comparable Q3 2018[1]	Q3 2019	comparable 9M 2018	9M 2019
Operating profit (EBIT)	**22.5**	**21.8**	**30.7**	**33.8**
Add back				
Share of profits (losses) of associates	-0.2	-0.6	-0.3	-0.6
Impairment of fixed assets	0.0	0.2	0.0	0.2
Depreciation, amortization of other intangible assets and property, plant and equipment	58.2	60.8	173.7	181.2
Other restructuring costs[2]	0.9	1.4	4.6	6.0
IFRS 16 adjustments	0.4		0.6	
BKM adjustments	0.8		0.8	
EBITDAaL	**82.7**	**83.6**	**210.2**	**220.5**
margin as % of revenues	*25.4%*	*25.0%*	*22.2%*	*22.7%*

1. 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.
2. Restructuring costs consist of contract termination costs and redundancy charges.

Total operating expenses were €250.6m in Q3'19 (+3.0% on a comparable basis) compared to €243.3m in the previous year. The following table provides an overview of the different expenses.

Operating costs

in €m	reported Q3 2018	comparable Q3 2018	Q3 2019	comparable change	reported change	reported 9M 2018	comparable 9M 2018	9M 2019	comparable change	reported change
Direct costs	-147.6	-151.3	-154.5	2.1%	4.7%	-432.5	-436.3	-438.3	0.5%	1.3%
Labor costs	-33.9	-36.1	-36.2	0.2%	6.7%	-105.5	-107.7	-109.4	1.6%	3.7%
Indirect costs including RouA and finance lease costs	-55.2	-55.9	-59.9	7.2%	8.6%	-190.9	-191.5	-203.2	6.1%	6.4%
of which RouA and finance lease costs		*0.4*	*-12.0*				*0.6*	*-35.3*		
	-236.6	**-243.3**	**-250.6**	**3.0%**	**5.9%**	**-728.9**	**-735.4**	**-750.9**	**2.1%**	**3.0%**

- **Direct costs** increased by 2.1% mainly driven by customer access connectivity and contents partially offset by lower interconnection costs as well as less commissions paid to retail partners.
- **Labor costs** were €36.2m, increasing by 0.2%.
- **Indirect costs** grew 7.2% due to an increase in IT and network spend as well as advertising spend (€4.0m of seasonality as disclosed in Q2'19) and €4.0m of brand fees in Belgium.
- **Restructuring costs** for the quarter increased to €1.4m**.**

Non-recurring items

in €m	Q3 2018	Q3 2019	change	9M 2018	9M 2019	change
Restructuring costs	-0.9	-1.4	54.2%	-4.6	-6.0	29.0%
Other operating income	-0.1	0.0		0.0	0.0	
	-1.0	**-1.4**	**45.0%**	**-4.6**	**-6.0**	**29.0%**

Depreciation and amortization

Depreciation and amortization increased from €58.2m in Q3'18 to €60.8m in Q3'19.

Financial result

Net financial expenses of the quarter were comparable to the previous year and amounted to €1.1m.

Taxes

The group reported a tax expense of €6.2m, for an effective tax rate of 29.9% for Q3'19.

Income tax

€m	Q3 2018	Q3 2019
Current income tax	-2.3	-6.9
Deferred tax expense	0.8	0.7
	-1.5	**-6.2**

Net profit

Net profit for the quarter decreased 27.0% yoy to €14.5m on higher tax charge.

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 decreased from €48.3m to €44.3m on higher eCapex.

Operating cash flow

in €m	Q3 2018	Q3 2019	9M 2018	9M 2019
EBITDAaL		**83.6**		**220.5**
eCapex		-39.3		-119.1
Operating cash flow		**44.3**		**101.4**
Adjusted EBITDA	**81.4**		**208.7**	
Capex	-33.1		-110.4	
Operating cash flow	**48.3**		**98.3**	

Organic cash flow was stable at €51.9m in Q3'19.

Reconciliation to organic cash flow

in €m	Q3 2018	Q3 2019	9M 2018	9M 2019
Net cash provided by operating activities	**96.3**	**107.7**	**225.5**	**272.4**
eCapex	-33.1	-39.3	-110.4	-119.1
Increase (decrease) in fixed assets payables	-11.2	-4.6	-20.4	-20.1
Proceeds from sales of property, plant and equipment and intangible assets	0.0	0.0	0.0	0.0
Repayment of lease liabilities	0.0	-11.9	0.0	-34.0
Organic cash flow	**51.9**	**51.9**	**94.7**	**99.2**

Net debt was €248.4m at quarter-end. Gearing, as measured by the net debt/EBITDAaL ratio, resulted in 0.9x.

Net debt

€m, period ended	31.12.2018	30.09.2019
Cash & cash equivalents		
Cash	-6.7	-1.3
Cash equivalents	-19.9	-17.9
	-26.6	**-19.2**
Financial liabilities		
Intra-group long term loan	269.9	265.6
Intra-group short term loan	18.3	2.4
Third-party short term loan	2.5	-0.3
Derivatives (net)	0.1	-0.1
	290.9	**267.6**
Net debt	**264.3**	**248.4**
Net debt/EBITDAaL	NM	0.9
Net debt/adjusted EBITDA	0.9	NM

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

At the end of Q3'19, Orange Belgium's convergent customer base continued to grow with net-adds of 17k, resulting in 233k Love customers. B2C customers represent 90% of convergence subscriber base, totalling 209k customers. B2B convergent customers increased to 24k. The billing of set-up fees has not stunted demand for Orange's convergence products. An increasing number of postpaid mobile subscribers are becoming convergent, the proportion grew from 10.1% in Q3'18 to 14.6%.

The B2C convergent ARPO increased 1.3% to €77.7 due to set-up fees.

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

Convergent KPIs

	Q3 2018	Q3 2019	*change*		Q3 2018	Q3 2019
Convergent customer base				**Net-adds**		
B2C convergent customer base	140	209	*49.4%*	B2C convergent customer base	17	15
B2B convergent customer base	15	24	*58.5%*	B2B convergent customer base	2	2
	155	**233**	***50.3%***		**19**	**17**
ARPO (in € per month)						
B2C convergent	76.7	77.7	*1.3%*			

Orange Belgium ended the quarter with 2.5m mobile postpaid customers and net-adds of 32k. The company's MVNO partners added 44k subscribers during the quarter.

Mobile-only Postpaid ARPO retreated by 2.6% to €21.2 due to the regulation on intra-EU calls. The company continued to benefit from the migration towards simple abundant tariff plans which shrink out-of-bundle revenues while increasing access revenues.

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

	Q3 2018	Q3 2019	*change*		Q3 2018	Q3 2019
Mobile customers				**Net-adds**		
Postpaid, of which:	2,408	2,548	*5.8%*	Postpaid, of which:	53	32
B2C convergent	210	319	*51.8%*	B2C convergent	31	25
B2B convergent	32	52	*62.2%*	B2B convergent	5	5
Mobile only	2,165	2,176	*0.5%*	Mobile only	17	2
Prepaid	577	553	*-4.2%*	Prepaid	2	-4
M2M	1,055	1,305	*23.7%*	M2M	39	67
	4,040	**4,406**	***9.1%***		**93**	**95**
MVNO customers	13	321	*NM*		-12	44
Mobile only ARPO (€ per month)						
Blended	**18.8**	**18.3**	***-2.6%***			
Postpaid (mobile-only)	21.8	21.2	*-2.6%*			
Prepaid	7.5	6.7	*-10.9%*			

Financial review

Revenues grew 2.4% to €320.0m on sustained retail services revenue growth in (+7.1% yoy) and in particular convergent service revenues. The latter increased 54.2% and highlights the attractiveness of the Love offer. Wholesale revenues decreased 13.6% due to lower MVNO revenues and lower interconnection revenues. MVNO revenues declined from €10.1m in Q3'18 to €4.8m in Q3'19. Increased usage of OTT messaging apps impacted SMS and interconnection revenues.

Orange Belgium: key financial figures

in €m	reported Q3 2018	comparable Q3 2018	Q3 2019	comparable change	reported change	reported 9M 2018	comparable 9M 2018	9M 2019	comparable change	reported change
Convergent service	*28.7*	*28.7*	*44.3*	*54.2%*	*54.2%*	*73.6*	*73.6*	*123.4*	*67.6%*	*67.6%*
Mobile only service	*150.5*	*150.5*	*146.4*	*-2.7%*	*-2.7%*	*437.5*	*437.5*	*436.6*	*-0.2%*	*-0.2%*
Fixed only service	*8.3*	*8.8*	*11.3*	*28.4%*	*36.0%*	*24.7*	*25.2*	*30.3*	*20.5%*	*22.9%*
IT & Integration services	*1.1*	*8.6*	*8.6*	*0.4%*	*670.9%*	*3.4*	*10.8*	*10.9*	*0.9%*	*222.7%*
Retail service revenues	188.7	196.6	210.6	7.1%	11.6%	539.2	547.2	601.2	9.9%	11.5%
Equipment sales	23.0	23.0	26.4	14.9%	14.9%	74.3	74.3	82.3	10.9%	10.9%
Wholesale revenues	81.8	81.8	70.6	-13.6%	-13.6%	239.6	239.6	206.6	-13.8%	-13.8%
Other revenues	11.3	11.3	12.4	10.1%	10.1%	46.1	46.1	41.5	-10.0%	-10.0%
Revenues	**304.7**	**312.6**	**320.0**	**2.4%**	**5.0%**	**899.2**	**907.1**	**931.7**	**2.7%**	**3.6%**
EBITDAaL		**81.0**	**81.8**	**1.0%**			**206.7**	**215.0**	**4.0%**	
margin as % of revenues		*26.6%*	*25.6%*	-103 bp			*22.8%*	*23.1%*	29 bp	
Adjusted EBITDA	**79.8**					**205.3**				
margin as % of revenues	*26.2%*					*22.8%*				

EBITDAaL grew 1.0% to €81.8m despite lower MVNO revenues. The improvement was driven by higher retail service revenues, sustained efficiencies as well as continuous improvements in the cable operations. The latter generated a positive EBITDAaL of €2.2m during the quarter on improved operational efficiency.

2.4.2. Orange Communications Luxembourg

Operating review

The competitive landscape is increasingly challenging with significant on-going promotional activity. Some operators are offering mobile customers handsets at nil cost. In addition, operators are heavily discounting broadband plans for 6 months duration and nil installation cost.

During the quarter, Orange Luxembourg's postpaid mobile subscriber base grew 2% to 113k.

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

	Q3 2018	Q3 2019	change		Q3 2018	Q3 2019
Mobile customers				**Net-adds**		
Postpaid	111	113	*2.0%*	Postpaid	0	1
Prepaid	12	15	*24.7%*	Prepaid	1	1
M2M	69	71	*1.7%*	M2M	-1	0
	192	**198**	***3.3%***		**-1**	**2**
MVNO customers	2	3	18.8%		0	0

Financial review

Revenues increased 12.7% to €17.9m thanks to retail service and wholesale revenues. Retail service revenues grew 7.9% on a higher customer base. Higher inbound roaming revenues drove the growth in wholesale revenues (+61.9%).

EBITDAaL grew 7.5% to €1.8m due to a combination of higher revenues and cost containment on labor costs.

Orange Communications Luxembourg: key financial figures

in €m	reported Q3 2018	comparable Q3 2018	Q3 2019	comparable change	reported change	reported 9M 2018	comparable 9M 2018	9M 2019	comparable change	reported change
Mobile only service	8.3		9.0		8.4%	24.3		26.5		9.1%
Fixed only service	2.1		2.2		5.7%	5.6		6.7		20.5%
Retail service	10.4		11.2		7.9%	29.9		33.2		11.2%
Equipment sales	3.4		3.2		-3.5%	10.7		8.5		-19.9%
Wholesale	2.1		3.5		61.9%	6.9		8.4		21.9%
Other	0.0		0.0		NM	0.4		0.2		-50.6%
Revenues	**15.9**		**17.9**		**12.7%**	**47.9**		**50.4**		**5.3%**
EBITDAaL		**1.6**	**1.8**	**7.5%**			**3.5**	**5.5**	**58.1%**	
margin as % of revenues		*10.4%*	*9.9%*	-48 bp			*7.3%*	*10.9%*	364 bp	
Adjusted EBITDA	**1.6**					**3.5**				
Margin as % of revenues	*10.4%*					*7.3%*				

3. Financial risks and risk management

There were no changes to the information disclosed on p.73-74 and p.116-117 in the 2018 annual report.

4. 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).

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

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

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

Regulation of broadband and TV-distribution

In the context of the appeal by the cable operators against the market analysis decisions of June 2018, and following the calendar fixed by the Court of appeal in the first quarter of 2019, briefs have been exchanged and pleadings have taken place in May and June. The Court of appeal rejected the claims of the cable network operators in its judgment of 4 September 2019.

Access to Telenet's cable network – own channel

With respect to the dispute where Orange Belgium considered that Telenet was not willing to provide reasonable conditions for the supply of an "own channel" as imposed by the cable network regulation: 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 filed an appeal against this Court decision at the Supreme Court end of July 2019.

Access to Telenet's cable network – own internet profile

On 7 March 2019 Orange Belgium initiated legal proceedings before the Enterprise Court against Telenet and claimed damages for the non-provision of an "own internet profile" by Telenet. Briefs between parties have been exchanged in Q2 2019, with further exchanges planned in Q4. Pleadings are now foreseen at the early 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.

5. Significant subsequent events

No other significant events occurred after the end of the third quarter and first nine months of 2019.

6. Outlook

Orange Belgium reiterates its financial outlook for 2019.

Orange Belgium expects slight growth in revenues taking into account further uptake on its postpaid and convergent customer base. The Company expects an EBITDAaL between €285m and €305m. This range takes into account headwinds such as the decrease in MVNO revenues, the international call impact due to the new regulation and the payment of the Orange branding fee as from May. Lastly, total eCapex is expected to remain stable.

7. 2020 Financial calendar

6 February Financial results Q4 2019 (7:00 am CET) – Press release
6 February Financial results Q4 2019 (2:00 pm CET) – Audio conference call
Preliminary agenda still subject to potential changes

8. Conference call details

Date:	23 October 2019
Time:	10:00 am (CET), 9:00 am (UK), 4:00 am (US/NY)
Conference call pin code:	28900648#

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 2018	Q3 2019
Trading of shares		
Average closing share price (€)	13.66	19.64
Average daily volume	51,720	39,747
Average daily value traded (€ m)	0.71	0.78
Shares and market values		
Total number of shares (m)	60.01	60.01
Treasury shares (k)	0.00	36.13
Closing price (€)	13.54	18.94
Market capitalization (€ m)	812.6	1,136.7

Consolidated financial statements

Consolidated income statement

in €m	Q3 2018	Q3 2019	9M 2018	9M 2019
Retail service revenues	199.1	221.8	569.1	634.5
Convergent service revenues	28.7	44.3	73.6	123.4
Mobile only service revenues	158.8	155.4	461.8	463.1
Fixed only service revenues	10.4	13.5	30.3	37.1
IT & Integration Services	1.1	8.6	3.4	10.9
Equipment sales	26.3	29.6	84.9	90.9
Wholesale revenues	83.1	73.2	243.6	212.3
Other revenues	9.5	9.6	40.0	33.7
Revenues	**318.0**	**334.3**	**937.6**	**971.4**
Direct costs	-147.6	-154.5	-432.5	-438.3
Labor costs	-33.9	-36.2	-105.5	-109.4
Indirect costs including RouA and finance lease costs	-55.2	-59.9	-190.9	-203.2
of which RouA and finance lease costs		*-12.0*		*-35.3*
Other restructuring costs	-0.9	-1.4	-4.6	-6.0
Other operating income	-0.1	0.0	0.0	0.0
Depreciation and amortization of other intangible assets and property, plant and equipment	-58.2	-60.8	-173.7	-181.2
Impairment of fixed assets	0.0	-0.2	0.0	-0.2
Share of profits (losses) of associates	0.2	0.6	0.3	0.6
Operating profit (EBIT)	**22.5**	**21.8**	**30.7**	**33.8**
Net financial income (expense)	-1.2	-1.1	-3.5	-3.3
Profit before tax	**21.4**	**20.7**	**27.1**	**30.6**
Tax expense	-1.5	-6.2	-2.9	-7.6
Net profit for the period	**19.8**	**14.5**	**24.3**	**22.9**
Basic earnings per share (in €)	0.3	0.2	0.4	0.4
Weighted average number of ordinary shares (excl. treasury shares) (in m)	60.0	60.0	59.8	60.0

Summary consolidated statement of financial position

in €m	Q4 2018	Q3 2019
ASSETS		
Non-current assets		
Goodwill	67.0	116.3
Other intangible assets	285.3	261.2
Property, plant and equipment	772.3	734.1
Right of use of leased assets	0.0	285.1
Interests in associates and joint ventures	4.4	5.0
Financial assets	2.5	3.9
Other assets	1.4	1.5
Deferred tax assets	3.3	2.6
	1,136.2	**1,409.6**
Current assets		
Inventories	27.7	20.8
Trade receivables	194.3	204.2
Financial assets	0.4	1.0
Derivatives assets	0.2	0.4
Other assets	2.7	5.9
Operating taxes and levies receivables	1.9	0.2
Current tax assets	0.1	1.0
Prepaid expenses	11.4	18.2
Other assets related to contracts with customers	61.8	53.5
Cash and cash equivalents	26.6	19.2
	326.9	**324.5**
ASSETS	**1,463.2**	**1,734.1**
EQUITY AND LIABILITIES		
Equity attributable to the owners		
Share capital	131.7	131.7
Legal reserve	13.2	13.2
Retained earnings (excl. legal reserve)	442.2	435.5
Treasury shares	0.0	-0.7
	587.1	**579.7**
Non-current liabilities		
Financial liabilities	269.9	265.6
Lease liabilities	0.0	237.0
Derivatives liabilities	2.8	2.8
Employee benefits	0.1	0.0
Provisions for dismantling	63.2	62.5
Other liabilities	1.9	2.0
Deferred tax liabilities	8.1	5.4
	346.0	**575.2**
Current liabilities		
Financial liabilities	20.8	2.2
Lease liabilities	0.0	45.5
Derivatives liabilities	0.2	0.1
Fixed assets payable	53.3	33.2
Trade payables	266.6	289.8
Employee benefits	30.8	36.2
Provisions for dismantling obligations	1.2	1.1
Restructuring provisions	3.0	4.3
Other liabilities	3.5	6.2
Operating taxes and levies payables	85.6	90.7
Current tax payables	3.1	6.8
Liabilities related to contracts with customers	59.4	61.1
Deferred income	2.3	2.0
	530.0	**579.2**
EQUITY AND LIABILITIES	**1,463.2**	**1,734.1**

Consolidated cash flow statement

in €m	9M 2018	9M 2019
Operating activities		
Consolidated net profit	**24.3**	**22.9**
Adjustments to reconcile net profit (loss) to cash generated from operations		
Income tax expense	2.9	7.6
Finance expenses, net	3.5	3.3
Share of profits (losses) of associates and joint ventures	-0.3	-0.6
Impairment of goodwill	0.0	0.0
Depreciation, amortization and impairment of other intangible assets and property, plant and equipment	173.7	181.2
Amortization of right-of-use assets	0.0	34.1
Gains (losses) on disposal	0.0	-0.8
Operating taxes and levies	16.6	12.9
Changes in provisions	-1.4	0.7
Operational net foreign exchange and derivatives	0.1	0.0
Impairment of non-current assets	0.0	0.2
Share-based compensation	0.0	0.3
Impairment on trade and other receivables, including contract assets	4.3	3.1
	199.4	**241.9**
Changes in working capital requirements		
Decrease (increase) in inventories, gross	-1.8	11.7
Decrease (increase) in trade receivables, gross	-14.6	-6.4
Increase (decrease) in trade payables	53.8	18.2
Changes in other assets and liabilities	-10.9	-3.4
Change in other assets related to contracts with customers	11.9	8.3
Change in liabilities related to contracts with customers	4.9	0.7
	43.4	**29.2**
Other net cash out		
Operating taxes and levies paid	-13.7	-10.7
Interest paid and interest rates effects on derivatives, net	-2.9	-2.7
Income tax paid	-25.0	-8.3
	-41.5	**-21.6**
Net cash provided by operating activities	**225.5**	**272.4**
Investing activities		
Purchase of property, plant and equipment and intangible assets	-110.4	-119.1
Increase (decrease) in fixed assets payables	-20.4	-20.1
Cash paid for investments securities and acquired businesses, net of cash acquired	-4.2	-35.1
Decrease (increase) in securities and other financial assets	-3.1	-0.4
Net cash used in investing activities	**-138.2**	**-174.7**
Financing activities		
Long-term redemptions and repayments	-50.0	-15.2
Increase (decrease) of bank overdrafts and short-term borrowings	-1.8	-25.1
Repayment of lease liabilities	0.0	-34.0
Others changes in ownership interests with no gain / loss of control	-1.3	-0.7
Dividends paid to owners of the parent company	-30.0	-30.0
Net cash used in financing activities	**-83.1**	**-105.0**
Net change in cash and cash equivalents	**4.2**	**-7.4**
Cash and cash equivalents		
Opening balance	13.0	26.6
Closing balance	17.2	19.2

10. Glossary
Financial KPIs

Revenues

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

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 excluding financial leases; 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 labor expenses; review of the investments and business portfolio, restructuring costs.
reported EBITDA **(prior to 31 December 2018)**	Reported EBITDA corresponds to the operating income before depreciation and amortization, before effects resulting from business combinations, before reclassification of cumulative translation adjustment from liquidated entities, before impairment of goodwill and fixed assets, and before share of profits (losses) of associates.
adjusted EBITDA **(prior to 31 December 2018)**	Adjusted EBITDA (previously Restated EBITDA) corresponds to the reported EBITDA adjusted for the effects of significant litigation, specific labor expenses, review of the investments and business portfolio, restructuring costs and, where appropriate, other specific items.

Cash flow 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.
Capex **(prior to 31 December 2018)**	Capital expenditures on tangible and intangible assets excluding telecommunication licenses and excluding investments through financial leases..
licences & spectrum	Cash out related to acquisitions of licences and spectrum.
change in WCR	Change in net inventories, plus change in gross trade receivables, plus change in trade payables, plus change in other elements of WCR.
other operational items	Mainly offset of non-cash items included in adjusted EBITDA, items not included in adjusted EBITDA but included in net cash provided by operating activities, and change in fixed asset payables.
net debt variation	Variation of net debt level.

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 consolidation perimeter changed on 31 July 2019 with the acquisition of Upsize S.A. (holding company of BKM). The consolidation perimeter includes Orange Belgium S.A. (100 %), Orange Communications Luxembourg S.A. (100 %), Smart Services Network S.A. (100 %), IRISnet S.C.R.L. (accounted for by equity method - 28.16 %), Walcom S.A. (100 %), Walcom Business solutions S.A. (100 %), Walcom Liège S.A. (100 %), A3COM S.A. (100 %), A&S Partners S.A. (100 %), Upsize S.A. (100%), BKM 100% and CC@PS 100%.

Rounding

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

About Orange Belgium

Orange Belgium is one of the leading telecommunication operators in Belgium and in Luxembourg through its subsidiary Orange Communications Luxembourg.

As a convergent player, 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 world's leading telecommunications operators with a presence in 27 countries. Orange is also a leading provider of global IT and telecommunication services to multinational companies, under the brand Orange Business Services

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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