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**Mobistar**

**Fourth quarter and  
full year 2015  
results**

## Sharp acceleration of postpaid customer growth in Q4 2015 laying a solid foundation for 2016

Upgraded full year 2015 restated EBITDA guidance achieved with €283m  
Convergent offers will be launched in the first quarter of 2016  
Mobistar to be rebranded into Orange

Brussels, 4 February 2016 – Today, Mobistar (Euronext Brussels: MOBB) publishes its results for the fourth quarter and full year 2015. They are characterized by an accelerating commercial momentum towards the end of 2015. By reinvesting the benefits of its ongoing transformation efforts, Mobistar achieved record mobile postpaid net adds while meeting its upgraded full year 2015 restated EBITDA guidance. Mobistar is now ready for the launch of its convergent offers. To support its strategic ambitions, Mobistar will adopt the Orange brand in Belgium.

- ✓ Mobistar's retail customer base increased sequentially with 54.0 thousand customers net adds in Belgium in the fourth quarter of 2015. Postpaid net adds growth accelerated to 27.6 thousand new customers in the fourth quarter of 2015, the highest result in four years marking a clear acceleration compared to previous quarters. In parallel, Mobistar continued improving its customer loyalty, creating a solid basis to commence 2016.
- ✓ At the end of 2015, Mobistar's Belgium 4G outdoor & indoor network coverage stood at 99 % and 88 % respectively. The number of smartphone users jumped 11 % year-on-year to reach a penetration of 61 %. More meaningful was the 99 % increase year-on-year in the number of 4G smartphone users, reaching close to 1 million. Total 4G traffic increased fivefold in 2015 and in December 2015 represented 62 % of total traffic. Mobistar still has a sizable opportunity with about 0.9 and 1.2 million 3G smartphones and feature phones remaining in its customer base. While still in trial mode, Mobistar's 4G+ coverage is rapidly increasing and now amounts to 21 % of the population, allowing for a commercial launch in the coming months.
- ✓ The postpaid ARPU in the fourth quarter of 2015 increased to 28.5 euros from 27.5 euros in the fourth quarter of 2014, an increase of 3.6 % year-on-year. In the fourth quarter of 2015 Mobistar performed particularly well on the acquisition of customers in the mid- to high-end segment which should support the average data usage and ARPU evolution in the coming quarters. Overall, Mobistar delivered sound financial results in 2015 with a total service revenues of 1,085.9 million euros, -2.3 % yoy (-1.2 % yoy excl. regulation).
- ✓ Mobistar's 2015 restated EBITDA excluding cable expenses of 6.8 million euros amounted to 282.8 million euros, thereby delivering upon the upwards revised guidance of October 2015 while adopting a prudent approach on the pylon tax with an additional provision of 10 million euros in the fourth quarter of 2015 for the periods 2014 and 2015. This extra provision was triggered by a rectification notice received at the end of December 2015 from the Walloon administration which remains firmly contested by Mobistar. Excluding this non-cash item, Mobistar would have realized a 2015 restated EBITDA excluding cable expenses of 292.8 million euros, while increasing investments in the acquisition and retention of postpaid customers.
- ✓ Mobistar will launch its convergent offers in the first quarter of 2016 and will unveil all the details in February.
- ✓ With a positive outlook on mobile service revenues, Mobistar expects its restated EBITDA excluding cable to range between 270 and 290 million euros in 2016. This guidance range takes into account the exceptional spending to successfully execute the rebranding into Orange.
- ✓ Mobistar's Board of Directors voted unanimously in favour of adopting the Orange brand in Belgium before the end of 2016. This change will help the company to effectively boost its transformation and support its strategic development through new services for business and residential customers. By forging closer ties with the Orange Group, Mobistar will gain more direct access to the Group's innovations and technical expertise, and will benefit from the globally-recognized force of the Orange brand name.

- ✓ While having reduced its net financial debt/EBITDA-ratio to 1.3x at the end of 2015, Mobistar will in 2016 prioritize the use of its cash for investing in convergence and future growth initiatives. Accordingly the Board of Directors will propose the General Assembly of May 4, 2016 not to pay a dividend for the financial year 2015.

Mobistar's Chief Executive Officer Jean Marc Harion commented: "*I'm proud of Mobistar's team members' commitment who have successfully delivered on the 3 year transformation plan that we initiated in 2013 and that is now coming to an end. We've built strong assets that make us confident and optimistic about the future: we've the best 4G network, a loyal and growing contract customer base, but also a much more agile and lean company. This year will be a pivotal year for our company as we celebrate Mobistar's 20th anniversary as mobile operator in Belgium and as we'll become a convergent player under the Orange brand. The adoption of the Orange brand is a unique opportunity to strengthen our presence in our markets and to support our entrance into the world of convergence with the upcoming launch of our cable Internet and TV offer for residential customers and the recent launch of the new Pulse offers for companies. On the business market, the rebranding will help to reconfirm our leadership in international services in the domain of Machine-to-Machine and the Internet of Things.*"

# 1. Key operational and financial highlights

- **Positive momentum accelerated in 4Q 2015 with 27.6 thousand postpaid net adds in Belgium**  
Mobistar delivered a solid commercial performance this quarter with 54.0 thousand new retail customers in Belgium to end the year with 3,893.0 thousand customers. **In the fourth quarter of 2015, Mobistar added 27.6 thousand new postpaid customers, marking a significant acceleration compared to the previous quarters and the highest result since 2011.** The total postpaid customer base amounts to 2,208.5 thousand customers at the end of 2015, representing an increase of 40.7 thousand customers year-on-year. Similar to the previous quarters this commercial momentum was triggered both by robust sales performance and steady churn improvement. Likewise, **Orange Luxembourg grew its postpaid and M2M/IoT customer bases, reaching a total of 91.6 thousand customers and 38.5 thousand cards, respectively.**
- **Mobistar's Belgium outdoor & indoor 4G network coverage stood at 99 % and 88 %**  
In 2013, Mobistar took up the commitment to upgrade its entire 3G network and to deploy a brand new 4G network with a population coverage target of close to 100 % outdoor and around 80 % indoor. At the end of 2015, Mobistar's Belgium **4G network coverage stood at 99 % for outdoor coverage and 88 % for indoor coverage respectively.** Mobistar remains committed to further increase the coverage in non dense areas to deliver an incomparable customer experience.
- **Mobistar's mobile data traffic increased by 75 % year-on-year driven by 4G usage**  
The appetite for smartphones and mobile data continued unabated. Overall, the number of smartphone users increased by 11 % year-on-year to jump above a penetration of 61 % at the end of 2015. More impacting however was the 99 % increase year-on-year in the number of 4G smartphone users, which at the end of 2015 stood at close to 32 % or **964 thousand**. The associated 4G traffic generated by those users increased fivefold in 2015 and represented more than 62 % of total mobile data traffic in December 2015. In December 2015, the average usage per customer stood at 511Mb or +75 % year-on-year.
- **Mobistar's postpaid ARPU amounted to 28.5 euro, an increase of 3.6 % year-on-year**  
**In the fourth quarter of 2015 Mobistar's blended ARPU in Belgium increased to 23.9 euros**, compared to 23.6 euros a year earlier, an increase of 1.3 % year-on-year. **The postpaid ARPU even increased by 3.6 % up to 28.5 euros** in the fourth quarter of 2015 compared to 27.5 euros a year earlier, confirming the ability to monetize mobile data usage development in spite of lower SMS incoming revenues in the fourth quarter of 2015 compared with previous quarters.
- **Mobistar's mobile service revenues excluding regulatory impact stabilized in 2015 in Belgium**  
**Mobistar's total service revenues amounted to 1,085.9 million euros in 2015** compared to 1,111.4 million euros in 2014, a decline of 2.3 % year-on-year. However, excluding a regulatory impact of 12.8 million euros, Mobistar's 2015 consolidated total service revenues would have eroded by 1.2 % compared to the same period last year. Mobistar's mobile service revenues in Belgium amounted to 963.6 million euros in 2015; excluding a regulatory impact of 10.0 million euros, the 2015 mobile service revenues in Belgium were up by 0.1 % compared to 2014.
- **Mobistar achieved its upgraded 2015 restated EBITDA guidance, despite a prudent accounting approach on the pylon tax in Wallonia**  
In 2015, **Mobistar achieved a restated EBITDA of 276.0 million euros, representing an increase of 0.4 %** compared to 274.9 million euros in 2014 while adopting a prudent approach on the pylon tax with an additional provision of 10 million euros in the fourth quarter of 2015 to cover the 2014-2015 period, triggered by a rectification notice received at the end of December 2015 from the Walloon administration which remains firmly contested by Mobistar. **The restated EBITDA margin reached 25.4 % of total service revenues in 2015 compared to 24.7 % in 2014.** The 2015 EBITDA amounted to 321.3 million euros compared to 255.4 million euros, an increase of 25.8 % year-on-year. The EBITDA margin in 2015 stood at 29.6 % of service revenues, compared to 23.0 % a year ago and includes the 54.0 million euros settlement with Proximus for a number of outstanding litigations of the past.
- **Mobistar's cash flow tripled in 2015, resulting in a net financial debt/EBITDA-ratio of 1.3x**  
**The operational cash flow in 2015 amounted to 128.2 million euros, compared to 40.1 million euros in 2014, an increase of 219.5 %.** The vast improvement in the operational cash flow is the result of the stabilization of the restated EBITDA, decrease in net investments and windfall effect of the 54.0 million euros settlement with Proximus. The organic cash flow amounted to 130.5 million euros in 2015 compared to the 30.2 million euros of organic cash flow generated in 2014, an increase of 331.4 % year-on-year.

## 2. Key facts

Mobistar's 2013-2015 transformation program has successfully come to an end, laying a solid foundation for 2016 development plans:

### Leadership in Mobile:

- **Mobistar's 4G network coverage superiority confirmed by the IBPT**  
The Belgian telecom regulator (IBPT) has published new coverage maps for all Belgian mobile operators confirming the superiority of Mobistar's 4G network, both in terms of population coverage and geographical reach.
- **Mobistar's network quality also recognized by the independent office Commsquare**  
Mobistar continued to expand its 4G network in Belgium, by commissioning new antennas to increase coverage and by optimization of its network and spectrum. The most recent drive test conducted in December 2015 by the independent office Commsquare also confirmed Mobistar's network superiority over its competitors in terms of 4G outdoor coverage.
- **Mobistar plans a commercial launch of its 4G+ services in the coming months**  
At the end of 2015, Mobistar's 4G network reached 99 % outdoor and 88 % indoor coverage respectively. While still in trial mode, Mobistar's 4G+ technology is being deployed and already reaches 21 % population coverage, ready for a commercial launch in the coming months.
- **Mobistar and Orange Luxembourg are the first operators in Europe to provide cross border voice handover**  
Mobistar and its subsidiary Orange Luxembourg launched a new network features allowing their customers travelling back and forth between Belgium and Luxembourg to maintain an uninterrupted voice conversation when crossing the border. It provides a unique customer experience to cross border commuters and travellers.
- **More than 70 thousand people are making use of sponsored public Wi-Fi powered by Mobistar's 4G network**  
Just over a year ago Mobistar entered into a partnership with the public transport company De Lijn to provide them with broadband connectivity on the move. Through the use of 4G routers, wireless internet is made available on 210 trams and buses. Once registered, travellers with De Lijn connect automatically to the Wi-Fi hotspot via the EAP-technology and benefit from 250 megabytes per month of sponsored data usage. Since the launch more than 70 thousand people have registered for the service and more than 450 thousand sessions have been completed.
- **Mobistar launched Easy Internet @home, internet at home on Mobistar's 4G network**  
Easy Internet @home is designed for consumers and small businesses in substitution of a fixed internet subscription, providing high quality broadband access, subscribers can benefit from all the advantages of fixed internet with 15 GB of data volume per month at just 15 euros. The modem costs 29 euros for customers who take out Easy Internet @home for 12 months.
- **Mobistar focuses on growth and innovation by supporting the Belgian start-up ecosystem**  
The latest start-up activity cycle in Belgium, often driven by a mobile-first approach, represents not only an accelerated disruption to businesses in different sectors but also serves as a renewed opportunity for a telecom operator such as Mobistar, to tap into growth and innovation. Mobistar regularly works with Belgian start-ups to develop its own products and services in new growth areas such as Internet of Things, Machine to Machine or new television services using cable. To further foster this evolution Mobistar became a shareholder and telecom partner of Co.Station, an accelerator with infrastructure designed to support digital sector start-ups and scale-ups. Likewise Mobistar became the first commercial partner of Belgian start-up NextRide, which offers fast access to the public transport schedules on IOS, Android, Windows Phone and the web.

### Pioneer in Disruptive Convergence:

- **The cable wholesale regulation passed political obstacles**  
In December 2015, the Conference of Regulators of the Electronic Communications sector, known as CRC (constituted by the Flemish Regulator for Media, Conseil Supérieur de l'Audiovisuel, Medienrat and IBPT) published an updated decision on the revision of prices for wholesale access to cable networks. Early January, the CRC notified this draft decision to the

European Commission, which has one month to verify whether the draft decision is in conformity with the European framework. Following the opinion of the European Commission, Mobistar is now expecting the CRC to validate the cable wholesale pricing mechanism promptly.

- **Cable wholesale prices are improved compared to those published in December 2013, albeit to a lesser extent than first expected following the consultation of June 2015**

Mobistar strongly regrets the CRC has deteriorated the cable wholesale conditions compared to the draft wholesale prices consulted upon in May / June 2015. Mobistar still pleads for the implementation within the coming 12-24 months of a future proof pricing framework based on a cost-plus methodology.

## Best Customer Experience:

- **Mobistar continued building customer momentum for its 'Have a Nice Day' loyalty program**

During the fourth quarter of 2015 Mobistar continued building momentum for its 'Have a Nice Day' loyalty program. In addition to the organization of exclusive concerts and movie premieres, Mobistar further reinforced its program by adding the biggest Belgian cinema chain Kinopolis as a partner for its 'Movie Tuesdays' events. Mobistar already had a partnership in place with Cinépointcom, Imagix, Utopolis and UGC covering 15 cinema complexes, and is now adding the 11 Kinopolis movie theatres. Mobistar customers increasingly signal they feel that their loyalty is rewarded by Mobistar, which in turn translates into improved customer satisfaction and contributes to a lower mobile churn.

- **Mobistar meets the increasing appetite of its high end customers for mobile connectivity**

Mobistar has enriched its portfolio in the high end segment in order to serve its mobile data hungry customers. The Panther 45/60 tariff plan was boosted with 1 respectively 5 GB, while a new tariff plan, the Panther 70, was introduced for Mobistar's hyper connected customers. The Panther 70 is a new offer that combines unlimited voice/SMS, 12 GB data, roaming, additional services such as Mobile Cloud and iCoyote, and a smartphone.

- **Mobistar's distribution channels are ready for prepaid customers registration**

The Belgian Government has recently voted a draft which should put an end to the anonymity of prepaid cards in Belgium. During the purchase of the prepaid card, the operators and their distributors will have to identify the customer. The transformation of Mobistar's distribution channels in the past three years and in particular the strengthening and digitalization of its direct channels, will allow Mobistar to comply with this decree in a convenient manner for its customers.

- **Shape & Pulse, Mobistar's convergent offering for the SME market**

Mobistar launched Shape & Pulse, a new convergent offering for the SME market that provides a combination of mobile and fixed services. Shape provides SMEs with a flexible mobile voice and data offering, allowing SME's to choose which of the six Shape formulas best suits their employees' professional communication needs (voice, mobile Internet, SMS ...), while Pulse guarantees unlimited fixed telephone and internet access.

## Best Industry Efficiency:

- **Overhaul of distribution now mostly completed**

Part of Mobistar's distribution transformation involved the strengthening and digitalization of Mobistar's direct and controlled sales channels. Mobistar invested in its new @Mobistar centres, and is increasingly reaping the benefits of an enhanced footfall, higher conversion rates and store productivity, lower commissions, and, importantly, improved customer satisfaction. Better informed and happy customers tend to require less after sales or customer support in general. This results in markedly higher Net Promoter Scores for Mobistar's touch points (i.e. customer contact centres, Mobistar centres and the web). This in turn reflects positively on the overall churn and also contributes to the savings on customer facing activities.

- **Mobistar has partnered with SOFICO to further develop its fibre network in the south of Belgium**

Sofico currently owns an over 2,000 km long fibre network that extends across the whole of Wallonia and also reaches the region of Brussels, Ghent and Antwerp. The backbone of the SOFICO network mainly runs along the major roads in this area and perfectly complements Mobistar's own 3,000 km long fibre network while providing excellent access to city centres and 45 business parks. Through this partnership, Mobistar can further develop its network in a cash efficient way, while at the same time accelerating the modernization of its high speed transmission network.

## 3. Comments on the financial situation

### 3.1 Mobistar consolidated figures

Mobistar consolidated key figures	FY 2015	FY 2014	Variation	Q4 2015	Q4 2014	Variation
Total number of connected SIM cards (Mobistar S.A., Orange Communications Luxembourg S.A. and MVNO's)	5,819.6	5,599.9	3.9 %	5,819.6	5,599.9	3.9 %
<b>Consolidated turnover (mio €)</b>	<b>1,235.4</b>	<b>1,248.7</b>	<b>-1.1 %</b>	<b>322.6</b>	<b>315.3</b>	<b>2.3 %</b>
Total service revenues (mio €)	1,085.9	1,111.4	-2.3 %	271.9	284.9	-4.6 %
Mobile equipment sales (mio €)	128.0	131.3	-2.5 %	39.6	37.6	5.4 %
<b>Restated EBITDA (mio €)</b>	<b>276.0</b>	<b>274.9</b>	<b>0.4 %</b>	<b>47.9</b>	<b>57.2</b>	<b>-16.2 %</b>
Restated EBITDA margin in % of total service revenues	25.4 %	24.7 %		17.6 %	20.1 %	
EBITDA (mio €)	321.3	255.4	25.8 %	96.8	47.7	103.1 %
EBITDA margin in % of total service revenues	29.6 %	23.0 %		35.6 %	16.7 %	
<b>Consolidated net profit (mio €)</b>	<b>76.6</b>	<b>43.3</b>	<b>76.9 %</b>	<b>28.8</b>	<b>6.8</b>	<b>324.6 %</b>
Net profit per ordinary share (€)	1.28	0.72	76.9 %	0.48	0.11	324.6 %
Net investment (mio €)	193.1	215.3	-10.3 %	81.1	76.9	5.4 %
Net investment / Total service revenues	17.8 %	19.4 %		29.8 %	27.0 %	
<b>Operational cash flow (mio €)</b>	<b>128.2</b>	<b>40.1</b>	<b>219.5 %</b>	<b>15.7</b>	<b>-29.3</b>	<b>na</b>
Organic cash flow (mio €)	130.5	30.2	331.4 %	49.5	-8.7	na
<b>Net financial debt (mio €)</b>	<b>407.5</b>	<b>538.1</b>	<b>-24.3 %</b>	<b>407.5</b>	<b>538.1</b>	<b>-24.3 %</b>

### 3.2 Consolidated statement of comprehensive income

#### Revenues

Mobistar's total consolidated turnover amounted to 1,235.4 million euros in 2015, compared to 1,248.7 million euros in 2014, a decline of 1.1 % year-on-year. Excluding the regulatory impact of 12.8 million euros incurred in the first half of 2015, i.e. 12.1 million euros due to EU roaming and 0.7 million euros to mobile termination rates, the total consolidated turnover would have been stable compared to 2014. The total consolidated turnover in the fourth quarter of 2015 amounted to 322.6 million euros, compared to 315.3 million euros in the fourth quarter of 2014, an increase of 2.3 % year-on-year.

Mobistar's total service revenues amounted to 1,085.9 million euros in 2015 compared to 1,111.4 million euros in 2014, a decline of 2.3 % year-on-year. However, excluding the regulatory impact of 12.8 million euros, Mobistar's 2015 consolidated total service revenues erosion would have been limited to 1.2 % compared to the same period last year. The total service revenues in the fourth quarter of 2015 amounted to 271.9 million euros, compared to 284.9 million euros in the fourth quarter of 2014, a decrease of 4.6 % year-on-year. This negative evolution was accentuated by the reallocation of revenues from 'other revenues' to 'fixed line service revenues' in the fourth quarter of 2014, thereby explaining the strong decrease by 38.3 % of fixed line service revenues in the fourth quarter of 2015 from 30.2 million euros in the fourth quarter of 2014 to 18.6 million euros in the fourth quarter of 2015.

The consolidated mobile equipment sales in 2015 amounted to 128.0 million euros, compared to 131.3 million euros in the same period last year, a decrease of 2.5 % year-on-year. In the fourth quarter of 2015 the consolidated mobile equipment sales increased to 39.6 million euros, compared to 37.6 million euros, an increase of 5.4 % versus the same period last year. While the full year 2015 mobile equipment sales is explained by the phasing-out of the low margin pure handset trading activities, the 2015 fourth quarter mobile equipment sales were on the contrary positively impacted by the sales of the new iPhone which became available in the fourth quarter of 2015, compared to the third quarter in 2014.

#### Result of operating activities before depreciation and other expenses

In 2015, Mobistar achieved a restated EBITDA of 276.0 million euros, representing an increase of 0.4 % compared to 2014 when Mobistar's restated EBITDA reached 274.9 million euros. The restated EBITDA margin amounted to 25.4 % of total service revenues in 2015 compared to 24.7 % in 2014. The restated EBITDA in the fourth quarter of 2015 amounted 47.9 million euros, compared to 57.2 million euros in the same period last year. However, it should be noted that the company adopted a prudent approach on the pylon tax with an additional provision of 10 million euros in the fourth quarter of 2015 for the periods 2014 and

2015, triggered by a rectification notice received at the end of December 2015 from the Walloon administration. Hence, the total provision for this tax corresponding to 2014 and 2015 now amounts to 31.6 million euros compared to 21.6 million euros at the end of the third quarter of 2015. Excluding this additional Walloon pylon tax provision, which remains heavily contested by Mobistar and the other mobile operators, Mobistar would have realized a restated EBITDA in 2015 and in the fourth quarter of 2015 of 286.0 million euros and 57.9 million euros respectively.

The direct costs in 2015 decreased 3.6 % year-on-year to 544.4 million euros from 564.5 million euros a year earlier. On the contrary, the direct costs increased by 5.6 % to 162.0 million euros in the fourth quarter of 2015 compared to 153.4 million euros in the same period last year as a result of a higher volume of customers' acquisition and retention acts with 40.7 thousand and 27.6 thousand net adds in 2015 and in the fourth quarter of 2015 respectively.

The labor costs decreased by 1.5 % year-on-year in 2015 to 133.9 million euros compared to 135.9 million euros in 2014 while the company has intensified the redeployment of its headcount toward customer facing and growth activities including the insourcing of 85 sales agents for the shop-in-shops in the Carrefour hypermarkets, the addition of 70 employees following the acquisition of the Walcom-shops and the progressive staffing related to the cable opportunity. All in all, the total number of employees at the end of 2015 amounted to 1,712, an increase of 133 employees compared to the end of 2014. As a result, labor costs increased by 8.6 % to 32.9 million euros in the fourth quarter of 2015 compared to 30.3 million euros in the fourth quarter of 2014.

The indirect costs increased 2.8 % year-on-year to 281.1 million euros in 2015 compared to 273.4 million euros in 2014 corresponding to an increase of property expenses related to network site rental and of non-labor related IT expenses following the outsourcing of the IT activities in the fourth quarter of 2014. In the fourth quarter of 2015, the indirect costs increased by 7.1 % year-on-year, almost entirely due to the 10.0 million euros Walloon tax provision booked in the fourth quarter of 2015.

The negative regulatory impact on the restated EBITDA amounted to 9.6 million euros, fully incurred in the first half of 2015, and had no impact on the results of the fourth quarter of 2015. Excluding the regulatory impact, the restated EBITDA in 2015 would have increased 4.1 % compared to 2014.

The costs incurred to prepare the launch cable services amounted to 6.8 million euros in 2015, of which 3.0 million euros were spent in the fourth quarter of 2015 including content costs expensed in the last quarter in addition to recurring operating expenses.

EBITDA restatements (in million €)	FY 2015	FY 2014	Variation	Q4 2015	Q4 2014	Variation
Restated EBITDA	276.0	274.9	0.4 %	47.9	57.2	-16.2 %
Restatements	45.3	-19.5	Na	48.9	-9.5	Na
o/w other restructuring costs	-8.7	-19.5	-55.5 %	-5.1	-9.5	-46.2 %
o/w other operating income	54.0	0.0	Na	54.0	0.0	Na
EBITDA	321.3	255.4	25.8 %	96.8	47.7	103.1 %

As communicated on October 21, 2015 Mobistar, KPN, BASE Company and Proximus agreed to settle all outstanding litigations related to the former practice of applying tariffs for mobile telecommunication services that were differentiating on-net and off-net voice communications. In the case of Mobistar, the settlement agreement involved a payment by Proximus to Mobistar of 54.0 million euros, positively impacting Mobistar's P&L below the restated EBITDA. In the fourth quarter of 2015, Mobistar also booked restructuring charges of 5.1 million euros for early termination of long-term distribution contracts. Hence, this results in a positive net restatement of respectively 45.3 and 48.9 million euros for the full year 2015 and the fourth quarter of 2015. Making abstraction of the settlement fee, the restatements would have likewise decreased in 2015 and in the fourth quarter of 2015, coming from 19.5 and 9.5 million a year ago to 8.7 and 5.1 million euros respectively.

Consequently, Mobistar's full year and fourth quarter of 2015 EBITDA amounted to 321.3 and 96.8 million euros compared to 255.4 and 47.7 million euros, an increase of respectively 25.8 % and 103.1 % year-on-year. Hence, the EBITDA margin stood at 29.6 % of service revenues in 2015, compared to 23.0 % a year ago, or 35.6 % in the fourth quarter of 2015, compared to 16.7 % a year ago.

## Depreciation and other expenses

The depreciation and other expenses in 2015 amounted to 202.3 million euros compared to 194.5 million euros in 2014, an increase of 4.0 %. This increase is largely a result of the higher asset base driven by the uptake in investment in the mobile radio



and transmission network with a peak in 2014. In the fourth quarter of 2015 the depreciation and other expenses increased by 12.2 % to 53.5 million euros from 47.7 million euros a year ago.

## EBIT

Mobistar's EBIT in 2015 and the fourth quarter of 2015 amounted to 119.1 and 43.3 million euros, compared to 60.9 and 0.0 million euros recorded the previous year. The EBIT margin in 2015 doubled to 11.0 % coming from 5.0 % in 2014, while the EBIT-margin rose in the fourth quarter of 2015 to 15.9 % compared to 0 % in the fourth quarter of 2014. Obviously, the EBIT was positively impacted by the settlement fee paid by Proximus in the fourth quarter of 2015.

## Financial results

The financial results improved from -8.8 and -1.9 million euros in 2014 and the fourth quarter of 2014 to -6.7 and -1.4 million euros in 2015 and the fourth quarter of 2015. This improvement was primarily due to lower financial costs as a result of the lower debt.

## Taxes

The tax expenses increased in 2015, mainly explained by the contribution of the settlement fee to the taxable basis. In addition, Mobistar was able to benefit from an investment tax deduction in the fourth quarter of 2015 of 7.5 million euros, lower than the 12.5 million euros recorded in 2014. Both reasons largely explain Mobistar's 2015 tax expenses of 35.8 million euros, of which 13.0 million euros were incurred in the fourth quarter. This compares to 8.8 million euros in 2014 and a positive tax result of 8.8 million euros in the fourth quarter of 2014. Mobistar's effective tax rate came out at 31.9 % in 2015 compared to an effective tax rate of 16.9 % in 2014.

## Net profit

Mobistar's consolidated net profit amounted to 76.6 million euros in 2015, compared to 43.3 million euros in 2014, an increase of 76.9 % year-on-year. Consequently, the net profit per share stood at 1.28 euro in 2015, compared to 0.72 euro in 2014, representing an increase of 76.9 % year-on-year. In the fourth quarter of 2015 the consolidated net profit and net profit per share stood at respectively 28.8 million euros and 0.48 euro, compared to 6.8 million euros and 0.11 euro in the fourth quarter of 2014

## 3.3 Consolidated statement of financial position

Mobistar reports a consolidated statement of financial position of 1,517.4 million euros as of 31 December 2015, compared to 1,444.4 million euros at the end of December 2014.

Mobistar's non-current assets amounted to 1,280.5 million euros at the end of 2015, compared to 1,201.6 million euros at the end of 2014. This increase is the result of higher intangible assets following the capitalisation of the renewal of the 900 MHz and 1,800 MHz spectrum in the course of the fourth quarter of 2015 and higher tangible assets linked to the accelerated roll-out of 4G technology within the network. Current assets slightly decreased to 236.9 million euros at the end of 2015 from 242.8 million euros at the end 2014, partly due to a reduction in trade receivables.

Mobistar's non-current liabilities increased to 484.1 million euros at the end of December 2015 from 161.5 million euros at the end of 2014. This is largely the result of the re-financing of short-term debt into long-term debt. As a reminder, in June 2015 Mobistar refinanced the 450 million euros long-term revolving credit facility by a new long-term revolving credit facility of 420 million euros was put in place with an average maturity of 5 years. In addition Mobistar has access to another 3 year amortizable revolving credit facility signed in December 2013 of 120 million euro, of which at the beginning of 2016 still 70 million euros available is. Current liabilities decreased to 576.2 million euros at the end of 2015 from 899.2 million euros at the end of 2014. This is the result of the debt rebalancing from short to long-term debt, the increase in current fixed assets payable linked to the payment of the remaining 900 MHz and 1,800 MHz licences, the increase in operating taxes and levies payable driven by the Walloon pylon tax provisions and lastly, by the increase in current tax payables.

The net financial debt at the end of 2015 amounted to 407.5 million euros, a decrease of Mobistar's net financial debt position by 130.6 million euros compared to 538.1 million euros of net financial debt at the end of December 2014. Mobistar significantly strengthened its balance sheet in 2015 by securing its long-term financing, while reducing at the same time the absolute level of its net financial debt position.

### 3.4 Consolidated cash flow

The operational cash flow in 2015 amounted to 128.2 million euros, compared to 40.1 million euros in 2014, an increase of 219.5 %. This increase is stemming from a stabilised restated EBITDA, the positive contribution of the settlement fee and a decrease in capital expenditures. The organic cash flow amounted to 130.5 million euros in 2015 compared to the 30.2 million euros of organic cash flow generated in 2014, an increase of 331.4 %. In the fourth quarter of 2015, the operational cash flow amounted to 15.7 million euros, compared to a negative operational cash flow of 29.3 million euros a year ago, while the organic cash flow amounted to 49.5 million euros, compared to -8.7 million euros in the fourth quarter of 2014.

The positive variance in the 2015 organic cash flow of +100.2 million euros to 130.5 million euros in 2015 compared to the 30.2 million euros in 2014 comes from a combination of several factors, the most important of which are listed below:

- a positive variance in the consolidated net result (+33.3 million euros),
- a positive variance in the adjustments to reconcile net income (loss) to funds generated from operations (+31.7 million euros),
- a positive variance in change of working capital (+6.5 million euros),
- a positive variance in other net cash outs (+4.5 million euros),
- a positive variance in purchases (sales) of property, plant and equipment and intangible assets (+24.2 million euros).

Back in 2013 Mobistar decided to accelerate the upgrade of its 3G network and to deploy a solid 4G network with the highest coverage rate in Belgium. Mobile is Mobistar's DNA and hence the vision was that Mobistar's customers should experience the best possible mobile data service. At the end of 2015, Mobistar's 4G coverage reached 99 % outdoor and 88 % indoor. Mobistar is proud to have delivered on its promises. In the 2013-2015 period Mobistar invested more than 430 million euros in its network in addition to the 120 million euros paid for the acquisition of the 800 MHz spectrum. The network investment rhythm over the past three years will level out in the future but Mobistar's network will further advance. Mobistar's initial 4G coverage was predominantly based on 800 MHz, but Mobistar quickly started to add extra 1800 MHz frequency layers to create extra capacity to meet future demand for mobile data. 4G+ technology is gradually being activated in trial mode. This new technology offers to users with a compatible device downloading speeds that are up to 3 times faster than 4G. It also permits an improvement of coverage and performance inside buildings. These speeds are made possible thanks to combining 4G frequencies at 800 MHz and 1800 MHz. 4G+ technology consists of aggregating these two frequency bands, thus offering improved performance. At the end of 2015 Mobistar's 4G+ coverage already reached more than 21 %. The commercial launch will take place in the coming months.

## 3.5 Activities of Mobistar by segment

In greater detail, the breakdown of Mobistar group's activities are the following:

### 3.5.1. Activities in Belgium

Key financial figures of Mobistar S.A.	FY 2015	FY 2014	Variation	Q4 2015	Q4 2014	Variation
Total service revenues (mio €)	1,040.1	1,062.1	-2.1 %	260.6	273.2	-4.6 %
of which mobile services	963.6	972.2	-0.9 %	242.9	244.2	-0.5 %
of which fixed services	76.5	89.9	-15.0 %	17.7	29.0	-38.9 %
Total turnover (mio €)	1,188.1	1,198.2	-0.8 %	312.3	304.2	2.7 %

Key operating figures of Mobistar S.A.	Q4 2015	Q4 2014	Variation
ARPU (€/month/active customer)	23.9	23.6	1.3 %
Mobile retail customers (excl. MVNO)	3,893.0	3,915.2	-0.6 %
Mobile customers (excl. M2M)	3,037.8	3,041.7	-0.1 %
M2M SIM cards	855.3	873.6	-2.1 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	1,784.6	1,557.3	14.6 %
Fixed broadband internet and TV customers	24.8	32.4	-23.5 %
Fixed telephone lines	193.9	215.7	-10.1 %

### Mobile activities

#### Market Review

In the course of the fourth quarter of 2015, the Belgian telecom regulator IBPT published its periodic pricing study, which compared prices on the Belgian telecom market with those in Germany, France, Luxembourg, the Netherlands and the UK, based on standard calling profiles. According to this pricing study, Belgium ranked amongst the cheapest countries for the most representative postpaid plan, while overall the Belgian mobile prices are in line with the average in neighbouring countries. For prepaid services, Belgium was also in line with the average. Related to this study, it is important to note that in the neighbouring countries of Belgium, the minimum contract period is typically one or two years, while in Belgium the maximum contract duration amounts to six months and in practice only amounts to one month.

In the fourth quarter of 2015, the Belgian Government published a draft decree which aims to end the anonymity of prepaid cards in Belgium in 2016. When purchasing prepaid cards, the operator and its distributors will be required to identify the person who buys the prepaid card. According to the latest figures of the IBPT around 60 % of all mobile users in Belgium were prepaid users in 2014. In neighbouring countries this percentage is much less according to the IBPT (e.g. in the Netherlands 27 %, France 19 %, UK 38 %).

#### Operational Review

At the end of 2015, Mobistar's mobile customer base (excl. MVNO) stood at 3,893.0 thousand, compared to 3,915.2 at the end of 2014, a decrease of 0.6 %. This is the result of a solid increase of 40.7 thousand postpaid customers year-on-year in 2015 and a decrease in the prepaid (declining market) and M2M/IoT (end of volume contract) customer base of respectively 44.6 and 18.3 thousand customers. Considering the balance between postpaid and prepaid, which stood at 73 % / 27 % at the end of 2015 compared to 71 % / 29 % at the end of 2014, Mobistar's value management turned out positive.

When compared to the third quarter of 2015, Mobistar's mobile customer base (excl. MVNO) increased by 54.0 thousand in the fourth quarter of 2015. Mobistar added 27.6 thousand new postpaid customers in the last quarter of 2015, crossing the 2.2 million customers threshold, reaching a total of 2,208.5 thousand customers. Not only was this the strongest quarter since the fourth quarter of 2011, it also marked a significant acceleration compared to the previous quarters of 2015. Similar to the previous quarters of 2015, Mobistar managed to maintain a lower level of churn than last year, and forced at the same time an acceleration in the number of postpaid gross adds through an intensification of customer investments. At the same time Mobistar also managed to increase the loyalty rate of its postpaid customers, and thereby invested in a potential reduction of its churn in the coming quarters.

M2M/IoT net additions in the fourth quarter of 2015 stood at +47.0 thousand versus the previous quarter. After one quarter of decline, the MVNO customer base again increased in the fourth quarter of 2015 by 88.0 thousand, reaching a total customer base of 1,784.6 thousand.

At the end of 2015, Mobistar's total customer base in Belgium stood at 5,677.6 thousand, an increase of 142.0 thousand versus the previous quarter and an increase of 205.1 thousand compared to the end of 2014.

#### Financial Review

Mobistar's blended ARPU further increased by 1.3 % to 23.9 euros in the fourth quarter of 2015 compared to 23.6 euros in the fourth quarter of 2014. The postpaid ARPU increased 3.6 % to 28.5 euros in the fourth quarter of 2015 from 27.5 euros in the fourth quarter of 2014, a similar pace to that of the third quarter of 2015. Growth in data usage continued at full steam driven by the ongoing increase in smartphone penetration and mobile data usage (in addition to stable retail prices). Mobistar's ARPU year-on-year growth trend was tempered in the fourth quarter of 2015 by a lower contribution from incoming SMS revenues, which was less the case in the previous quarters. Sequentially compared to the third quarter of 2015, the ARPU in the fourth quarter benefitted less from roaming revenues due to the seasonal roaming pattern, both from Mobistar customers and visitors. The prepaid ARPU in the fourth quarter of 2015 continued to decline by 13.8 % year-on-year. This decline comes on the back of continued promotions, lower SMS interconnection revenues and a gradual migration, especially from high-end prepaid customers to attractive, data-focused postpaid tariff plans. The migration of high-end prepaid to postpaid customers implies that lower volume voice and sms-centric customers predominantly remain prepaid customers, who also have a low average mobile data consumption.

Mobistar's mobile service revenues in Belgium amounted to 963.6 million euros in 2015, compared to 972.2 million euros in 2014, a decline of 0.9 % year-on-year. Excluding the regulatory impact of 10.0 million euros, the 2015 mobile service revenues in Belgium were up by 0.1 % compared to 2014. Considering Mobistar's core mobile business, two diverging trends can be observed throughout 2015: 1/ Mobistar's postpaid business performed particularly well with both a positive development of the postpaid customer base and ARPU, which translates into a solid increase in postpaid mobile service revenues; and 2/ a decaying prepaid business, although still performing better than the overall prepaid market in Belgium, driven by a decline in both the prepaid customer base and a decline in the prepaid ARPU. The wholesale MVNO revenues, which form part of the mobile service revenues, amounted to 83.9 million euros in 2015 compared to 82.1 million euros in 2014. In the fourth quarter of 2015 the mobile service revenues in Belgium amounted to 242.9 million euros compared to 244.2 million euros in 2014, a decrease of 0.5 %. Hence, the stabilizing trend of the third quarter of 2015 was confirmed.

#### Fixed and convergent activities

##### Market Review

In anticipation of the review by the European Commission, and the consequent finalization and publication by the CRC of the new wholesale cable prices, the Belgian fixed market continued to be characterized by the dominance of the incumbent and the regional cable operators. The outcome of the periodic pricing study conducted by the Belgian telecom regulator IBPT, which also compared prices of fixed product on the Belgian telecom market with those in Germany, France, Luxembourg, the Netherlands and the UK, reconfirmed that in particular prices of triple-play plans in Belgium remain high. Triple play prices ranked as the second most expensive, both for plans with 30-100 Mbps and with over 100 Mbps. In quad-play, Belgium ranked as the third most expensive country among the surveyed countries, as the mobile component lowers the overall bundle price. On the heels of this pricing survey, the most relevant fixed players announced a new round of price increases highlighting again the price leadership of the oligopolistic fixed players.

##### Operational Review

At the end of 2015, Mobistar had a total of 24.8 thousand fixed broadband internet customers, compared to 32.4 thousand at the end of 2014. The number of legacy fixed telephone lines declined by 10.1 % year-on-year from 215.7 thousand at the end of 2014 to 193.9 thousand at the end of 2015. In October Mobistar launched Pulse, following the strategic partnership with Edpnet for the delivery of fixed services (telephony and internet) in the SME market. This launch allowed Mobistar to complement its mobile offering Shape, offering the SME market a complete and convergent telecom package. The initial feedback of customers that are using the new solution is positive, in particular the quality of the proposed solutions is driving customer satisfaction.

#### Financial Review

The fixed-line legacy service revenues in 2015 in Belgium continued to decline to 76.5 million euros from 89.9 million euros in 2014, a decline of 15.0 % year-on-year. In the fourth quarter of 2015, the decline widened to 38.9 % year-on-year from 29.0 million euros in the fourth quarter of 2014 to 17.7 million euros in the fourth quarter of 2015. The year-on-year variance of Mobistar's fixed-line service revenues in Belgium was negatively impacted in the fourth quarter of 2015, as the fourth quarter of

2014 benefited from a one-off effect, i.e. the reallocation from revenue previously booked in the line item 'other revenue' versus the line item 'fixed service revenues'.

### 3.5.2. Activities in Luxembourg (Orange Communications Luxembourg S.A.)

Key financial figures of Orange Communications Luxembourg S.A.	FY 2015	FY 2014	Variation	Q4 2015	Q4 2014	Variation
Total service revenues (mio €)	47.9	50.8	-5.6 %	11.9	12.1	-1.8 %
of which mobile services	44.8	48.4	-7.4 %	11.0	11.0	0.4 %
of which fixed services	3.1	2.4	31.6 %	0.9	1.2	-22.5 %
Total turnover (mio €)	64.8	62.3	3.9 %	18.5	16.9	9.7 %

Key operating figures of Orange Communications Luxembourg S.A.	Q4 2015	Q4 2014	Variation
ARPU (€/month/active customer)	37.9	39.8	-4.8 %
Mobile retail customers (excl. MVNO)	139.9	125.5	11.4 %
Mobile customers (excl. M2M)	101.4	95.6	6.0 %
M2M SIM cards	38.5	29.9	28.8 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	2.1	1.9	10.4 %

#### Market Review

The Luxembourg telecom regulator Institut Luxembourgeois de Régulation (ILR) has participated for the first time in the comparative pricing study organised by the IBPT. The comparative study shows the position of the Luxembourg telecommunications tariff plans in a European context. According to the study, the prices of fixed telephony and mobile broadband internet are relatively cheap in Luxembourg, while other telecom product offerings are in general above the average of the rates of other countries. For mobile postpaid, Luxembourg ranked well for the low-end voice, no data user profile and for the high-end voice, intense data user profile. For the four other user profiles Luxembourg was noticeably more expensive than the other countries, however it should be noted that the tariff plans of the Luxembourg operators often include roaming minutes (as well as data) and include international calling minutes, something the study does not take into account. This extra bundle of minutes that can be used for calls in / from abroad is fairly typical for Luxembourg, given the small geographical size of the country. For mobile prepaid profiles, Luxembourg ranks amongst the most expensive, but the usage of prepaid is less prevalent in Luxembourg as in most other countries. In terms of dual-, triple- and quad-play tariff plans, Luxembourg ranks among the most expensive countries.

In the fourth quarter of 2015 the market environment in Luxembourg continued to be very competitive in terms of promotional activity with a clear focus on convergence and international offers.

#### Operational Review

At the end of 2015, Mobistar's subsidiary in Luxembourg had 139.9 thousand mobile customers including 38.5 M2M/IoT cards, up 11.4 % compared to 2014 thanks to the strong development of its postpaid customer base. In the course of the fourth quarter of 2015 Orange Luxembourg also accelerated the acquisition of postpaid customers, resulting in an increase of its customer base by 4.6 thousand. As of December 2015, Orange Luxembourg decided to stop the commercialisation of anonymous prepaid cards, thereby responding to the Government request to end anonymous prepaid cards in the context of terrorism prevention. This largely explains the decline of 1.6 thousand prepaid customers in the fourth quarter of 2015. An encouraging note is the continued success of Orange Luxembourg's convergent strategy. Its fixed broadband internet and digital TV customer base increased by 12.1 % in the course of the fourth quarter of 2015 to reach a total of 7.3 thousand customers or 8 % of its total postpaid customer base.

On the network front Orange Luxembourg continued the expansion of its mobile and fixed network, thus increasing the eligibility of its convergent TV offers to almost 100 % of the population and covering respectively 90 % and more than 66 % of the population with 4G and 4G+. Orange Luxembourg strengthened its leadership as an innovator, being the first operator to introduce unlimited offers in Luxembourg as well as world roaming packs.

## Financial Review

Total turnover stood at 64.8 million euros at the end of 2015, compared to 62.3 million euros at the end of 2014. Excluding the regulatory impact (0.7 million and 2.1 million for call termination rates and roaming regulation, respectively), total turnover increased by 8.8 %, driven by convergence and smartphone based postpaid offers.

Total service revenues stood at 47.9 million euros at end of 2015, compared to 50.8 million euros a year earlier. Excluding the regulatory impact (0.7 million and 2.1 million for call termination rates and roaming regulation, respectively) revenues were stable as customer base growth compensated the ARPU erosion.

## 4. Financial instruments, financial risks management objective and policy

In the first half of 2015 Mobistar re-financed its 450 million euros long-term revolving credit facility that would have expired in December 2015. The new long term revolving credit facility, with an average maturity of 5 years, amounts to 420 million euros and comes on top of the existing 120 million euros revolving credit facility signed in December 2013. In the second half of 2015 Mobistar has hedged its debt-floating interest rate risk at a fixed rate of 0.41% and for a notional of 200 million euros for the next 5 years.

No other changes have occurred in comparison to the information contained in the 2014 annual report (p.14).

## 5. Disputes

The information relating to disputes contained in the 2014 annual report and in the 2015 quarterly reports has been modified as follows:

**Masts:** The total amount of taxes charged, plus default interest calculated at the legal rate, amounts to 111.1 million euros, of which 17.0 million euros correspond to the financial year 2015. This aggregated amount is disputed in court.

**Walloon tax on masts, pylons or antennas:** The Walloon region has implemented by a Decree on December 11, 2013 a yearly tax on masts, pylons or antennas for mobile telecommunication as from 1 January 2014. This tax amounts to 8,000 euros per site (yearly indexed as from 2015). Moreover Walloon municipalities are entitled to establish additional surcharges of maximum 100 % of the above described tax. Mobistar introduced on June 20, 2014 a request for annulment at the Constitutional Court against the Decree. In its judgment of 16 July 2015 the Constitutional Court has annulled the articles regarding the tax on masts, pylons or antennas for mobile telecommunication in the Decree of 11 December 2013, but retains its effects definitely. This judgment has been published on 1 September 2015 in the Belgian Official Gazette. Mobistar has received tax bills for this tax dated 22 December 2014. Mobistar consequently introduced a fiscal objection against the tax bills on 20 February 2015. On 14 July 2015 these tax bills are annulled for procedural errors by the Walloon administration. On 20 July 2015 the Walloon administration has sent a request for information on the masts, pylons or antennas of 2014 in order to continue the enrolment process. In December 2015 Mobistar has received a tax bill for an amount of 16,000 euros and a rectification notice from the Walloon administration announcing the enrolment of the concerned taxes for 2014 for an amount of 15.9 million euros. The rectification is predominantly driven by the taxation of a much larger amount of sites than the previous tax bills, based inter alia on the information of the Walloon antenna cadaster. The cadaster includes also sites that have never been constructed, or sites that have been moved from one location towards another, so it includes far more sites than there are sites actually on air. Mobistar will answer the Walloon tax administration within the statutory period to contest the rectification notice. Mobistar will also introduce a fiscal objection against the tax bill. The same arguments already used in the request for annulment will be included in Mobistar's contestation and moreover Mobistar will contest the taxation of non-existing or non-exploited sites. The Walloon Decree of 12 December 2014, sustaining the above described Walloon tax for 2015 and following years, was published in the Belgian Official Gazette on 29 December 2014. Mobistar introduced on June 26, 2015 a request for annulment at the Constitutional Court against this Decree. The Walloon Decree of 17 December 2015 has been published in the Belgian Official Gazette on 30 December 2015. It provides a right for the municipalities to establish an additional tax to the regional tax on the masts, pylons or antennas mainly established on their territory. It is applicable as from 1 January 2016.

**Telenet Full MVNO (Mobile Virtual Network Operator) Agreement:** Mobistar has brought court proceedings against Telenet before the Commercial Court of Brussels for the judicial recovery of invoices under the Full MVNO (Mobile Virtual Network Operator) Agreement between Mobistar and Telenet, entered into on 27 April 2012. Telenet is wrongfully claiming a price reduction on invoices for services rendered by Mobistar in 2013 and 2014. Telenet has also made an erroneous use of wholesale tariff arrangements leading Mobistar to claim additional payment for the 2012-2015 period. As Telenet refused to pay

these amounts voluntarily, Mobistar was left with no other option than to bring suit against Telenet for the recovery of the due amount.

**KPN Mobile International B.V. / Mobistar S.A. Share Purchase Agreement:** Parties have reached a settlement in this file. As a result, the case has been struck from the general docket at the hearing of 15 December 2015.

**Unpaid invoices - Legal obligation to cooperate:** As part of the Royal Decree of 9 January 2003 on the modalities for the legal obligation to cooperate in legal actions relating to electronic communications, Mobistar provides services to public prosecutor, courts, etc. The fees that Mobistar may charge for the services rendered are defined in the above Royal Decree. The Belgian State, represented by its Minister of Justice, is debtor of these amounts. On 19 June 2014 Mobistar has summoned the Belgian State to pay its overdue amount. During the introductory hearing of 19 September 2014 a schedule for the filing of trial briefs has been set between the parties. The case has been handled before the Brussels Court of First Instance at the hearing of 9 September 2015. By interim judgment of 14 October 2015, the Court ordered the reopening of the proceedings at the hearing of 17 February 2016. In the meantime, parties are conducting settlement negotiations, which have already led to partial payments in 2015.

**Abuse of dominant position by the Belgacom group:** In October 2015, Proximus, KPN Group Belgium and Mobistar have concluded a transactional agreement with the view to closing the open proceedings related to several abuses of dominant position by Proximus on the mobile market (1999-2004) and on the mobile corporate market (2004-2005) including the cassation appeal related to the abuses of 1999-2004 and the damage proceedings related to abuses on the mobile corporate market of 2004-2005. The complaint against Proximus about the abuse of dominance on the broadband market was not included in the transactional agreement and is still pending before the Belgian Competition Authority.

**Social tariffs:** On 11 June 2015, the European Court of Justice determined that mobile services (mobile broadband included) cannot qualify for social tariffs when supported by a financing system by the sector. The case has been sent back to the Belgian Constitutional Court and a hearing was held in November 2015. A judgment is expected in 2016.

**Regulation of broadband and cable:** In December 2015, cassation appeals have been launched by Telenet and Numéricable against the judgments of the Court of appeal of 12 November 2014 and 13 May 2015. Telenet limits its cassation appeal against the judgments to the extent they grant Proximus access to digital TV and broadband. Numéricable attacks the judgments in their entirety. In the appeal against the quantitative decisions of December 2013, briefs have been further exchanged. Pleadings will be held in the course of 2016, after an additional extension requested by the regulators.

**Belgacom's refusal to negotiate a commercial agreement:** After the reopening of the case in the second quarter of 2015, briefs have been exchanged in the fourth quarter of 2015. Pleadings will take place in 2016.

## 6. Significant events after the end of the 2015 reporting period

No other significant events occurred after the end of the 2015 reporting period.

## 7. Trends

The Board of Directors of Mobistar voted unanimously in favour of an adoption of the Orange brand in Belgium in order to support Mobistar's strategic ambitions. The rebranding into Orange will take place before the end of 2016. A more detailed planning will progressively be communicated to all our stakeholders in due course.

The increasing appetite of Mobistar's customers for mobile data triggered by an increasing penetration of 4G smartphones, the wide adoption of a variety of applications (music/video streaming, virtual reality, enhanced messaging, M2M/IoT) and a best-in-class network should act as strong support for the development of the ARPU. Mobistar's revitalised customer momentum, which has its roots in a stronger relative market positioning and a more loyal customer base, should continue in 2016.

While firmly expecting material improvements in the regulatory framework, convergence will become a reality for Mobistar in 2016 in all market segments. Consumer expectations regarding the benefits of true convergent competition in Belgium are high, and Mobistar is prepared to offer the products and services to meet those expectations. Mobistar's first objective is to establish a qualitative offer in the market with a high customer satisfaction level.

The ACE3 savings program - which involves the simplification and digitalization of a number of Mobistar's key processes, including ordering, billing, customer relations management, as well as the implementation of a new ERP – will start to materialize towards the end of 2016 with the full-year benefits as from 2017.

In October 2015 the European Parliament's plenary meeting voted in favour of ending roaming charges by 15 June 2017. In December 2015 the European Commission also adopted new implementing rules which set out the maximum charges that consumers can be charged for receiving phone calls when roaming abroad in the EU. The new cap is set at 1.14 eurocent per minute of call received, almost five times cheaper than the current cap of 5 cents per minute.

Mobistar estimates that the new roaming framework will have a gross negative impact of 19 million euros on both group service revenues and EBITDA in 2016, i.e. 17 million euros for Belgium and 2 million euros for Luxembourg. As indicated earlier, part of this gross impact is expected to be compensated by price elasticity of demand for roaming services, as lower roaming prices should drive additional volume. The expected increase in data volume should also be put in perspective with the rising demand from travellers for on-the-go connectivity.

In the second half of 2015 the IBPT published its draft decision on the fixed termination and consequently also on the mobile termination market. To determine prices for termination, the Belgian regulator used a bottom-up method in order to set a "pure" LRIC for the theoretical efficient operator. Within the scope of these draft decisions the maximum fixed termination rates (FTR) could fall to 0.078 cent per minute in 2016 (a decline of 84 %), while the maximum mobile termination rates (MTR) could fall to 0.77 cent per minute in 2016 (a decline of 34 %). In both cases a public consultation has taken place. Consequently, the IBPT has not yet published its final decision. In case the draft decisions are confirmed Mobistar estimates that the net termination rates could have a negative impact of up to 12.1 million euros on Belgian service revenues and 0.9 million euros on its EBITDA in 2016.

Considering a progressive return to growth in service revenues and taking into account all of the elements above, Mobistar expects its restated EBITDA in 2016 to range between 270 and 290 million euros excluding cable costs, which compares to the 282.8 million euros achieved in 2015. Mobistar expects its 2016 capex to be reduced by about 25 % from 193 million euros in 2015. In addition, Mobistar will capitalize the variable customer equipment and installation costs related to its convergent offering. The guidance provided is based on the current market, tax and regulatory context.



## 8. Quarterly results

		Q4 2015	Q3 2015	Q2 2015	Q1 2015
<b>MOBISTAR GROUP</b>					
<b>Mobile services</b>					
Mobile retail customers (excl. MVNO)	in thousand	4 032.9	3 973.5	3 950.1	3 890.7
Mobile customers (excl. M2M)	in thousand	3 139.1	3 129.1	3 130.4	3 118.4
Postpaid	in thousand	2 300.1	2 268.0	2 258.3	2 246.3
Prepaid	in thousand	839.0	861.2	872.1	872.1
M2M SIM cards	in thousand	893.8	844.4	819.6	772.3
MVNO customers	in thousand	1 786.7	1 698.7	1 992.4	1 711.9
<b>Fixed services</b>					
Fixed broadband internet and TV customers	in thousand	32.1	31.8	34.6	35.9
Fixed telephone lines	in thousand	195.1	196.0	199.4	205.3
<b>BELGIUM</b>					
<b>Mobile services</b>					
Mobile retail customers (excl. MVNO)	in thousand	3 893.0	3 839.0	3 818.4	3 762.3
Mobile customers (excl. M2M)	in thousand	3 037.8	3 030.7	3 032.8	3 022.5
Postpaid	in thousand	2 208.5	2 180.9	2 172.6	2 163.3
Prepaid	in thousand	829.2	849.8	860.1	859.2
Mobile blended ARPU, annual rolling (incl. visitor roaming)	in EUR/month	23.9	23.9	23.6	23.7
Postpaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	28.5	28.3	27.9	27.8
Prepaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	12.2	12.7	13.3	13.8
M2M SIM cards	in thousand	855.3	808.3	785.7	739.8
MVNO customers	in thousand	1 784.6	1 696.6	1 990.4	1 710.0
<b>Fixed services</b>					
Fixed broadband internet and TV customers	in thousand	24.8	25.3	28.3	29.9
Fixed telephone lines	in thousand	193.9	195.5	198.1	203.6
<b>LUXEMBOURG</b>					
<b>Mobile services</b>					
Mobile retail customers (excl. MVNO)	in thousand	139.9	134.5	131.6	128.4
Mobile customers (excl. M2M)	in thousand	101.4	98.4	97.7	95.9
Postpaid	in thousand	91.6	87.0	85.7	83.0
Prepaid	in thousand	9.7	11.4	12.0	12.9
Mobile blended ARPU, annual rolling (incl. visitor roaming)	in EUR/month	37.9	38.1	38.3	38.8
M2M SIM cards	in thousand	38.5	36.1	34.0	32.6
MVNO customers	in thousand	2.1	2.0	2.0	2.0
<b>Fixed services</b>					
Fixed broadband internet and TV customers	in thousand	7.3	6.5	6.4	6.0
Fixed telephone lines	in thousand	1.2	0.5	1.3	1.7

**MOBISTAR GROUP – Key financial figures**

<b>Total service revenues</b>	<b>in mio EUR</b>	<b>271.9</b>	<b>276.8</b>	<b>268.9</b>	<b>268.2</b>
Mobile service revenues	in mio EUR	253.3	257.7	248.0	247.2
Fixed service revenues	in mio EUR	18.6	19.1	20.9	21.0
<b>Restated EBITDA</b>	<b>in mio EUR</b>	<b>47.9</b>	<b>86.0</b>	<b>72.2</b>	<b>69.9</b>
% of service revenues		17.6%	31.1%	26.9%	26.0%
<b>EBITDA</b>	<b>in mio EUR</b>	<b>96.8</b>	<b>84.2</b>	<b>71.5</b>	<b>68.8</b>
% of service revenues		35.6%	30.4%	26.6%	25.7%
<b>CAPEX</b>	<b>in mio EUR</b>	<b>81.1</b>	<b>42.8</b>	<b>42.5</b>	<b>26.8</b>
% of service revenues		29.8%	15.5%	15.8%	10.0%
<b>Operating cash flow</b>	<b>in mio EUR</b>	<b>15.7</b>	<b>41.4</b>	<b>29.0</b>	<b>42.1</b>
% of service revenues		5.8%	15.0%	10.8%	15.7%
<b>Net financial debt</b>	<b>in mio EUR</b>	<b>407.5</b>	<b>457.0</b>	<b>499.8</b>	<b>518.5</b>
Net financial debt / EBITDA		1.3	1.7	1.9	2.0

## MOBISTAR GROUP

### Mobile services

Mobile retail customers (excl. MVNO)	in thousand	4 040.8	4 019.7	3 963.9	3 969.8
Mobile customers (excl. M2M)	in thousand	3 137.3	3 157.8	3 139.1	3 193.8
Postpaid	in thousand	2 249.4	2 244.3	2 243.0	2 262.7
Prepaid	in thousand	887.9	913.5	896.1	931.0
M2M SIM cards	in thousand	903.5	861.9	824.8	776.0
MVNO customers	in thousand	1 559.2	1 554.3	1 549.9	1 312.3

### Fixed services

Fixed broadband internet and TV customers	in thousand	38.2	39.7	44.2	47.6
Fixed telephone lines	in thousand	217.6	217.8	224.2	230.0

## BELGIUM

### Mobile services

Mobile retail customers (excl. MVNO)	in thousand	3 915.2	3 891.6	3 836.3	3 840.1
Mobile customers (excl. M2M)	in thousand	3 041.7	3 058.3	3 038.4	3 091.1
Postpaid	in thousand	2 167.8	2 161.2	2 159.9	2 180.2
Prepaid	in thousand	873.8	897.1	878.5	910.8
Mobile blended ARPU, annual rolling (incl. visitor roaming)	in EUR/month	23.6	23.5	23.8	24.1
Postpaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	27.5	27.4	27.7	28.1
Prepaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	14.2	14.4	14.6	15.0
M2M SIM cards	in thousand	873.6	833.3	797.9	749.1
MVNO customers	in thousand	1 557.3	1 552.4	1 548.0	1 310.5

### Fixed services

Fixed broadband internet and TV customers	in thousand	32.4	34.9	39.3	42.7
Fixed telephone lines	in thousand	215.7	214.9	221.9	227.7

## LUXEMBOURG

### Mobile services

Mobile retail customers (excl. MVNO)	in thousand	125.5	128.1	127.6	129.7
Mobile customers (excl. M2M)	in thousand	95.6	99.5	100.7	102.7
Postpaid	in thousand	81.6	83.1	83.1	82.5
Prepaid	in thousand	14.1	16.4	17.6	20.2
Mobile blended ARPU, annual rolling (incl. visitor roaming)	in EUR/month	39.8	43.0	45.3	48.3
M2M SIM cards	in thousand	29.9	28.6	26.9	27.0
MVNO customers	in thousand	1.9	1.9	1.9	1.8

### Fixed services

Fixed broadband internet and TV customers	in thousand	5.9	4.8	4.9	4.9
Fixed telephone lines	in thousand	1.9	2.8	2.2	2.3

**MOBISTAR GROUP – Key financial figures**

<b>Total service revenues</b>	<b>in mio EUR</b>	<b>284.9</b>	<b>274.5</b>	<b>278.8</b>	<b>273.3</b>
Mobile service revenues	in mio EUR	254.7	254.9	257.4	252.1
Fixed service revenues	in mio EUR	30.2	19.6	21.4	21.2
<b>Restated EBITDA</b>	<b>in mio EUR</b>	<b>57.2</b>	<b>77.3</b>	<b>74.3</b>	<b>66.1</b>
% of service revenues		20.1%	28.2%	26.6%	24.2%
<b>EBITDA</b>	<b>in mio EUR</b>	<b>47.7</b>	<b>70.7</b>	<b>72.5</b>	<b>64.5</b>
% of service revenues		16.7%	25.8%	26.0%	23.6%
<b>CAPEX</b>	<b>in mio EUR</b>	<b>76.9</b>	<b>45.4</b>	<b>55.6</b>	<b>37.4</b>
% of service revenues		27.0%	16.5%	19.9%	13.7%
<b>Operating cash flow</b>	<b>in mio EUR</b>	<b>-29.3</b>	<b>25.4</b>	<b>17.0</b>	<b>27.1</b>
% of service revenues		-10.3%	9.2%	6.1%	9.9%
<b>Net financial debt</b>	<b>in mio EUR</b>	<b>538.1</b>	<b>523.7</b>	<b>547.2</b>	<b>550.9</b>
Net financial debt / EBITDA		2.1	2.1	2.0	1.9

## 9. Financial calendar

4-Feb-16	Financial results Q4 2015 (7:00 am CET) – Press release
4-Feb-16	Financial results Q4 2015 (2:00 pm CET) – Analyst & Investor meeting/webcast
1-Apr-16	Start quiet period
22-Apr-16	Financial results Q1 2016 (7:00 am CET) – Press release
22-Apr-16	Financial results Q1 2016 (10:00 am CET) – Audio conference call
4-May-16	Annual General Meeting
1-Jul-16	Start quiet period
20-Jul-16	Financial results Q2 2016 (7:00 am CET) – Press release
20-Jul-16	Financial results Q2 2016 (2:00 pm CET) – Analyst & Investor meeting/webcast
1-Oct-16	Start quiet period
20-Oct-16	Financial results Q3 2016 (7:00 am CET) – Press release
20-Oct-16	Financial results Q3 2016 (10:00 am CET) – Audio conference call

Preliminary agenda still subject to potential changes

## 10. Conference call & webcast details

Date:	04 February 2016
Time:	2:00 pm (CET), 1:00 pm (UK), 8:00 am (US/NY)
Conference call:	<a href="http://corporate.mobistar.be/go/en/financial_information.cfm">http://corporate.mobistar.be/go/en/financial_information.cfm</a>

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

## 11. Shares

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

	FY 2015	FY 2014	Q4 2015	Q4 2014
<b>Trading of shares</b>				
Average closing share price (€)	19.04	14.87	20.94	17.39
Average daily volume	130,607	130,015	106,447	140,048
Average daily value (€)	2,449,134	1,927,201	2,230,199	2,445,539
<b>Shares and market values</b>				
Total number of shares	60 014 414	60 014 414	60 014 414	60 014 414
Treasury shares	0	0	0	0
Outstanding shares	60 014 414	60 014 414	60 014 414	60 014 414
Closing price (€)	22.33	19.605	22.33	19.605
Market capitalization (€)	1,340,121,865	1,176,582,586	1,340,121,865	1,176,582,586

## 12. Statutory auditor's procedures

The statutory auditor has confirmed that the audit activities on the consolidated financial statements have been substantially completed and that no significant corrections have been identified that would have to be made to the financial information contained in the press release.

## 13. Declaration by the persons responsible

We, the undersigned, Jean Marc Harion, CEO, and Ludovic Pech, CFO, declare that to our knowledge:

- a) the financial statements drawn up in accordance with the prevailing accounting standards, give a faithful image of the assets, financial situation and results of the issuer and the companies included within its consolidation;
- b) the management report contains an accurate overview of the business activities evolution, the results and the financial situation of the issuer and the companies included within its consolidation, and a description of the main risks and uncertainties they are confronted to.



Jean Marc Harion  
CEO



Ludovic Pech  
CFO

## 14. Accounting policies - Basis of preparation

### 14.1 Basis of preparation of the financial statements

The condensed consolidated financial statements for 2015 have been prepared in accordance with IAS 34 as adopted by the EU Interim Financial Reporting and were authorized for issue by the Board of Directors on 3 February 2016.

The financial statements were prepared using the same accounting policies as the financial statements for the year ended December 31, 2014, the alignment with Orange S.A. reporting format and standards presented in Note 14.2.

They should be read in conjunction with Mobistar's annual financial statements as at 31 December 2014 since they do not include all the information and disclosures required in the annual financial statements.

### 14.2 Alignment with Orange S.A. reporting format and standards

The presentation of Orange SA Financial Statements changed in 2015 for the segment reporting: Mobistar Group, previously part of the "Rest of World" segment, is now reported in a dedicated segment for "Belgium and Luxembourg". In order to avoid differences in the information published by Mobistar and its majority shareholder for the perimeter of "Belgium and Luxembourg", Mobistar decided to adopt similar reporting format and standards than Orange.

Consequently, the presentation of the condensed consolidated financial statements has been adjusted compared to the layout used for the year ended 31 December 2014. It has led to some changes in the presentation of the Consolidated Statement of Financial position, Consolidated Statement of Comprehensive income and Consolidated Statement of Cash flow.

The main changes between the Consolidated Statement of Financial Position published by Mobistar in 2014 and last year's figures presented in 2015 under Orange reporting format and standards are:

1. Software licenses, part of hardware assets, are now retrieved in "Other Intangible Assets" while previously retrieved in "Property, Plant & Equipment" explaining the reclassification between Tangible and Intangible Assets.
2. In application of IAS18, the recoverability of receivables being considered more unlikely than not have been reclassified from Trade Receivables to Deferred Income explaining the increase in total Assets and Liability Balance sheet position as of end 31/12/2014.
3. The provisions for pylon tax have been reclassified from Trade Payables to Operating Taxes and Levies Payables.
4. The Trade Payables aggregate is now split between Current Fixed Assets Payables and Trade Payables.
5. A netting on consolidation level between Deferred income and Trade Receivables related to open invoices from Mobistar to IRISnet.

Some differences also appear between the Consolidated Statement of Comprehensive income published by Mobistar in 2014 and last year's figures presented in 2015 under Orange reporting format and standards. To provide comparability of its interim financial statements on the same lay-out between the information published in 2014 and 2015, Mobistar has restated its previously disclosed interim financial statements. This information is available on the financial result section of the company corporate website.

The computation of Average annual revenues per user (ARPU) has also been aligned with Orange financial communication. It is now calculated by dividing the revenues from mobile (outgoing and incoming) voice and non-voice services and visitor roaming, generated over the past twelve months, excluding "machine to machine" customers, by the weighted average number of customers over the same period, excluding "machine to machine" customers. The changes consist of including visitor roaming and data cards, and using a 12 months rolling average instead of a 3 months simple average.

Finally, the quarterly results now contain Key Financial Figures detailed for each reporting segment of Mobistar (i.e. Belgium and Luxembourg).

## 15. Consolidated financial statements in accordance with IFRS

### 15.1 Condensed consolidated statement of comprehensive income

	in million EUR	
	31.12.2015	31.12.2014
Mobile service revenues	1 006.2	1 019.1
Fixed service revenues	79.6	92.3
Other revenues	21.5	6.0
Mobile equipment sales	128.0	131.3
<b>Total turnover</b>	<b>1 235.4</b>	<b>1 248.7</b>
Purchase of material	-185.6	-178.6
Other direct costs	-358.8	-385.9
<b>Direct costs</b>	<b>-544.4</b>	<b>-564.5</b>
<b>Labor costs</b>	<b>-133.9</b>	<b>-135.9</b>
Commercial expenses	-41.3	-43.3
Other IT & network expenses	-100.7	-96.7
Property expenses	-53.7	-50.9
General expenses	-57.5	-63.2
Other indirect costs	-27.9	-19.3
<b>Indirect costs</b>	<b>-281.1</b>	<b>-273.4</b>
<b>Restated EBITDA</b>	<b>276.0</b>	<b>274.9</b>
Restatements	45.3	-19.5
<b>EBITDA</b>	<b>321.3</b>	<b>255.4</b>
Depreciation, amortization and impairment	-202.2	-194.5
Share of profits (losses) of associates	-0.1	0.0
<b>EBIT</b>	<b>119.1</b>	<b>60.9</b>
Financial result	-6.7	-8.8
Financial costs	-6.7	-9.0
Financial income	0.0	0.2
Tax expense	-35.8	-8.8
<b>Net profit of the period *</b>	<b>76.6</b>	<b>43.3</b>
<b>Profit attributable to equity holders of the parent</b>	<b>76.6</b>	<b>43.3</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		
<b>Net profit for the period</b>	<b>76.6</b>	<b>43.3</b>
Other comprehensive income	-2.0	0.0
<b>Total comprehensive income for the period</b>	<b>74.6</b>	<b>43.3</b>
<b>Part of the total comprehensive income attributable to equity holders of the parent</b>	<b>74.6</b>	<b>43.3</b>
Basic earnings per share (in EUR)	1.28	0.72
Weighted average number of ordinary shares	60 014 414	60 014 414
Diluted earnings per share (in EUR)	1.28	0.72
Diluted weighted average number of ordinary shares	60 014 414	60 014 414

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



## 15.2 Condensed consolidated statement of financial position

in million EUR

	31.12.2015	31.12.2014
<b>ASSETS</b>		
Goodwill	80.1	80.1
Other intangible assets	347.4	305.0
Property, plant and equipment	840.4	804.4
Interests in associates and joint ventures	3.2	3.3
Non-current financial assets	0.7	0.6
Other non-current assets	0.3	1.2
Deferred tax assets	8.4	7.1
<b>Total non-current assets</b>	<b>1 280.5</b>	<b>1 201.6</b>
Inventories	21.5	18.2
Trade receivables	184.4	192.9
Current financial assets	1.1	6.3
Current derivatives assets	2.2	1.4
Other current assets	0.6	3.5
Operating taxes and levies receivables	0.8	4.4
Prepaid expenses	16.6	10.0
Cash and cash equivalents	9.7	6.1
<b>Total current assets</b>	<b>236.9</b>	<b>242.8</b>
<b>Total assets</b>	<b>1 517.4</b>	<b>1 444.4</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	131.7	131.7
Legal reserve	13.2	13.2
Retained earnings (excl. Legal reserve)	312.2	238.8
<b>Equity attributable to the owners of the parent</b>	<b>457.1</b>	<b>383.7</b>
<b>Total equity</b>	<b>457.1</b>	<b>383.7</b>
Non-current financial liabilities	409.0	94.7
Non-current provisions for dismantling	60.1	56.4
Non-current restructuring provisions	2.1	0.0
Other non-current liabilities	10.8	10.4
Deferred tax liabilities	2.0	0.0
<b>Total non-current liabilities</b>	<b>484.1</b>	<b>161.5</b>
Current financial liabilities	8.2	449.5
Current derivatives liabilities	4.2	1.4
Current fixed assets payable	128.8	70.9
Trade payables	169.8	151.7
Current employee benefits	36.5	33.8
Current provisions for dismantling	0.9	0.5
Other current liabilities	10.2	12.3
Operating taxes and levies payables	114.2	95.6
Current tax payables	42.9	15.0
Deferred income	60.5	68.6
<b>Total current liabilities</b>	<b>576.2</b>	<b>899.2</b>
<b>Total equity and liabilities</b>	<b>1 517.4</b>	<b>1 444.4</b>

### 15.3 Condensed consolidated statement of changes in shareholders' equity

	in million EUR			
	Share capital	Legal reserve	Retained earnings	Total equity
<b>Balance as at 1 January 2015</b>	<b>131.7</b>	<b>13.2</b>	<b>238.8</b>	<b>383.7</b>
Impact of IAS 8 on sim cards			-1.2	-1.2
Net profit for the period			76.6	76.6
Other comprehensive income			-2.0	-2.0
<b>Total comprehensive income for the period</b>			<b>74.6</b>	<b>74.6</b>
Declared dividends				
<b>Balance as at 31 December 2015</b>	<b>131.7</b>	<b>13.2</b>	<b>312.2</b>	<b>457.1</b>

	in million EUR			
	Share capital	Legal reserve	Retained earnings	Total equity
<b>Balance as at 1 January 2014 (as published on 4 February 2015)</b>	<b>131.7</b>	<b>13.2</b>	<b>192.3</b>	<b>337.2</b>
Mobistar Affiliate			2.8	2.8
Mobistar Enterprise Services			0.4	0.4
<b>Balance as at 1 January 2014 (as published on 24 July 2015)</b>	<b>131.7</b>	<b>13.2</b>	<b>195.5</b>	<b>340.4</b>
Net profit for the period			43.3	43.3
<b>Total comprehensive income for the period</b>			<b>43.3</b>	<b>43.3</b>
Declared dividends				
<b>Balance as at 31 December 2014</b>	<b>131.7</b>	<b>13.2</b>	<b>238.8</b>	<b>383.7</b>

## 15.4 Condensed consolidated statement of cash flows

in million EUR

	31.12.2015	31.12.2014
<b>Operating activities</b>		
<b>Consolidated net income</b>	<b>76.6</b>	<b>43.3</b>
Adjustments to reconcile net income (loss) to funds generated from operations		
Operating taxes and levies	38.8	45.1
Depreciation, amortization and impairment	202.2	194.5
Change in provisions	-0.7	-5.2
Share of profits (losses) of associates and joint ventures	0.1	0.0
Operational net foreign exchange and derivatives	0.9	0.1
Finance costs, net	6.7	8.8
Income tax	35.8	8.8
<b>Changes in working capital requirements</b>		
Decrease (increase) in inventories, gross	-2.0	2.7
Decrease (increase) in trade receivables, gross	9.2	9.9
Increase (decrease) in trade payables	13.2	-7.8
Changes in other assets and liabilities	-5.5	3.5
<b>Other net cash out</b>		
Operating taxes and levies paid	-16.6	-20.4
Interest paid and interest rates effects on derivatives, net	-6.5	-7.2
Income tax paid	-10.3	-10.1
<b>Net cash provided by operating activities</b>	<b>341.8</b>	<b>265.8</b>
<b>Investing activities</b>		
<b>Purchases (sales) of property, plant and equipment and intangible assets</b>		
Purchases of property, plant and equipment and intangible assets	-269.3	-215.3
Increase (decrease) in fixed assets payables	57.9	-20.3
<b>Organic cash flow <sup>(*)</sup></b>	<b>130.5</b>	<b>30.2</b>
Cash paid for investment securities, net of cash acquired	-3.6	0.0
Decrease (increase) in securities and other financial assets	9.4	-5.4
<b>Net cash used in investing activities</b>	<b>-205.6</b>	<b>-240.9</b>
<b>Financing activities</b>		
Long-term debt issuances	540.0	20.0
Long-term debt redemptions and repayments	-675.0	-25.0
Increase (decrease) of bank overdrafts and short-term borrowings	2.3	-22.2
Dividends paid to owners of the parent company	0.0	-0.1
<b>Net cash used in financing activities</b>	<b>-132.6</b>	<b>-27.3</b>
<b>Net change in cash and cash equivalents</b>	<b>3.6</b>	<b>-2.4</b>
<b>Cash and cash equivalents – opening balance</b>	<b>6.1</b>	<b>8.5</b>
o/w cash	3.0	8.2
o/w cash equivalents	3.1	0.4
<b>Cash change in cash and cash equivalents</b>	<b>3.6</b>	<b>-2.4</b>
<b>Cash and cash equivalents – closing balance</b>	<b>9.7</b>	<b>6.1</b>
o/w cash	3.2	3.0
o/w cash equivalents	6.5	3.1

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

## 15.5 Segment information

31.12.2015	in million EUR			
	Belgium	Luxembourg	Interco elimination	Mobistar group
Mobile service revenues	963.6	44.8	-2.2	1 006.2
Fixed service revenues	76.5	3.1	0.0	79.6
Other revenues	21.4	0.2	-0.1	21.5
Mobile equipment sales	126.6	16.6	-15.2	128.0
<b>Total turnover</b>	<b>1 188.1</b>	<b>64.8</b>	<b>-17.5</b>	<b>1 235.4</b>
<b>Direct costs</b>	<b>-525.7</b>	<b>-36.4</b>	<b>17.6</b>	<b>-544.4</b>
<b>Labor costs</b>	<b>-124.2</b>	<b>-9.7</b>	<b>0.0</b>	<b>-133.9</b>
<b>Indirect costs</b>	<b>-266.5</b>	<b>-14.5</b>	<b>-0.1</b>	<b>-281.1</b>
<b>Restated EBITDA</b>	<b>271.8</b>	<b>4.2</b>	<b>0.0</b>	<b>276.0</b>
<b>EBITDA</b>	<b>317.1</b>	<b>4.2</b>	<b>0.0</b>	<b>321.3</b>

31.12.2014	in million EUR			
	Belgium	Luxembourg	Interco elimination	Mobistar group
Mobile service revenues	972.2	48.4	-1.5	1 019.1
Fixed service revenues	89.9	2.4	0.0	92.3
Other revenues	6.2	0.3	-0.5	6.0
Mobile equipment sales	129.9	11.2	-9.8	131.3
<b>Total turnover</b>	<b>1 198.2</b>	<b>62.3</b>	<b>-11.8</b>	<b>1 248.7</b>
<b>Direct costs</b>	<b>-541.6</b>	<b>-34.1</b>	<b>11.2</b>	<b>-564.5</b>
<b>Labor costs</b>	<b>-126.8</b>	<b>-9.1</b>	<b>0.0</b>	<b>-135.9</b>
<b>Indirect costs</b>	<b>-260.3</b>	<b>-13.7</b>	<b>0.6</b>	<b>-273.4</b>
<b>Restated EBITDA</b>	<b>269.5</b>	<b>5.4</b>	<b>0.0</b>	<b>274.9</b>
<b>EBITDA</b>	<b>250.0</b>	<b>5.4</b>	<b>0.0</b>	<b>255.4</b>

## 16. Glossary

Customers base (excl. MVNOs)	Number of customers with an active simcard, including business and internet everywhere and M2M.
Postpaid	Customer with whom Mobistar 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 Mobistar has a written contract, with the customer paying in advance any data or voice use e.g. by purchasing vouchers in retail outlets.
M2M/IoT (Machine to machine/Internet of things)	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.
MVNO customers	Hosted MVNO customers on Mobistar's network.
ARPU (annual rolling)	Average annual revenues per user (ARPU) are calculated by dividing the revenues from mobile (outgoing and incoming) voice and non voice services and visitor roaming, generated over the past twelve months, excluding "machine to machine", by the weighted average number of customers over the same period, excluding "machine to machine" customers. 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 ARPU is expressed as monthly revenues per customer.
Restatements	Restructuring/redundancy costs related to staff and other restructuring costs.
EBITDA / restated EBITDA	Reported EBITDA corresponds to the operating income before depreciation and amortization, before impairment of goodwill and fixed assets, and before share of profits (losses) of associates. Restated EBITDA corresponds to the EBITDA restated for exceptional items (restructuring- and redundancy charges, net expenses for various disputes, ...).
Revenues by activity	Provide group revenues split into mobile services, fixed services, mobile equipment sales and other revenues.
Mobile service revenues	Customer billed revenues, incoming revenues, visitor roaming, domestic mobile interconnection (i.e. network sharing and domestic roaming agreement), machine-to-machine and MVNO.
Fixed service revenues	Include i) fixed narrowband services, excepting equipment sales and rentals, ii) fixed broadband, iii) data infrastructure & managed networks, and global services, iv) fixed carrier services.
Mobile equipment sales	Includes subsidized and non-subsidized equipment sales. It excludes accessory sales, according to future IFRS standards that only display equipment revenue directly linked to service.
Other revenues	Includes i) fixed equipment sales and rentals, ii) mobile accessories sales, and iii) other revenues.
Operational cash-flow	EBITDA – net investments.
Organic cash flow	Net cash flow from operations, minus acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets.
Consolidation perimeter	The consolidation perimeter has changed since December 31, 2014 and includes now Mobistar 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 %) and Co-Station Brussels (accounted for by equity method - 25 %)



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Mobistar (EURONEXT BRUSSELS: MOBB) is one of the main actors on the telecommunications market in Belgium and Luxembourg. The company offers its residential customers postpaid and prepaid innovative mobile telecom products and services. On the business market, Mobistar operates DSL fixed network telephony and high-speed internet, acts as an integrated communications provider and offers a portfolio of mobility and connectivity services. Mobistar is also a wholesale provider, offering access to its infrastructure and service capabilities to its wholesale partners. Mobistar, with the Orange group as major shareholder, is listed on the Brussels Stock Exchange.