



Mobistar Half year results 2015

Positive momentum on mobile confirmed in H1 laying a solid foundation for convergence

Brussels, 24 July 2015 – Today, Mobistar (Euronext Brussels: MOBB) publishes its results for the second quarter and first half of 2015.

Mobistar delivered healthy commercial and financial results in the second quarter and first half of 2015 thanks to its focus on execution and operational excellence. Mobistar confirms its ability to generate growth on its core mobile business both in volume, via a successful customer acquisition and retention strategy, and value, through a solid track record on data monetization and upsell. This has been made possible thanks to relentless efforts to further improve the organisational efficiency and a dynamic reallocation of resources towards investments in customer experience and loyalty:

- ✓ Mobistar's customer base increased in all segments in Belgium in the second quarter of 2015, compared to the first quarter of 2015: 1/ postpaid: +9.4 thousand; 2/ prepaid: +0.9 thousand; 3/ M2M/IOT: +45.9 thousand and MVNO: +280.0 thousand. This commercial performance comes mainly as a result of continuous improvements on customer experience, on-going investments to maintain 4G network leadership, changes operated in the distribution over the past 18 months, a strong commercial presence and well segmented product portfolio meeting customers' demand and growing appetite for data.
- ✓ Mobistar Belgium's 4G customer base grew 185 % in one year, nearly reaching 700,000. Total data traffic, both 3G and 4G, more than doubled compared to last year. In the month of June, 4G traffic almost overtook 3G traffic in volume. In Belgium, the postpaid annual rolling ARPU increased to 27.9 euros in the second quarter of 2015, from 27.7 euros a year ago. This confirms the ability of Mobistar to monetize data usage.
- ✓ Mobistar welcomes the consultation on the draft decision of the regulators regarding the revision of the wholesale tariffs for access to the cable networks. This draft decision is indeed a minimum mandatory element to establish a functioning regulatory framework for wholesale access to the cable networks. Notwithstanding clear improvements, the current draft decision can still be further improved to assure a sustainable profitable framework for alternative operators.
- ✓ In the first half of 2015 Mobistar delivered the following consolidated results:
 - Total service revenues of 537.1 million euros, -2.7 % yoy, (-0.4 % excl. reg.);
 - A restated EBITDA of 142.1 million euros, +1.2 % yoy (+8.7 % excl. reg.);
 - An operational cash flow of 71.1 million euros, +61.5 % yoy (+88.2 % excl. reg.).
- ✓ Mobistar successfully re-financed its 450 million euros long-term revolving credit facility expiring in December 2015. The new long term revolving credit facility, with an average maturity of 5 years, amounts to 420 million. At the same time Mobistar is generating sufficient free cash flows to start deleveraging its balance sheet with a net debt to EBITDA ratio below 2 times.
- ✓ Based on those results Mobistar reiterates its full year 2015 restated EBITDA guidance.

Mobistar's Chief Executive Officer Jean Marc Harion commented: 'The results achieved during the first half of 2015 show the relevance and consistency of the measures taken so far to strengthen our first challenger position on the mobile market. I would like to thank all Mobistar team members for their commitment to help our company attain this accomplishment. While we are at a competitive disadvantage on convergence compared with other market players, our commercial momentum has been restored. It was a necessary condition for us to achieve a well-prepared entry into the TV and fixed broadband market place in the forthcoming months. We are now ready to take full advantage of the upcoming cable growth opportunity, provided that the regulatory framework would evolve positively.'

Ludovic Pech, Mobistar's Chief Financial Officer, added: 'Mobistar delivered well-balanced and solid financial results in the first half of 2015. We have shown our ability to continue generating sufficient leeway through our transformation initiatives to reinvest in customer growth and satisfaction while meeting our 2015 goals. We have refinanced our debt and started reducing our leverage, consistent with our on-going disciplined approach to maintain a strong and flexible balance sheet and create value for all our stakeholders.'

1. Key financial and operational highlights

- **Mobistar's customer base in Belgium has increased in all segments compared to the first quarter of 2015**

At the end of June 2015, **Mobistar's retail mobile customer (excl. MVNO) base in Belgium** stood at 3,818.4 thousand, an increase of 56.1 thousand versus the previous quarter. **Postpaid net additions** were once again positive in the second quarter of 2015, increasing by 9.4 thousand versus the previous quarter. This positive dynamic resulted from the company's focus on the customer base development in both the residential and enterprise segments. The efforts in customer acquisition were supported by a constant improvement in churn, reflecting the ongoing efforts in network investments, customer service, and the overall value of its offerings in the marketplace. All these initiatives result in an increased customer satisfaction and loyalty. **Prepaid net additions** stood at +0.9 thousand versus the previous quarter, showing Mobistar's ability to stabilize also its customer base in this segment. **M2M/IoT net additions** stood at +45.9 thousand versus the previous quarter. At the end of June 2015, **Mobistar's total number of SIM cards in Belgium** stood at 5,808.4 thousand, an increase of 336.5 thousand versus the previous quarter. In addition to the growth in its own retail customer base, Mobistar also increased its wholesale customer base in the course of the second quarter of 2015 by 280.0 thousand for MVNOs, primarily in the prepaid ethnic segment.

- **The mobile data growth is fuelled by 4G penetration and usages**

Mobistar Belgium's 4G network coverage stood at 95 % for outdoor coverage and 77 % for indoor coverage. At the end of June 2015, Mobistar had nearly 700 thousand 4G subscribers. **The associated 4G traffic increased significantly and now represents nearly 50 % of total mobile data traffic.** Mobistar continued to build on its strong network position with the activation of 4G+ in Brussels, Mons and Mechelen as a large scale technical trial. At the end of June, Mobistar's 4G+ network coverage in those cities reached nearly 100 %.

- **Mobistar's postpaid ARPU and service revenues reflects the ability to monetize data**

Mobistar's postpaid ARPU in Belgium reached 27.9 euros in the second quarter of 2015, compared to 27.7 euros in the second quarter of 2014 and 27.8 euros in the first quarter of 2015, an increase of respectively 0.6 % and 0.4 %. **Mobistar's service revenues for the first six months of 2015 amounted to 537.1 million euros**, compared to 552.1 million euros a year earlier, a decline of 2.7 % year-on-year. Excluding the regulatory impact of 12.8 million euros, service revenues are stabilizing at -0.4 % year-on-year.

- **Mobistar's restated EBITDA grew in the first half of 2015**

Mobistar's **restated EBITDA showed a positive performance in the first half of 2015 of +1.2 % year-on-year** to 142.1 million euros, compared to 140.4 million euros in the first half of 2014. The restated EBITDA, excluding the regulatory impact of 9.6 million euros, would have increased by 8.7 % year-on-year.

- **Mobistar's ability to generate cash flow is picking up**

The operational cash flow amounted to 71.1 million euros in the first half of 2015, compared to 44.0 million euros one year earlier, an increase of 61.5 %. **The organic cash flow amounted to 37.0 million euros** in the first half of 2015, up from 15.3 million euros in the same period last year, an increase of 21.7 million euros. Net investments amounted to 69.3 million euros in the first half of 2015, compared to 93.0 million euros in the same period last year, which was a peak semester in terms of investments related to the launch of 4G in March 2014.

- **Mobistar secured its long-term financing**

Mobistar successfully re-financed its 450 million euros long-term revolving credit facility expiring 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.

2. Key facts

Mobistar's focus on growth levers is showing positive results in 2015, stemming from value management and the positive effects from the final steps of its 2013-2015 transformation plan. Mobistar remains committed to continue delivering against its four strategic ambitions:

Leadership in Mobile:

- Mobistar keeps its leading position in terms of 4G coverage
Mobistar's 4G network coverage in Belgium stood at 95 % for outdoor coverage and 77 % for indoor coverage. The drive test conducted in June and July 2015 by the independent office Commsquare once again confirmed Mobistar's network superiority over its competitors in terms of 4G outdoor coverage. The study also highlights the strong lead Mobistar still has in terms of 4G indoor coverage.
- Mobistar's best mobile strategy is delivering
Mobistar's commercial strategy in Belgium of providing outstanding connectivity, attractively priced integrated data bundles, data-centric services and a wide portfolio of 4G smartphones follows an established path, and is made possible with network investments and a rapidly bolstering smartphone penetration. The success of this efficacious cocktail was illustrated during the second quarter of 2015 by the outcome of Mobistar's '1 year 4G' and 'M4Gic Summer' campaigns.
- 4G+ technical trials for Mobistar's Belgian customers
4G+ is a new technology that offers users, with a compatible device, downloading speeds that are up to 3 times faster than 4G, i.e. up to 213 Mbps for downloading and up to 43 Mbps for uploading. It also improves the performances of Mobistar's "classical" 4G, as the use of two frequency bands (800 & 1800 MHz) has a favorable impact for all 4G users. Transfer speeds can be up to 2 times faster for those users. Mobistar will progressively extend its 4G+ coverage in the major cities in Belgium in 2015 in preparation of a commercial offering.

Pioneer in Disruptive Convergence:

- Delivering convergence in all market segments
Mobistar's convergent strategy in Belgium is clearly defined and is a strategic priority on top of the mobile data growth strategy. In the residential market the way forward is to champion the wholesale cable regulation with the promotion of mobile voice and data together with double play packages – high speed broadband combined with TV - to target the home and SOHO segment. In the SME market, Mobistar's offering is reinforced through a new strategic partnership with EDPNET for the delivery of fixed services (telephony and internet). Finally, in the corporate market, Mobistar is leveraging its 3,000 km fibre optic network, connected to Orange's global network, which allows transit traffic with minimal peering and the lowest latencies.
- Court case reconfirms wholesale cable regulation in Belgium
In May 2015, Mobistar welcomed the decision of the Brussels Court of Appeal rejecting the arguments of Nethys/Tecteo, Brutélé and Numericable and thus ending the appeal proceedings against the regulation of cable networks. This judgement follows a similar judgement of the Brussels Court of Appeal about an appeal procedure initiated by Telenet, confirming the decision of the regulators to regulate the cable networks.
- Consultation round on new wholesale pricing conditions
In May/June 2015, the regulators published a consultation on a draft decision regarding new wholesale price conditions for high-speed Internet as well as digital and analog television via cable networks in Belgium. This new proposal integrates elements left open in the earlier price decision (of December 2013) and addresses areas that were identified for improvement (such as the price for decoders, modems, second screen TV, Wifi, ...). It leads to, amongst other things, a change in wholesale prices. The consultation round ran until July 15, 2015 following which the regulators will present their conclusions to the European Commission before they can definitively endorse new pricing conditions.

Best Customer Experience:

- iCoyote driving customer loyalty and experience of mobile data usage
Mobistar demonstrated its strong focus on customer experience in delivering an innovative and distinctive service through an exclusive partnership signed with Coyote. The iCoyote smartphone application is now offered to all Mobistar Dolphin or Panther customers, a gift worth € 11.99/month on a standalone retail basis. Hence, Mobistar continues to reward customer loyalty to reduce customer churn further and enhance mobile data usage.
- Loyalty program Have A Nice Day:
Mobistar had remained faithful to its engagement to reward its loyal customers. This quarter, Mobistar's engaged customers have received privileged seats for concerts/festivals and complimentary cinema tickets. This program has shown a positive impact on the customer satisfaction towards Mobistar.
- Internet on Mobile reinforces prepaid positioning
Mobistar successfully reinforced its position in the Belgian no-frills prepaid market with the enrichment of its Internet on Mobile offering. This offer, which was first launched in August 2012, is only available online via Mobistar's website, and targets the digital natives that are eagerly looking for a data-driven bundle.

Best Industry Efficiency:

- Growing restated EBITDA despite investments in new growth initiatives
The savings of the 2014 ACE2 plan and the dynamic reallocation in 2015 of resources from legacy operations to growth businesses have allowed Mobistar to realize a 1.2 % restated EBITDA growth in the first half of 2015, while at the same moment launching new initiatives (customer acquisition, retention, and innovation) that will support future growth.
- Reinforced distribution network in the South of Belgium
In the context of the transformation of its distribution network, Mobistar took over the distribution network of Walcom in the second quarter of 2015. Walcom specialises in the sale of telecommunications products and services for individuals through a network of 20 stores and 70 employees including a dedicated sales team for the professional market. The company has been a Mobistar exclusive agent for almost 20 years, present in the Walloon region. Mobistar's integration project is increasing direct proximity with end customers to offer them modern shops focused on service as well as sales, while allowing efficiency savings through a tighter integration of the distribution processes. This also contributes to Mobistar's efforts to lower its general sales and distribution costs, while transforming the variable cost nature of its distribution channels into a fixed cost structure, which readies the company for the launch of its cable offering with limited incremental distribution costs.

3. Comments on the financial situation

3.1 Consolidated figures for the Mobistar group

Mobistar group's consolidated key figures ⁽²⁾	H1 2015	H1 2014	Variation	Q2 2015	Q2 2014	Variation
Total number of connected SIM cards (Mobistar S.A., Orange Communications Luxembourg S.A. and MVNO's)	5 942.5	5 513.9	+7.8 %	5 942.5	5 513.9	+7.8 %
Consolidated turnover (mio €)	606.8	629.1	-3.5 %	304.4	312.2	-2.5 %
Total service revenues (mio €)	537.1	552.1	-2.7 %	268.9	278.8	-3.6 %
Mobile equipment sales	62.6	66.6	-6.0 %	30.3	28.4	+6.7 %
Restated EBITDA⁽³⁾ (mio €)	142.1	140.4	+1.2 %	72.2	74.3	-2.7 %
Restated EBITDA margin in % of total service revenues	26.5 %	25.4 %		26.9 %	26.6 %	
EBITDA (mio €)	140.4	137.0	+2.5 %	71.5	72.5	-1.4 %
EBITDA margin in % of total service revenues	26.1 %	24.8 %		26.6 %	26.0 %	
Consolidated net profit (mio €)	25.1	24.2	+3.8 %	13.3	15.0	-11.6 %
Net profit per ordinary share ⁽⁴⁾ (€)	0.42	0.40	+3.8 %	0.22	0.25	-11.6 %
Net investment (mio €)	69.3	93.0	-25.5 %	42.5	55.6	-23.5 %
Net investment / Total service revenues	12.9 %	16.8 %		15.8 %	19.9 %	
Operational cash flow⁽⁵⁾ (mio €)	71.1	44.0	+61.5 %	29.0	17.0	+71.1 %
Organic cash flow ⁽⁶⁾ (mio €)	37.0	15.3	+142.2 %	22.7	3.5	+540.0 %
Net financial debt (mio €)	499.8	547.2	-8.7 %	499.8	547.2	-8.7 %

3.2 Consolidated statement of comprehensive income

Revenues

Mobistar's total consolidated turnover was 606.8 million euros in the first half of 2015, compared to 629.1 million euros in the first half of 2014, a decline of 3.5 %. Excluding regulatory impact of 12.8 million euros, i.e. 12.1 million euros due to EU roaming and 0.7 million euros to MTR, the first half 2015 total consolidated turnover would have declined only 1.5 %. The total consolidated turnover in the second quarter of 2015 amounted to 304.4 million euros, compared to 312.2 million euros in the second quarter of 2014, a decline of 2.5 % year-on-year, or -0.4 % excluding the regulatory impact of 6.7 million euros.

Mobistar's total service revenues amounted to 537.1 million euros in the first half of 2015 compared to 552.1 million euros in the same period last year, a decline of 2.7 % year-on-year. Excluding the regulatory impact of 12.8 million euros, consolidated total service revenues would have decreased by 0.4 % in the first half of 2015. At the end of June 2015, the last decrease of the roaming rates under the Roaming III Regulation of 2012 (entered into force on 1 July 2014) has annualized, hence roaming regulation will not have an impact in the second half of 2015. The total service revenues in the second quarter of 2015 amounted to 268.9 million euros, compared to 278.8 million euros in the second quarter of 2014, a decline of 3.6 % year-on-year. Excluding the regulatory impact of 6.7 million euros, consolidated total service revenues would have decreased by 1.2 % in the second quarter of 2015.

Consistent with industry trends, Mobistar's customers continued to migrate to smartphones, and increasingly over time to 4G smartphones. The consolidated mobile equipment sales in the first half of 2015 amounted to 62.6 million euros, compared to 66.6 million euros in the same period last year. This decline arises from the continued phasing-out of the pure purchase/resale business, which had an important impact on the consolidated handset sales in the first quarter of 2015. This also results from the lower average selling price of handsets, given a higher portion of low- and mid-end smartphones. The 2015 second quarter consolidated mobile equipment sales stood at 30.3 million euros, compared to 28.4 million euros, an increase of 6.7 % on the same period last year.

Result of operating activities before depreciation and other expenses

Mobistar generated a restated EBITDA of 142.1 million euros in the first half of 2015, compared to 140.4 million euros in the first half of 2014, an increase of 1.2 %. The restated EBITDA margin amounted to 26.5 % of service revenues in the first half of 2015 compared to 25.4 % in the first half of 2014. The restated EBITDA in the second quarter of 2015 amounted 72.2 million euros,

compared to 74.3 million euros in the same period last year. The restated EBITDA margin amounted to 26.9 % of service revenues in the second quarter of 2015 compared to 26.6 % in the second quarter of 2014.

The negative regulatory impact on the restated EBITDA amounted to 9.6 million euros in the first half of 2015 (5.1 million euros in the second quarter of 2015), 9.3 million euros (5.1 million euros) comes from lower EU roaming rates and 0.4 million euros (0 million euros) from the lower MTRs in Luxembourg in January 2015. Excluding the regulatory impact, the restated EBITDA in the first half of 2015 would have increased 8.7 % compared to the first half of 2014, while the restated EBITDA in the second quarter of 2015 would have increased 4.5 %.

The year-on year improvement of the restated EBITDA in the first half of 2015 is driven by the gradual stabilization of the service revenues and the productivity improvement measures initiated in 2014 and continued in 2015. Direct costs decreased by 7.2 % in the first half of 2015 compared to the same period last year. This decrease comes in the context of an increase in the overall customer base, demonstrating the efficiency gains realized in acquiring and retaining customers. Labor costs have decreased 4.6 % to 67.3 million euros in the first half of 2015, from 70.5 million euros a year ago. The average number of employees has decreased from 1,693 at the end of June 2014 to 1,541 at the end of June 2015, a decrease of 9.0 % year-on year. This decrease is driven by the IT transformation project initiated last year, resulting in a more efficient deployment of Mobistar's human capital. Indirect costs have decreased 0.3 % to reach 134.9 million euros in the first half of 2015, mainly as a result of lower marketing expenses partly offset by an increase in IT & Network expenses. In total, operational expenses were 24.0 million euros lower in the first half of 2015, compared to the first half of 2014. This result was achieved despite the 2.2 million euros operational expenses related to the preparation of Mobistar's cable TV offering.

EBITDA restatements (in million €)	H1 2015	H1 2014	Variation	Q2 2015	Q2 2014	Variation
Restated EBITDA	142.1	140.4	+1.2 %	72.2	74.3	-2.7 %
- Restatements	-1.7	-3.4	Na	-0.7	-1.7	Na
EBITDA	140.4	137.0	+2.5 %	71.5	72.5	-1.4 %

The EBITDA in the first half of 2015, respectively second quarter of 2015 amounted to 140.4 and 71.5 million euros compared to 137.0 and 72.5 million euros, a variation of respectively +2.5 % and -1.4 % year-on-year. The EBITDA margin in the first half of 2015 stood at 26.1 % of service revenues, compared to 24.8 % a year ago, or 26.6 % in the second quarter of 2015, compared to 26.0 % a year ago.

Depreciation and other expenses

Depreciation and other expenses totaled 99.4 million euros in the first half of 2015, compared to 94.9 million euros in the first half of 2014, an increase of 4.8 %. This increase is largely a result of the higher asset base driven by the uptake in investment in the mobile radio and transmission network.

EBIT

The consolidated EBIT of the Mobistar group stood at 40.9 million euros in the first half of 2015, i.e. a decrease of 2.7 % compared to 42.1 million euros recorded one year earlier. The 3.4 million euros higher EBITDA realized in the first half of 2015 was offset by the 4.5 million euros higher depreciation and other expenses. The EBIT margin in the first half of 2015 stood at 7.6 % of service revenues, resulting in stabilization when compared to the same period a year ago. The consolidated EBIT of the Mobistar group stood at 21.2 million euros in the second quarter of 2015, compared to 24.9 million euros recorded one year earlier.

Financial results

The financial result in the first half of 2015 amounted to 3.6 million euros, compared to 4.6 million euros in the first half of 2014, a decrease of 22.2 %, partly due to the impact of lower average net debt levels.

Taxes

The tax expenses in the first half of 2015 amounted to 12.2 million euros, compared to 13.3 million euros in the first half of 2014. This implies an effective tax rate of 32.8 % in the first half of 2015, down from 35.4 % for the same period of 2014.

Net profit

Mobistar's consolidated net profit amounted to 25.1 million euros in the first half of 2015, compared to 24.2 million euros in the first half of 2014, an increase of 3.8 % year-on-year. The net profit per share stood at 0.42 euro in the first half of 2015, compared to 0.40 euro in the first half of 2014, representing an increase of 3.8 % year-on-year. In the second quarter the consolidated net profit and net profit per share stood at respectively 13.3 million euros and 0.22 euro.

3.3 Consolidated statement of financial position

Mobistar reports a consolidated statement of financial position of 1,446.1 million euros as of 30 June 2015, compared to 1,456.2 million euros at the end of December 2014.

Non-current assets amounted to 1,178.1 million euros at the end of June 2015, compared to 1,201.6 million euros at the end of 2014. Current assets increased from 254.6 million euros at the end of 2014 to 268.1 million euros at the end of June 2015.

Total equity summed up to 407.6 million euros in the first half of 2015, compared to 383.7 million euros at the end of 2014. Non-current liabilities increased from 161.5 million euros at the end of 2014 to 544.3 million euros at the end of June 2015, as a result of the re-financing of the 450 million euros long-term revolving credit facility that would have expired in December 2015. The new long term revolving credit facility has an average maturity of 5 years and amounts to 420 million euros. It is provided by Atlas Services Belgium S.A. (100 % Orange S.A. subsidiary). Current liabilities decreased from 911.0 million euros at the end of 2014 to 494.2 million euros at the end of the first half of 2015, again a result of the refinancing and the rebalancing from short-term debt to long-term debt.

The net financial debt at the end of the first half of 2015 amounted to 499.8 million euros, a decrease of 38.3 million euros to 538.1 million euros at the end of December 2014.

3.4 Consolidated cash flow

The operational cash flow in the first half of 2015 amounted to 71.1 million euros, compared to 44.0 million euros in the first half of 2014, an increase of 61.5 %. The organic cash flow amounted to 37.0 million euros in the first half of 2015, which is an increase of 142.2 % compared to the organic cash flow generated in the first half of 2014 of 15.3 million euros. The increase in organic cash flow stems from a combination of several factors:

- An increase of 0.9 million euros in consolidated net income (+),
- An increase in the 'adjusted result of operating activities of 0.5 million euros (+),
- An increase of 13.1 million euros in working capital needs (-),
- A decrease of 2.3 million euros in other net cash out (+)
- A decrease in purchases of property, plant and equipment and intangible assets of 31.1 million euros (+).

In the first half of 2015 Mobistar invested 69.3 million euros, i.e. 12.9 % of total service revenues, compared to 93.0 million euros a year earlier. In the second quarter of 2015 the investments stood 42.5 million euros, 15.8 % of total service revenues, a decrease of 23.5 % year-on-year. The investments were lower than last year, partly due to a different seasonal pattern this year compared to the first half of 2014 (4G commercial launch in March 2014), but also due to the levelling off of the high investment rhythm of last year as the mass deployment of Mobistar's 4G technology gradually phasing out.

3.5 Activities of the Mobistar group 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.	H1 2015	H1 2014	Variation	Q2 2015	Q2 2014	Variation
Total service revenues (mio €)	514.0	526.4	-2.4 %	257.0	266.2	-3.4 %
of which mobile services	473.8	484.6	-2.2 %	237.0	245.2	-3.4 %
of which fixed services	40.2	41.8	-3.9 %	20.1	21.0	-4.3 %
Total turnover (mio €)	582.5	602.3	-3.3 %	292.1	298.0	-2.0 %

Key operating figures of Mobistar S.A.	Q2 2015	Q2 2014	Variation
ARPU ⁽⁷⁾ (€/month/active customer)	23.6	23.8	-0.5 %
Mobile customers (excl. MVNO)	3 818.4	3 836.3	-0.5 %
Mobile retail customers (excl. M2M)	3 032.8	3 038.4	-0.2 %
M2M SIM cards	785.7	797.9	-1.5 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	1 990.4	1 548.0	+28.6 %
Fixed broadband internet and TV customers	28.3	39.3	-28.1 %
Fixed Telephone Lines	198.1	221.9	-10.7 %

Mobile activities

Market Review

Mobile operators in Belgium are focused on building widespread, high-speed, high-quality 3G and 4G networks to support the growing demand for data usage. As a result operators are supporting the migration from voice-only tariff plans into data-integrated tariff plans. Belgian regulator BIPT and the federal Economy department, along with telecom minister Alexander De Croo, have started a campaign to promote mobile internet use in Belgium. Telenet announced it agreed on terms for an acquisition of the third-largest mobile network operator in Belgium, Base Company, from current owner KPN.

Financial Review

Mobistar's blended ARPU amounted to 23.6 euros in the second quarter of 2015 compared to 23.8 euros a year ago and 23.7 euros in the previous quarter, or a decline of respectively 0.5 % and 0.3 %. The postpaid ARPU in the second quarter of 2015, increased to 27.9 euros from 27.7 euros in the second quarter of 2014 or 27.8 euros in the previous quarter. One of the main drivers behind the positive development of the postpaid ARPU relates closely to the monetization of mobile data as customer demand continues to surge. Consistent with industry trends and Mobistar's wide device portfolio, customers continue to migrate to smartphones, and increasingly over time to 4G smartphones. The past investments in Mobistar's network and customer service, and the overall value of its offerings (segmented portfolio, Facebook & Twitter Unlimited, iCoyote, HAND) in the marketplace, result in increased customer satisfaction and loyalty. All these elements translate into a greater willingness of Mobistar's customers to buy more data. Initially through buying top-ups of 200MB, 500MB or 1GB, and consequently by selecting a tariff plan with more data at a higher price. The prepaid ARPU in the second quarter of 2015 declined 9.1 % annually and 4.1 % sequentially. This trend sustained the trend of the previous quarters and is the combined result of promotional activity and the migration of high ARPU prepaid customers into postpaid customers.

Mobistar's mobile service revenues in Belgium amounted to 473.8 million euros in the first half of 2015, compared to 484.6 million euros in the first half of 2014, a decline of 2.2 % year-on-year. Excluding the regulatory impact of 10.0 million euros, the mobile service revenues in Belgium were down by 0.1 % compared to the same period last year. In the second quarter of 2015, the mobile service revenues in Belgium amounted to 237.0 million euros, a decline of 3.4 % year-on-year, or excluding the 5.6 million euros regulatory impact a decline of -1.1 % year-on-year.

Operational Review

At the end of June 2015, Mobistar's mobile customers (excl. MVNO) in Belgium stood at 3,818.4 thousand, an increase of 56.1 thousand versus the previous quarter. Postpaid net additions are once again positive in the second quarter of 2015, increasing by 9.4 thousand versus the previous quarter. This positive trend resulted from the company's successful focus on the customer

base developments in both the residential and enterprise segment. Solid customer acquisition was further complemented by a solid improvement in churn, reflecting the ongoing improvements in the company's network, customer service, and the overall value of its offerings in the marketplace. All these initiatives result in an increased customer satisfaction and loyalty. Prepaid net additions stood at +0.9 thousand versus the previous quarter, confirming Mobistar's ability to set growth levers. This is the result of the continued efforts to strengthen the product portfolio and to make Mobistar's prepaid offers more attractive for mobile data users. M2M/IoT net additions stood at +45.9 thousand versus the previous quarter. At the end of June 2015, Mobistar's total customer base in Belgium stood at 5,808.4 thousand, an increase of 336.5 thousand versus the previous quarter. In addition to the growth in its retail customer base, Mobistar also increased its wholesale customer base in the course of the second quarter of 2015 with 280.0 thousand new MVNO customers, largely driven by the ethnic segment.

Fixed and convergent activities

Market Review

From a demand point of view, the fixed market shows a stable to declining evolution in the number of fixed telephone subscribers (with decreasing voice traffic), while the number of fixed broadband (with increasing data traffic) and TV subscribers continues to increase. An increasing part of the connections in the TV market are digital television (IPTV or digital cable TV) to the detriment of analogue TV. Buying individual services is decreasing because of the success of bundled offers in which two or more telecom products form a single commercial offer. From a pricing point of view the dominant operators are continuously raising prices, making Belgium among the more expensive countries in Europe for bundled telecom services.

Financial Review

The fixed-line service revenues in the first half of 2015 in Belgium amounted to 40.2 and 20.1 million euros, respectively in the first half and second quarter of 2015, compared to 41.8 and 21.0 million euros in the respective periods last year.

Operational Review

At the end of the first half of 2015, Mobistar had a total of 28.3 thousand ADSL customers, representing a decrease of 28.1 % on a total of 39.3 thousand in the previous year. The number of fixed telephone lines declined by 23.8 thousand from 221.9 thousand at the end of first half of 2014 to 198.1 thousand at the end of the first half of 2015.

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

Key financial figures of Orange Communications Luxembourg S.A.	H1 2015	H1 2014	Variation	Q2 2015	Q2 2014	Variation
Total service revenues (mio €)	24.1	26.3	-8.3 %	12.4	13.0	-4.4 %
of which mobile services	22.4	25.6	-12.4 %	11.6	12.5	-7.9 %
of which fixed services	1.7	0.8	+128.4 %	0.9	0.4	+93.3 %
Total turnover (mio €)	30.6	30.7	-0.4 %	15.9	15.1	+5.1 %

Key operating figures of Orange Communications Luxembourg S.A.	Q2 2015	Q2 2014	Variation
ARPU ⁽⁷⁾ (€/month/active customer)	38.3	45.3	-15.4 %
Mobile customers (excl. MVNO)	131.6	127.6	+3.2 %
Mobile retail customers (excl. M2M)	97.7	100.7	-3.0 %
M2M SIM cards	34.0	26.9	+26.4 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	2.0	1.9	+9.4 %

Market Review

The Luxembourg regulator ILR has appealed the decision of the Administrative Court, which had partially annulled the temporary MTR framework from February 1, 2014 setting the mobile termination rate for voice calls to 0.98 eurocent/min. Orange Communications Luxembourg S.A. (Orange), along with the other alternative operators, has appealed the ILR decision of March 2015, based on a pure LRIC cost model, fixing the mobile termination rates at 0.97 eurocent/min as of April 2015.

Financial Review

Orange continued to be impacted by the regulatory decisions (decrease in MTR in January 2015 and roaming rates under the Roaming III Regulation of 2012). At the end of June 2015, this impact amounted to 2.8 million euros. Excluding this impact, Orange delivered in the first half of 2015 a 9.5 % growth in total revenues and 2.5 % in service revenues. This increase is mainly

linked to the continuous growth of the postpaid customer base, the success of convergence offers partly offset by the non-application of the VAT increase to the customers.

Operational Review

On 30 June 2015, Orange had 131.6 thousand mobile customers (excl. MVNO), an increase of 3.2 thousand compared to the previous quarter. The postpaid mobile customer base increase was driven by the success of the new offer portfolio including an exclusive Luxemburgish offer (Orange Elo) as well as European offers (Orange Intense), in addition to the availability of 4G/4G+ for all offers. This success is also supported by appropriate convergent offers with high quality TV. On the other hand, the prepaid customer base continued to decline as per a general market trend and attractiveness of postpaid offers. Orange reinforced its digital customer experience with the launch of a new full responsive website. Mobile data demand has been multiplied 8 fold. This growth has been supported by the continuous development of the 4G/4G+ networks in coverage and capacities (90 % and 50 % population coverage respectively).

4. Financial instruments, financial risks management objective and policy

No change has occurred in comparison to the information contained in the 2014 annual report (p.14).

5. Significant events after the end of the first half of 2015

No other significant events occurred after the end of the first half of 2015.

6. Trends

Mobistar reiterates its guidance for the 2015 financial year: a restated EBITDA of between 260 and 280 million euros excluding any expenses/revenues related to the cable opportunity.

In 2015 Mobistar aims at stabilizing its financial performance in spite of ongoing very challenging market conditions thanks to a dynamic reallocation of its human and financial resources toward new initiatives that will support future growth. The guidance range includes the revenues and EBITDA impact of the existing regulatory roaming and MTR framework. The provided guidance range is based on the current market, tax and regulatory context. Mobistar is currently analyzing with its legal and tax advisors the decision of the Constitutional Court dated July 14, 2015 on the Walloon pylon tax. Mobistar has not paid this tax but as of June 30, 2015 has accrued a total amount of 22 million euros as provision for risk related to the 2014 and 2015 fiscal years.

In 2014 the Belgian regulator BIPT re-allocated the licenses for the 900 MHz and 1,800 MHz bands in Belgium for the period 27 November 2015 to 15 March 2021. Operators were granted two payment options: either paying the full amount of the license fee of 76.1 million euros at once or in annual installments. Mobistar has now decided to start paying in 2015 the license fee in annual installments. The first payment will be made in the fourth quarter of 2015. Mobistar expects its full year 2015 cash capex, including the payment of the first license fee installment, to come out around 190 million euros.

7. Financial calendar

24-Jul-15	Financial results Q2 2015 (7:00 am) – Press release
1-Oct-15	Start blackout period
20-Oct-15	Financial results Q3 2015 (7:00 am) – Press release

8. Conference call & webcast details

Date:	24 July 2015
Time:	2:00 pm (CET), 1:00 pm (UK), 8:00 am (US/NY)
Conference call:	http://corporate.mobistar.be/go/en/financial_information.cfm

Please plan on accessing the conference call and webcast ten minutes prior to the scheduled start time.

9. Shares

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

	H1 2015	H1 2014	Q2 2015	Q2 2014
Trading of shares				
Average closing share price (€)	18.25	13.85	16.87	14.26
Average daily volume	166,634	147,304	180,437	161,905
Average daily value (€)	3,002,881	2,009,999	3,021,709	2,292,097
Shares and market values				
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 (€)	16.98	13.94	16.98	13.94
Market capitalization (€)	1,019,044,750	836,600,931	1,019,044,750	836,600,931

10. Quarterly results

		Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
MOBISTAR GROUP							
Mobile services							
Mobile customers (excl. MVNO)	in thousand	3 950.1	3 890.7	4 040.8	4 019.7	3 963.9	3 969.8
Mobile retail customers (excl. M2M)	in thousand	3 130.4	3 118.4	3 137.3	3 157.8	3 139.1	3 193.8
Postpaid	in thousand	2 258.3	2 246.3	2 249.4	2 244.3	2 243.0	2 262.7
Prepaid	in thousand	872.1	872.1	887.9	913.5	896.1	931.0
M2M SIM cards	in thousand	819.6	772.3	903.5	861.9	824.8	776.0
MVNO customers	in thousand	1 992.4	1 711.9	1 559.2	1 554.3	1 549.9	1 312.3
Fixed services							
Fixed broadband internet and TV customers	in thousand	34.6	35.9	38.2	39.7	44.2	47.6
Fixed telephone lines	in thousand	199.4	205.3	217.6	217.8	224.2	230.0
BELGIUM							
Mobile services							
Mobile customers (excl. MVNO)	in thousand	3 818.4	3 762.3	3 915.2	3 891.6	3 836.3	3 840.1
Mobile retail customers (excl. M2M)	in thousand	3 032.8	3 022.5	3 041.7	3 058.3	3 038.4	3 091.1
Postpaid	in thousand	2 172.6	2 163.3	2 167.8	2 161.2	2 159.9	2 180.2
Prepaid	in thousand	860.1	859.2	873.8	897.1	878.5	910.8
Mobile blended ARPU, annual rolling (incl. visitor roaming)	in EUR/month	23.6	23.7	23.6	23.5	23.8	24.1
Postpaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	27.9	27.8	27.5	27.4	27.7	28.1
Prepaid ARPU, annual rolling (incl. visitor roaming)	in EUR/month	13.3	13.8	14.2	14.4	14.6	15.0
M2M SIM cards	in thousand	785.7	739.8	873.6	833.3	797.9	749.1
MVNO customers	in thousand	1 990.4	1 710.0	1 557.3	1 552.4	1 548.0	1 310.5
Fixed services							
Fixed broadband internet and TV customers	in thousand	28.3	29.9	32.4	34.9	39.3	42.7
Fixed telephone lines	in thousand	198.1	203.6	215.7	214.9	221.9	227.7
LUXEMBOURG							
Mobile services							
Mobile customers (excl. MVNO)	in thousand	131.6	128.4	125.5	128.1	127.6	129.7
Mobile retail customers (excl. M2M)	in thousand	97.7	95.9	95.6	99.5	100.7	102.7
Postpaid	in thousand	85.7	83.0	81.6	83.1	83.1	82.5
Prepaid	in thousand	12.0	12.9	14.1	16.4	17.6	20.2
Mobile blended ARPU, annual rolling (incl. visitor roaming)	in EUR/month	38.3	38.8	39.8	43.0	45.3	48.3
M2M SIM cards	in thousand	34.0	32.6	29.9	28.6	26.9	27.0
MVNO customers	in thousand	2.0	2.0	1.9	1.9	1.9	1.8
Fixed services							
Fixed broadband internet and TV customers	in thousand	6.4	6.0	5.9	4.8	4.9	4.9
Fixed telephone lines	in thousand	1.3	1.7	1.9	2.8	2.2	2.3

MOBISTAR GROUP – Key financial figures

Total service revenues	in mio EUR	268.9	268.2	284.9	274.5	278.8	273.3
Mobile service revenues	in mio EUR	248.0	247.2	254.7	254.9	257.4	252.1
Fixed service revenues	in mio EUR	20.9	21.0	30.2	19.6	21.4	21.2
Restated EBITDA	in mio EUR	72.2	69.9	57.2	77.3	74.3	66.1
% of service revenues		26.9%	26.0%	20.1%	28.2%	26.6%	24.2%
EBITDA	in mio EUR	71.5	68.8	47.7	70.7	72.5	64.5
% of service revenues		26.6%	25.7%	16.7%	25.8%	26.0%	23.6%
CAPEX	in mio EUR	42.5	26.8	76.9	45.4	55.6	37.4
% of service revenues		15.8%	10.0%	27.0%	16.5%	19.9%	13.7%
Operating cash flow	in mio EUR	29.0	42.1	-29.3	25.4	17.0	27.1
% of service revenues		10.8%	15.7%	-10.3%	9.2%	6.1%	9.9%
Net financial debt	in mio EUR	499.8	518.5	538.1	523.7	547.2	550.9
Net financial debt / EBITDA		1.9	2.0	2.1	2.1	2.0	1.9

11. Glossary

Customers base (excl. MVNOs)	Number of customers with active simcard, including business and internet everywhere and M2M.
Postpaid	Customer with whom Mobistar has a formal contractual agreement, billed on a monthly basis for access fees and any additional voice or data use.
Prepaid	Customer with whom Mobistar has written contract, paying in advance any data or voice use by purchasing vouchers in retail outlets for example.
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	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.
Revenues by activity	Provide group revenues split in 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, except equipment sales and rentals, ii) fixed broadband, iii) data infrastructure & managed networks, and global services, iv) fixed carriers services.
Mobile equipment sales	Include subsidized and non subsidized equipment sales. It excludes accessories sales, according to future IFRS standards that will imply to display only equipment revenue directly linked to service.
Other revenues	Include 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, less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets
Consolidation perimeter	The consolidation perimeter has changed since 31 December 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 - 28.15 %) and Walcom S.A. (100 %).

Declaration by the persons responsible

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

a) the set of condensed financial statements drawn up in accordance with the prevailing accounting standards, gives a faithful image of the assets, financial situation and results of the issuer and the companies included within its consolidation;

b) the interim report contains a faithful presentation of the important events and major transactions between contracting parties which occurred during the first six months of the financial year, and their impact on the set of condensed financial statements, and a description of the main risks and uncertainties for the remaining months of the financial year.

Jean Marc Harion
CEO

Ludovic Pech
CFO

Statutory auditor's report

on review of the interim condensed consolidated financial information for the six-month period ended 30 June 2015

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the interim condensed consolidated financial information. This interim condensed consolidated financial information comprises the interim condensed consolidated statement of financial position as at 30 June 2015, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in shareholders' equity and the interim condensed consolidated statement of cash flows for the period of six months then ended, as well as selective notes 1 to 13.

Report on the interim condensed consolidated financial information

We have reviewed the interim condensed consolidated financial information of Mobistar NV/SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – Interim Financial Reporting as adopted by the European Union.

The interim condensed consolidated statement of financial position shows total assets of 1,446,131 (000) EUR and a consolidated profit (group share) of 25,108 (000) EUR for the period then ended.

The board of directors of the company is responsible for the preparation and fair presentation of the interim condensed consolidated financial information in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review of the interim condensed consolidated financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – Review of interim financial information performed by the independent auditor of the entity. A review of the interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information of Mobistar NV/SA has not been prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union.

Diegem, 23 July 2015

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

Interim condensed consolidated financial statements in accordance with IFRS

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Interim condensed consolidated statement of comprehensive income

	in million EUR	
	30.06.2015	30.06.2014
Mobile service revenues	495.2	509.5
Fixed service revenues	41.9	42.6
Other revenues	7.1	10.3
Mobile equipment sales	62.6	66.6
Total turnover	606.8	629.1
Purchase of material	-83.5	-83.5
Other direct costs	-179.0	-199.4
Direct costs	-262.5	-282.9
Labor costs	-67.3	-70.5
Commercial expenses	-16.0	-18.9
Other IT & network expenses	-51.4	-48.5
Property expenses	-25.4	-25.9
General expenses	-28.8	-29.6
Other indirect costs	-13.4	-12.3
Indirect costs	-134.9	-135.3
of which operational taxes and fees	-22.8	-23.4
Restated EBITDA	142.1	140.4
Restatements	-1.7	-3.4
EBITDA	140.4	137.0
Depreciation, amortization and impairment	-99.4	-94.9
EBIT	40.9	42.1
Financial result	-3.6	-4.6
Tax expense	-12.2	-13.3
Net profit of the period *	25.1	24.2
Profit attributable to equity holders of the parent	25.1	24.2
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Net profit for the period	25.1	24.2
Other comprehensive income	0.0	0.0
Total comprehensive income for the period	25.1	24.2
Part of the total comprehensive income attributable to equity holders of the parent	25.1	24.2
Basic earnings per share (in EUR)	0.42	0.40
Weighted average number of ordinary shares	60 014 414	60 014 414
Diluted earnings per share (in EUR)	0.42	0.40
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.

Interim condensed consolidated statement of financial position

	in million EUR	
	30.06.2015	31.12.2014
ASSETS		
Goodwill	85.1	80.1
Other intangible assets	273.3	305.0
Property, plant and equipment	806.8	804.4
Interests in associates and joint ventures	3.3	3.3
Non-current financial assets	0.7	0.6
Other non-current assets	1.2	1.2
Deferred tax assets	7.6	7.1
Total non-current assets	1 178.1	1 201.6
Inventories	15.6	18.2
Trade receivables	211.7	204.7
Current financial assets	0.7	6.3
Current derivatives assets	2.4	1.4
Other current assets	4.6	3.5
Operating taxes and levies receivables	0.3	4.4
Prepaid expenses	21.7	10.0
Cash and cash equivalents	11.0	6.1
Total current assets	268.1	254.6
Total assets	1 446.1	1 456.2
EQUITY AND LIABILITIES		
Share capital	131.7	131.7
Legal reserve	13.2	13.2
Retained earnings (excl. Legal reserve)	262.7	238.8
Equity attributable to the owners of the parent	407.6	383.7
Total equity	407.6	383.7
Non-current financial liabilities	473.4	94.7
Non-current provisions for dismantling	58.5	56.4
Other non-current liabilities	12.4	10.4
Total non-current liabilities	544.3	161.5
Current financial liabilities	37.4	449.5
Current derivatives liabilities	2.4	1.4
Current fixed assets payable	55.5	70.9
Trade payables	146.8	151.7
Current employee benefits	33.0	33.8
Current provisions for dismantling	0.0	0.5
Other current liabilities	9.8	12.3
Operating taxes and levies payables	110.9	95.6
Current tax payables	23.4	15.0
Deferred income	75.0	80.4
Total current liabilities	494.2	911.0
Total equity and liabilities	1 446.1	1 456.2

Interim condensed consolidated statement of changes in shareholders' equity

in million EUR				
	Share capital	Legal reserve	Retained earnings	Total equity
Balance as at 1 January 2015	131.7	13.2	237.6	382.5
Net profit for the period			25.1	25.1
Total comprehensive income for the period			25.1	25.1
Declared dividends				
Balance as at 30 June 2015	131.7	13.2	262.7	407.6

in million EUR				
	Share capital	Legal reserve	Retained earnings	Total equity
Balance as at 1 January 2014 (as published on 4 February 2015)	131.7	13.2	192.3	337.2
Mobistar Affiliate			2.8	2.8
Mobistar Enterprise Services			0.4	0.4
Balance as at 1 January 2014 (as published on 24 July 2015)	131.7	13.2	195.5	340.4
Total comprehensive income for the period			24.2	24.2
Declared dividends				
Balance as at 30 June 2014	131.7	13.2	219.7	364.6

Interim condensed consolidated statement of cash flows

	in million EUR	
	30.06.2015	30.06.2014
Operating activities		
Consolidated net income	25.1	24.2
Adjustments to reconcile net income (loss) to funds generated from operations		
Operating taxes and levies	22.8	23.4
Depreciation, amortization and impairment	99.4	94.9
Change in provisions	-3.1	-0.9
Operational net foreign exchange and derivatives	0.8	0.0
Finance costs, net	3.6	4.6
Income tax	12.2	13.3
Changes in working capital requirements		
Decrease (increase) in inventories, gross	2.4	3.1
Decrease (increase) in trade receivables, gross	-5.5	-0.1
Increase (decrease) in trade payables	-9.4	-3.5
Changes in other assets and liabilities	-8.5	-7.3
Other net cash out		
Operating taxes and levies paid	-9.0	-9.8
Interest paid and interest rates effects on derivatives, net	-4.0	-3.7
Income tax paid	-5.1	-7.0
Net cash provided by operating activities	121.7	131.1
Investing activities		
Purchases (sales) of property, plant and equipment and intangible assets		
Purchases of property, plant and equipment and intangible assets	-69.3	-93.0
Increase (decrease) in fixed assets payables	-15.4	-22.9
Organic cash flow	37.0	15.3
Cash paid for investment securities, net of cash acquired	-5.0	0.0
Decrease (increase) in securities and other financial assets	5.4	0.2
Net cash used in investing activities	-84.3	-115.6
Financing activities		
Long-term debt issuances	425.0	0.0
Long-term debt redemptions and repayments	-470.0	0.0
Increase (decrease) of bank overdrafts and short-term borrowings	12.4	-16.1
Net cash used in financing activities	-32.5	-16.1
Net change in cash and cash equivalents	4.9	-0.6
Cash and cash equivalents – opening balance	6.1	8.5
o/w cash	3.0	8.2
o/w cash equivalents	3.1	0.4
Cash and cash equivalents – closing balance	11.0	7.9
o/w cash	4.2	7.5
o/w cash equivalents	6.8	0.4

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

Segment information

30.06.2015	in million EUR			
	Belgium	Luxembourg	Interco elimination	Mobistar group
Mobile service revenues	473.8	22.4	-1.0	495.2
Fixed service revenues	40.2	1.7	0.0	41.9
Other revenues	7.0	0.1	0.0	7.1
Mobile equipment sales	61.5	6.4	-5.3	62.6
Total turnover	582.5	30.6	-6.3	606.8
Direct costs	-252.6	-16.0	6.1	-262.5
Labor costs	-62.4	-4.9	0.0	-67.3
Indirect costs	-127.4	-7.7	0.3	-134.9
of which operational taxes and fees	-21.4	-1.4	0.0	-22.8
Restated EBITDA	140.1	2.0	0.0	142.1
EBITDA	138.4	2.0	0.0	140.4

30.06.2014	in million EUR			
	Belgium	Luxembourg	Interco elimination	Mobistar group
Mobile service revenues	484.6	25.6	-0.7	509.5
Fixed service revenues	41.8	0.8	0.0	42.6
Other revenues	10.2	0.2	-0.1	10.3
Mobile equipment sales	65.7	4.2	-3.3	66.6
Total turnover	602.3	30.7	-4.0	629.1
Direct costs	-270.8	-15.8	3.7	-282.9
Labor costs	-65.9	-4.6	0.0	-70.5
Indirect costs	-127.7	-7.8	0.3	-135.3
of which operational taxes and fees	-22.3	-1.1	0.0	-23.4
Restated EBITDA	137.9	2.5	0.0	140.4
EBITDA	134.5	2.5	0.0	137.0

Notes to the interim condensed consolidated financial statements

1. Accounting policies

1.1. Basis of preparation of the financial statements

The interim condensed consolidated financial statements for the six months period ended 30 June 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 23 July 2015.

The interim 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 1.3 and the application of the new standards presented in Note 1.4.

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.

1.2. Uses of estimates and judgment

In preparing the Group's consolidated financial statements, Mobistar's management is required to make estimates insofar as many elements included in the financial statements cannot be measured with precision. The underlying assumptions used for the main estimates are similar to those described as of December 31, 2014, except for the provision for pylon tax that is reassessed every quarter using prudent best estimate assumptions based on the evolution of the regional tax framework, of the different court cases and of the new tax bills received.

The management revises these estimates if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at June 30, 2015 may subsequently be changed. In particular, investors are informed that, given the uncertainties regarding the lawfulness and amount of this tax, the amount of this provision may significantly vary from one quarter to another (see Note 11 'litigations' and Note 13 'subsequent events').

The management also uses its judgment to define appropriate accounting policies to apply to certain transactions when the current IFRS standards and interpretations do not specifically deal with the related accounting issues.

1.3. Alignment with Orange S.A. reporting format and standards

The presentation of Orange S.A. 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 interim 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 Flows.

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:

- 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.
- 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.
- The provision for pylon tax has been reclassified from '*Trade payables*' to '*Operating taxes and levies payables*'.
- The Trade payables aggregate is now split between '*Current fixed assets payables*' and '*Trade payables*'.

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 layout between the information published in 2014 and 2015, Mobistar has restated its

previously disclosed interim financial statements. This information is available on the financial results 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).

1.4. New standards and interpretations

The IFRIC interpretation 21 has been adopted by the European Union in the course of the first semester 2014. This interpretation is applicable for annual periods beginning on or after 17 June 2014, thus on 1st January 2015 for the Mobistar Group. It defines the obligating event that gives rise to a liability to pay a levy (as the activity that triggers the levy) and refers to other standards to determine whether the recognized liability gives rise to an asset or expense.

Mobistar applies IFRIC 21 in the interim condensed consolidated financial statements of June 30, 2015 to a limited number of levies whose accounting is modified by the interpretation: property withholding tax, tax on offices' space, tax on class 1/2/3 sites (hazardous and/or insalubrious sites), sites tax and taxes on advertising boards, panels, etc. The full year liability related to these levies and the corresponding charges have been recorded in the consolidated financial statements of June 30, 2015.

2. Consolidation perimeter

The consolidation perimeter has changed since 31 December 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 - 28.15 %) and Walcom S.A. (100 %).

On June 2, 2015, Mobistar acquired Walcom S.A., a residential and professional distribution network located in Wallonia. Walcom specializes in the sale of telecommunications products and services for individuals through a network of 20 stores and a dedicated sales team for the professional market.

3. Goodwill

	in million EUR	
	30.06.2015	30.06.2014
Mobistar Affiliate S.A.	10.6	10.6
Orange Communications Luxembourg S.A.	68.7	68.7
Mobistar Enterprise Services S.A.	0.8	0.8
Walcom S.A.	5.0	
Total	85.1	80.1

The goodwill of Mobistar Affiliate S.A. and Walcom S.A. is fully allocated to the segment "Belgium", the goodwill of Orange Communications Luxembourg S.A. is fully allocated to the segment "Luxembourg".

As at 30 June 2015, there were no internal or external indicators that impairment tests on the goodwill of Orange Communications Luxembourg S.A. should have been performed.

On 2 June 2015, Mobistar acquired Walcom S.A. The cash out related to this acquisition has been accounted for in "goodwill". The company has been a Mobistar exclusive agent for almost 20 years. A purchase price allocation (PPA) will be performed in

the course of the second half of the year in order to categorize the purchase price currently fully booked as a goodwill into the various assets and liabilities acquired.

The management continues to pay attention to any indication that could require an anticipated review of the values. These tests are planned to be performed for the year-end closing. The impairment test for goodwill is based on value in use calculation.

4. Equity

Total equity has been impacted as follows:

	in million EUR			
	Share capital	Legal reserve	Retained earnings	Total equity
As at 31 December 2014 (as published on 4 February 2015)	131.7	13.2	235.5	380.5
Mobistar Affiliate			2.8	2.8
Mobistar Enterprise Services			0.4	0.4
As at 31 December 2014 (as published on 24 July 2015)	131.7	13.2	238.8	383.7
SIM cards			-1.2	-1.2
As at 1 January 2015	131.7	13.2	237.6	382.5

Mobistar Affiliate consolidation difference (2005) and Mobistar Enterprise Services price purchase allocation difference (2011) are both the effect of a correction of prior period unexplained differences booked in June 2015 as an adjustment to retained earnings. The remaining adjustment in equity corresponds to the impact on previous years of customers SIM cards capitalization.

5. Cash and cash equivalents, financial liabilities

Cash and cash equivalents include cash on hand and cash deposits with a maximum term of 3 months. Bank and inter-company cash pooling overdrafts are classified as short-term financial liabilities. See cash flow schedule to explain the 38.3 million euros reduction of the net debt for the first half year.

	in million EUR	
	30.06.2015	31.12.2014
Cash and cash equivalents		
Cash on hand	11.0	6.1
Total cash and cash equivalents	11.0	6.1
Financial liabilities		
Intercompany short-term borrowing	37.4	449.5
Intercompany long-term borrowing	473.4	94.7
Total borrowings	510.8	544.2
Net debt	499.8	538.1

On June 11, 2015 Mobistar's Board of Directors has approved the re-financing of its 450 million euros long-term revolving credit facility expiring in December 2015. The new long-term revolving credit facility, with an average maturity of 5 years, amounts to 420 million euros and will be provided by Atlas Services Belgium S.A. (100 % Orange S.A. subsidiary). The interest rate applicable is based on EURIBOR plus a margin depending on the net financial debt / EBITDA ratio of the previous semester. Based on the net financial debt / EBITDA ratio at the end of 2014 of more than 2.0x, the margin currently holds at 1.25 %. This credit facility is subject to a financial covenant of net financial debt / EBITDA below 2.75x.

6. Share capital

There has been no change in the capital of the company in 2015.

	Share capital (in million EUR)	Number of ordinary shares (in units)
As at 1 January 2015	131.7	60 014 414
As at 30 June 2015	131.7	60 014 414

7. Dividends

	in million EUR	
	30.06.2015	31.12.2014
Dividends on ordinary shares (year 2015)	0.0	
Dividends on ordinary shares (year 2014)		0.0
Total	0.0	0.0

Declared dividends

On 6 May 2015, the Annual General Assembly of shareholders has approved the suspension of the dividends in 2015 on the 2014 results.

On 7 May 2014, the Annual General Assembly of shareholders has approved the suspension of the dividends in 2014 on the 2013 results.

8. Income taxes

The major components of the tax expense are as follows:

	in million EUR	
	30.06.2015	30.06.2014
Current income tax	13.5	13.9
Deferred tax expense arising to the origination and reversal of temporary differences	-1.3	-0.6
Total tax expense	12.2	13.3

9. Operating taxes and levies

Operating taxes and levies- payables

The increase is due to the effect of the evolution of the provisions related to pylon taxes in 2015 and the effect of the first time application of IFRIC 21 on other operational taxes.

Given the uncertainties surrounding the lawfulness and amount of the pylon taxes, and considering inter alia that this tax is not fully payable at the beginning of each fiscal year and actually not paid, Mobistar continues to account for this as a risk in accordance with IAS 37 (Provisions & contingent liabilities).

10. Unrecognized contractual commitments

No major event has impacted the unrecognized contractual commitments described in the consolidated financial statements for 2014.

11. Litigations

	in million EUR				
	01.01.2015	Additions	Utilisations	Reversal	30.06.2015
Outstanding litigations	11.8	0.4	-0.4	-0.7	11.1

Mobistar is engaged in various judicial procedures whereby third-party individuals or entities are claiming repair of damages they pretend to have incurred. Each litigation is evaluated on an individual basis in order to assess as to whether it is more likely than not that an outflow of resources will be necessary to settle the litigation and to ensure that the assumptions taken to measure the provisions are valid.

The outstanding claims are built up during the previous years and it can be reasonably assumed that they will be subject to a Court decision or solved by means of a common agreement within the following years.

No major changes in the provision for litigations occurred during the first six months of 2015.

Disputes

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

Masts: Since 1997, certain municipalities and four provinces have adopted local taxes, on an annual basis, on pylons, masts or antennae erected within their boundaries. These taxes are currently being contested before the Civil Courts (Courts of First Instance - Tax Chamber and Courts of Appeal).

The Council of State decided since 20 November 2007 in several judgments that a tax regulation violates the principle of equality if the motive appearing in the preamble of this tax regulation results from the financial situation of the municipality. In fact, such a motive does not explain at all the differentiation made between the mobile telephone network operators (which are taxed on the basis of this tax regulation) and the operators of other similar networks (which are not taxed on the basis of this same tax regulation). It is therefore not established that the difference in treatment is based on a criterion that can be objectively and logically justified.

The Constitutional Court decided in its judgment of 15 December 2011 that article 98 §2 of the Act of 21 March 1991 reforming certain public companies doesn't prohibit the municipalities from taxing the economic activity of the telecom operators which is achieved in the territory of the municipality by the presence (whether on the public or private domain) of mobile phone masts, pylons or antennae dedicated to this activity, for budgetary or other reasons. According to the Constitutional Court, this interpretation of article 98 §2 is not inconsistent with article 170 § 4 of the Constitution.

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.

On 4 September 2014, the European Court of Justice held that the Directive on the authorization of electronic communications networks and services must be interpreted as not precluding operators providing electronic communications networks or services from being subject to a general tax on establishments, on account of the presence on public or private property of cellular telephone communication masts, pylons or antennae necessary for their activity.

The total amount of taxes charged, plus default interest calculated at the legal rate, amounts to 104.9 million euros, of which 10.8 million euros correspond to the first half of 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. Mobistar has received tax bills for this tax dated 22 December 2014. Mobistar has introduced a fiscal

objection against the tax bills on 20 February 2015. 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.

Abuse of dominant position by the Belgacom group: In April 2015, the replacement of the experts has been asked before the Court of appeal by Base due to the risk that inconsistencies noted between the experts' work and the judgment of the Court of appeal of 26 February 2015 could influence the further work of the experts. A final decision on this is expected end of July 2015. In the meantime, Proximus launched a cassation appeal against the judgment of 26 February 2015.

Social tariffs: On 11 June 2015, in the appeal against the law transposing the Telecom Directives, the European Court of Justice determined in a preliminary ruling requested by the Belgian Constitutional Court that mobile services (mobile broadband included) cannot qualify for social tariffs when supported by a financing system by the sector. Based on this judgment, the Belgian Constitutional Court must now deliver a final judgment.

Regarding the appeal against the two Royal Decrees of 14 April 2013 on the social tariffs database, on 30 June 2015, the Council of State found these Royal Decrees were illegal because they set up costs which have not been validated in advance by the King. The Council of State followed the plaintiffs arguments and annulled totally the Royal Decree covering the period of 2007-2011 and partially the Royal Decree covering the period 2012-2013.

Regulation of broadband and cable: With regard to the market analysis decisions of mid-2011, the Court of appeal delivered a judgment on 12 November 2014 rejecting Telenet's attack and further annulling the clauses of the decisions forbidding access to digital TV and internet for Belgacom. A similar judgment was delivered on 13 May 2015 in the comparable appeal by Tecteo, Brutélé and Numéricable.

Furthermore, the proceedings initiated in 2014 against the regulators decisions of September and December 2013 on the qualitative and quantitative aspects of the cable network access, temporarily suspended until the delivery of judgments on the market analysis decisions, have been reactivated since the judgment of 12 November 2014 on Telenet's attack. In the second quarter of 2015 cable operators decided to withdraw their appeal against the qualitative decisions. In the quantitative decisions appeal, briefs will be further exchanged in the second half of 2015 and pleadings will take place in December 2015.

In the parallel case initiated by Mobistar against Brutélé & Tecteo for breach of their regulatory obligations the case was suspended with a "renvoi au rôle/ verwijzing naar de rol" in view of upcoming developments.

Belgacom's refusal to negotiate a commercial agreement: In 2012, Mobistar and Belgacom entered into negotiations regarding a commercial agreement that would enable Mobistar to offer retail fixed services (internet, telephony and television). Despite the progress in the discussions, Belgacom stopped abruptly the negotiations. Mobistar attacked Belgacom in May 2013 for non-respect of the non-discrimination principle and for breach in the handling of the negotiations. Briefs have been exchanged in 2013. In view of recent evolutions on the market, the case has been reopened for briefs exchange, pleadings are postponed to 2016.

12. Related party transactions

in million EUR				
30.06.2015	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Orange - Traffic and services	9.6	-4.6		
Orange - Cash pool			1.4	11.8
Orange Affiliates - Traffic and services	3.8	-2.1	0.5	-6.1
Atlas Services Belgium - Loan				498.0
Total	13.3	-6.7	1.9	503.8

in million EUR				
30.06.2014	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Orange - Traffic and services	8.2	-7.9		
Orange – Cash pool			4.4	9.8
Orange Affiliates - Traffic and services	3.1	-2.4	1.0	-2.0
Atlas Services Belgium – Loan				548.7
Total	11.3	-10.3	5.4	556.5

On June 11, 2015 Mobistar's Board of Directors has approved the re-financing of its 450 million euros long-term revolving credit facility expiring in December 2015. The new long-term revolving credit facility, with an average maturity of 5 years, amounts to 420 million euros and will be provided by Atlas Services Belgium S.A. (100 % Orange S.A. subsidiary). It comes on top of the existing 120 million euros revolving credit facility signed in December 2013.

The terms and conditions applied to sales and purchases of traffic and services, to the centralized treasury management agreement, to the revolving credit facility agreement as well as to the interest-bearing loans and borrowings are determined at arm's length basis according to the normal market prices and conditions.

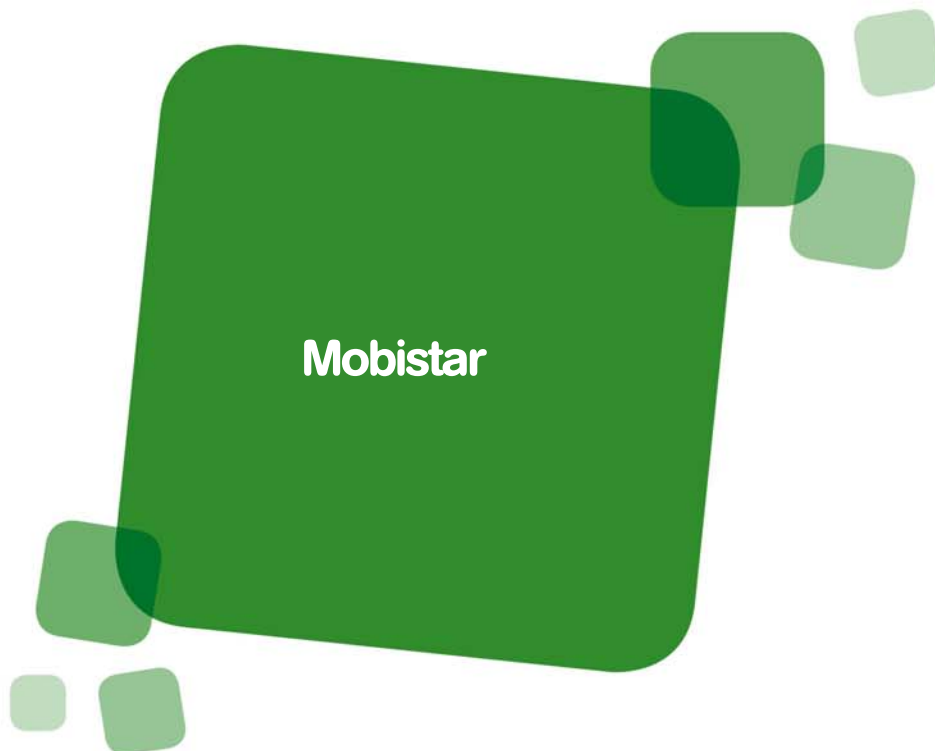
There is no outstanding guarantee provided to or received from any related parties at the balance sheet date. No allowance for doubtful debtors on amounts owed by related parties is outstanding at the balance sheet date.

13. Subsequent events

No adjusting event arose between the balance sheet date and the date at which the interim condensed consolidated financial statements have been authorized for issue, except for the following:

- on July 16, 2015: decision of the Constitutional Court against the Walloon Decree of 11 December 2013 following the request in annulment introduced on June 20, 2014 by Mobistar;
- on July 14, 2015: annulment of the 2014 ex-officio enrolment of the pylon tax by the Walloon Tax Department following the fiscal objection against the tax bills introduced on February 24, 2015 by Mobistar.

In order to determine the need for a potential adjustment of the 21.6 million euros provision for risk accrued as of 30 June 2015 related to the Walloon pylon tax for 2014 and 2015, Mobistar is currently assessing with its legal and tax advisors the consequences of (i) the decision of the Constitutional Court in particular in what concerns the treatment of 2014, of (ii) the annulment of the tax enrolment for 2014 and consequences on 2015, and of (iii) the possible new rulings or recourse to those decisions by the Walloon region and/or municipalities.



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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.