

**Half year
results 2014
Mobistar**

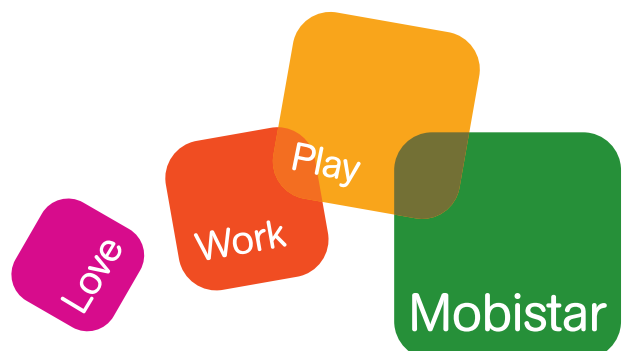


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Financial communication

Embargo until 24 July 2014 at 7.00
Regulated information

Improving commercial trend sustained by mobile network leadership and distribution overhaul

Brussels, 24 July 2014 – Today, Mobistar (Euronext Brussels: MOBB) publishes its results for the second quarter and first half of 2014.

- Mobistar's retail customer base stabilised sequentially in the second quarter due to the significant steps made in the overhaul of its distribution channels, the focus on customer experience and the recognition of its best-in-class network quality standards.
- Mobistar increased the number of connected SIM cards on its network in Belgium and Luxembourg by 351,057 year-on-year to reach a total of 5,446,215, thereby highlighting its network leadership in terms of connected SIM cards.
- The accelerated 4G network roll-out and an increasing consumer appetite to use content 'on-the-go' resulted in an increase in data traffic, boosted by the uptake of 4G smartphone penetration. The drive test performed by Commsquare in the second quarter confirmed Mobistar's network leadership in terms of 3G and 4G coverage.
- Mobistar is confident it will be ready technically to deliver cable internet & TV offering through regulated networks by the fourth quarter of 2014. In this respect, Mobistar is urging the regulators to complete the announced review of the wholesale tariffs in due time to foster true and fair competition and to ensure a flawless execution by all cable operators.
- Mobistar's service revenues and restated EBITDA increased sequentially in the second quarter of 2014 marking a reversal of the declining trend in previous quarters.
- Mobistar delivered on its ACE2 saving program, which is ahead of schedule with more than 36 million euros realised in the first half of 2014.
- The results of the first half of 2014 enabled Mobistar to confirm its outlook for 2014:
 - Mobistar reached a total turnover of 629.2 million euros.
 - Mobistar reached a restated EBITDA of 140.4 million euros.
 - Mobistar reached an operational cash flow of 44.1 million euros.

'We are very pleased with the outcome of the first half of 2014. Mobistar started the year by confirming best-in-class network voice and data quality standards and in the second quarter, accelerated the roll-out of 4G outperforming competition. We are also pushing the adoption of smartphones and are encouraging our customers to use more and more data. In the first half of 2014 mobile data amounted to 50.4 % of the service revenues in Belgium. The strategic axes on which we made the most progress, the transformation of our distribution channels and the enhancement of Mobistar's customer journey, already led to an improvement of our net adds. Such progress confirms our path is right and we remain reasonably optimistic going forward.' commented Jean-Marc Harion (CEO).

Ludovic Pech (CFO) added: 'We will carry on our determined work to fundamentally transform our company and its cost structure. We believe the market focus is shifting away from simple downward price pressure to attributes such as quality of service and product differentiation. This allows us to work both on the reengineering of our top line, while executing on our savings initiatives with already more than 36 out of 50 million euros realized. At the same time, this gives us the necessary flexibility to invest in future growth initiatives such as regulated cable access.'

At the end of the first half of 2014:

- **Mobistar's retail customer base sequentially stabilised in the second quarter.** This was achieved by a remarkable improvement in the commercial performance of the **residential postpaid** segment and the sustained solid growth of the **M2M activity**. The **residential prepaid** segment net adds evolved in line with the market trends and the second quarter of 2014 showed the best performance in nearly two years. The **postpaid B2B** segment remains in the negative territory and it will take longer to obtain the desired result.
- **Mobistar surpassed the historical incumbent⁽¹⁾** for the first time ever with its number of connected SIM cards on its network in Belgium reaching 5,345,474. Thanks to the **stabilisation of the retail customer base** and to the increase of its MVNO customer base, Mobistar saw the number of connected SIM cards on its network in Belgium and Luxembourg jump 6.4 % year-on-year to reach **a total of 5,446,215, an increase of 351,074**.
- In the framework of its distribution transformation, Mobistar took over the **key strategic assets** of Euphony Benelux S.A. and the commercial 'shop in shop' telecommunication activities in Carrefour hypermarkets in Belgium, **adding 35 extra points-of-sale**.
- **Mobile data** amounted to **50.4 %** of the service revenues in Belgium, while **advanced mobile data⁽²⁾** represented **19.2 %**, versus 46.7 % and 16.4 % respectively in the same period last year.
- Mobistar group recorded **a total consolidated turnover of 629.2 million euros**, -16.9 % year-on-year. Taking into account the regulatory MTR- and roaming impact of 15.8 million euros, the total consolidated turnover recorded a year-on-year trend of -14.8 %.
- **Mobistar's service revenues amounted to 561.4 million euros**, compared to 655.0 million euros a year earlier, a decline of 14.3 % year-on-year (or -11.9 % before regulatory impact). **The improving trend** noticed during the first quarter of 2014 **confirmed itself in the second quarter** as the backbook repricing in the residential market has gradually unfolded.
- Mobistar recorded **a restated EBITDA of 140.4 million euros**, -23.9 % versus the previous year. Mobistar group's restated EBITDA margin amounted to 25.0 % of service revenues. Without the regulatory MTR- and roaming impact of 11.1 million euros, the restated EBITDA would have decreased by 17.9 %. **Mobistar's restated EBITDA increased 12.3 % sequentially in the second quarter of 2014 to 74.3 million euros** from 66.1 million euros in the first quarter of 2014.
- Mobistar **invested 93.0 million euros, i.e. 16.6 % of service revenues**, in the first half of 2014 compared to 68.9 million euros a year earlier. In particular, in the second quarter of 2014 the investments jumped up 47.3 % year-on-year to 55.6 million euros as **Mobistar is accelerating the roll-out of its 4G network**.
- The operational cash flow amounted to **44.1 million euros**, -60.7 % year-on-year, impacted by the higher investments in the period and the evolution of the operational profit.

(1) Belgacom reported 5,259,000 active SIM cards in the first quarter of 2014, of which 401,000 were Free Data Cards that were given away to fixed customers, while KPN Belgium reported 3,039,840 active SIM cards.

(2) Mobile data excluding SMS.

1. Key facts

Mobistar has a clearly defined company-wide transformation plan with the aim of re-enforcing its position in the Belgian telecom market and to improving the overall profitability of the company. Mobistar progressed on its four strategic priorities over the course of the first half of 2014. The following specific advancements were made over the course of the second quarter:

Leadership in Mobile:

- Mobistar's sustained LTE roll out in the second quarter of 2014 confirmed its network leadership established in the first quarter, and set the stage for 4G acceptance amongst its customers. At the end of June, the national 4G outdoor coverage reached 65%. Mobistar also deployed its 4G network in the Brussels-Capital Region, guaranteeing an immediate outdoor coverage of 99 %, and outperforming competition. In the meantime, Mobistar also pursued its efforts to boost the performance of its 2G/3G network through several initiatives.
- Mobistar was the first Belgian operator to have successfully tested a true 4G+ (LTE-Advanced) network, offering a bandwidth speed of over 200 Mbps. The aggregation of the 1,800 and 800 MHz frequencies allows a more efficient use of the spectrum, thus offering higher speeds and a better coverage inside buildings.
- The launch of 4G at the end of the first quarter has triggered a positive feedback from our customers. Already more than 300,000 customers have a 4G device and are actively using Mobistar's 4G network. Mobistar anticipates an increase in 4G users and in mobile data traffic, which in turn contributes to an ARPU uplift as users move up to larger data packages. Since the launch of 4G, the number of mobile data top-ups increased considerably, especially in June, potentially driven by the live streaming of the soccer World Cup via various third-party applications.
- Mobistar was the first operator in Belgium to deliver multi-country 4G roaming agreements, allowing its customers to surf in the Netherlands, Germany, Italy Spain, France, Luxembourg and the United Kingdom. Mobistar launched this service in April with the most competitive international offering on the Belgian market (Panther 60), and in June accentuated the roaming option Go Europe, allowing its customers to use their services everywhere in Europe as at home.

Pioneer in Disruptive Convergence:

- The implementation of the reference offers by the cable operators is moving forward. Mobistar succeeded to integrate its conditional access system with Telenet and Nethys/Brutélé and to develop its first set-top box and cable modem. The focus is now to ensure a smooth installation procedure.
- On the IT-side, the project is at a stage where end-to-end testing of the wholesale solutions is started, with the help of so called 'friendly users'. This does however not mean that the solutions and processes put in place by the cable operators at the moment are adequate to ensure operationally cost-efficient and customer oriented solutions. Mobistar therefore insists that the regulators impose further technical and operational improvements.
- The decision regarding the appeal procedure on the market analysis that led to wholesale cable regulation should be made in the coming months. Mobistar remains confident the Court will follow the regulators in this matter, and hence will not overturn the regulatory obligations for the cable operators.
- The review of the existing retail-minus pricing is expected in the first half of 2015. Mobistar urges the regulators to speed up the process and to guarantee true competition in the fixed market.

- The new analysis of markets 4⁽³⁾, 5⁽⁴⁾ and 18⁽⁵⁾ is on-going, though the upcoming EU recommendation on the list of markets subject to ex ante regulation may impact the timely completion of this review. As part of this process, Mobistar insists on the necessity for the regulators to impose cost-oriented charges for wholesale cable access, similar to what was already put forward by the European Commission in its comments on the present pricing decision.

Best Customer Experience:

- Providing the best customer experience increasingly complements Mobistar's segmented offers and network leadership. Mobistar intensified its commitment to provide customer interactions that are consistent, digital and transparent across all four dimensions of brand, products and services, channel, and delivery and operations.
- Mobistar launched "Have a Nice Day" (HAND), a program designed to improve customer satisfaction and tenure. This loyalty program also acts as a key lever for the digitalization of its customer base by promoting a more frequent usage of the online customer zone.
- After Liege, Mobistar opened in Antwerp its second @Mobistar concept store, allowing its customers to try out a range of devices, accessories and applications, and to getting advice on services and repairs. Mobistar also began with the modernisation, digitalisation and relocation of the other centers with the aim of enabling customers to interact with Mobistar in a more engaging way. All these initiatives are also geared to prepare Mobistar's distribution network to re-enter the residential fixed market.
- Mobistar reinforced its prepaid offering service by reducing the number of tariff plans from 3 to 2 distinctive offers in order to improve the customer journey. The reload conditions were made more attractive and the data allowance of the Dolphin 10 and the web-based Internet on Mobile prepaid offer was increased.
- Results issued by the Belgian Ombudsman for the Telecommunications Sector show that Mobistar has progressed the most of all operators in the area of customer satisfaction.

Best Industry Efficiency:

- Mobistar's ACE2 cost transformation program rendered more than 18.0 million euros net savings in operating expenses, which equates to more than 36.0 million euros in the first half of the year. Mobistar is confident it will meet its commitment to achieve a net operating cost saving of 50 million euros in 2014⁽⁶⁾.
- The transformation program made tangible operational progress on two fronts: Mobistar's distribution network and the transformation of its B2B business.
- In the framework of its distribution transformation, Mobistar took over the operations of the commercial 'shop in shop' telecommunication activities in Carrefour hypermarkets in Belgium, adding 35 extra points-of-sale. Mobistar also took over key strategic assets of Euphony Benelux S.A. – wholesales telecom operations and customers (CPS - ADSL), IT systems and brand name – with the aim of rejuvenating this channel in a more controlled, dynamic and profitable way. Mobistar is thereby reducing its dependency on indirect distribution channels in favour of more directly owned channels with a fixed cost structure. In view of the more dynamic mobile market this was a clear requirement.
- The transformation of Mobistar's B2B business advanced with the operational integration and formal merger of Mobistar Enterprise Services (MES) into Mobistar. Not only should this allow a more streamlined go-to-market process, but it should also render a more simplified organization with a more efficient cost structure. Mobistar also launched a new VDSL2 offering to ensure competitive and qualitative IP based services, based on the regulated offer WBA (Wholesale Broadband Access).

(3) Market 4: wholesale (physical) network infrastructure access at a fixed location (ULL).

(4) Market 5: wholesale broadband access (bitstream).

(5) Market 18: transmission of broadcasting services, i.e. TV and radio.

(6) Excluding the annual tax pylon impact of up to 24 million euros.

2. Comments on the financial situation

2.1 Consolidated figures for the Mobistar group

Mobistar group's consolidated key figures ⁽⁷⁾	6 months to 30/06/2014	6 months to 30/06/2013	Variation
Total number of connected SIM cards (Mobistar S.A., Orange Communications Luxembourg S.A. and MVNOs)	5 446 215	5 095 141	+6.9 %
Consolidated turnover (million €)	629.2	757.0	-16.9 %
Service revenues (million €)	561.4	655.0	-14.3 %
Handsets revenues (million €)	67.8	102.0	-33.5 %
Restated EBITDA ⁽⁸⁾ (million €)	140.4	184.5	-23.9 %
Restated EBITDA margin in % of service revenues	25.0 %	28.2 %	
EBITDA (million €)	137.0	180.9	-24.3 %
EBITDA margin in % of service revenues	24.4 %	27.6 %	
Consolidated net profit (million €)	24.2	57.3	-57.8 %
Net profit per ordinary share ⁽⁹⁾ (€)	0.40	0.96	-57.8 %
Net investment (million €)	93.0	68.9	+34.9 %
Net investment/Service revenues	16.6 %	10.5 %	
Operational cash flow ⁽¹⁰⁾ (million €)	44.1	112.0	-60.7 %
Organic cash flow ⁽¹¹⁾ (million €)	13.1	27.6	-52.8 %
Net financial debt	544.6	472.7	+15.2 %

2.2 Consolidated statement of comprehensive income

Revenues

Mobistar group's service revenues amounted to 561.4 million euros in the first half of 2014 compared to 655.0 million euros a year earlier, or a reduction of 14.3 %. The rate at which the service revenues declined, slowed to 12.3 % in the second quarter of 2014, again confirming that the first quarter of 2014 has turned out as the inflection quarter. The year-over-year performance for the first six months of 2014 was driven by the intense downward price revision that took place in the first half of 2013 and the lower customer base. The annualisation of the price revision has largely been absorbed in the residential segment towards the end of the first half of 2014. In the business segment, the price revision kicked in with some delay compared to the residential market, and continued to have its impact over the entire first half of 2014 and shall continue having an impact over the second half of the year.

The regulatory impact on the service revenues of the Mobistar group amounted to 15.8 million euros in the first half of 2014, i.e. a 10.6 million euro roaming-impact and a 5.2 million euro MTR-impact. Without regulatory impact, the consolidated service revenues in the first half of 2014 would have been down 11.9 % compared to the same period last year.

(7) The consolidation perimeter has not evolved since 31 December 2013 and includes Mobistar S.A. (100 %), Mobistar Enterprise Services S.A. (100 %), Orange Communications Luxembourg S.A. (100 %) and IRISnet S.C.R.L. (accounted for by equity method - 28.16 %).

(8) EBITDA and restated EBITDA are financial aggregates not defined by IFRS. Restated EBITDA: EBITDA before restructuring and redundancy costs. For further information on the calculation of these aggregates and the reasons why Mobistar uses them, see page 10.

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

(10) Operational cash-flow = EBITDA – net investments

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

The consolidated handset sales in the first half of 2014 amounted to 67.8 million euros, compared to 102.0 million euros in the same period last year. Sustaining the trend of the first quarter of 2014, the average selling price of the handsets Mobistar sold in the second quarter of 2014 decreased compared to the same period last year. This tendency is explained by the emergence and market acceptance of economical low- and mid-price smartphones. In line with the transformation of Mobistar's distribution, the volumes sold in the first half of 2014 via indirect retail channels have decreased, but with no negative impact on margin, while the volumes sold via Mobistar direct channels, such as its own stores and its e-commerce website have increased. Smartphones are key to giving Mobistar's customers access to data; the more customers have them, the bigger the data opportunity for Mobistar becomes. This explains why Mobistar increasingly values the proximity with its customers throughout the whole customer journey, regardless whether it concerns mobile services, the sale of smartphones or customer support.

The total consolidated turnover, which includes service revenues as well as the turnover coming from the sale of handsets, amounted to 629.2 million euros for the first half of 2014, compared to 757.0 million euros in the same period a year ago, -16.9 %. Excluding the 15.8 million euro impact of MTR- and roaming regulation the total consolidated turnover would have declined by 14.8 %.

Result of operating activities before depreciation and other expenses

Mobistar's group EBITDA in the first half of 2014 amounted to 137.0 million euros, which compares to an EBITDA of 180.9 million euros in the same period last year. The EBITDA margin in the first half of 2014 amounted to 24.4 % of the service revenues, compared to 27.6 % in the same period a year ago. On a quarterly basis the EBITDA advanced from 64.5 million euros in the first quarter to 72.5 million euros in the second quarter of 2014, supported by higher service revenues and stringent cost management.

The EBITDA in the first half of 2014 diminished by 43.9 million euros compared to the same period last year, resulting primarily from the reduction in service revenues (-93.6 million euros), a regulatory burden related to the reduction in mobile termination rates in Luxembourg⁽¹²⁾ as of February 2014 (-3.1 million euros) and to the roaming rate cuts in both Belgium and Luxembourg (-8.0 million euros), and finally an important increase in operating taxes (pylon taxes, IBPT fees, etc.) (-11.9 million euros).

To counter these adverse factors, Mobistar increasingly succeeds in adjusting its cost base, as shown in the progress it made in the second quarter. Obviously, the lower national and international interconnection fees both for mobile and fixed services were a logical result of the regulatory framework and so were the lower cost of sales of equipment & goods sold which were in line with the lower handset revenues.

It is an undeniable fact that Mobistar's ACE2 cost saving program progressed well in the first half of 2014. It already delivered more than 36 million euros net savings in the first half of 2014 out of the total net savings target for the full year of 50 million euros. The cost savings in the framework of this program were made at three levels: 1/ direct costs, e.g. lower commissions following the ongoing transformation of Mobistar's distribution channels and lower content costs; 2/ labour cost, i.e. lower salary and related costs in line with the efficiency gains and headcount reduction and 3/ indirect costs, e.g. effective use of e-billing solutions leading to a reduction in postage fees, a decline in subcontracting and consulting fees by managing internal capabilities more resourcefully. The additional expenses related to the insourcing of two of Mobistar's indirect distribution partners in the course of the second quarter of 2014 did not result in a meaningful increase of the cost base.

⁽¹²⁾ The MTR impact in Luxembourg was 0.7 million euros higher in the second quarter than in the first quarter of 2014.

EBITDA restatements (in Mio €)	6 months to 30/06/2014	6 months to 30/06/2013	Variation
Restated EBITDA ⁽¹³⁾	140.4	184.5	-23.9 %
- redundancy costs	-2.5	-3.6	-30.3 %
- other restructuring costs	-0.8	0	na
EBITDA	137.0	180.9	-24.3 %

The EBITDA in the first half of 2014 included respectively -2.5 and -0.8 million euros of redundancy and restructuring (related to the termination of certain distribution contracts) costs, compared to only redundancy costs of 3.6 million euros in the first half of 2013. Hence, Mobistar achieved a restated EBITDA of 140.4 million euros in the first half of 2014, a decrease of 23.9 % compared to the same period in 2013. The restated EBITDA margin of Mobistar amounted to 25.0 % of the service revenues in the first half of 2014, compared to 28.2 % in the first half of 2013.

Depreciation and other expenses

The 2014 first-half depreciation and other expenses totalled 94.9 million euros, slightly up by 5.2 million euros from the same period in the previous year, mainly driven by the impact of the review of the useful life of the assets related to technical swap of network and information technology.

EBIT

The consolidated EBIT of the Mobistar group stood at 42.1 million euros for the first half of 2014, i.e. a decrease of 53.8 % compared to 91.1 million euros recorded one year earlier.

Financial results

The net financial result in the first half of 2014 amounted to -4.6 million euros. The financial expenses were up year-over-year in the first half of 2014 mainly as a result of the higher outstanding amount of long-term borrowings, following the payment of the 800-MHz spectrum payment at the end of 2013.

Taxes

The first-half 2014 tax expenses amounted to 13.3 million euros, compared to 30.5 million euros in the first half of 2013, and is a direct result of the lower earnings before tax. However, the effective tax rate came out at 35.4 %, which is above the effective tax rate of 34.8 % in the first half of 2013. The year-over-year variance is a result of the higher provisions booked in the first half of 2014 linked to the operational taxes on masts, pylons and antennae. These taxes do not qualify as income taxes and are recorded as operational taxes, hence negatively impacting the profit before tax. The so-called 'pylon-tax' is a regional tax, introduced by a decree of the Walloon region and is subject to the rules implemented for the regional taxes. As this specific regional tax is not included in the list of improper regional taxes, it is a non-tax deductible professional expense. As a result, the effective or implied tax rate is higher than the corporate tax rate in Belgium.

(13) Restated EBITDA does not constitute a financial aggregate defined by IFRS as an element of measurement of financial performance and cannot be compared with similarly titled indicators from other companies. Restated EBITDA represents supplementary information and should not be considered a substitute for operating income. The reason why Mobistar is using this presentation is to facilitate comparison of operational performance. The present table shows the transition from EBITDA to restated EBITDA.

Net profit

At the end of the first six months of 2014, Mobistar recorded a consolidated net profit of 24.2 million euros, a decrease of 57.8 % in comparison with the 57.3 million euros at the end of June 2013.

Net profit per share decreased likewise from 0.96 euro per share on 30 June 2013 to 0.40 euro per share a year later.

2.3 Consolidated statement of financial position

The consolidated statement of financial position amounted to 1,429.9 million euros on 30 June 2014, compared to 1,449.9 million euros at the end of the previous financial year.

Non-current assets, including deferred tax assets, amounted to 1,171.2 million euros at the end of June 2014, compared to 1,171.1 million euros at the end of 2013. Current assets decreased from 278.8 million euros at the end of 2013 to 258.7 million euros at the end of June 2014, mainly due to continuous efforts in the collection of receivables, to lower inventory levels in line with the seasonality effect and the reduction in service revenues.

Non-current liabilities increased from 619.7 million euros at the end of 2013 to 620.5 million euros at the end of June 2014. Current liabilities decreased from 493.0 million euros at the end of 2013 to 448.0 million euros at the end of the first half of 2014. This decrease is mainly due to a decrease in trade payable (-39.0 million euros) and a decrease in the short-term loans (-16.1 million euros) compensated by an increase in tax payables (corporate taxes and VAT for a total of 12.0 million euros).

Compared to end-2013, the net financial debt decreased by 12.3 million euros to 544.6 million euros at the end of June 2014.

2.4 Consolidated cash flow

At the end of the first half of 2014 the operational cash flow amounted to 44.1 million euros, compared to 112.0 million euros for the same period one year before. The organic cash flow amounted to 13.1 million euros in the first half of 2014, which is a decrease from last year that stems from a combination of several factors:

- Decrease in the 'adjusted result of operating activities' (-45.4 million euros), driven by the EBITDA decrease,
- Change in working capital (+27.4 million euros), mainly related to lower trade receivable and a decrease in the inventory level,
- Increase in acquisition of fixed assets (-24.1 million euros) driven by the increased amount of network investment in the year,
- Decrease in tax payment (+ 8.0 million euros) as a down payment has been recorded in 2014 for only 7.0 million euros.

In the first half of 2014 Mobistar invested 93.0 million euros, i.e. 16.6 % of service revenues, compared to 68.9 million euros a year earlier. In particular, in the second quarter of 2014 the investments jumped up 47.3 % to 55.6 million euros as Mobistar is accelerating the roll-out of its 4G network.

Mobistar's sustained LTE roll-out in the second quarter of 2014 confirmed its network leadership established in the first quarter, and sets the stage for 4G acceptance amongst Mobistar's customers. At the end of June, the national 4G outdoor coverage reached 65%. Mobistar also deployed its 4G network in the Brussels-Capital Region, guar-

anteeing an immediate outdoor coverage of 99 %, and outperforming competition. In the meantime, Mobistar also pursued its efforts to boost the performance of its 2G/3G network through several initiatives.

2.5 Activities of the Mobistar group by segment

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

2.5.1. Activities in Belgium (Mobistar S.A. and MES S.A.)

Key financial figures of Mobistar S.A.	6 months to 30/06/2014	6 months to 30/06/2013	Variation
ARPU ⁽¹⁴⁾ (€/month/active customer)	23.9	25.6	-6.8 %
Service revenues ⁽¹⁵⁾ (million €)	535.5	622.8	-14.0 %
Of which Mobile	486.6	555.7	-12.4 %
Of which Non-Mobile	48.9	67.1	-27.1 %
Total turnover (million €)	602.3	726.2	-17.1 %

Key operating figures of Mobistar S.A.	6 months to 30/06/2014	6 months to 30/06/2013	Variation
Total number of connected SIM cards	5 345 474	4 989 721	+7.1 %
Total number of active customers (mobile telephony, IEW)	3 038 403	3 330 819	-8.8 %
Total number of active M2M SIM cards	797 933	585 695	+36.2 %
Total number of MVNO customers (mobile telephony, incl. full MVNO)	1 509 138	1 073 207	+40.6 %
Total number of mobile Internet customers	109 033	133 806	-18.5 %
Total number of ADSL customers	38 376	67 412	-43.1 %
Total number of digital TV customers	0	23 414	na
Total number of active fixed telephone lines ⁽¹⁶⁾	220 142	256 468	-14.2 %

(14) Average Revenue Per User (excluding MVNOs and M2M cards). Note that since the first quarter of 2014 we have switched the calculation mode from a twelve month to a three month rolling basis.

(15) Note that the segmentation has changed since the first quarter of 2014 as the intercompany transactions between Mobistar S.A. and MES S.A. are now integrated at segment level instead of previously at the group level. The restatements for 2013 can be found at the end of the press release.

(16) Note that the definition of the number of active fixed telephone lines has changed since the first quarter of 2014.

Mobile activities

Market Review

The competitive environment in the Belgian mobile telecommunications has remained very dynamic and intense during the first half of 2014. The price campaigns were probably less intense than at the beginning of 2013, however some operators continued to adjust prices. The attention of consumers is shifting away from pricing given the relatively low price in the Belgian residential and business market, to attributes such as quality of service and product differentiation. This means that operators are increasingly developing offers with subsidized handsets. Intrinsically, this means that the market is focusing more on value maximisation rather than on market share maximisation. Smartphone adoption continues to grow strongly in the market, which in turn increases the use of mobile data services. The increased coverage of 4G further stimulates this evolution. Early experience from 4G shows that customers use roughly two to three times as much data compared to 3G data usage. Mobile voice and SMS services remain fairly robust. A further trend is the growing field of machine-to-machine communication (M2M). Currently most of the opportunities are driven by the enterprise segment, but increasingly there are also a number of applications that are more inspired by the residential segment.

Financial Review

The blended ARPU, calculated as the average of the last three months, declined 6.8 % to 23.9 euros/month/customer at the end of the first half of 2014, from 25.6 euros/month/customer the same period last year. In comparison with the same period last year the repricing still materialised mainly through a reduction of the out-of-bundle revenues. Though, in line with the improvement noticed in the first quarter of 2014, the blended ARPU trend continued to improve in the second quarter of 2014 to -6.8 % coming from -9.9 % and -18.2 % year-on-year in the previous quarters. The reason for this sequential improvement are the same as in the first quarter of 2014: 1/ no MTR cuts, 2/ more data and 3/ unfolding repricing. Moreover, compared to the first quarter the blended ARPU in absolute amounts even increased in the second quarter as the blended ARPU benefitted from an increased appetite for roaming services and a more favourable mix of the different tariff plans.

The mobile service revenues in Belgium in the first half of 2014 declined 12.4 % to 486.6 million euros from 555.7 million euros a year ago. The rate at which the Belgian mobile service revenues declined slowed in the second quarter to 10.3% compared to -14.5 % and -21.3 % in the previous quarters. The relative portion of mobile data, i.e. SMS and advanced mobile data, within the mobile service revenues in Belgium continued to increase. In the first half of 2014 it amounted to 50.4 %, while advanced mobile data represented 19.2 %. The increase in advanced mobile data revenues is driven by an increasing adoption of smartphone usage amongst Mobistar's customers.

The service revenues from machine-to-machine sales continued to show a solid growth of 24.4 % to 11.4 million euros in the first half of 2014 coming from 9.1 million euros in the same period last year. Service revenues from MVNO activities increased 20.6 % to 36.1 million euros in the first half of 2014 coming from 30.0 million euros in the first half of 2013.

Operational Review

In the second quarter of 2014, Mobistar's retail customer base stabilised compared to the first quarter of 2014. This was achieved by a remarkable improvement in the commercial performance of the residential postpaid segment and the sustained solid growth of the M2M activity. Several successful initiatives, on top of the network improvements and the distribution transformation, were deployed in the course of the second quarter to lower the churn in the postpaid residential segment. The launch of "Have a Nice Day" (HAND), a loyalty program designed to reduce churn, is one example. Another example is the continuous promotion of Mobistar's Personal Check-up services, which is helping to win customers confidence and hence reduce churn. At the end of June 91.1 % of the residential postpaid customers opted for Mobistar's Animals tariff plans. Finally, Mobistar also promoted more actively, via the

use of targeted marketing campaigns in the Mobistar stores, the subsidisation of 4G smartphones with contractual commitment.

It will take longer to obtain the desired result in the postpaid B2B segment as sales cycles are longer. The launch of a revamped business portfolio (called Shape) in the second quarter of 2014 shall contribute to this progressive recovery.

Net adds in the prepaid segment evolved in line with the market and the second quarter of 2014 showed the best performance in nearly two years. Over the course of the second quarter Mobistar reinforced its prepaid offering service.

Mobistar's network market share continued to increase thanks to the mentioned stabilization of its retail customer's base and an acceleration in the uptake of its MVNO customer base. At the end of June 2014, Mobistar (Mobistar S.A. + MVNO) had a total of 5,345,474 SIM cards connected to its network in Belgium, compared to 4,989,721 a year earlier, an increase of 7.1 % year-over-year.

Mobistar's retail customer base or also the number of active Mobistar mobile (incl. IEW and M2M) customers came out at 3,836,336 at the end of the second quarter of 2014 compared to 3,840,115 a quarter earlier. The 109,033 IEW-customers at the end of June 2014 compare to 111,361 at the end of the first quarter of 2014, which implies a deceleration of the decline in IEW cards.

At the end of the second quarter of 2014, Mobistar recorded 797,933 active SIM cards in the area of 'machine-to-machine' (M2M) applications, an increase of 6.5 % compared to the 749,055 active cards recorded in the first quarter of 2014. Over the course of the past quarter Mobistar's M2M team successfully closed a number of significant deals in the automotive and utility industry.

At the end of the second quarter of 2014, Mobistar S.A. had 1,548,000 MVNO customers, compared to 1,310,596 MVNO customers at the end of the first quarter of 2014, an increase of 18.1 % in one quarter. The strong growth compared to the first quarter was largely driven by successful promotional activities on the ethnic segment. On May 20, 2014 Mobistar announced that the MVNO agreement with Colruyt will be terminated, as Colruyt is ending its Colruyt Mobile service. As of July 2, 2014 Mobistar took over these prepaid customers to ensure continuity of service for all Colruyt Mobile customers.

Fixed and convergent activities

Market Review

In the absence of any true competition, the Belgian wireline market remained characterized by a very benign environment in which fixed operators benefit from their dominant position. The first half of 2014 did not convey any change in that practice as dominant players all increased prices for a number of services. As such consumers are pushed into convergent offerings to benefit from attractive prices. The only attribute that fixed operators tend to focus on is the quality of broadband connections, particularly as more consumers are using applications that demand higher speeds, greater upload capability, and lower latency. In the B2B segment the market continues to be dominated by the historical incumbent.

Financial Review

The non-mobile service revenues in Belgium amounted to 48.9 million euros in the first half of 2014, compared to 67.1 million euros the same period last year. A large part of the year-over-year decline comes from the suspension of the commercialisation of Mobistar's residential fixed services in May 2013, in addition to a sustained decline in wholesale carrier service revenues.

Operational Review

The non-mobile services in the residential segment were clearly put at hold in anticipation of the launch of new convergent service at the end of 2014. As such there were no new services launched in the first half of 2014, nor was there any promotional activity. Hence, the fixed customer base declined in the first half of 2014 by 29,036 and 36,326 less ADSL customers and fixed telephone lines respectively, compared to the same period last year. The non-mobile services in the business segment are progressing. Besides plain fixed telephony and broadband internet, Mobistar also provides local access and bandwidth for large corporations. In the first half of 2014 Mobistar kicked off with the launch of its own VDSL2 offering to ensure competitive and qualitative IP based services, based on the regulated offer WBA (Wholesale Broadband Access). Also in the wireline B2B business, Mobistar's Board of Directors approved in June the merger by absorption of its wholly-owned subsidiary Mobistar Enterprise Services S.A., which should allow for a more efficient and proactive customer approach.

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

Key financial figures of Orange Communications Luxembourg S.A.	6 months to 30/06/2014	6 months to 30/06/2013	Variation
Service revenues (million €)	26.5	33.9	-21.8 %
Total turnover (million €)	30.7	37.6	-18.4 %

Key operating figures of Orange Communications Luxembourg S.A.	6 months to 30/06/2014	6 months to 30/06/2013	Variation
Total number of active customers (mobile telephony)	100 741	105 420	-4.4 %
ARPU (€/month/active customer)	41.0	52.9	-22.6 %

Market Review

The main developments in the Luxembourg mobile market were centred on the rapid market acceptance of 4G smartphones and services. This positive trend is coherent with the fact Luxembourg is one of the European countries with the highest rates of mobile penetration. The active promotion of roaming offers has also been very present in the last months of the first half of 2014. The level of convergence is also increasing in Luxembourg, with more and more services (fixed telephony, Broadband Internet, TV and mobile services) being purchased from a sole provider. The appeal to suspend the ILR (Luxembourg regulator) decision to decrease the MTRs from an average of 10.50 eurocents per minute to 0.98 eurocent per minute in a one-step move was not withheld by the court. Pleadings on the annulment of the decision are scheduled for the coming months.

Financial Review

In the first half of 2014, Orange Communications Luxembourg S.A. recorded service revenues of 26.5 million euros, a decline of 21.8 % compared to 33.9 million euros a year earlier. This decline was largely driven by the steep decline in the mobile termination rates in Luxembourg since February 2014. Excluding the 5.2 million and 1.8 million euro MTR- and roaming impact respectively, the service revenues in the first half of 2014 would have amounted to 33.5 million euros, a decrease of 1.2 %. The total turnover for the first half of 2014 amounted to 30.7 million euros, a decrease of 18.4 % compared to 37.6 million euros a year earlier, but a 0.1% growth excluding regulation. The EBITDA of Orange Communications Luxembourg S.A. amounted to 2.5 million euros at the end of the first half of 2014, compared to 8.4 million euros a year earlier. Excluding the regulatory impact the EBITDA would have been 6.7 million euros, reflecting the commercial investments for the roll-out of the convergence offering and the retention- and acquisition efforts on postpaid. Considering the unfavourable evolution of the regulatory framework in Luxembourg, the management decided to accelerate its efforts to restructure the business and mitigate the regulatory impact on its financial plan. Orange Communications Luxembourg S.A. continued its investments in the

network. Since the start of the year it has opened 8 new 2G/3G and 40 4G mobile base stations to cover 100 % of the population with 2G and 95 % with 3G and 74 % with 4G LTE.

Operational Review

On June 30, 2014, Orange Communications Luxembourg S.A. had 100,741 active mobile telephone customers, 4.4 % less than the 105,420 active customers a year earlier. Orange Communications Luxembourg S.A. recorded a 4.2 % growth in its postpaid customer base compared to last year and also recorded a 0.8 % increase versus the first quarter of 2014. Thus, the decrease in active base is entirely driven by the decline of the prepaid customer base, which particularly accelerated in the second quarter of 2014. The success of convergent offers and postpaid roaming bundles is the main root causes of such trend.

3. Financial instruments, financial risks management objective and policy

No change has occurred in comparison to the information contained in the 2013 annual report (p. 114).

4. Disputes

The information relating to disputes contained in the 2013 annual report and in the first quarter 2014 report has been modified as follows:

Masts: The Court of Cassation confirmed in its judgments of 30 March 2012 the Constitutional Court's interpretation 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 81.1 million euros and is subject to a bad debt provision for the total amount, of which 14.1 million euros correspond to the first half of 2014.

Walloon Decree of December 11, 2013: The Walloon region has implemented by a Decree of 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 euro per site (yearly indexed as from 2015). Mobistar has introduced on June 20, 2014 a request for annulment at the Constitutional Court against the Decree. Mobistar has not yet received a tax bill for this tax but will in that case introduce a fiscal objection.

Abuses of dominant position by the Belgacom Group: Regarding the abuse of dominance by Belgacom in the period from 1999 to 2004 on the mobile market, the Commercial Court appointed new experts in January 2014, following the dismissal of previously appointed experts. The expertise started in Q2 2014.

Regulation of the cable networks: In the appeal cases against the market analysis decisions of July 2011, pleadings took place in January and February 2014. A final decision is expected by September 2014.

In February 2014 Mobistar decided to appeal against the cable wholesale pricing decisions of the regulators of 11 December 2013. It also decided to intervene in the appeals launched by the cable operators against the same decisions, as well as to intervene in the appeal cases launched by the same cable operators against the decisions on the qualitative aspects of the cable wholesale reference offers of 3 September 2013. Intermediary hearings in the proceedings against the pricing and the qualitative aspects of the reference offers are foreseen in September 2014.

Unpaid invoices - Legal obligation to cooperate: As part of the Royal Decree of January 9, 2003 on the modalities for the legal obligation to cooperate in legal actions relating to electronic communications, Mobistar provides

services to public prosecutor, courts etc. The fees that Mobistar may charge for the services rendered are defined in the above KB. The Belgian State, represented by its Minister of Justice, is debtor of these amounts. On June 19, 2014 Mobistar has summoned the Belgian State to pay its overdue amount.

5. Significant events after the end of the first half of 2014

No significant events occurred after the end of the first half of 2014.

6. Trends

The results of the first half of 2014 enabled Mobistar to confirm its outlook as provided in February 2014.

For the full financial year 2014 Mobistar group aims to attain a restated EBITDA of between 250 and 280 million euros. This guidance range includes a provision of up to 24 million euros linked to the new tax law on pylons in Wallonia that was voted at the end of 2013. The guidance range also includes the impact of the existing regulatory framework governing mobile interconnection and roaming rates, which will have an impact on revenue- and on EBITDA of respectively 23 and 16 million euros for Mobistar in Belgium and 13 and 7 million euros for Orange in Luxembourg. Mobistar's guidance range is based on the current market and regulatory context and does not include any impact related to the cable opportunity.

7. Financial calendar

24th July 2014	Financial results H1 2014 (10:00 am) – Conference call
20th October 2014	Financial results Q3 2014 (7:00 am) – Press release
20th October 2014	Financial results Q3 2014 (10:00 am) – Conference call

8. Shares

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

	6 months to 30/06/2014	6 months to 30/06/2013
Trading of shares		
Average closing share price (€)	13.85	18.41
Average daily volume	147 304	167 702
Average daily value (€)	2 009 998.54	3 115 383
Shares and market values		
Total number of shares	60 014 414	60 014 414
Treasury shares	0	0
Outstanding shares	60 014 414	60 014 414
Closing price (€)	13.94	16.00
Market capitalisation (€)	836 600 931	960 230 624

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.

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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

Mobistar S.A.

Report on review of the consolidated interim financial information for the six-month period ended 30 June 2014

To the Board of Directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated statement of financial position as at 30 June 2014, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the period of six months then ended, as well as selective notes 1 to 17 including.

Report on the consolidated interim financial information

We have reviewed the consolidated interim 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 condensed consolidated statement of financial position shows total assets of 1.429,9 million EUR and the condensed consolidated statement of comprehensive income shows a consolidated profit (group share) for the period then ended of 24,2 million EUR.

The Board of Directors of the company is responsible for the preparation and fair presentation of the consolidated interim 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 consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim 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 interim 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 consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim 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 2014

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

Interim condensed consolidated statement of comprehensive income (Mio €)

	30.06.2014	30.06.2013	Variation (%)
Mobile service revenues	512.5	587.9	-12.8%
Non-mobile service revenues	48.9	67.1	-27.1%
Handsets sales	67.8	102.0	-33.5%
Total turnover	629.2	757.0	-16.9%
Direct Costs	-284.2	-365.7	-22.3%
Labor Costs	-70.2	-78.1	-10.1%
Indirect Costs	-134.4	-128.7	4.4%
of which operational taxes and fees	-22.2	-10.3	
Restated EBITDA	140.4	184.5	-23.9%
EBITDA	137.0	180.9	-24.3%
Depreciations	-94.9	-89.7	5.8%
Share of profits (losses) of associates	0.0	-0.1	
EBIT	42.1	91.1	-53.8%
Financial result	-4.6	-3.3	
Tax expense	-13.3	-30.5	
Net profit of the period (*)	24.2	57.3	-57.8%
Profit attributable to equity holders of the parent	24.2	57.3	-57.8%
Consolidated statement of comprehensive income			
Net profit for the period	24.2	57.3	-57.8%
Other comprehensive income	0	0	
Total comprehensive income for the period	24.2	57.3	-57.8%
Part of the total comprehensive income attributable to equity holders of the parent	24.2	57.3	-57.8%
Basic earnings per share (in €)	0.40	0.96	-57.8%
Weighted average number of ordinary shares	60 014 414	60 014 414	
Diluted earnings per share (in €)	0.40	0.96	-57.8%
Diluted weighted average number of ordinary shares	60 014 414	60 014 414	

(*) Since there are no discontinued operations, the profit of the period corresponds to the result of continued operations.

Interim condensed consolidated statement of financial position (Mio €)

	30.06.2014	31.12.2013
ASSETS		
Non-current assets		
Goodwill	80.1	80.1
Intangible assets	358.0	380.2
Property, plant and equipment	721.4	700.0
Interests in associates	3.3	3.3
Other non-current assets	0.8	0.8
Deferred taxes	7.6	6.7
Total non-current assets	1 171.2	1 171.1
Current assets		
Inventories	17.4	20.7
Trade receivables	202.8	215.1
Other current assets	28.3	29.2
Cash and cash equivalents	10.2	13.8
Total current assets	258.7	278.8
Total assets	1 429.9	1 449.9
EQUITY and LIABILITIES		
Equity		
Share capital	131.7	131.7
Legal reserve	13.2	13.2
Retained earnings	216.5	192.3
Total equity	361.4	337.2
Non-current liabilities		
Interests-bearing borrowings	549.0	548.8
Provisions	70.0	69.6
Deferred taxes	1.5	1.3
Total non-current liabilities	620.5	619.7
Current liabilities		
Interests-bearing borrowings	5.8	21.9
Trade payables	313.1	352.1
Employee benefits related liabilities	34.6	31.5
Current taxes payables	27.6	15.6
Deferred income	62.0	66.2
Other payables	4.9	5.8
Total current liabilities	448.0	493.0
Total liabilities	1 068.5	1 112.7
Total equity and liabilities	1 429.9	1 449.9

Interim condensed consolidated cash flow statement (Mio €)

	30.06.2014	30.06.2013
Cash flows from operating activities		
Profit before taxes	37.5	87.8
Non-cash adjustments for:		
Depreciation, amortisation and impairment of fixed assets	94.9	89.7
Changes in long-term provisions	1.5	-0.2
Changes in provision for bad debt	0.4	-0.7
Other non-cash expenses		4.7
Interest income		-0.2
Interest charges	3.6	2.1
Adjusted result of operating activities before net finance costs	137.9	183.2
Inventories	3.3	-7.9
Trade and other receivables	12.6	-5.9
Trade and other payables	-14.4	-12.1
Net changes in working capital	1.5	-25.9
Tax paid	-7.0	-15.0
Interests paid	-3.4	-2.9
Interests received	0.0	0.2
Net cash from operating activities	129.0	139.6
Cash flows from investing activities		
Purchase of intangible and tangible assets	-93.0	-68.9
Debt associated to purchase of assets (increase +, decrease -)	-22.9	-43.2
Acquisition of subsidiary		0.1
Reimbursement long-term loans granted	0.1	0.5
Net cash used in investing activities	-115.8	-111.5
Organic cash flow ⁽¹⁾	13.1	27.6
Cash flows from financing activities		
Short-term borrowings - net	-16.1	12.9
Long-term borrowings - proceeds		65.3
Long-term borrowings - repayments	0.2	
Others	-0.9	1.1
Dividends paid		-108.0
Net cash used in financing activities	-16.8	-28.7
Net increase (+). decrease (-) in cash and cash equivalents	-3.6	-0.6
Cash and cash equivalents at beginning of period	13.8	12.3
Cash and cash equivalents at end of period	10.2	11.7

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

Interim condensed consolidated statement of changes in equity (Mio €)

	Share capital	Legal reserve	Retained earnings	Total equity
Balance as at 1 January 2014	131.7	13.2	192.3	337.2
Net profit for the period			24.2	24.2
Total comprehensive income for the period			24.2	24.2
Declared dividends			0.0	0.0
Balance as at 30 June 2014	131.7	13.2	216.5	361.4

	Share capital	Legal reserve	Retained earnings	Total equity
Balance as at 1 January 2013	131.7	13.2	212.9	357.8
Net profit for the period			57.3	57.3
Total comprehensive income for the period			57.3	57.3
Declared dividends			-108.0	-108.0
Balance as at 30 June 2013	131.7	13.2	162.2	307.1

Quarterly results

		Quarterly figures 2013				FY 2013
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl. MVNO, MATMA)	in thousand	3 375.9	3 330.8	3 244.3	3 170.1	
of which Postpaid	in thousand	2 312.6	2 301.3	2 256.5	2 221.8	
of which Prepaid	in thousand	1 063.3	1 029.5	987.8	948.3	
Mobistar S.A. MATMA	in thousand	550.5	585.7	641.7	695.7	
MVNO customers	in thousand	973.9	1 073.2	1 142.1	1 209.7	
Orange Communications Luxembourg S.A. customers	in thousand	105.4	105.4	101.5	102.2	
Total Mobistar Group	in thousand	5 005.7	5 095.1	5 129.6	5 177.7	
ARPU evolution						
Blended quarterly ARPU (incl. visitor roaming)⁽¹⁾	in EUR/month	26.0	25.6	24.8	24.0	
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	30.1	29.7	29.0	27.7	
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	15.9	15.5	14.4	14.2	
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	281.1	274.5	262.9	248.7	1 067.2
Service Revenues Mobistar/MES Fix/Data ⁽²⁾	in Mio EUR	35.2	31.9	30.1	26.5	123.7
Service Revenues Orange Communications Luxembourg S.A.	in Mio EUR	16.5	17.4	15.6	15.8	65.3
Total Mobistar consolidated service revenues⁽³⁾	in Mio EUR	332.0	322.9	307.8	290.2	1 252.9
Total Mobistar consolidated handsets sales	in Mio EUR	61.0	41.0	39.7	66.7	208.4
Total Mobistar consolidated turnover	in Mio EUR	393.0	363.9	347.5	356.9	1 461.3
Mobistar consolidated restated EBITDA	in Mio EUR	99.0	85.5	90.8	60.3	335.7
Mobistar consolidated EBITDA	in Mio EUR	98.7	82.2	89.1	47.1	317.1
	as a % of service revenues	29.7%	25.4%	29.0%	16.2%	25.3%
Total Mobistar consolidated net result	in Mio EUR	35.1	22.3	26.2	3.8	87.4
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	0.59	0.37	0.43	0.07	1.46
Diluted weighted average earnings per share	in EUR/share	0.59	0.37	0.43	0.07	1.46
Total Mobistar consolidated CAPEX	in Mio EUR	31.2	37.7	46.8	203.3	319.0
	as a % of service revenues	9.4%	12%	15%	70%	25%
Organic cash flow	in Mio EUR	0.2	27.4	66.8	-153.5	-59.1

(1) The calculation mode has been switched from a 12 month rolling average to a quarterly basis.

(2) The segmentation has changed as the intercompany transactions between Mobistar S.A. and MES S.A. are now integrated at segment level instead of previously at group level. 2013 figures have been restated accordingly.

(3) After elimination of intercompany transactions.

		Quarterly figures 2014				YTD 2014
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl. MVNO, MATMA)	in thousand	3 091.1	3 038.4			
of which Postpaid	in thousand	2 180.2	2 159.9			
of which Prepaid	in thousand	910.9	878.5			
Mobistar S.A. MATMA	in thousand	749.1	797.9			
MVNO customers	in thousand	1 310.6	1 509.1			
Orange Communications Luxembourg S.A. customers	in thousand	102.7	100.7			
Total Mobistar Group	in thousand	5 253.5	5 446.2			
ARPU evolution						
Blended quarterly ARPU (incl. visitor roaming)⁽¹⁾	in EUR/month	23.4	23.9			
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	27.2	28.1			
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	13.8	14.1			
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	240.3	246.2			486.6
Service Revenues Mobistar/MES Fix/Data ⁽²⁾	in Mio EUR	24.5	24.4			48.9
Service Revenues Orange Communications Luxembourg S.A.	in Mio EUR	13.5	13.0			26.5
Total Mobistar consolidated service revenues⁽³⁾	in Mio EUR	278.1	283.3			561.4
Total Mobistar consolidated handsets sales	in Mio EUR	38.9	28.9			67.8
Total Mobistar consolidated turnover	in Mio EUR	317.0	312.2			629.2
Mobistar consolidated restated EBITDA	in Mio EUR	66.1	74.3			140.4
Mobistar consolidated EBITDA	in Mio EUR	64.5	72.5			137.0
as a % of service revenues		23.2%	25.6%			24.4%
Total Mobistar consolidated net result	in Mio EUR	9.2	15.0			24.2
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	0.15	0.25			0.40
Diluted weighted average earnings per share	in EUR/share	0.15	0.25			0.40
Total Mobistar consolidated CAPEX	in Mio EUR	37.4	55.6			93.0
as a % of service revenues		13.5%	19.7%			16.6%
Organic cash flow	in Mio EUR	11.6	1.5			13.1

(1) The calculation mode has been switched from a 12 month rolling average to a quarterly basis.

(2) The segmentation has changed as the intercompany transactions between Mobistar S.A. and MES S.A. are now integrated at segment level instead of previously at group level. 2013 figures have been restated accordingly.

(3) After elimination of intercompany transactions.

Notes to the interim condensed consolidated financial statements as at 30 June 2014

1. Statement of compliance

The interim condensed consolidated financial statements for the six months period ended 30 June 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting and were authorized for issue by the Board of Directors on 23 July 2014.

They should be read in conjunction with Mobistar's annual financial statements as at 31 December 2013 since they do not include all the information and disclosures required in the annual financial statements.

2. Accounting policies

Basis of preparation

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements have been modified compared to those followed in the preparation of the consolidated financial statements for the year ended 31 December 2013:

- a. The presentation of the statement of comprehensive income has been aligned with the internal reporting format used by the management.
- b. The segment presentation of the statement of comprehensive income is now structured only by country.

The major changes are as follows:

- concerning the operating revenues, the turnover is now split between mobile and non-mobile service revenues, and handset sales.
- the operating expenses are now reported in three main aggregates:
 - direct costs (including interconnection & customer access connectivity, expended inventories, commissions, content costs and bad debts);
 - labor costs;
 - indirect costs (including other commercial, IT and network, property and general expenses as well as other operating expenses and income).
- Restated EBITDA does not constitute a financial aggregate defined by IFRS as an element of measurement of financial performance and cannot be compared with similarly titled indicators from other companies. Restated EBITDA represents supplementary information and should not be considered a substitute for operating income. The reason why Mobistar is using this presentation is to facilitate comparison of operational performance between periods.

Standards and interpretations that became effective at January 1, 2014

Please refer to our Annual Report p.140.

Standards and interpretations issued since December 31, 2013

Please refer to our Annual Report p.140.

Standards and interpretations endorsed since December 31, 2013

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. The IFRS Interpretations Committee (IFRS IC) was seized by the Orange Group to clarify the conditions to incorporate the levies based on the services production assets into the production cost, which could affect the half-year reported results as from the first application of IFRIC 21.

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, 2013.

The management revises these estimates if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at June 30, 2014 may subsequently be changed.

Notably, as Mobistar has not yet received the tax bill for the tax on masts, pylons and antennas implemented in Wallonia by Decree of December 11, 2013, the management has made significant estimates regarding the total amount for this tax.

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.

3. Consolidation perimeter

The consolidation perimeter has not evolved since 31 December 2013 and includes Mobistar S.A. (100 %), Mobistar Enterprise Services S.A. (100 %), Orange Communications Luxembourg S.A. (100 %) and IRISnet S.C.R.L. (accounted for by equity method - 28.15 %).

4. Goodwill (Mio €)

	30.06.2014	31.12.2013
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
Total	80.1	80.1

The goodwill of Mobistar Affiliate and Mobistar Enterprise Services are fully allocated to the segment "Belgium", the goodwill of Orange Communications Luxembourg is fully allocated to the segment "Luxembourg".

Considering the material impact on revenues and profitability of Orange Communications Luxembourg of mobile termination rates cut in 2014 as well as the unfavorable evolution of roaming charges in Europe, the management of the Mobistar group accelerates its efforts to restructure the business and mitigate the regulatory impact on its financial plan. As at 30 June 2014, there were no internal or external indicators that impairment tests on the goodwill of Orange Communications Luxembourg should have been performed.

On 3 June 2014, the Board of Directors of Mobistar S.A. approved the merger by absorption of its wholly-owned subsidiary Mobistar Enterprise Services S.A. This merger will become effective as of 31 July 2014 with retroactive financial effect as at 1 January 2014.

Concerning the goodwill of Mobistar Affiliate, when considering the relationship between the market capitalization and the net assets of the Group as at 30 June 2014, the market capitalization was significantly higher than the net book value.

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.

5. Intangible assets, property, plant and equipment

For the 6 months period ending 30 June 2014, capital expenditures amount to 93.0 million euros to be compared with an amount of 68.9 million euros for the same period in 2013.

Depreciation charge as at 30 June 2014 totaling 94.9 million euros includes the impact of the review of the useful life of the assets mostly related to the technical swap of network and information technology for an amount of 4.6 million euros.

No disposals of fixed assets with material impact on the results of the Group have been performed during the first half year 2014.

6. Trade receivables (Mio €)

	30.06.2014	31.12.2013
Trade receivables - gross amount	262.4	274.3
Allowance for doubtful debtors	-59.6	-59.2
Trade receivables - net carrying amount	202.8	215.1

Net trade receivables slightly decreased since the end of 2013 due to continuous efforts on collection of receivables and the reduction in service revenues.

7. Other current assets and accrued revenues (Mio €)

	30.06.2014	31.12.2013
Local and regional taxes on pylons	81.1	67.1
Impairment on taxes on pylons	-81.1	-67.1
Prepayments	25.7	12.4
VAT to be recovered	0.0	2.6
Other current assets	2.6	2.8
Total other current assets	28.3	17.8
Accrued revenues	0.0	11.4
Total	28.3	29.2

Increase of the other current assets balance is influenced by the increase of prepaid expenses (+13.4 million euros) due to seasonality effect. The 11.4 million euros reduction in accrued revenues is due to a reclassification from accrued revenues to trade receivables.

8. Cash and cash equivalents, financial liabilities (Mio €)

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 12.3 million euros reduction of the net debt for the first half year.

	30.06.2014	31.12.2013
Cash and cash equivalents		
Cash on hand	10.2	13.8
Total cash and cash equivalents	10.2	13.8
Financial liabilities		
Intercompany short-term borrowing	5.8	21.9
Intercompany long-term borrowing	549.0	548.8
Total borrowings	554.8	570.7
Net debt	-544.6	-556.9

9. Share capital (Mio €)

There has been no change in the capital of the company in 2014.

	Share capital	Number of ordinary shares
As at 1 January 2014	131.7	60 014 414
As at 30 June 2014	131.7	60 014 414

10. Retained earnings (Mio €)

Retained earnings have been impacted as follows:

	Legal reserve	Retained earnings
As at 1 January 2014	13.2	192.3
Total comprehensive income for the period		24.2
As at 30 June 2014	13.2	216.5

11. Current taxes payable (Mio €)

	30.06.2014	31.12.2013
Income taxes	21.5	14.6
VAT payable	6.1	1.0
Total	27.6	15.6

Income taxes variation is due to the recorded current tax 2014 (13.9 million euros), compensated by a down payment related to 2014 (7.0 million euros). No adjustment to previous year's tax accruals has been recorded. VAT payable position increases compared to end of 2013, due to the prepayment mechanism applicable in December.

12. Other payables (Mio €)

	30.06.2014	31.12.2013
Other payables	4.9	5.8
Total	4.9	5.8

Declared dividends

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

On 2 May 2013, the Annual General Assembly of shareholders had approved the payment of an ordinary dividend of 1.80 euro payable as from 24 May 2013.

	30.06.2014	31.12.2013
Dividends on ordinary shares (year 2014)	0.0	
Dividends on ordinary shares (year 2013)		108.0
Total	0.0	108.0

13. Income taxes (Mio €)

The major components of the tax expense are as follows:

	30.06.2014	30.06.2013
Current income tax	13.9	29.1
Deferred tax expense arising to the origination and reversal of temporary differences	-0.6	1.4
Total tax expense	13.3	30.5

Current income tax decrease is directly linked to the decrease of the taxable profit including the effect of the non-deductibility of the pylon tax.

14. Segment information (Mio €)

Comparably to last year, segment information is structured only by country. Countries involved are Belgium, country covered by Mobistar S.A. and Mobistar Enterprise Services S.A. operations, and Luxembourg for the operations of Orange Communications Luxembourg S.A.

30.06.14	Belgium	Luxembourg	Interco elimination	Mobistar Group
Mobile service revenues	486.6	26.5	-0.6	512.5
Non-mobile service revenues	48.9	0.0	0.0	48.9
Handsets sales	66.9	4.2	-3.3	67.8
Total turnover	602.3	30.7	-3.8	629.2
Direct Costs	-272.3	-15.8	3.8	-284.2
Labor Costs	-65.6	-4.6	0.0	-70.2
Indirect Costs	-126.6	-7.8	0.0	-134.4
of which operational taxes and fees	-22.1	-0.1	0.0	-22.2
Restated EBITDA	137.9	2.5	0.0	140.4
EBITDA	134.5	2.5	0.0	137.0
Depreciations	-91.1	-3.8	0.0	-94.9
Share of profits (losses) of associates	0.0	0.0	0.0	0.0
EBIT	43.4	-1.3	0.0	42.1
Financial result	-4.6	0.0	0.0	-4.6
Tax expense	-13.7	0.4	0.0	-13.3
Net profit of the period (*)	25.2	-0.9	0.0	24.2
Profit attributable to equity holders of the parent	25.2	-0.9	0.0	24.2

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

30.06.13	Belgium	Luxembourg	Interco elimination	Mobistar Group
Mobile service revenues	555.7	33.9	-1.7	587.9
Non-mobile service revenues	67.1	0.0	0.0	67.1
Handsets sales	103.4	3.8	-5.1	102.0
Total turnover	726.2	37.6	-6.8	757.0
Direct Costs	-354.7	-17.8	6.8	-365.7
Labor Costs	-74.3	-3.7	0.0	-78.1
Indirect Costs	-121.0	-7.7	0.0	-128.7
of which operational taxes and fees	-10.2	-0.1	0.0	-10.3
Restated EBITDA	176.2	8.4	0.0	184.5
EBITDA	172.6	8.4	0.0	180.9
Depreciations	-86.3	-3.4	0.0	-89.7
Share of profits (losses) of associates	-0.1	0.0	0.0	-0.1
EBIT	86.2	5.0	0.0	91.1
Financial result	-3.2	-0.1	0.0	-3.3
Tax expense	-29.0	-1.5	0.0	-30.5
Net profit of the period (*)	53.9	3.4	0.0	57.3
Profit attributable to equity holders of the parent	53.9	3.4	0.0	57.3

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

15. Off balance sheet commitments (Mio €)

	30.06.2014	31.12.2013
Purchases		
Intangible assets	20.4	7.5
Tangible assets	205.2	213.2
Inventories	52.9	82.3
Other services	12.2	19.5
Total	290.6	322.6
Operational leases costs		
Offices & network sites	474.7	442.2
Cars	10.8	14.0
Total	485.5	456.2
Guarantees received	20.0	50.0
Guarantees granted	11.3	10.1

In 2013 Mobistar has adhered to an Orange group contract with a supplier regarding the purchase of handsets with minimal commitments for the years 2013, 2014 and 2015. The liability for breaches of these obligations was initially capped at 35 million euros for 2014 and 25 million euros for 2015. Due to the change of the distribution strategy of this supplier, Mobistar has been renegotiating the minimum commitments to a lower level than originally foreseen.

16. Relationships with related parties (Mio €)

30.06.2014	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
France Télécom - Traffic and services	7.6	9.2	1.0	1.4
France Télécom - Cash pool	0.0	0.0	4.5	9.4
France Télécom Affiliates - Traffic and services	2.9	4.9	4.3	2.7
Atlas Services Belgium - Loan				548.7
Total	10.5	14.2	9.9	562.3

30.06.2013	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
France Télécom - Traffic and services	8.6	11.3	1.1	1.3
France Télécom - Cash pool	0.0	0.0	2.0	38.0
France Télécom Affiliates - Traffic and services	3.6	3.8	5.2	1.8
Atlas Services Belgium - Loan				448.6
Total	12.2	15.1	8.3	489.7

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 on an 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.

17. Events after the balance sheet date

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.

