Q3 2015 FINANCIAL RESULTS

Analysts & Investors Presentation

20 October 2015

“Return to growth achieved in the third quarter of 2015”

Jean Marc Harion,
CEO

our main business achievements in Q3 2015

> Growing postpaid customer base on the back of healthy gross adds and continuous churn rate improvement

> Mobistar's YTD total data traffic increased 106 % vs 9M 2014

> 4G traffic now represents more than 50 % of total monthly traffic

> 4G network coverage stood at 97 % for outdoor coverage and 83 % for indoor coverage

> 4G+ technical trial in 6 cities and more to come

> Postpaid ARPU continues its positive trend driven by mobile data

> Service revenues showed renewed growth

> Loyalty program running at full speed and enriched services launched

> Service revenues, EBITDA and cash flow are all growing YoY and QoQ

> Financial results now expected to exceed full year 2015 guidance

OUR LATEST COMMERCIAL ACHIEVEMENTS

cinema

edpnet common sense internet

4G+

Summer campaign

Buy back

Surf Mobile

Back to school

Our 5 strategic priorities and ambitions

	**Leadership in Mobile**	▪ Best 4G network in Belgium ▪ N° 1 in network share
	**Pioneer in Disruptive Convergence**	▪ N° 1 convergent challenger on the consumer market ▪ N° 1 convergent challenger on the enterprise market
	**Best Customer Experience**	▪ Best Telco customer experience ▪ N° 1 NPS in all customer touch points
	**Best Industry Efficiency**	▪ Best in class Telco in outsourcing model ▪ Self finance innovation thanks to efficiency gains
	**Team Member's Engagement**	▪ Create a digital and open working environment ▪ Best in Class in offering career opportunities


FOCUS ON
KEY GROWTH
DRIVERS
1. Loyalty program driving engagement
2. Mobile data growth
3. Mobile-fixed convergence opportunity


• Mobistar community
• Customer intimacy
• Digitalisation
• Churn reduction
1. Customer experience
& ‘Have a Nice Day’

facilitating 4G access for our customers

From network and tariff plans to devices and services

NETWORK

largest 3G and 4G coverage

>

TARIFFS

most attractive 4G tariff plans

>

DEVICES

richest devices portfolio

>

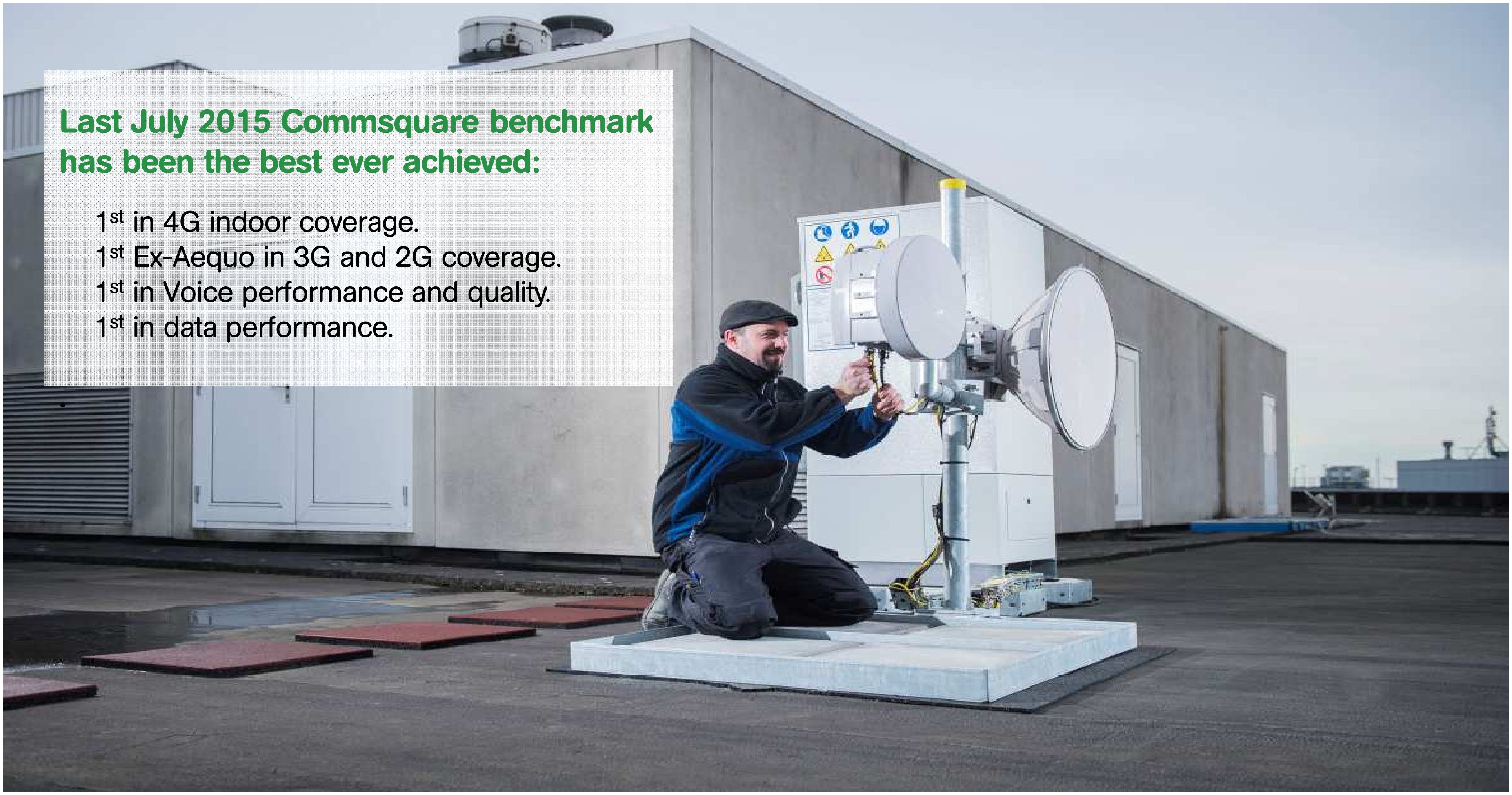
SERVICES & FINANCING

best services

customers benefit from an excellent 4G experience

through our upgraded network

NETWORK | TARIFFS | DEVICES | SERVICES & FINANCING



Last July 2015 Commsquare benchmark has been the best ever achieved:

1st in 4G indoor coverage.
1st Ex-Aequo in 3G and 2G coverage.
1st in Voice performance and quality.
1st in data performance.

most attractive 4G tariff plans

highlighted by summer- and back to school campaigns

NETWORK | **TARIFFS** | DEVICES | SERVICES & FINANCING

Summer- & Back to school campaigns

banner

TV

digitalisation leading to better customer experience

towards a more engaged and loyal customer base

NETWORK | TARIFFS | **DEVICES** | SERVICES & FINANCING

Virtual shelf in our shops

touchscreens in @Mobistar shops to compare or choose a handset

the best services available for our customers

thanks to Mobistar's enriched services strategy

NETWORK | TARIFFS | DEVICES | **SERVICES & FINANCING**

New Buy Back program

1. Compare cycle
2. New subsidy
3. Customer benefit

CompaRecycle

Your old device has a value

loyalty program drives customer engagement

and churn reduction through four types of rewards

HAPPY CUSTOMER

have a nice day

> 800,000

(since April 2014)

Loyalty ⬆

Churn ⬇

Cinema

Buy one ticket get one free on Tuesdays

Events

Concerts

Sport events

Avant-Première

Telco

Free minutes

Free SMS / MB

Roaming & Nat

Partners

ICI PARIS XL

iTunes

vivabox

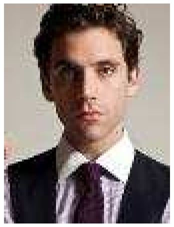
Roularta Media Group

exclusive events created by Mobistar

encourage consumers to become part of the Mobistar family

HAPPY CUSTOMER

2014



18/09
Mika
Brussels

22/09
Lady Gaga
Brussels

2015

11/02
Goose
Ghent

THE COLOR RUN

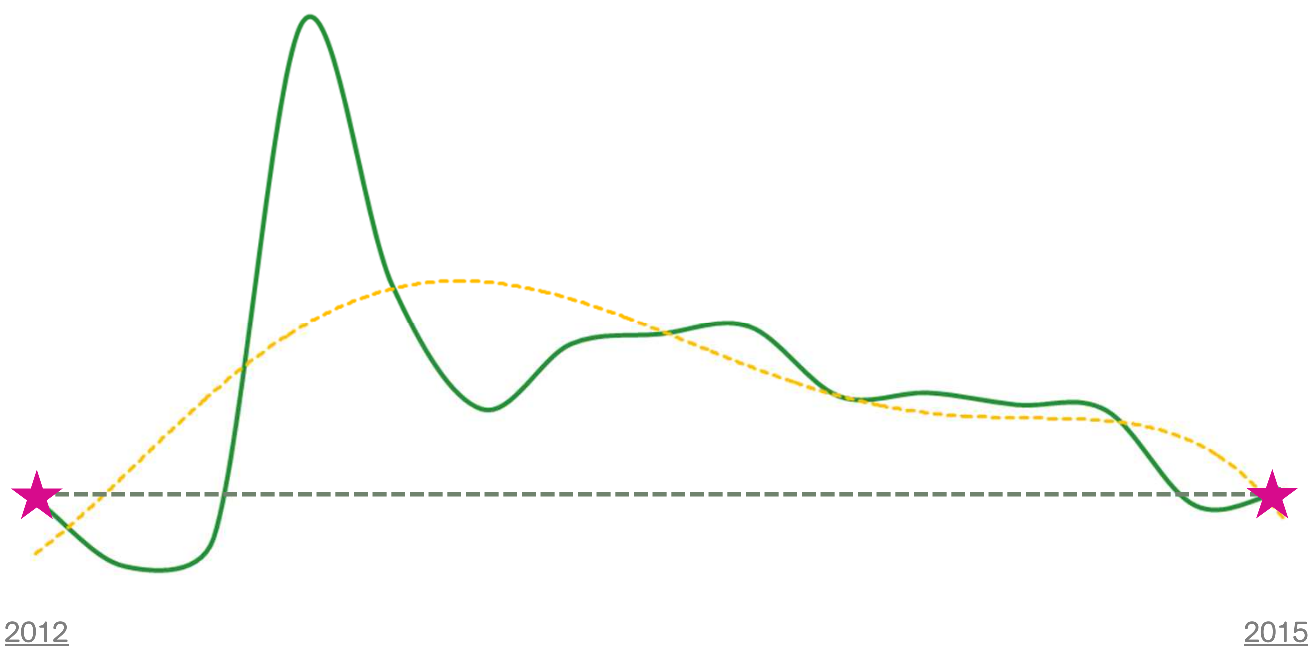
12/07
Color Run
Antwerp

12/10
Stan Van Samang
Antwerp

enriched customer experience leads to churn reduction

back to early 2012 levels

Postpaid Mobile churn

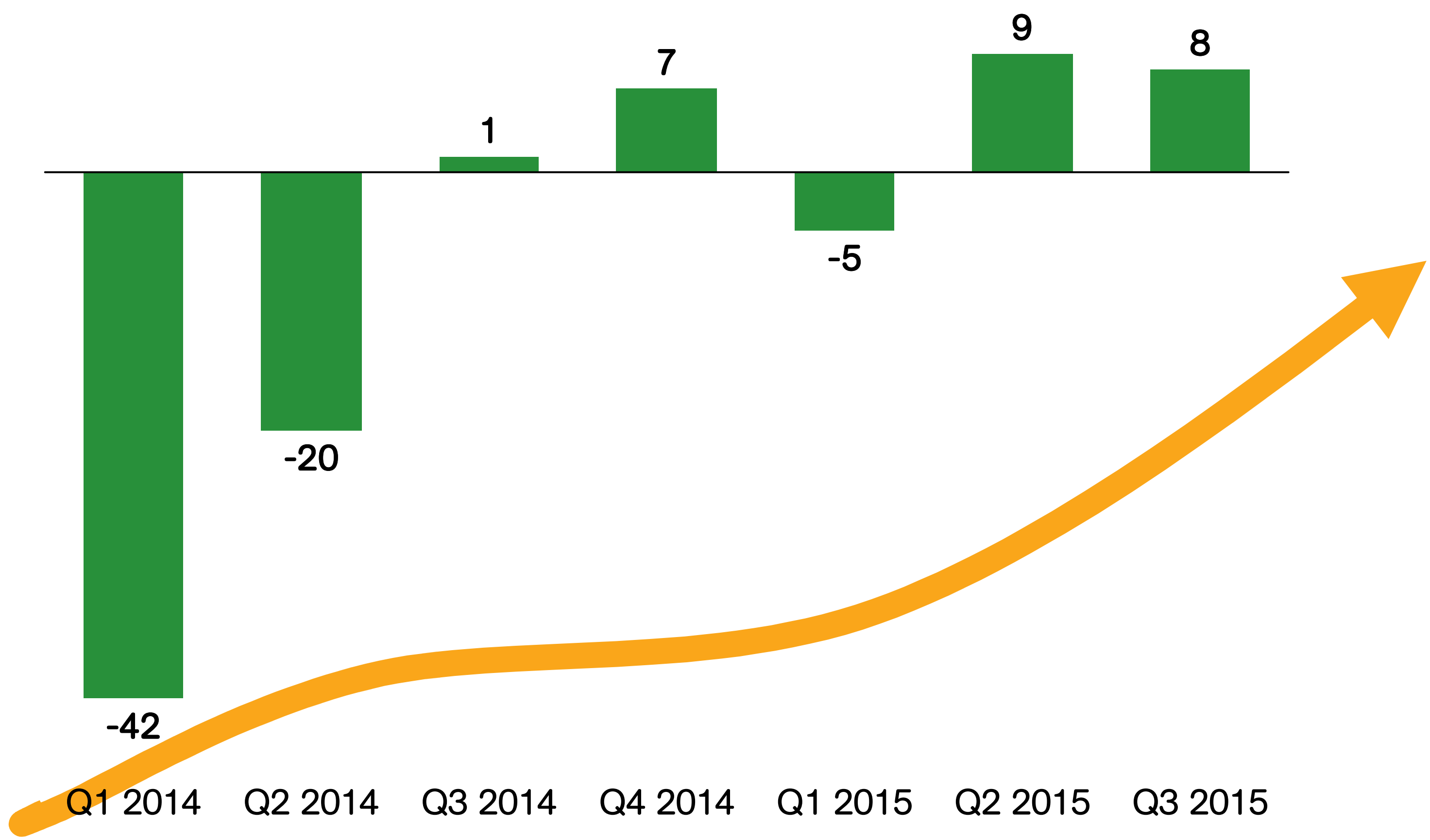


Mobistar postpaid customers excl. M2M & MVNO

postpaid customer base continues to grow

driven by solid gross adds and a significant churn improvement

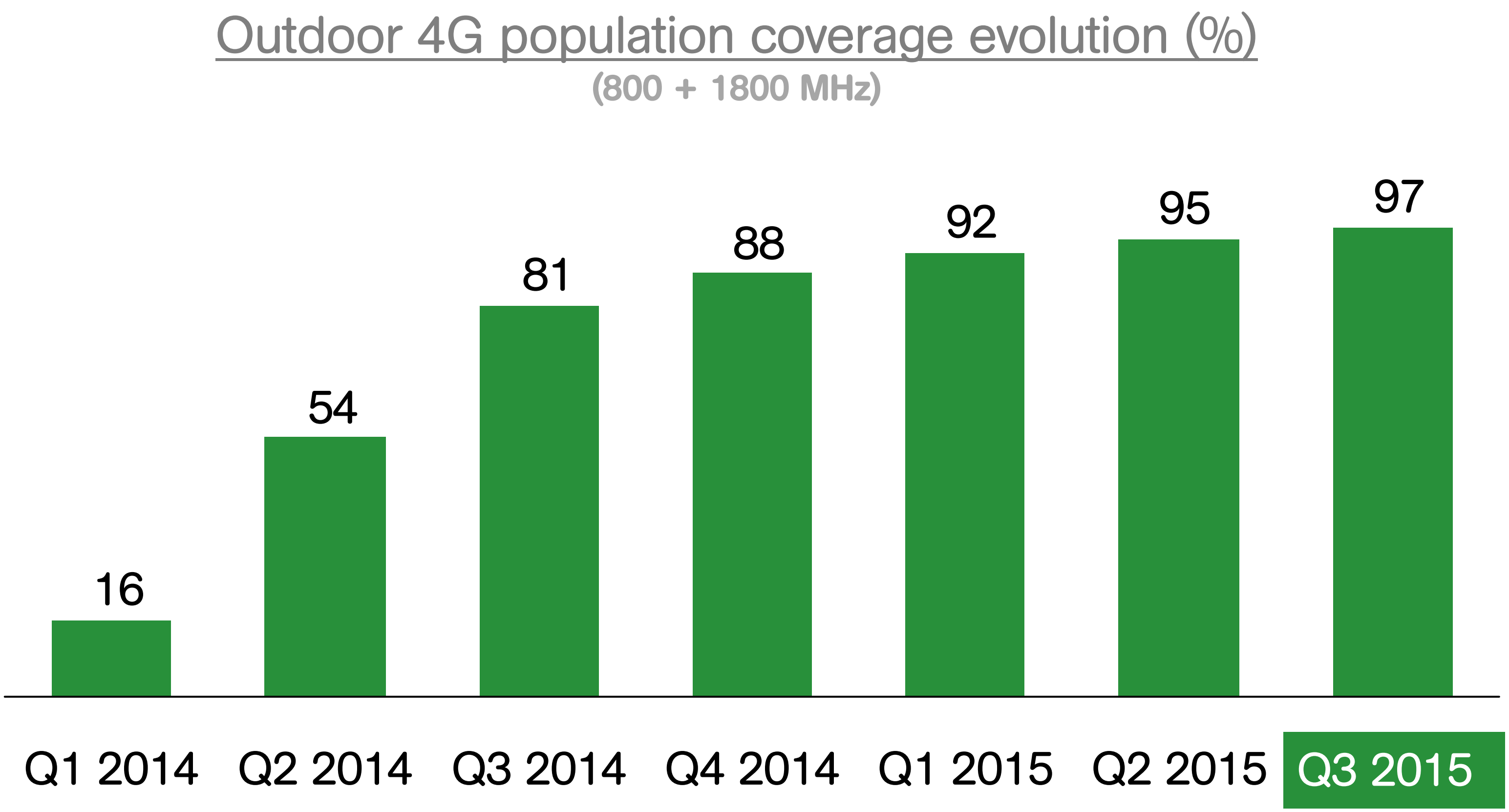
Postpaid quarterly net adds in Belgium ('k)



Mobistar active customers excl. M2M & MVNO
Q3 2014 prepaid excl. Colruyt MVNO internalistation


4 times 4G
4G Coverage
4G Experience
4G Usage
4G Monetization
2. Mobile Data Growth

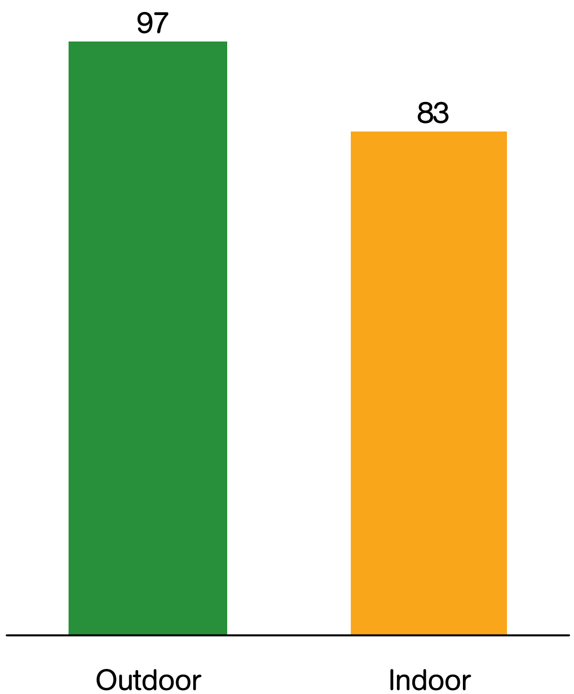
Mobistar keeps investing in 4G coverage



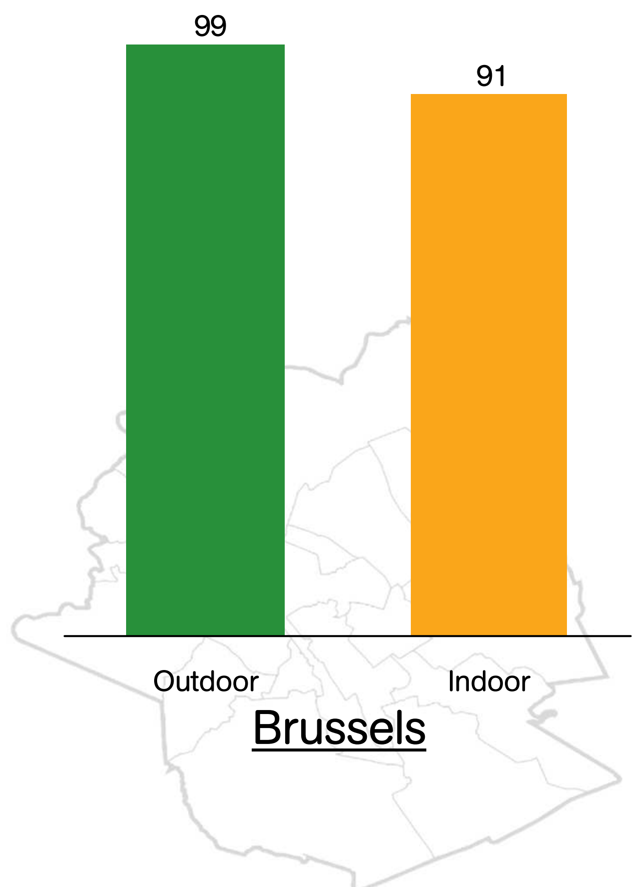
Source:
Mobistar internal simulations

strong outdoor & indoor 4G coverage

Population coverage (%)



National

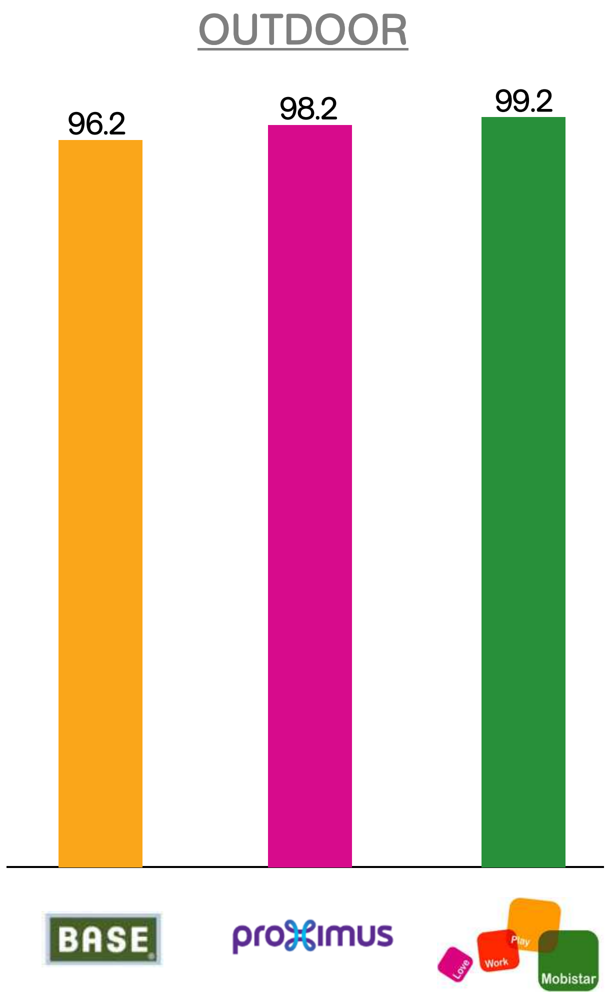


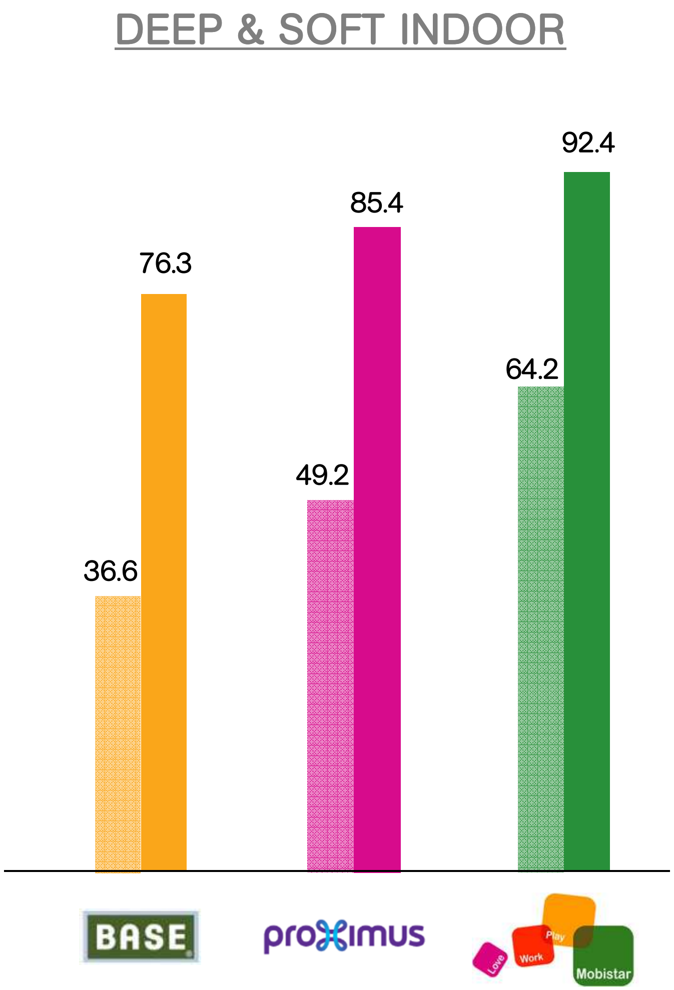
Brussels

Source:
Mobistar internal simulations

ahead of competition in terms of 4G coverage

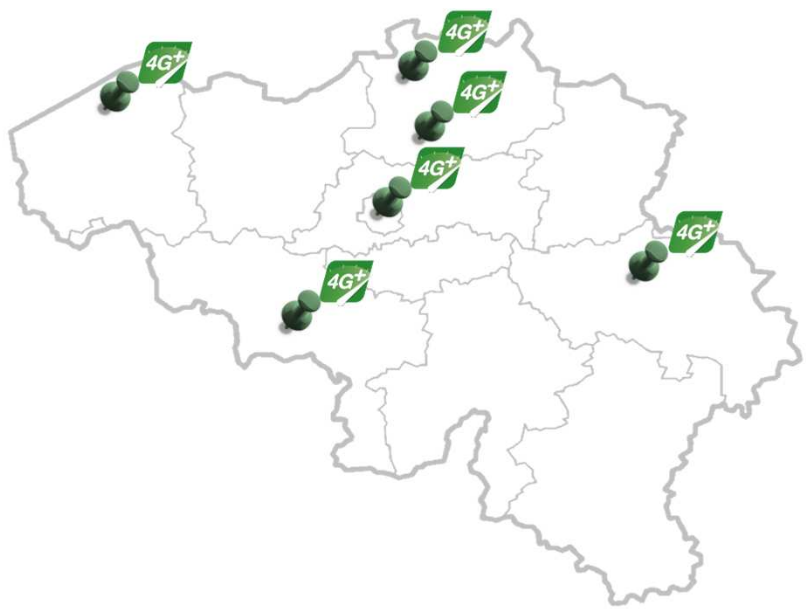
Coverage (%) - Driven routes (6 500 km)



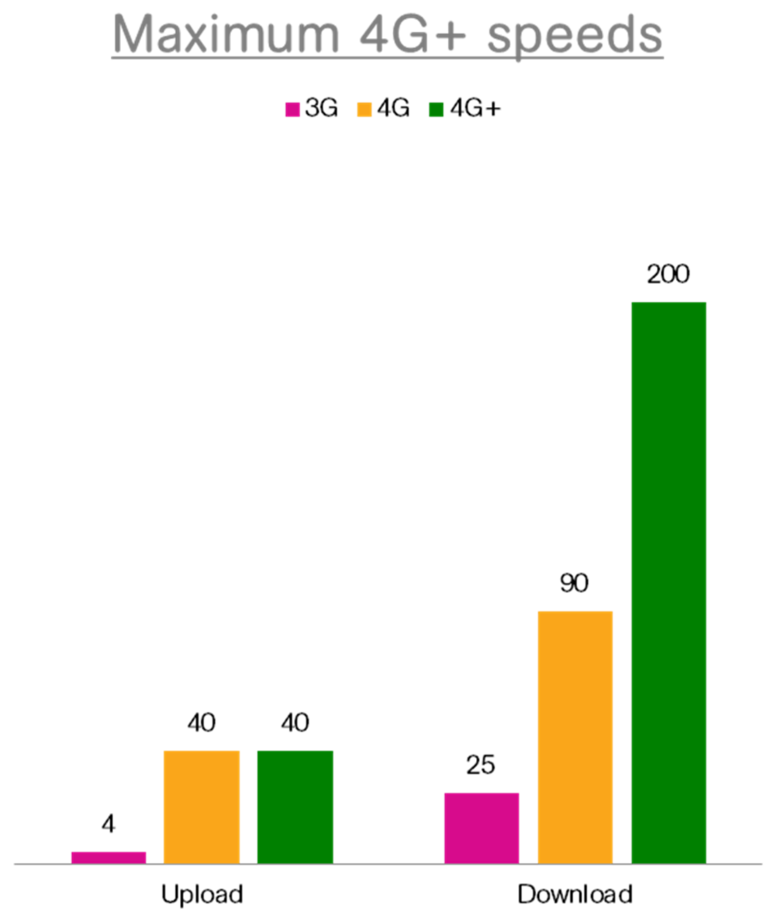


Drive tests performed in June-July 2015

technical testing in progress

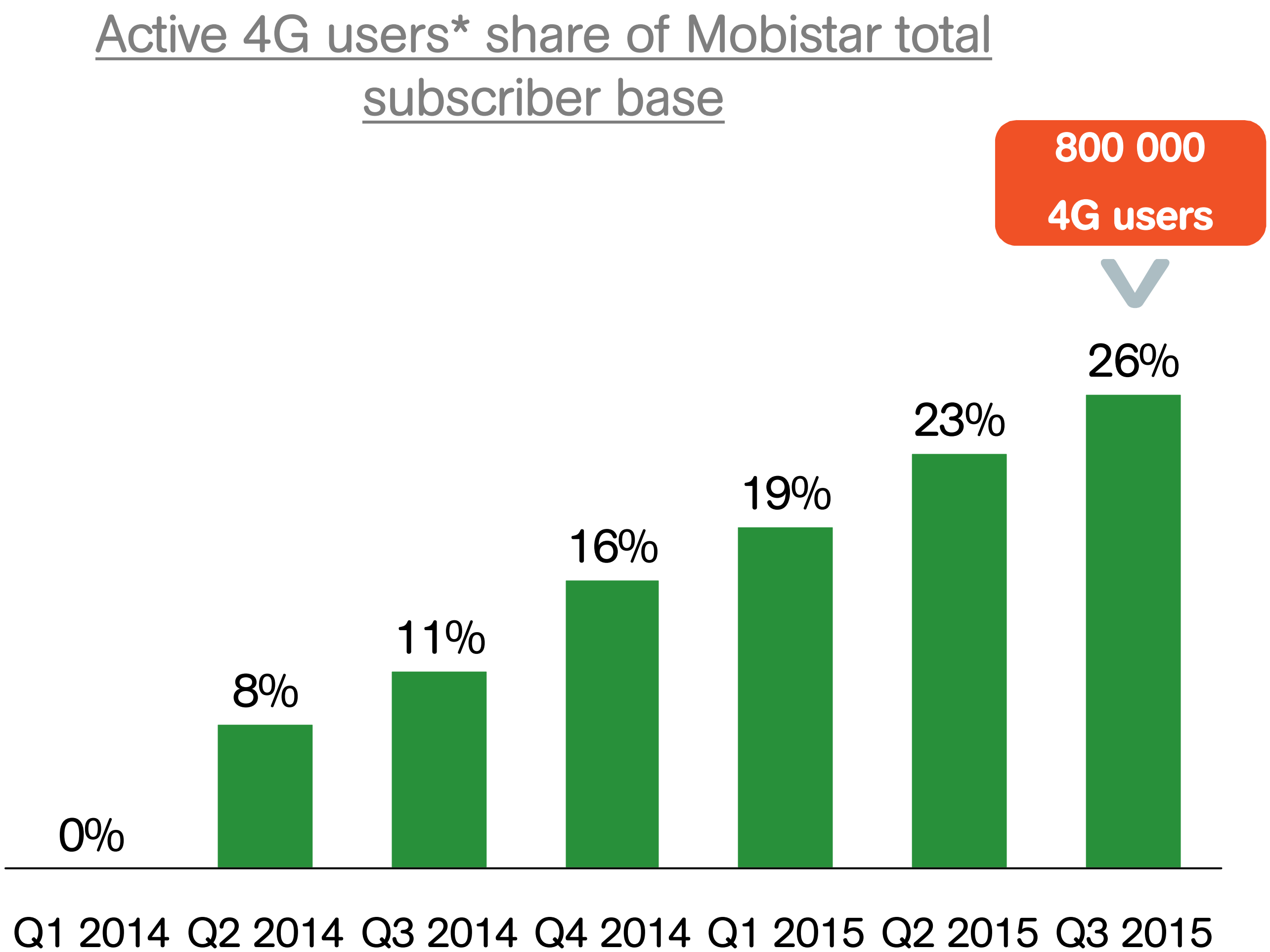


- Already 6 cities opened and others will progressively follow
- A better experience for all customers



4G customer base is growing fast

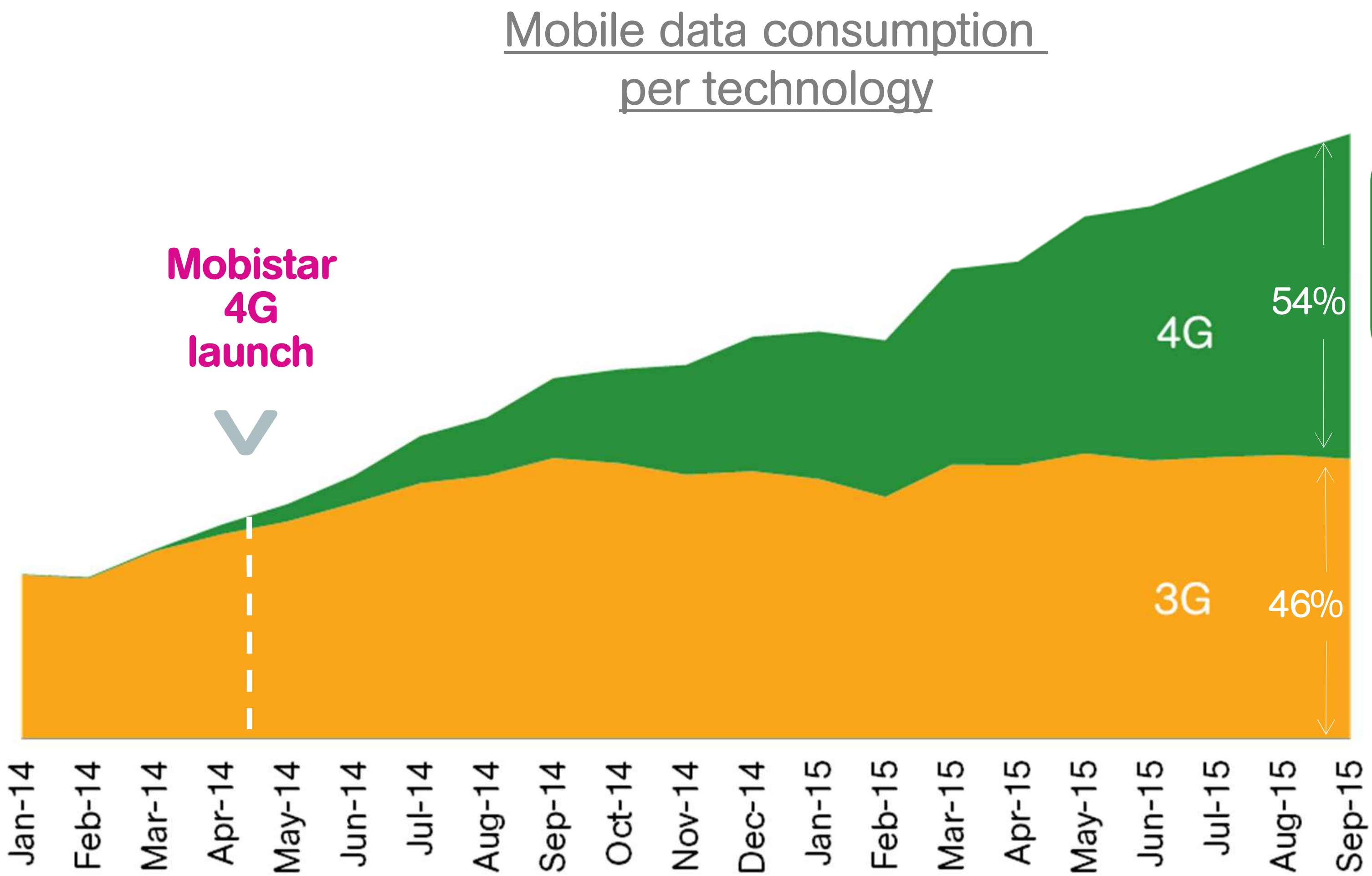
growing customer appetite for 4G smartphones & services



*Mobistar active 4G users excl. M2M & MVNO

4G = more than 50% of total data consumption

1 out of every 4 Mobistar customers is using 4G



4G customers

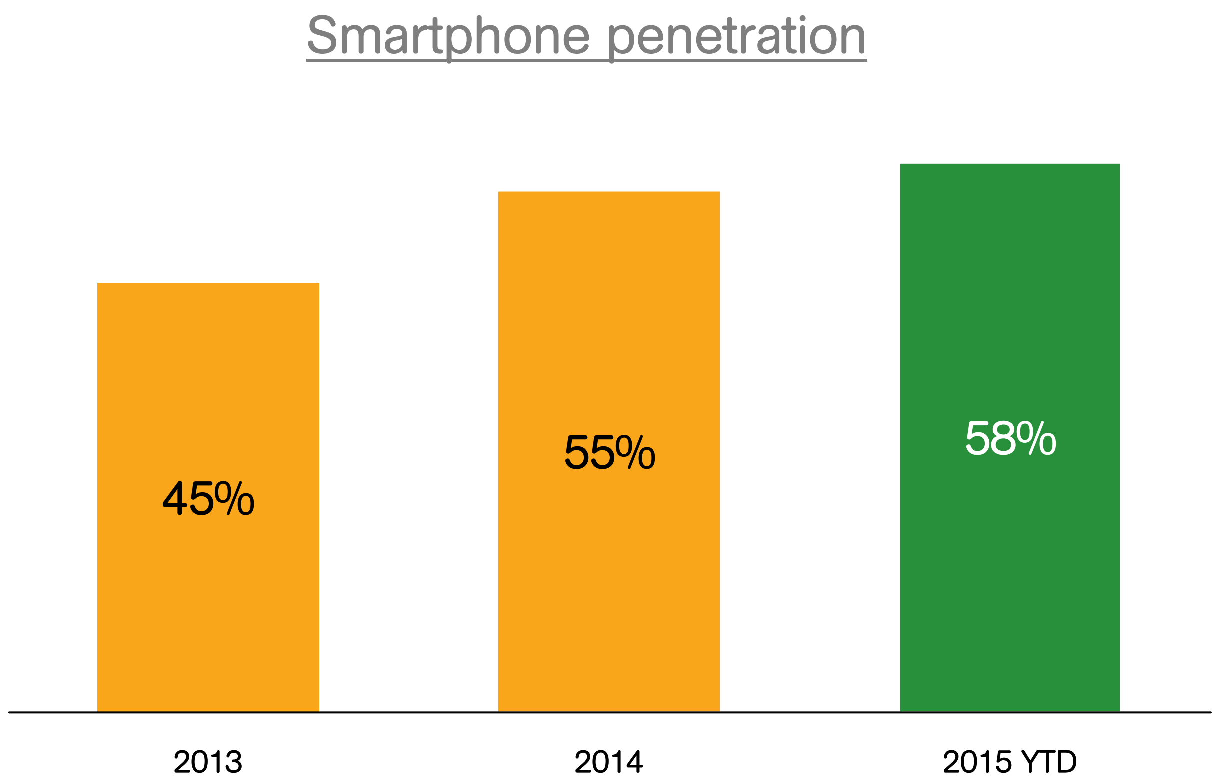
800,000
26%

3G traffic per user continues to increase

Mobistar prepaid & postpaid customer base excl. M2M & MVNO, monthly change from January 2014 to September 2015

smartphone penetration is accelerating

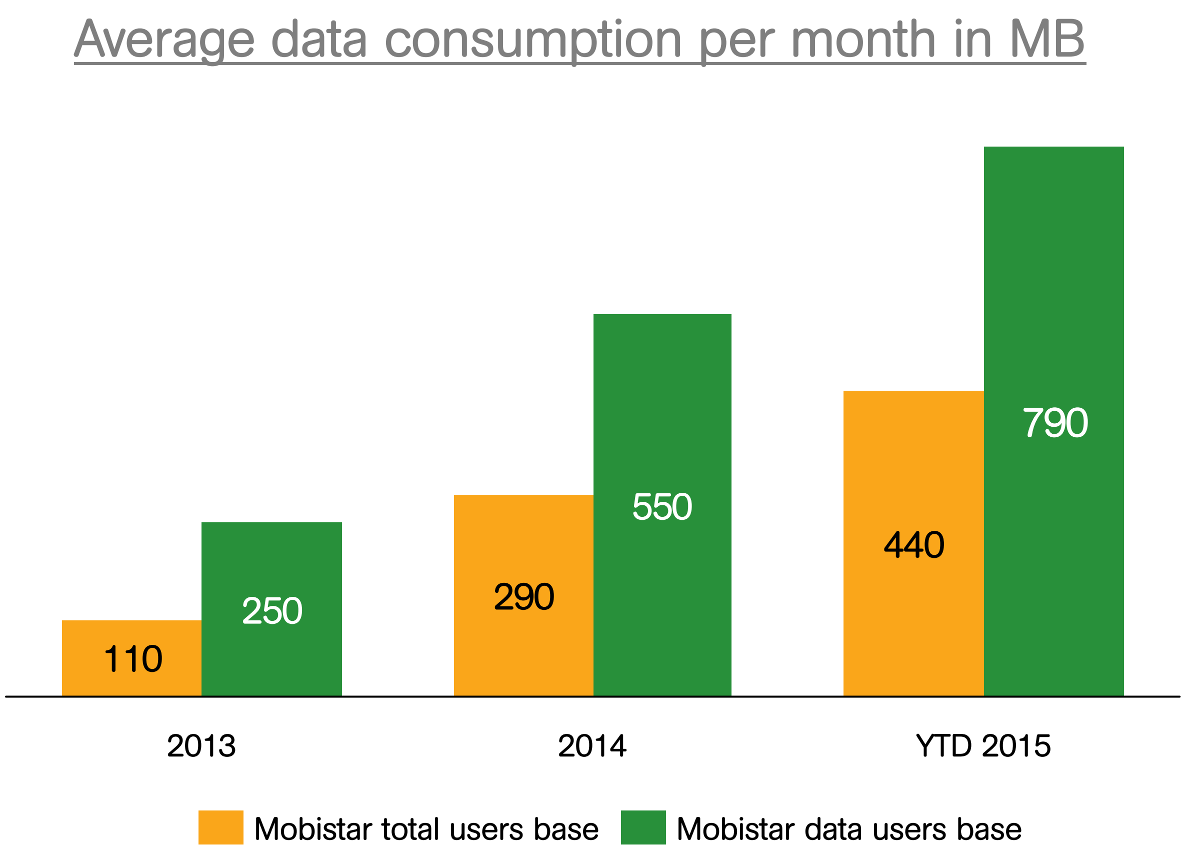
and is quickly moving towards European levels



Out of a total customer base of 3.03 million active Mobistar customers

mobile data usage is growing exponentially

as customers fully embrace the benefits in their daily lives and work



Mobistar prepaid & postpaid data users base excl. M2M & MVNO, monthly change from December 2013 to September 2015

bridging the gap between mobile & fixed

leveraging Mobistar excellent 4G network with Easy Internet @Home

Limited edition

Subscription

15€/month

15GB then throttling to 256Kbps

Top-ups:
5€ - 5GB
10€ - 10GB

Modem (Mandatory)

119€

or

29€

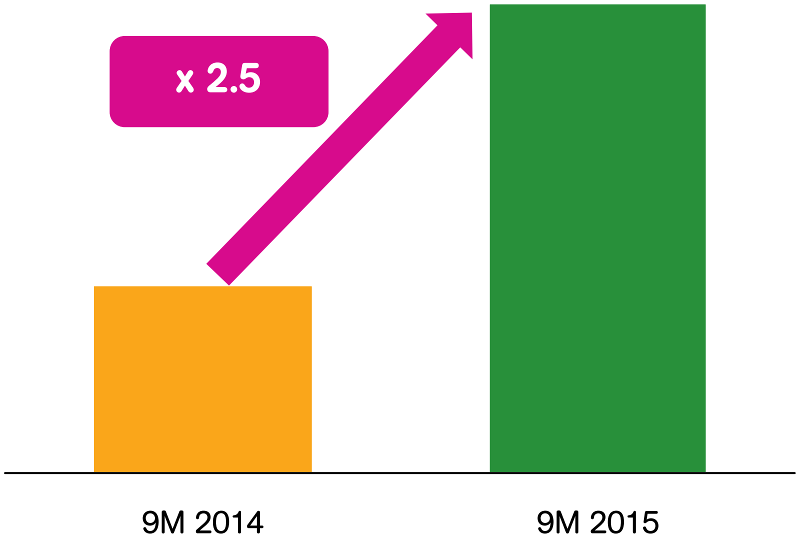
(w. 12-month commitment)

- Plug & Play: No set-up
- Simple: Place it where you want in your home
- Affordable: Covers a basic internet usage at best price
- Good performance: 25Mbps
- Designed for Home: Ethernet Port, WiFi range, up to 30 devices
- Nomad: Use it in locations where there is a 4G coverage

increased data top-ups and data users

4G drives customer appetite for mobile data

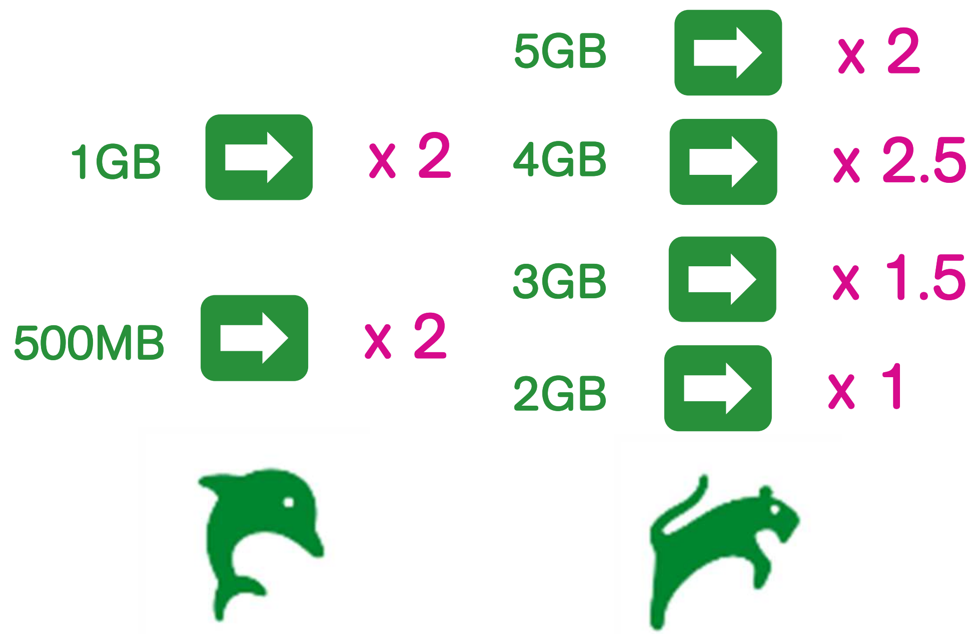
Significant increase of data top-ups



User per tariff plan

2014 & 2015 comparison

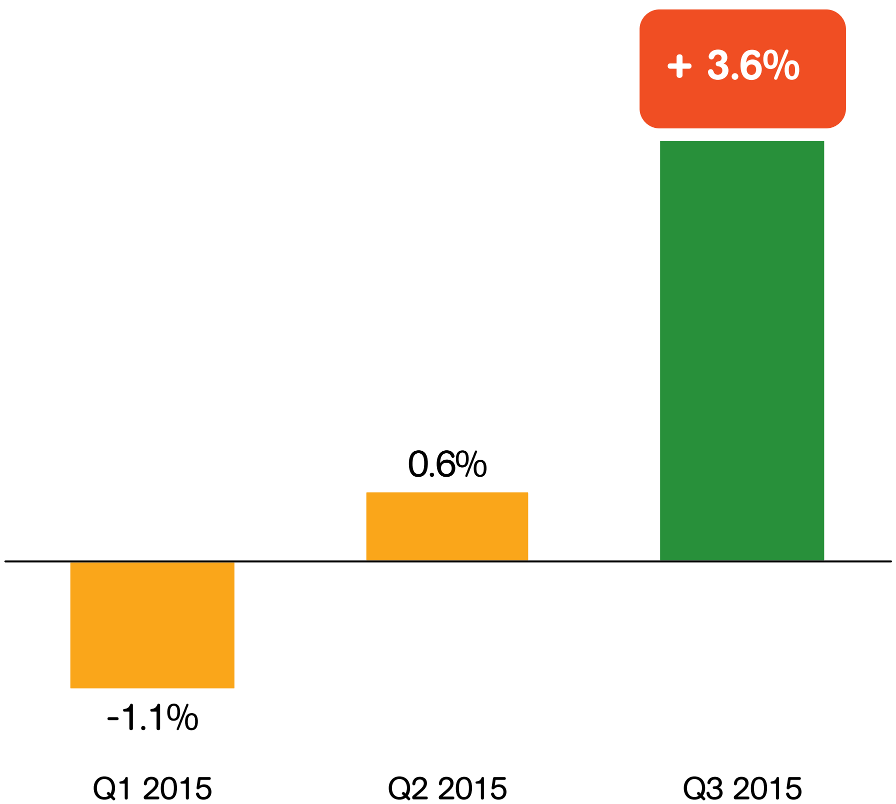
Number of users



4G and data usage driving postpaid ARPU growth

Ability to monetize mobile data confirmed

Postpaid ARPU increased YoY in Q3 2015:

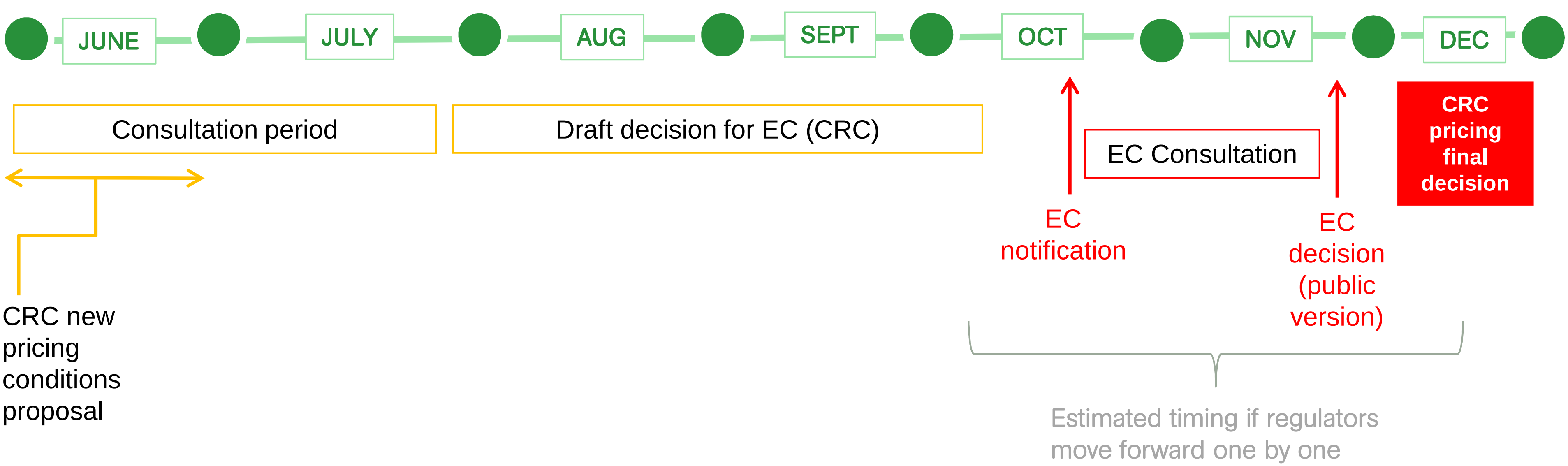


Postpaid ARPU, annual rolling (incl. visitor roaming)

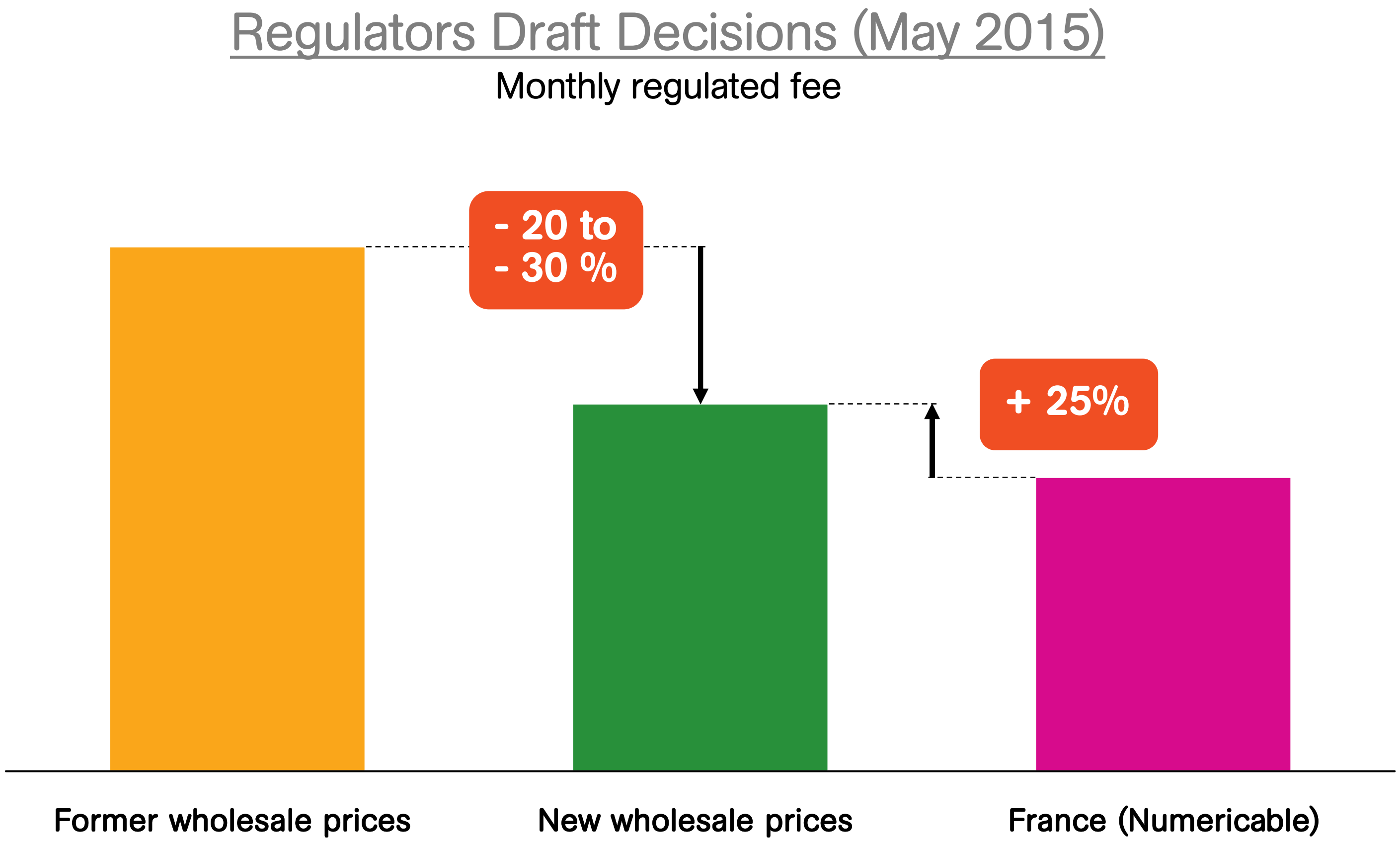

2. Mobile-Fixed convergence opportunity
TV
Convergence
Draft proposal
Cable test
Opportunity

progresses on cable network regulation

- End May, a new proposal of price conditions has been published for market consultation until mid July
- Mobistar understands some regulators decided upon the outcome of the consultation, but not all yet. Regulators may decide to move forward one by one (after consultation via CRC) to the EC.
- Feedback EU is publicly known around 30 days after submission of the notification.
- Final regulatory decision can than be taken in around 2-3 weeks afterwards.

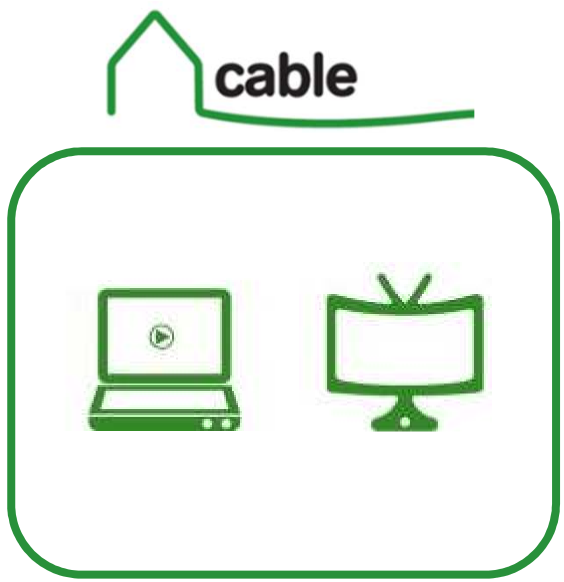


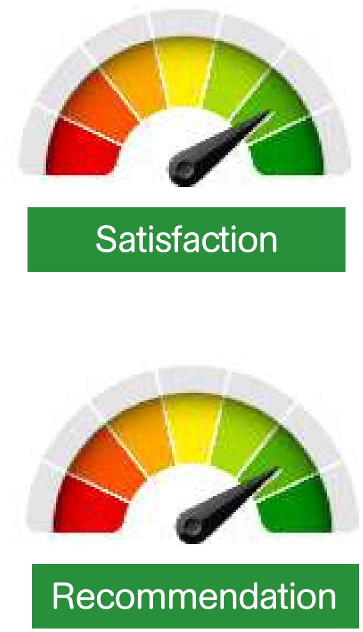
cable wholesale prices proposal drop 30 % but still 25 % above French benchmark



Mobistar working on quality with +1,250 testers

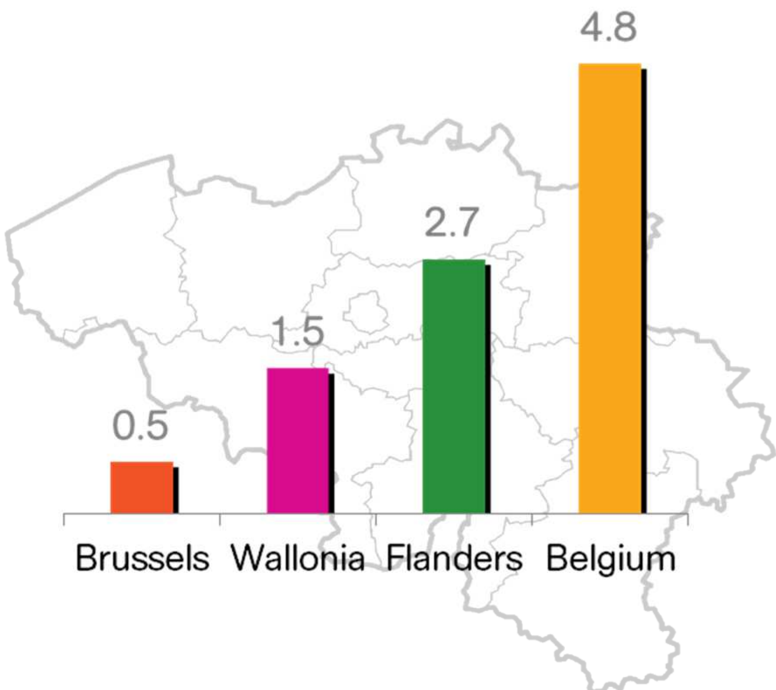
- +1,250 friendly testers activated
- Half are external testers
- 55/45 on VOO/Telenet network





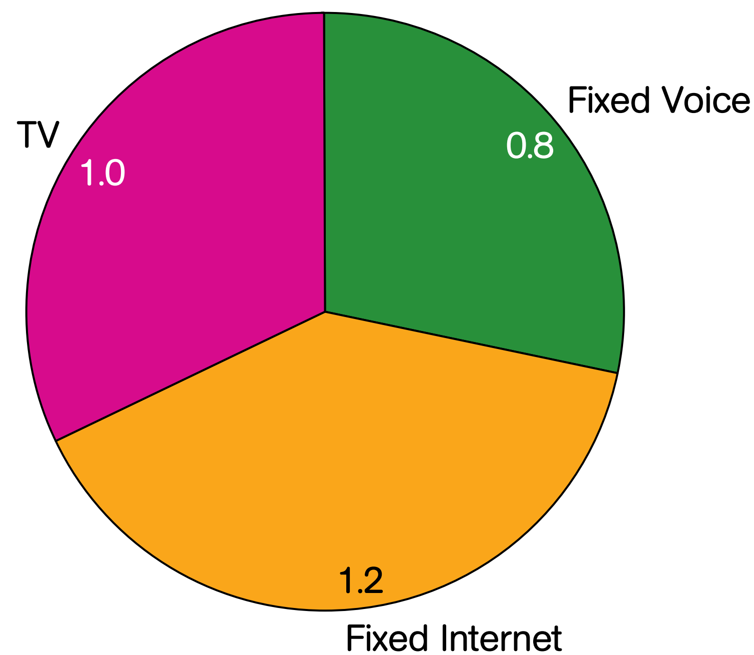
4.8m households addressable via wholesale cable regulation

Households in Belgium*



Belgium residential fixed market**

In EUR bn



* Federal Plan Office
** Internal analysis based on published information by other operators

Q3 2015
financial results

Ludovic Pech,
CFO

Mobistar key financials

EBITDA improvement with positive impact on cash flow profile

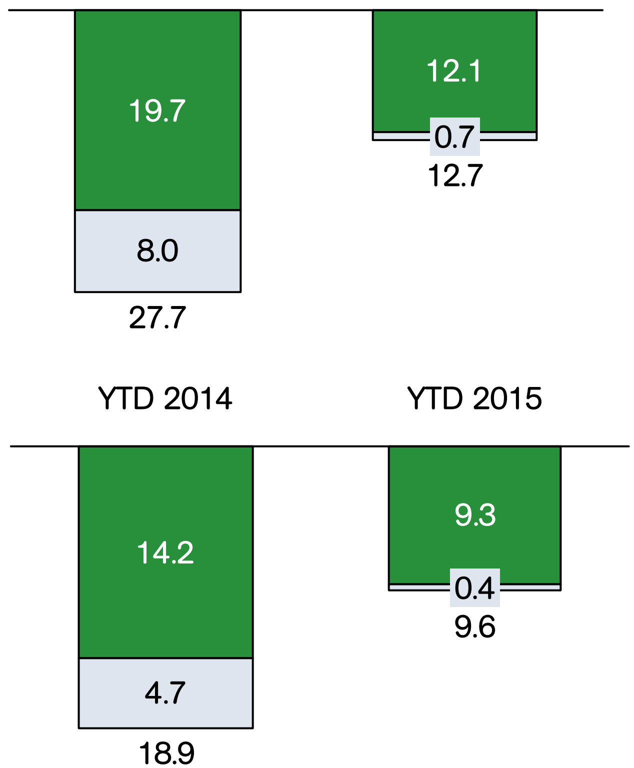
in €m	9M 2015	9M 2014	Var. (%)	Insight
Service revenues	**813.9**	**826.5**	**-1.5%**	• Return to growth in Q3 2015 with +0.9 % yoy • Driven by postpaid ARPU & customer growth
Total turnover	**912.8**	**933.4**	-2.2%	• Lower handset sales
Restated EBITDA	**228.1**	**217.7**	4.8%	• Positive topline impact • Continuous decrease of direct costs proving the relevance of the new distribution model • Labour & indirect costs contained
(in % of service revenues)	*28.0%*	*26.3%*		
EBITDA	**224.6**	**207.7**	8.1%	• Lower restructuring costs (less redundancy and distribution contract termination vs last year) • EBITDA closer to restated EBITDA
(in % of service revenues)	*27.6%*	*25.1%*		
CAPEX	**112.1**	**138.3**	-19.0%	• Progressive normalization of CAPEX after peak last year due to 4G accelerated roll-out • 97 % outdoor and 83 % indoor coverage
(in % of service revenues)	*13.8%*	*16.7%*		
Operational Cash Flow (EBITDA - CAPEX)	**112.5**	**69.4**	62.1%	• EBITDA increase combined with CAPEX decrease improving operational cash flow profile

regulatory impact

Q3 2015 first quarter without y-o-y regulatory impact

Revenues impact

EBITDA impact



EU Roaming
- Belgium : €10.0m
- Luxembourg : €2.1m

MTR
- Luxembourg : €0.7m

EU Roaming
- Belgium : €8.1m
- OLU : €1.1m

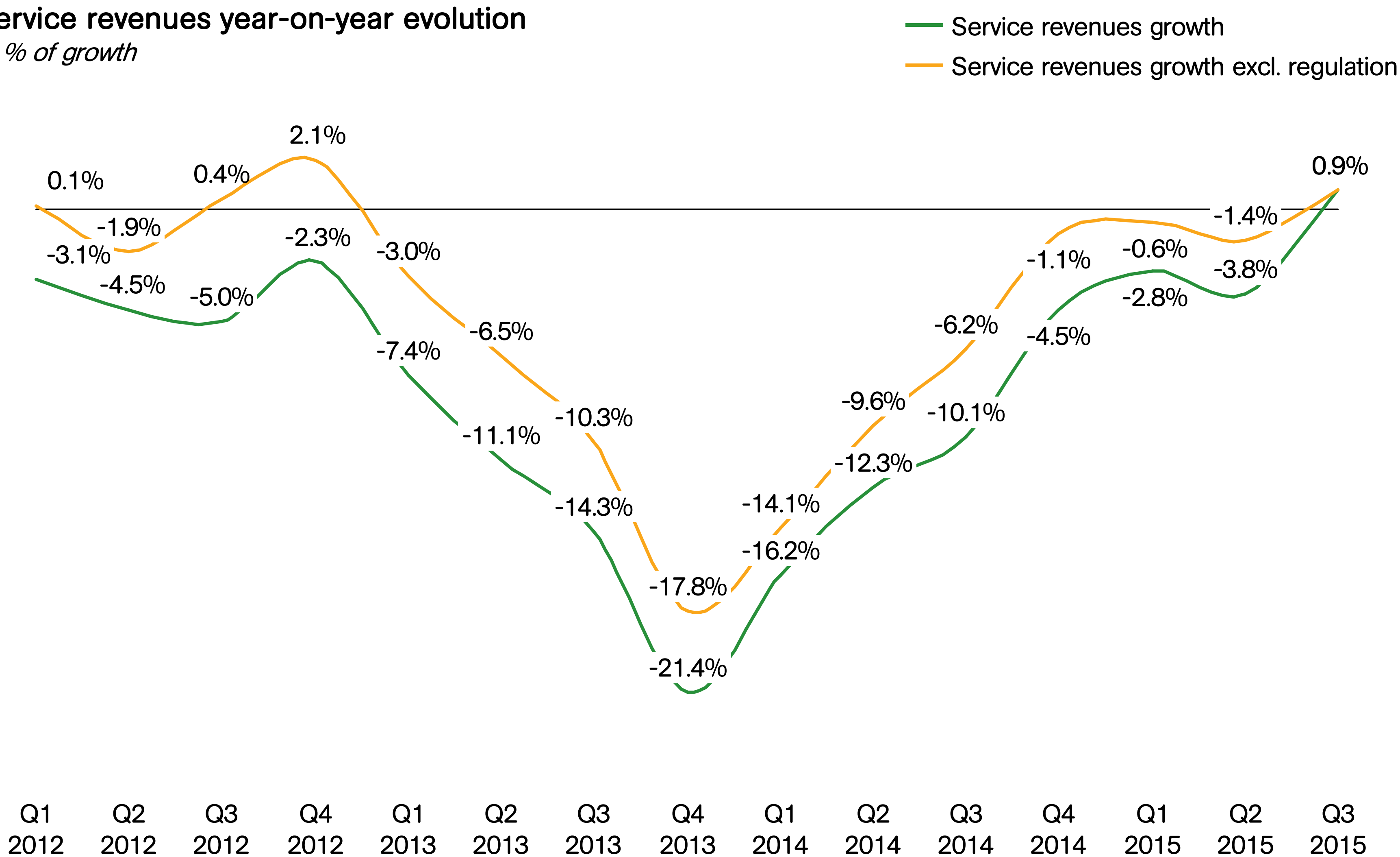
MTR
- Luxembourg : €0.4m

EU Roaming MTR

consolidated service revenues

back to growth in Q3 2015

Service revenues year-on-year evolution
in % of growth

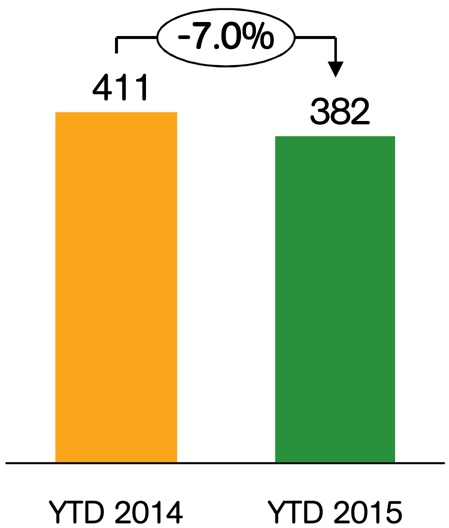


Mobistar cost structure evolution

cost reduction reallocated to growth opportunities with net opex savings

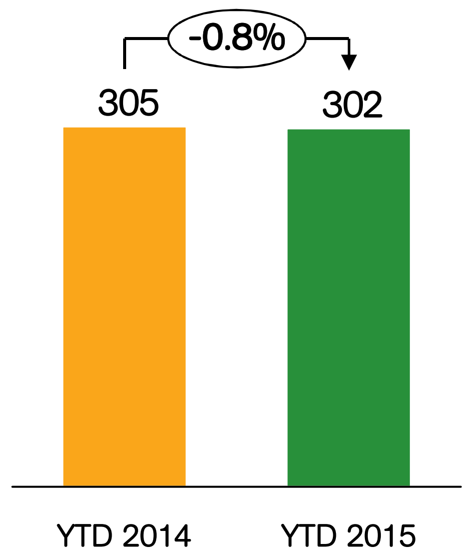
Direct costs

in million euros



- Reaping the benefits of the distribution overhaul

Indirect costs including labor



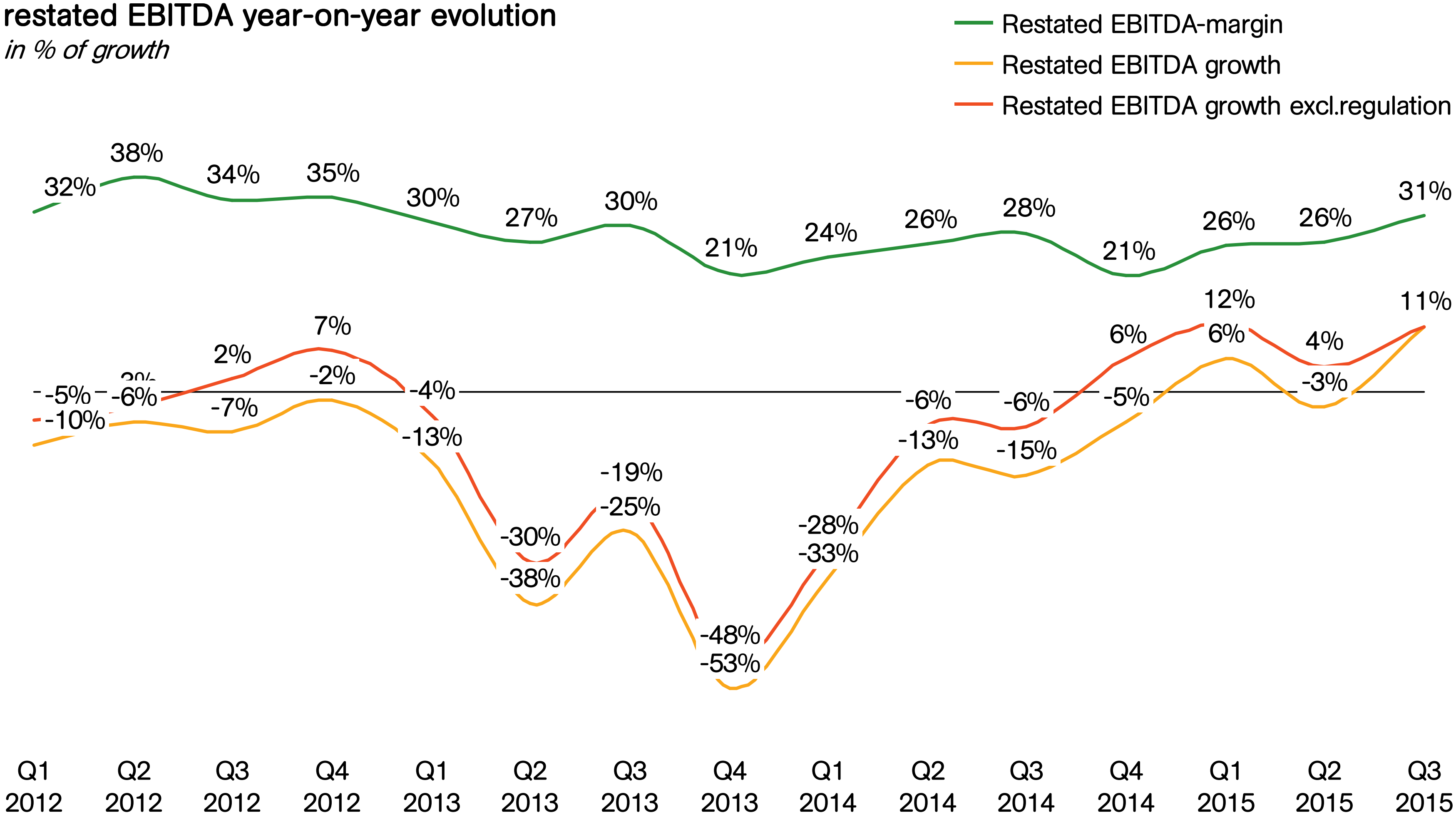
- Net decrease beside shop-in-shop integration
- Including 4.4 % labor costs decrease

consolidated restated EBITDA

nine-month 2015 restated EBITDA jumped by 4.8 % year-on-year

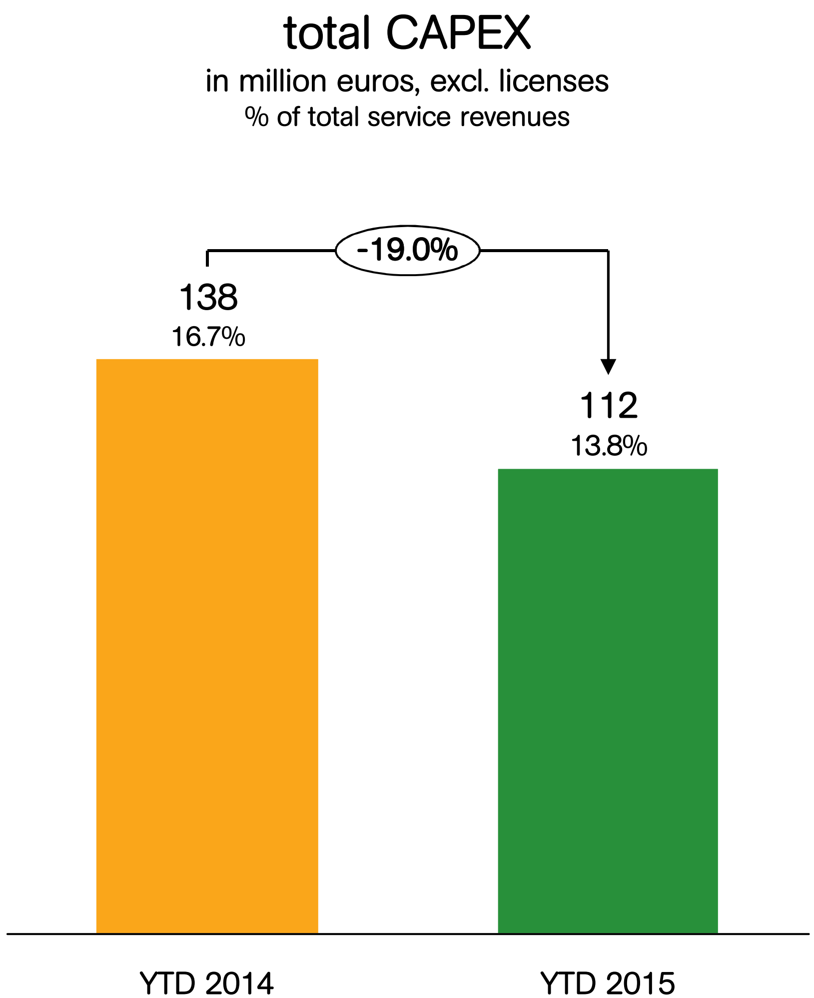
restated EBITDA year-on-year evolution

in % of growth



consolidated capital expenses

decrease in capex with adjusted phasing in 2015 between H1 and H2

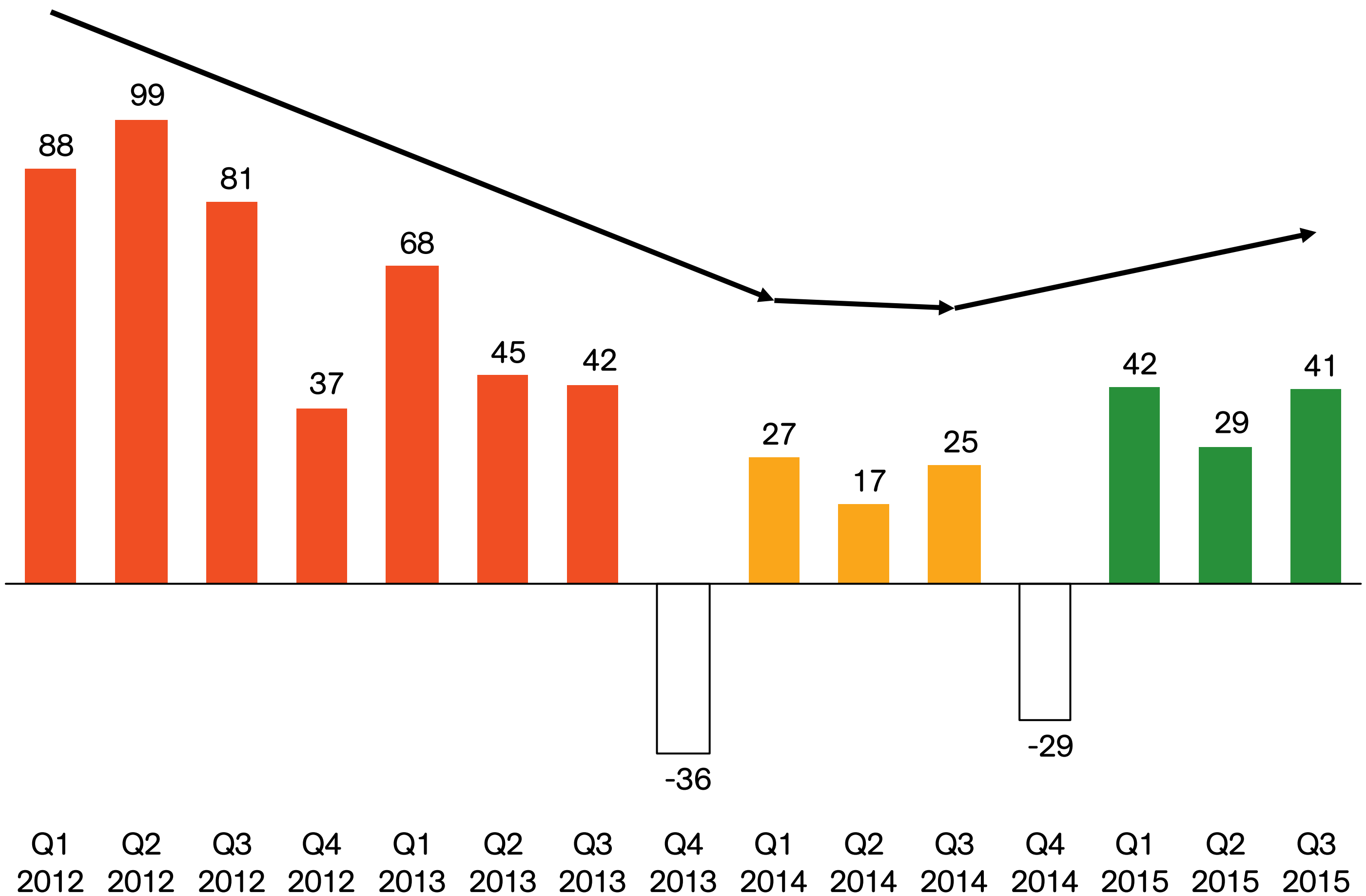


- 71 % of total CAPEX allocated to network
- 97 % 4G outdoor coverage
- progressive normalization of investments below 13% of service revenues

operational cash flow generation picks up

EBITDA & CAPEX trend translating into improved cash flow profile

Operational cash flow
in million euros



Operational cash flow: EBITDA - CAPEX

consolidated net income and financial debt

debt refinanced and improved cash flow generation profile

in €m	9M 2015	9M 2014	Var. (%)	Insight
EBITDA	224.6	207.7	8.1%	• Lower restructuring costs (less redundancy and distribution contract termination vs last year)
(in % of service revenues)	*27.6%*	*25.1%*		
Net income	47.8	36.5	30.9%	
Net profit per share	0.80	0.61	-	
Net financial debt	457.0	523.7	-12.7%	
Net financial debt / EBITDA	1.7	2.1		• Improving trend
Operational cash flow	112.5	69.4	62.1%	
Organic cash flow	81.0	38.9	107.9%	

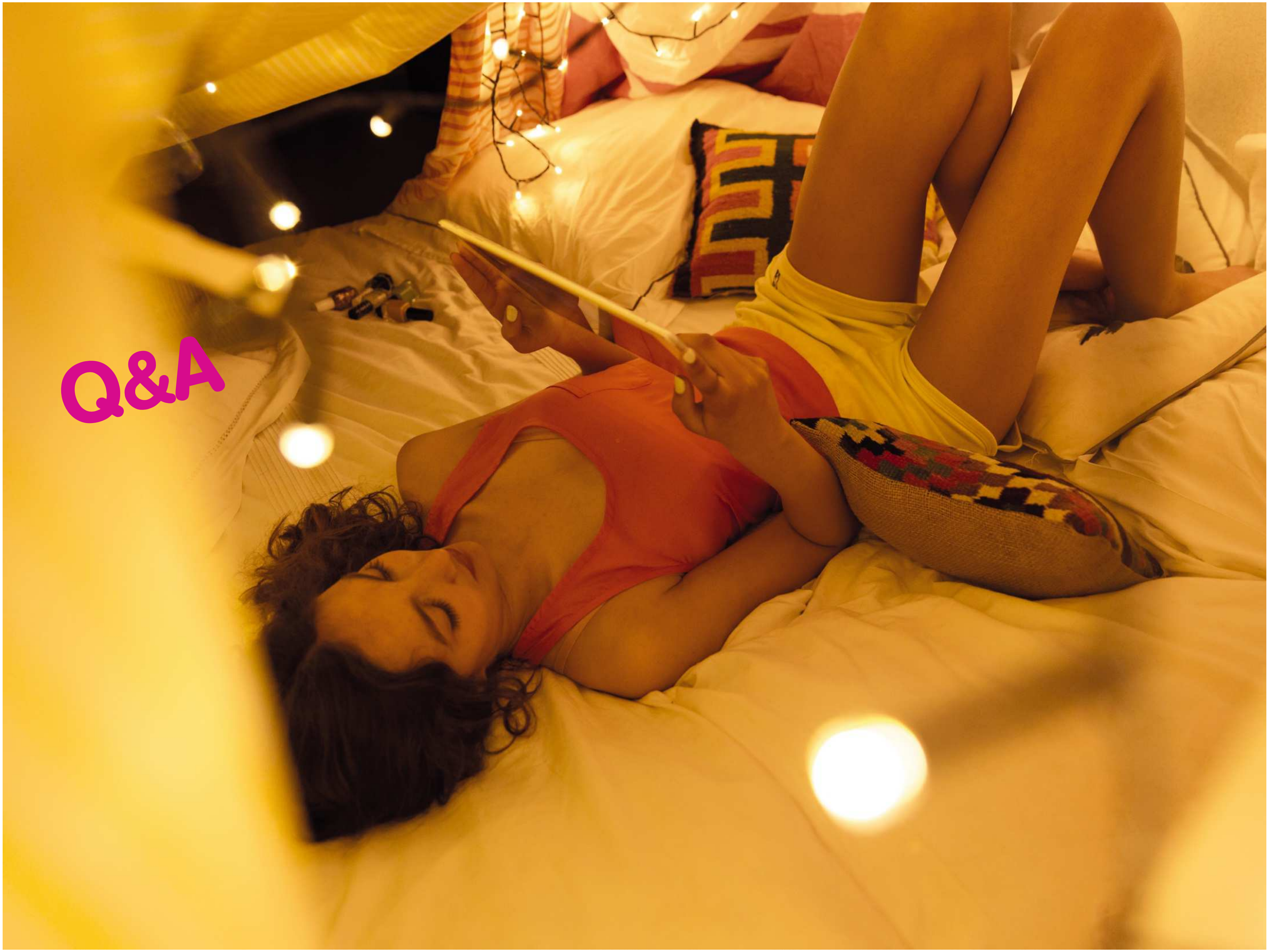
Mobistar outlook

2015 full year guidance upgraded

in €m	9M 2015	Old 2015 guidance	New 2015 guidance
Service revenues	**813.9**		
year-on-year	*-1.5%*		
Restated EBITDA	**228.1**	**260-280***	**>280***
Restated EBITDA margin	*28.0%*		
Net Investments	**112.1**	**~190***	**~190***

* before any impact related to the cable opportunity

Q&A



Q3 2015 Roadshow Schedule

DATE	LOCATION	BROKER	ROADSHOW / CONF.
27 Oct. 2015	Boston	Nomura	Management roadshow
28/29 Oct. 2015	New York	ESN NY	Management roadshow
5 Nov. 2015	Paris	HSBC	Management roadshow
12/13 Nov. 2015	Barcelona	Morgan Stanley	TMT Conference
17 Nov. 2015	London	KBC	Management roadshow
19 Nov. 2015	Frankfurt	Credit Suisse	Management roadshow
25 Nov	Beijng	ING/Euronext	Pan-European Days Asia
26 Nov	Hong Kong	ING/Euronext	Pan-European Days Asia
1 Dec. 2015	London	Berenberg	Conference

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