

Results
first quarter 2012
Mobistar

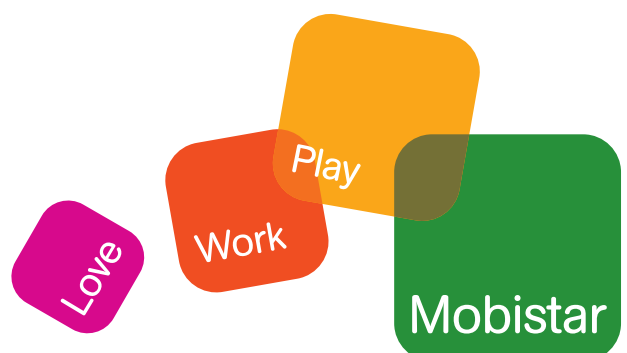


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Press release

Embargo until 26 April 2012, 7 a.m.
Regulated information

Mobistar, confident in his new product line, maintains its forecasts

Brussels, 26 April 2012 – Today, Mobistar (Euronext Brussels: MOBB) publishes its results for the first quarter of 2012. The results are in line with the set guidance. The consolidated turnover reached the same level as last year, although the operational and net results fell. The reduction in the mobile termination rates (MTR) in January 2012 and in the roaming tariffs in July 2011 had a negative impact on the results. For the Mobistar group, for the first quarter of 2012 this impact amounted respectively to 11.6 million euros on the turnover and 5.6 million euros on EBITDA. Mobistar is pursuing its strategy of convergent services and continues to invest in its network and its customer satisfaction.

Key facts:

- In the first quarter of 2012, the Mobistar group recorded a stable total consolidated turnover of 399.5 million euros, compared with 400.9 million euros a year earlier. Without the impact of regulations, the consolidated turnover would have amounted to 411.1 million euros.
- The Mobistar group closed its first quarter of 2012 with an EBITDA of 113.1 million euros, 9.7 % lower than the 125.2 million euros a year earlier. Without the impact of regulations, an EBITDA of 118.7 million euros would have been realised. The EBITDA margin of the Mobistar group amounted to 31.5 % of the service revenues at the end of the first quarter of 2012, compared to 33.9 % a year earlier.
- The consolidated net profit of the Mobistar group fell by 28.1 % and amounted to 38.2 million euros at the end of March 2012, compared with 53.1 million euros a year earlier. The decrease in the net profit is primarily the result of a lower EBITDA and the accelerated depreciations of the network through its complete renewal.
- The Mobistar group invested 24.8 million euros in the first quarter of 2012, or 6.9 % of the service revenues, compared to 31.9 million euros a year earlier.
- The payment of the remaining 51 million euros tax debt of 2010 impacted the organic cash-flow seriously. This amounted to 28.9 million euros at the end of March 2012, compared to 95.7 million euros a year before.
- At the end of March 2012, the Mobistar group recorded 4,186,218 active mobile telephony customers, 2.6 % more than the 4,078,457 active customers a year earlier.
- Mobistar S.A. had 433,331 active machine-to-machine cards at the end of the first quarter of 2012, compared to 229,760 cards a year earlier, an increase of 88.6 %.
- The number of mobile internet customers of Mobistar S.A. amounted to 153,112 at the end of March 2012, compared with 116,237 customers a year earlier, representing a 31.7 % increase.
- Mobistar S.A. had 233,186 active fixed telephone lines (retail) at the end of the first quarter of 2012, an increase of 17.5 % compared to a year earlier.
- At the end of the first quarter of 2012, Mobistar S.A. recorded 82,272 ADSL customers, compared with 66,171 at the end of March 2011, an increase of 24.3 %.

1. Consolidated figures for Mobistar group

Mobistar group's consolidated key figures	3 months to 31/03/2012	3 months to 31/03/2011	Variation
Total number of active customers ⁽¹⁾ (mobile telephony) for Mobistar S.A., Orange Communications Luxembourg S.A. and MVNO's	4 186 218	4 078 457	+2.6 %
Consolidated turnover (million €)	399.5	400.9	-0.3 %
Service revenues (million €)	358.4	369.7	-3.1 %
EBITDA ⁽²⁾ (million €)	113.1	125.2	-9.7 %
EBITDA margin	31.5 %	33.9 %	-
Consolidated net profit (million €)	38.2	53.1	-28.1 %
Net profit per ordinary share ⁽³⁾ (€)	0.64	0.89	-28.1 %
Net investment (million €)	24.8	31.9	-22.3 %
Net investments/service revenues	7 %	9 %	-
Organic cash-flow ⁽⁴⁾ (million €)	28.9	95.7	-69.8 %
Operational cash-flow ⁽⁵⁾ (million €)	88.3	93.3	-5.4 %

The results of the Mobistar group in the first quarter of 2012 were negatively influenced by the reduction in the mobile termination rates (MTR) in January 2012 and in the roaming tariffs in July 2011. The impact of these reductions on the turnover and the EBITDA amounted to 11.6 million euros and 5.6 million euros respectively for the first quarter of 2012. This regulatory impact is partially offset by the increasing use of mobile data and the sale of handsets, one-third of which today are smartphones.

The service revenues of the Mobistar group amounted to 358.4 million euros for the first quarter of 2012, compared to 369.7 million euros a year earlier, a decrease of 3.1 %. The total consolidated turnover, which includes the turnover from the successful sale of handsets, amounted to 399.5 million euros at the end of March 2012, compared to 400.9 million euros on 31 March 2011.

On 31 March 2011, the Mobistar group recorded an EBITDA, after regulatory impact, of 113.1 million euros, 9.7 % below the 125.2 million euros recorded a year earlier. Without the impact of the regulations, the Mobistar group would have realised an EBITDA of 118.7 million euros. The decrease in EBITDA is the consequence firstly of the regulations, and secondly of the increasing costs resulting from the salary indexing and the hiring of new Team Members for the customer service and the shops. The EBITDA margin of the Mobistar group amounted to 31.5 % of the service revenues at the end of the first quarter of 2012, compared to 33.9 % at the end of March 2011.

Due to the accelerated depreciations on the network renewal, the consolidated net profit of the Mobistar group decreased with 28.1 %, from 53.1 million euros at the end of the first quarter of 2011 to 38.2 million euros a year later. The net result per share also fell by 28.1 %, from 0.89 euros per share on 31 March 2011 to 0.64 euros per share a year later.

(1) Machine-to-machine cards are not included in the number of active customers.

(2) EBITDA: Earnings Before Interest, Taxation, Depreciation and Amortisation.

(3) Weighted net profit per ordinary share (IFRS).

(4) Organic cash-flow = net cash-flow from operations, less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets.

(5) Operational cash-flow = EBITDA-investments

In the first quarter of 2012, the Mobistar group invested an amount of 24.8 million euros, or 6.9 % of the service revenues, in the further expansion of capacity and speed of the mobile data network, compared to 31.9 million euros a year earlier. The investment pace is in line with the investment program of 2012.

At the end of March 2011, the organic cash-flow of the Mobistar group amounted to 28.9 million euros, compared to 95.7 million euros a year earlier, a decrease of 69.8 %. The primary cause of this decrease is the payment of the remaining taxes for the fiscal year 2010.

The Mobistar group reconfirms its strategic priorities for 2012: (1) further expansion of the mobile networks in order to improve the transmission volume and quality of the voice and data services, (2) development of convergent services so that customers can access them everywhere and at all times, and (3) continuous improvement of customer satisfaction so as to become the reference in this field on the Belgian market. In order to achieve these three strategic priorities, Mobistar redesigned its organisational structure effective 1 March 2012. Mobistar divided the marketing department into a dedicated residential unit and a business unit, the customer service has been strengthened, and the ITNO department was split into a Networks department and an IT department.

The aggressive competition and regulatory pressures had a strong impact on the results of the Mobistar group in the first quarter of 2012. Mobistar therefore launched a totally new mobile offer with a transparent tariff structure without an obligatory term, and it is convinced that these initiatives will generate positive results in the coming quarters.

2. Mobistar activities in Belgium (Mobistar S.A. and MES S.A.)

Operational key figures Mobistar S.A.	3 months to 31/03/2012	3 months to 31/03/2011	Variation
Total number of active customers ⁽⁶⁾ Mobistar S.A. (mobile telephony)	3 517 146	3 512 048	+0.1 %
Number of MVNO customers (mobile telephony, incl. full MVNO)	572 387	474 762	+20.6 %
Total number of active customers Mobistar S.A. + MVNO (mobile telephony, incl. MVNO)	4 089 533	3 986 810	+2.6 %
Total active M2M SIM cards (incl. IMC)	433 331	229 760	+88.6 %
Total number of mobile internet customers	153 112	116 237	+31.7 %
Total number of active ADSL customers Mobistar S.A.	82 272	66 171	+24.3 %
Total number of digital TV customers Mobistar S.A.	34 244	16 883	+102.8 %
Total number of active fixed telephone lines Mobistar S.A.	233 186	198 380	+17.5 %

To face pressure from the regulations and the intense competition, Mobistar continues its strategy of convergent services based on the following advantages: a strong position in the postpaid market with innovative products and services, applications for several screens on different networks, the largest own distribution network with a focus on services, and the ability to innovate within a cost-efficient model.

Mobile activities

The number of active mobile telephony customers of Mobistar S.A. without the MVNO's amounted to 3,517,146 on 31 March 2012 compared to 3,512,048 active customers a year earlier, representing an increase of 0.1 %.

⁽⁶⁾ Machine-to-machine cards are not included in the number of active customers.

The number of postpaid customers in the total customer base increased, as a result of which their share at the end of March 2012 amounted to 66.8 %, compared to 63.9 % a year earlier.

In order to be able to better respond to the changing needs of consumers, Mobistar launched innovative tariff plans based on transparency and trust at the beginning of April 2012. These new offers give consumers more control over their consumption and the choice for a tariff plan that meets their needs. For this Mobistar developed a new segmentation associated with call profiles that are represented by animals.

Competition is intense in the prepaid cards segment, where Mobistar lost ground in the first quarter of 2012. Prepaid customers of specific operators enjoy very low rates within their 'tribe' (group of customers from the same operator). In order to strengthen its position in the prepaid market, Mobistar responded with a renewed RedBull Mobile offer under which RedBull Mobile customers can also call for free to Jim Mobile and Base customers. Mobistar also launched, together with RTL Belgium, Plug Mobile in order to reach a younger and more feminine target group and to further reinforce its position in the segment of the highly competitive prepaid market.

The partnership approach via MVNO's continues to be successful. The number of MVNO customers rose by 20.6 %, from 474,762 MVNO customers on 31 March 2011 to 572,387 customers a year later.

At the end of March 2012, Mobistar S.A. had a total (including MVNO customers) of 4,089,533 active mobile telephony customers, compared to 3,986,810 customers a year earlier, representing an increase of 2.6 %.

At the end of March 2012, Mobistar recorded 433,331 active SIM cards for various M2M applications. The number of cards rose by 88.6 % compared to the 229,760 active machine-to-machine cards at the end of the first quarter of 2011. A number of major international deals account for this growth.

More and more customers are using mobile internet via tablets and laptops with a USB modem. At the end of March 2012, Mobistar S.A. had 153,112 mobile internet customers (*Internet Everywhere, Internet Everywhere Ticket, Business Everywhere*, iPad 15 and 25) compared to 116,237 customers a year earlier, an increase of 31.7 %. The number of smartphone users also rose, and consequently the use of mobile internet as well. When it purchased its LTE licence last year, Mobistar forecast that the use of mobile data would increase by around 50 % each year. Today's figures are already confirming this phenomenon: the use of mobile data rose by 43 % in one year. Within the service revenues, mobile data already represented 41.6 % at the end of March 2012.

Fixed activities

At the end of March 2012, Mobistar S.A. had 82,272 ADSL customers, compared to 66,171 customers a year earlier, representing an increase of 24.3 %. Thanks to the optimisation of the activation system, 70 % of the new ADSL customers can now be activated within three weeks.

The number of active fixed telephone lines of Mobistar S.A. rose by 17.5 %, from 198,380 active lines at the end of March 2011 to 233,186 at the end of the first quarter of 2012.

Convergence

In the first quarter of 2012, the focus was placed on the further improvement in the activation processes for digital TV and ADSL. More and more residential customers combine several product lines. Mobistar continues to develop the possibilities for offering convergent products for the residential market via alternative technologies and to actively participate to the introduction of regulated offers on cable or VDSL.

In the business market, companies opt more often for a combined offer of fixed and mobile telephony and internet. At the end of March 2012, Mobistar S.A. had 7,244 customers combining four product lines, compared to 5,327 customers a year earlier or an increase of 36 %. The number of companies choosing a combined offer of fixed and mobile telephony alone amounted to 32,538 at the end of March 2012, 1.9 % more than the 31,918 customers at the end of March 2011.

Evolution of the average revenue per user (ARPU) and turnover

Financial key figures Mobistar S.A.	3 months to 31/03/2012	3 months to 31/03/2011	Variation
ARPU ⁽⁷⁾ (€/month/active customer)	29.32	30.54	-4.0 %
Total turnover (million €)	386.8	387.9	-0.3 %
Service revenues (million €)	345.8	356.7	-3.1 %

The evolution of the ARPU of the Mobistar customers came under regulatory pressure (reduction of MTR on 1/1/2012 and roaming on 1/7/2011) and was influenced by the aggressive fix-to-mobile offer of the historical operator. To counter the pressure on the consumption of call minutes and be able to better respond to the changing needs of consumers, Mobistar launched innovative tariff plans based on transparency and trust at the beginning of April 2012. These new offers give consumers better control over their consumption and the choice for a tariff plan that meets their needs. The average revenue per user amounted to 29.32 euros at the end of March 2012, compared to 30.54 euros a year earlier, or 4 % less. However, this decrease was partially offset by a higher consumption of mobile multimedia services and the larger number of active mobile internet customers.

The service revenues of Mobistar S.A. were also influenced by the reduction in the MTR and roaming tariffs and the effect of the launch of the aggressive fix-to-mobile offer of the historical operators. The regulatory impact for the first quarter 2012 amounted to 11.6 million euros. At the end of March 2012, the service revenues of Mobistar S.A. amounted to 345.8 million euros, 3.1 % lower than the 356.7 million euros recorded a year earlier. The 31 % increase in the sale of mobile phones compensated the decrease in the service revenues, so that the total turnover remained essentially the same as in 2011. At the end of March 2012, the total turnover of Mobistar S.A. amounted to 386.8 million euros compared to 387.9 million euros a year earlier, representing a 0.3 % decrease.

The increasing sale of smartphones and tablets is accompanied by a growing use of mobile internet. The share of mobile data in the service revenues rose by 43 % in one year, from 36.5 % at the end of March 2011 to 41.6 % a year later. In order to help customers get up to speed more quickly with the various applications of their smartphone, Mobistar launched 'My Start'. The customers who choose 'My Start' are assisted by experts in the Mobistar Centers to configure their smartphone for immediate use.

(7) Average Revenue per User (smoothed average of the previous 12 months), excluding MVNO's and M2M cards.

3. Activities in Luxembourg (Orange Communications Luxembourg S.A.)

Key figures Orange Communications Luxembourg S.A.	3 months to 31/03/2012	3 months to 31/03/2011	Variation
Total number of active customers (mobile telephony) ⁽⁸⁾	96 685	91 647	+5.5 %
ARPU ⁽⁹⁾ (€/month/active customer)	49.01	49.09	-0.2 %
Total turnover (million €)	17.1	15.6	+9.6 %
Service revenues (million €)	15.7	14.2	+10.6 %

Orange Communications Luxembourg S.A. recorded growth in the first quarter of 2012, despite the strong competition on the Luxembourg telecommunications market. On 31 March 2012, the Luxembourg subsidiary had a total of 96,685 active mobile telephony customers, 5.5 % more than the 91,647 active customers a year earlier. The prepaid activity in particular is increasing, as a result of which the share of postpaid customers in the total customer base fell to 78 % from 79.1 % a year earlier.

The ARPU remained stable compared to the end of March 2011; from 49.09 euros per customer per month on 31 March 2011 to 49.01 euros one year later. At the end of the first quarter of 2012, Orange Communications Luxembourg S.A. recorded service revenues of 15.7 million euros, compared to 14.2 million euros a year earlier, representing an increase of 10.6 %. The total turnover amounted to 17.1 million euros at the end of March 2012, 9.6 % more than the 15.6 million euros recorded at the end of March 2011.

4. Trends

The results of the first quarter of 2012 enable Mobistar group to maintain for the full financial year 2012:

- a slight decrease in the turnover compared to 2011, limited to 2 %;
- EBITDA between 460 and 500 million euros;
- a net result within the range of 170 to 195 million euros;
- an investment level of around 12 % of the service revenues;
- organic cash-flow⁽¹⁰⁾ within the range of 170 to 195 million euros.

The 2012 forecasts for the Mobistar group once again take the negative effects of regulatory measures into account. The impact of the decrease of mtr since 1 January 2012 and the new decline in roaming tariffs as of 1 July 2012 will amount to 58 million euros on turnover and 32 million euros on EBITDA for the full financial year 2012 (compared respectively to 51 and 22 million euros initially forecasted). The hypotheses are nevertheless based on the current figures for the evolution of the Belgian economic situation. These could be modified as a function of the change in subsidies for mobile telephones and the economic situation in Belgium.

Mobistar is convinced that the new portfolio of mobile offers, based on simplicity and more adapted to the consumers' needs, will generate positive results in the next quarters.

(8) Machine-to-machine cards are not included in the number of active customers.

(9) Average Revenue per User (smoothed average of the previous 12 months), excluding MVNO's and M2M cards.

(10) Organic cash-flow = net cash-flow from operations, less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets.

Mobistar (EURONEXT BRUSSELS: MOBB), one of the main players on the Belgian and Luxembourg telecommunications market, is active in mobile voice and data traffic, as well as landline telephony, ADSL, TV and other markets with high growth potential. The company develops innovative products and services for the residential and professional markets. Mobistar is quoted on the Brussels Stock Exchange and is part of the France Télécom group.

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Highlights of the first quarter 2012

Definition and execution of the strategy

Mobistar reconfirms its strategic investment priorities for 2012: (1) further expansion of the mobile networks in order to improve the transmission volume and quality of the voice and data services, (2) development of convergent services so that customers can access them everywhere and at all times, and (3) continuous improvement of customer satisfaction so as to become the reference in this field on the Belgian market. The telecommunication landscape is changing rapidly, both due to competition and regulation. Therefore Mobistar decided to adapt its organization as of 1st March 2012 so as to be able to respond more readily and efficiently to these changes.

Competitive pressure continued to be high in the first quarter of 2012. On the residential market, the traditional end-of-year promotions continued partly in the first quarter of 2012, including the member-get-members actions and handset subsidies by the competition, although to a lower extent as in November-December of last year. Mobistar did not react to these subsidies offers as most customers prefer to have transparency in their telecom spending, while investing themselves in their handset. The growth of equipment revenues confirms this. To support this growth, Mobistar launched in February 2012 MyStart, a service which enables users, thanks to assistance from an expert at a Mobistar Center, to get started easily with their new smartphone. In addition, Mobistar offers the new iPad since 23 March 2012.

In March 2012, RTL Belgium and Mobistar signed a co-marketing agreement, resulting in the 'Plug Mobile' offer. The agreement fits perfectly within Mobistar strategy of partnerships, whose objective is to synergize with other brands in order to target market segments where the Mobistar brand has less presence. Via the 'Plug Mobile' brand, Mobistar will reach a younger, more feminine target group and further strengthen its position in the highly competitive prepaid cards segment.

The incumbent operator has launched aggressive fix-to-mobile offers that has put some pressure on the voice consumption in the mobile residential market. To counter this evolution and to anticipate consumers changing behavior, Mobistar launched truly innovative subscriptions based on trust and transparency in April 2012. These new offers enable the customers to keep control on their consumption and to choose the subscription that really suits their needs. Mobistar developed a new segmentation associated with user profiles that are represented by animals. The impact of the new portfolio launch will be visible in the coming quarters.

On the convergent residential market, emphasis was put on improving the pre-life customer experience of the ADSL-connection, by reducing the time-to-activate and the backlog. In the first quarter of 2012, no commercial push was done to grow the digital TV customer base, resulting in a stagnation of the customer base. In addition, Mobistar continues to develop the possibilities for offering convergent products for the residential market via alternative technologies and to actively participate to the introduction of regulated offers on cable or VDSL.

In the business segment, Mobistar created a fully dedicated B2B Business unit, to structure and accelerate its growth in the B2B area.

Evolution of the customer base in Belgium

Mobile activities

The number of active mobile telephony customers of Mobistar S.A. without the MVNO's amounted to 3,517,146 on 31 March 2012 compared to 3,512,048 active customers a year earlier, representing an increase of 0.1 %.

The number of postpaid customers in the total customer base increased, as a result of which their share at the end of March 2012 amounted to 66.8 %, compared to 63.9 % a year earlier.

In order to be able to better respond to the changing needs of consumers, Mobistar launched innovative tariff plans based on transparency and trust at the beginning of April 2012. These new offers give consumers more control over their consumption and the choice for a tariff plan that meets their needs. For this Mobistar developed a new segmentation associated with call profiles that are represented by animals.

Competition is intense in the prepaid cards segment, where Mobistar lost ground in the first quarter of 2012. Prepaid customers of specific operators enjoy very low rates within their 'tribe' (group of customers from the same operator). In order to strengthen its position in the prepaid market, Mobistar responded with a renewed RedBull Mobile offer under which RedBull Mobile customers can also call for free to Jim Mobile and Base customers. Mobistar also launched, together with RTL Belgium, Plug Mobile in order to reach a younger and more feminine target group and to further reinforce its position in the segment of the highly competitive prepaid market.

The partnership approach via MVNO's continues to be successful. The number of MVNO customers rose by 20.6 %, from 474,762 MVNO customers on 31 March 2011 to 572,387 customers a year later.

At the end of March 2012, Mobistar S.A. had a total (including MVNO customers) of 4,089,533 active mobile telephony customers, compared to 3,986,810 customers a year earlier, representing an increase of 2.6 %.

At the end of March 2012, Mobistar recorded 433,331 active SIM cards for various M2M applications. The number of cards rose by 88.6 % compared to the 229,760 active machine-to-machine cards at the end of the first quarter of 2011. A number of major international deals account for this growth.

More and more customers are using mobile internet via tablets and laptops with a USB modem. At the end of March 2012, Mobistar S.A. had 153,112 mobile internet customers (Internet Everywhere, Internet Everywhere Ticket, Business Everywhere, iPad 15 and 25) compared to 116,237 customers a year earlier, an increase of 31.7 %. The number of smartphone users also rose, and consequently the use of mobile internet as well. When it purchased its LTE licence last year, Mobistar forecast that the use of mobile data would increase by around 50 % each year. Today's figures are already confirming this phenomenon: the use of mobile data rose by 43 % in one year. Within the service revenues, mobile data already represented 41.6 % at the end of March 2012.

Fixed activities

At the end of March 2012, Mobistar S.A. had 82,272 ADSL customers, compared to 66,171 customers a year earlier, representing an increase of 24.3 %. Thanks to the optimisation of the activation system, 70 % of the new ADSL customers can now be activated within three weeks.

The number of active fixed telephone lines of Mobistar S.A. rose by 17.5 %, from 198,380 active lines at the end of March 2011 to 233,186 at the end of the first quarter of 2012.

Evolution of the average monthly revenue per user (ARPU) in Belgium

The evolution of the ARPU of the Mobistar customers came under regulatory pressure (reduction of MTR on 1/1/2012 and roaming on 1/7/2011) and was influenced by the aggressive fix-to-mobile offer of the historical operator. To counter the pressure on the consumption of call minutes and be able to better respond to the

changing needs of consumers, Mobistar launched innovative tariff plans based on transparency and trust at the beginning of April 2012. These new offers give consumers better control over their consumption and the choice for a tariff plan that meets their needs. The average revenue per user amounted to 29.32 euros at the end of March 2012, compared to 30.54 euros a year earlier, or 4 % less. However, this decrease was partially offset by a higher consumption of mobile multimedia services and the larger number of active mobile internet customers.

Orange Communications Luxembourg S.A.

Orange Communications Luxembourg S.A. recorded growth in the first quarter of 2012, despite the strong competition on the Luxembourg telecommunications market. On 31 March 2012, the Luxembourg subsidiary had a total of 96,685 active mobile telephony customers, 5.5 % more than the 91,647 active customers a year earlier. The prepaid activity in particular is increasing, as a result of which the share of postpaid customers in the total customer base fell to 78 % from 79.1 % a year earlier.

The ARPU remained stable compared to the end of March 2011; from 49.09 euros per customer per month on 31 March 2011 to 49.01 euros one year later. At the end of the first quarter of 2012, Orange Communications Luxembourg S.A. recorded service revenues of 15.7 million euros, compared to 14.2 million euros a year earlier, representing an increase of 10.6 %. The total turnover amounted to 17.1 million euros at the end of March 2012, 9.6 % more than the 15.6 million euros recorded at the end of March 2011.

Network development & IT

By the end of March 2012, 3G/HSDPA coverage reached 97 % of the population. The Mobistar network had 5,498 sites at the end of March 2012, 730 of which were shared. This corresponds to a total of 16,494 cells. In addition, Mobistar has deployed 1,207 microwave links.

Investments

During the first quarter of 2012, Mobistar group investments came to 24.8 million euros, representing an investment level of 6.9 % of service revenues, due to the renewal of IT infrastructure and the enhancements to the mobile network.

Comments on the financial situation

The consolidation scope encompasses Mobistar S.A., the Luxembourg company Orange Communications Luxembourg S.A., Mobistar Enterprise Services S.A. and 50 % of the temporary joint venture 'Irisnet'. The temporary joint venture 'Irisnet' consists of equal shares held by France Télécom S.A. and Belgacom S.A. Mobistar S.A. does not have formal voting rights in the joint venture but considers control to be jointly exercised with its partner Belgacom S.A. and assumes the associated risks and rewards. The temporary joint venture 'Irisnet' had been set up for a duration of 10 years ending in April 2010. On 19 April 2010, the lifetime of the joint venture was extended with 24 months. This lifetime will be once more extended with 6 months.

For its quarterly results, Mobistar does not publish interim financial reports summarised and consolidated in accordance with International Financial Reporting Standards IAS 34 Interim Financial reporting, but instead ops for an interim statement concerning a series of key figures.

Mobistar group's consolidated key figures

Mobistar group's consolidated key figures	3 months to 31/03/2012	3 months to 31/03/2011	Variation
Total number of active customers ⁽¹⁾ (mobile telephony) for Mobistar S.A., Orange Communications Luxembourg S.A. and MVNO's	4 186 218	4 078 457	+2.6 %
Consolidated turnover (million €)	399.5	400.9	-0.3 %
Service revenues (million €)	358.4	369.7	-3.1 %
EBITDA ⁽²⁾ (million €)	113.1	125.2	-9.7 %
EBITDA margin	31.5 %	33.9 %	-
Consolidated net profit (million €)	38.2	53.1	-28.1 %
Net profit per ordinary share ⁽³⁾ (€)	0.64	0.89	-28.1 %
Net investment (million €)	24.8	31.9	-22.3 %
Net investments/service revenues	7 %	9 %	-
Organic cash-flow ⁽⁴⁾ (million €)	28.9	95.7	-69.8 %
Operational cash-flow ⁽⁵⁾ (million €)	88.3	93.3	-5.4 %

At the end of March 2012, the Mobistar group had 4,186,218 active customers for mobile telephony, compared with 4,078,457 a year earlier, which represents a growth of 2.6 %.

At the end of March 2012, the Mobistar group recorded consolidated service revenues of 358.4 million euros, compared to 369.7 million euros at the end of the first quarter of 2011. This decrease of 3.1 % of revenue is largely due to a negative impact of the regulation for 11.6 million euros. The total consolidated turnover of the first quarter of 2012, again positively influenced by the sales of mobile phones, especially smartphones, amounted to 399.5 million euros, compared to 400.9 million euros a year earlier.

(1) Machine-to-machine cards are not included in the number of active customers.

(2) EBITDA: Earnings Before Interest, Taxation, Depreciation and Amortisation.

(3) Weighted net profit per ordinary share (IFRS).

(4) Organic cash-flow = net cash-flow from operations, less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets.

(5) Operational cash-flow = EBITDA-investments

The net impact of the regulation on the result of the period has been of -5.6 million euros. The other elements of costs have also increased. Cost of sales of the handsets is in line with the increase of handsets sales and payroll costs have increased due to the reinforcement of the employees dedicated to the sales and the customer care divisions in 2011.

As a result, Mobistar recorded an EBITDA of 113.1 million euros during the first quarter of 2012, a decrease of 9.7 % versus the 125.2 million euros recorded a year earlier. The EBITDA margin on service revenues was 31.5 % at the end of the first quarter of 2012, compared to 33.9 % at the end of the first quarter 2011.

The consolidated net profit of the operator decreased by 28.1 %, from 53.1 million euros at the end of the first quarter of 2011 to 38.2 million euros one year later. This decrease results from a lower EBITDA and an increase in amortizations due to the continued impact of the changes in useful life of investments related to the network swap started in 2011.

During the first quarter of 2012, Mobistar invested 24.8 million euros, compared to 31.9 million euros during the first quarter of 2011, mainly in the further expansion of its radio- and transmission network.

The balance sheet shows no major changes since 31 December 2011, apart from the incorporation in equity of the net profit of the past quarter (38.2 million euros), the decrease of the tax payable by 19.7 million euros and a decrease in net financial debt from 311.6 million euros per 31 December 2011 to 282.7 million euros per 31 March 2012. The balance sheet amounts at the end of the first quarter of 2012 at 1,348.9 million euros.

The cash flow has been largely influenced by the payment of the 2010 tax bill in the first quarter of 2012, for an amount of 51 million euros, compared to no tax disbursement in the same period of 2011.

Financial instruments, financial risks management objectives and policy

No change has occurred in comparison with the information included in the 2011 annual report (paragraph 4.3, p. 77).

Disputes

The disputes related information listed in the annual report 2011 has been modified as follows:

Masts: The Supreme Court has confirmed in its judgments of 30 March 2012 the interpretation of the Constitutional Court of article 98 of the Act of 21 March 1991. The total receivable amount of taxes charged, plus default interest calculated at the legal rate, amounts to 51.5 million euros and is subject to a bad debt provision for the whole amount, of which 1.8 million euros correspond to the first quarter 2012.

MTR tariffs: A decision on the annulment proceedings is expected around mid-2012.

Abuse of dominant position by the Belgacom Group: Belgacom has lodged an appeal against the 29 May 2007 judgment. Briefs should be exchanged in 2013 and pleadings should take place in the course of 2014.

In the frame of the complaint against Belgacom for abuse of dominant position on the broadband market, procedural issues concerning the language of the investigation and the investigation process and the related access to the file were raised and decided by the 'Cour de Cassation' and the Constitutional Court in the course of 2011.

The investigation is ongoing.

Spectrum: The case on the merits has been stopped by Base.

Trends

The results of the first quarter of 2012 enable Mobistar group to maintain for the full financial year 2012:

- a slight decrease in the turnover compared to 2011, limited to 2 %;
- EBITDA between 460 and 500 million euros;
- a net result within the range of 170 to 195 million euros;
- an investment level of around 12 % of the service revenues;
- organic cash-flow⁽⁶⁾ within the range of 170 to 195 million euros.

The 2012 forecasts for the Mobistar group once again take the negative effects of regulatory measures into account. The impact of the decrease of mtr since 1 January 2012 and the new decline in roaming tariffs as of 1 July 2012 will amount to 58 million euros on turnover and 32 million euros on EBITDA for the full financial year 2012 (compared respectively to 51 and 22 million euros initially forecasted). The hypotheses are nevertheless based on the current figures for the evolution of the Belgian economic situation. These could be modified as a function of the change in subsidies for mobile telephones and the economic situation in Belgium.

Mobistar is convinced that the new portfolio of mobile offers, based on simplicity and more adapted to the consumers' needs, will generate positive results in the next quarters.

(6) Organic cash-flow = net cash-flow from operations, less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets.

Quarterly results

		Quarterly figures 2011				FY 2011
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl. MVNO, MATMA)	in thousand	3 512.0	3 521.9	3 524.4	3 515.6	
of which Postpaid	in thousand	2 245.1	2 264.7	2 292.4	2 330.2	
of which Prepaid	in thousand	1 266.9	1 257.1	1 232.0	1 185.4	
MVNO customers	in thousand	474.8	487.0	528.3	589.8	
Orange Communications Luxembourg S.A. customers	in thousand	91.6	94.4	98.0	99.2	
Total Mobistar Group	in thousand	4 078.4	4 103.2	4 150.7	4 204.6	
ARPU evolution						
Blended ARPU (rolling average of the preceding 12 months incl. visitor roaming)	in EUR/month	30.54	29.94	29.70	29.54	
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	35.05	35.53	35.36	35.36	
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	16.60	16.95	16.93	17.06	
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	315.6	325.7	324.3	322.2	1 287.8
Service Revenues Mobistar/MES Fix/Data	in Mio EUR	41.1	42.1	41.2	44.2	168.6
Service Revenues Orange Communications Luxembourg S.A.	in Mio EUR	14.2	15.0	15.1	16.4	60.7
Total Mobistar consolidated service revenues⁽¹⁾	in Mio EUR	369.7	380.3	377.7	378.1	1 505.8
Total Mobistar consolidated handsets sales	in Mio EUR	31.2	38.7	27.5	54.4	151.8
Total Mobistar consolidated turnover	in Mio EUR	400.9	419.0	405.2	432.5	1 657.6
Total Mobistar consolidated EBITDA	in Mio EUR	125.2	145.5	130.2	129.2	530.1
as a % of service revenues		33.9%	38.3%	34.5%	34.2%	35.2%
Total Mobistar consolidated net result	in Mio EUR	53.1	63.1	52.3	52.5	221.0
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	0.89	1.05	0.87	0.87	3.68
Diluted weighted average earnings per share	in EUR/share	0.89	1.05	0.87	0.87	3.68
Total Mobistar consolidated CAPEX	in Mio EUR	31.9	35.2	37.0	99.6	203.7
as a % of service revenues		9%	9%	10%	26%	14%
Organic cash flow	in Mio EUR	95.7	56.0	55.4	35.1	242.2

(1) After elimination of intercompany transactions.

		Quarterly figures 2012				YTD 2012
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl. MVNO, MATMA)	in thousand	3 517.1				
of which Postpaid	in thousand	2 349.9				
of which Prepaid	in thousand	1 167.2				
MVNO customers	in thousand	572.4				
Orange Communications Luxembourg S.A. customers	in thousand	96.7				
Total Mobistar Group	in thousand	4 186.2				
ARPU evolution						
Blended ARPU (rolling average of the preceding 12 months incl. visitor roaming)	in EUR/month	29.32				
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	34.95				
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	17.08				
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	304.3				304.3
Service Revenues Mobistar/MES Fix/Data	in Mio EUR	41.5				41.5
Service Revenues Orange Communications Luxembourg S.A.	in Mio EUR	15.7				15.7
Total Mobistar consolidated service revenues⁽¹⁾	in Mio EUR	358.4				358.4
Total Mobistar consolidated handsets sales	in Mio EUR	41.1				41.1
Total Mobistar consolidated turnover	in Mio EUR	399.5				399.5
Total Mobistar consolidated EBITDA	in Mio EUR	113.1				113.1
as a % of service revenues		31.5%				31.5%
Total Mobistar consolidated net result	in Mio EUR	38.2				38.2
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	0.64				0.64
Diluted weighted average earnings per share	in EUR/share	0.64				0.64
Total Mobistar consolidated CAPEX	in Mio EUR	24.8				24.8
as a % of service revenues		7%				7%
Organic cash flow	in Mio EUR	28.9				28.9

(1) After elimination of intercompany transactions.