

# Capital Market Day 2023

## Lead the future

16<sup>th</sup> February 2023

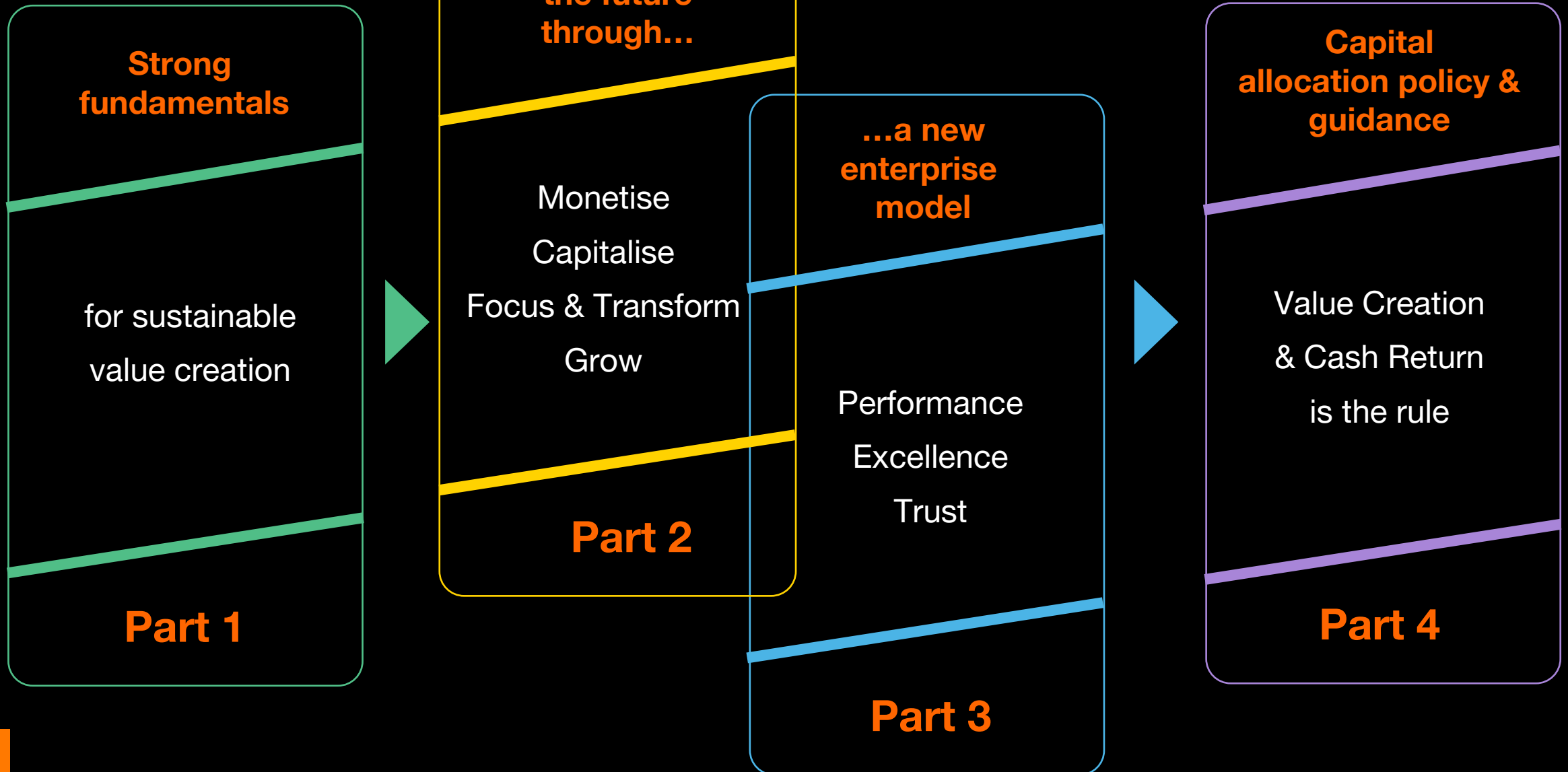
**Christel Heydemann**  
CEO



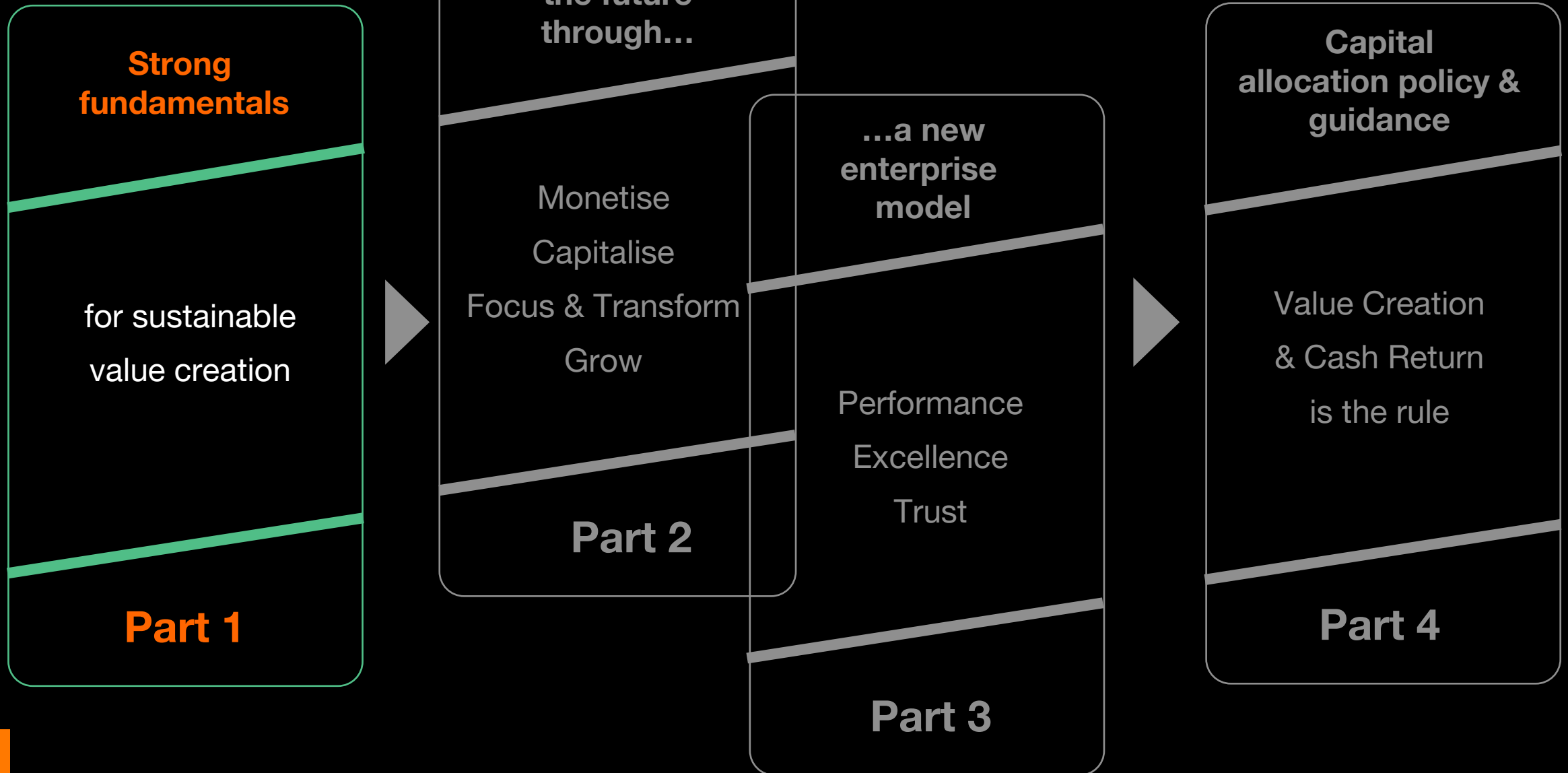
# Disclaimer

This presentation contains forward-looking statements about Orange's financial situation, results of operations and strategy. Although we believe these statements are based on reasonable assumptions, they are subject to numerous risks and uncertainties, including matters not yet known to us or not currently considered material by us, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. More detailed information on the potential risks that could affect our financial results is included in the Universal Registration Document filed on 31 March 2022 with the French Financial Markets Authority (AMF) and in the annual report on Form 20-F filed on 1 April 2022 with the U.S. Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made. Other than as required by law, Orange does not undertake any obligation to update them in light of new information or future developments.

# Agenda



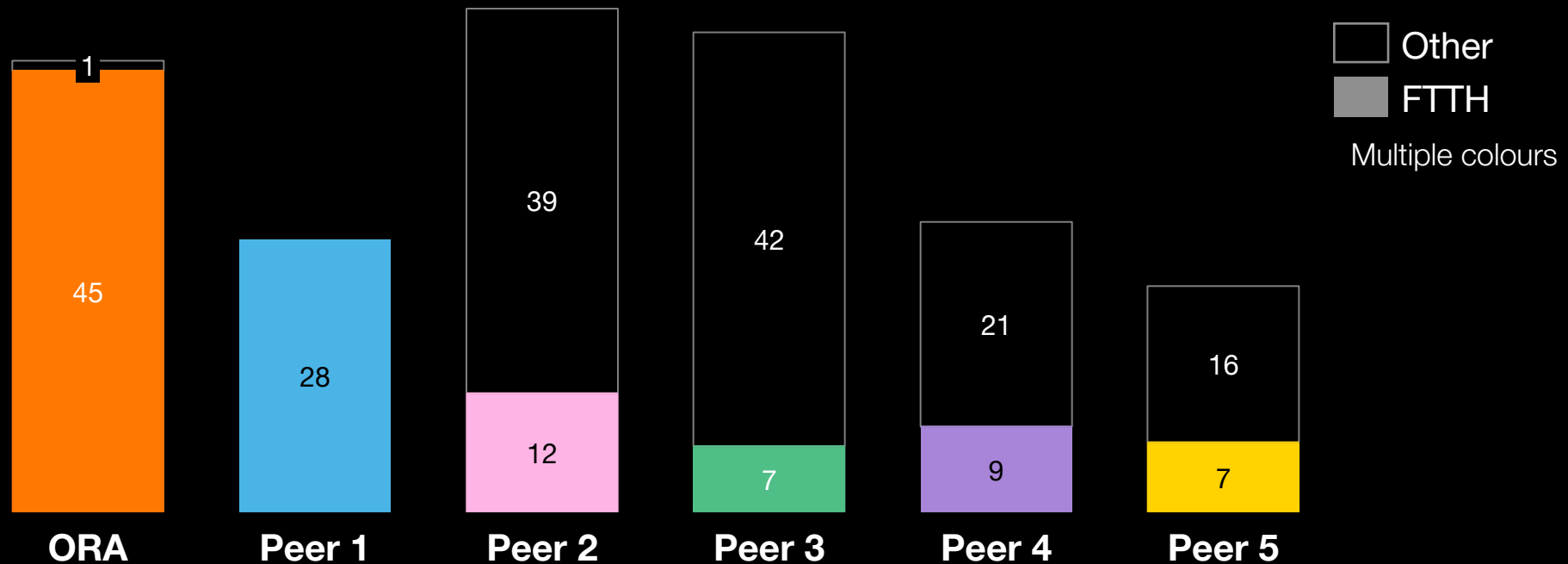
# Agenda



# Confirmed network superiority

Starting with an undisputed lead in fibre roll out in Europe

VHBB deployment as at end Q3 2022, in million lines

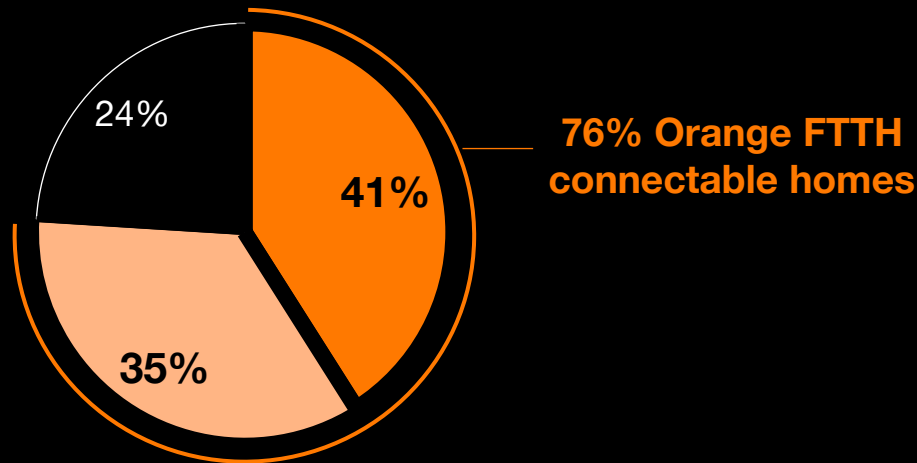


## France FTTH roll-out nearly completed...

99% coverage with VHBB solutions\*

### FTTH deployment in France

in % and '000 of total premises, Q3 2022

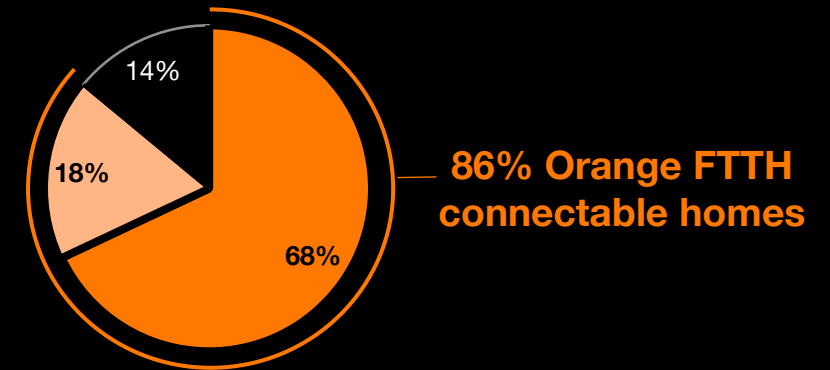


Total: 43m premises

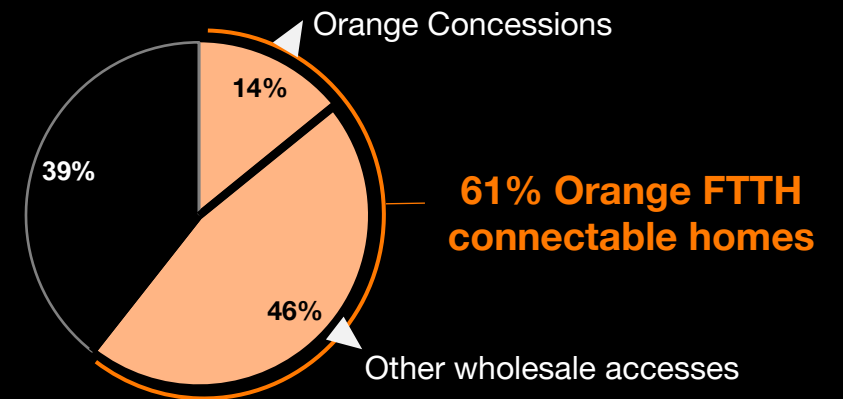
- Orange own network (excl. O.Concessions)
- Orange wholesale accesses
- Non connectable homes

### FTTH deployment by area

**Private areas:**  
very dense area,  
less dense area  
and AMEL  
Total: 26m premises



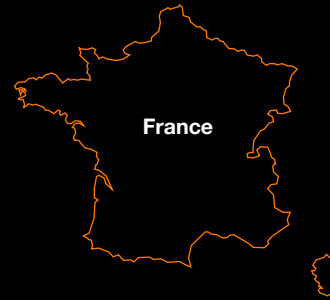
**Less dense area – PINs:**  
network owned by  
municipalities & rolled-  
out through concessive-  
type agreements  
Total: 17m premises



Source: ARCEP for "total premises" & "Orange own network"  
\*VHBB, Cable, Fixed-4G (fLTE) & Satellite accesses.

# ...with first-mover advantage bearing fruits

## FTTH monetisation in France fuelling sustainable commercial attractiveness



**33.5m**

FTTH connectable homes

Access to almost all FTTH connectable households

### Own fibre network monetisation

69% FY22  
+9 pts vs 2019

### BB market share

Maintained between  
2019-2022

### ARPO uplift

FTTH frontbook Price  
+5€ vs xDSL

### Fibre penetration within BB cust. base

58% FY22  
c. x2 vs 2019

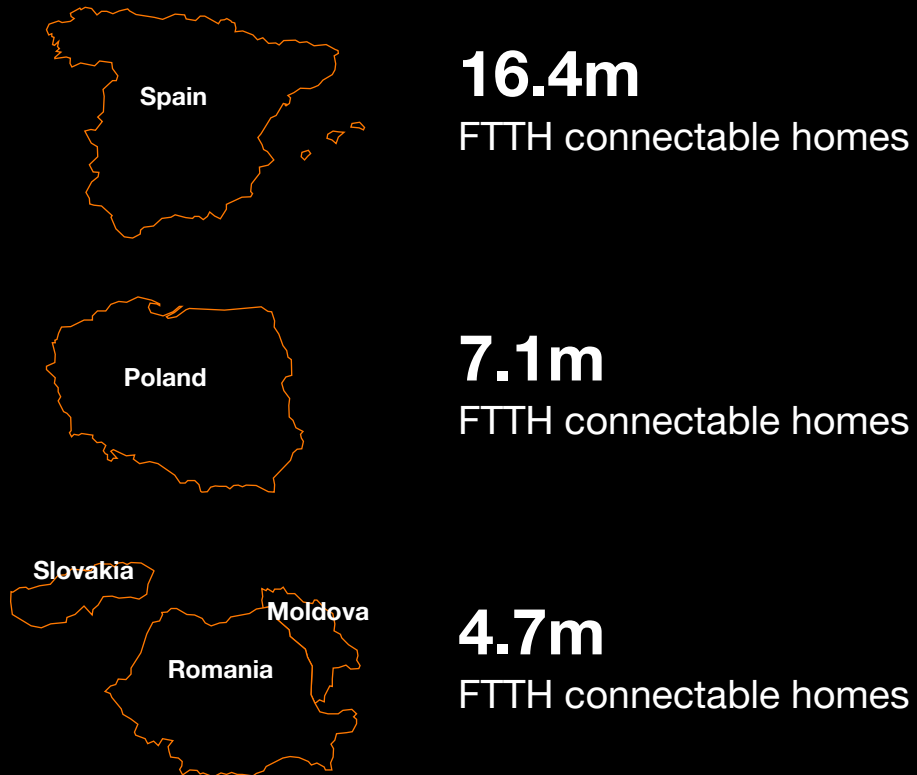
### Improved customer satisfaction

NPS +11 pts  
2019-2022

# Optimised coverage in Europe

Opportunistic **case-by-case investment models** of FTTH roll out ...

... fuelling **sustainable** commercial attractiveness



## ARPO uplift

vs other FBB

**c.30%**<sup>(1)</sup>

thanks to convergence  
and high-end offers

## Better churn with FTTH

**-6pts**<sup>(1)</sup>

churn FTTH vs other FBB  
technologies

## VHBB<sup>(2)</sup> penetration within BB cust. base

**69%**<sup>(1)</sup>  
+13pts vs 2019<sup>(3)</sup>



# 1

## Outstanding mobile networks fuelling growth & ready for traffic explosion

### 4G coverage<sup>(1)</sup> in Europe almost finalised and growing fast in MEA **confirming network leadership**

>99% coverage<sup>(1)</sup> in Europe  
>90% in MENA and fast growth in other MEA countries



**Best mobile network in France**  
for the 12<sup>th</sup> consecutive time



**Strong position in NPS**



**ARPO premium** vs 2G/3G in MEA  
With 4G penetration up x1.9 2019-2022  
Up to 37%, leaving further potential

### 5G now commercialised in **8 countries...**



### ...with high **monetisation potential**



**5G ARPO uplift**  
in France & Spain



**Improving customer retention**



### **Large remaining potential**

78% coverage in Spain, ~50% in France  
B2B opportunities with IoT, smart cities, industry 4.0

## Increasing customer satisfaction since 2019

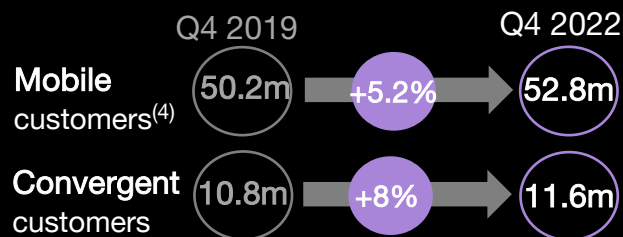
With Net Promoter Score and customer bases up and churn improvement

### Increasing NPS since 2019

+20pts NPS in Europe<sup>(1)</sup>  
+11pts NPS in France<sup>(2)</sup>

### Customer bases increase

Europe + France



### Decreasing churns

Mobile churn<sup>(3)</sup> 2019-2022

- 8pts Spain
- 2pts Poland
- 3pts France

### #2 Most valued telco brand

in Europe  
Brand Finance 2023



(1) Convergent NPS in European countries (excluding France) of A brands and Jazztel NPS and including Poland since H1 2020, Belgium since H2 2021 and Slovakia in H1 2022

(2) Mass market NPS  
(3) Mobile churn excluding M2M  
(4) Mobile contracts excluding M2M

# 1

## Model's resilience & agility mitigating headwinds

### Price elasticity

Focus on **customer satisfaction**, **premium networks** while preserving social offers.

**Priority to continued price increase** in all countries

Key mitigators to offset inflationary pressure

### Strict cost discipline

**€700m cost efficiency programme achieved** between 2019 and 2022

#### Energy costs

**Reduced energy consumption**

**Direct electricity needs hedged at very reasonable prices**

**Full visibility**

#### Labour

**Yearly and local negotiation processes**

**Under control**

#### Lease

**Network ownership**

**Limited exposure**

#### Net financial interests

**1.93x Net debt/EBITDAaL\***

**96% fixed-rate gross debt\***

**€17bn liquidity position\***

**Solid balance sheet**

#### CAPEX

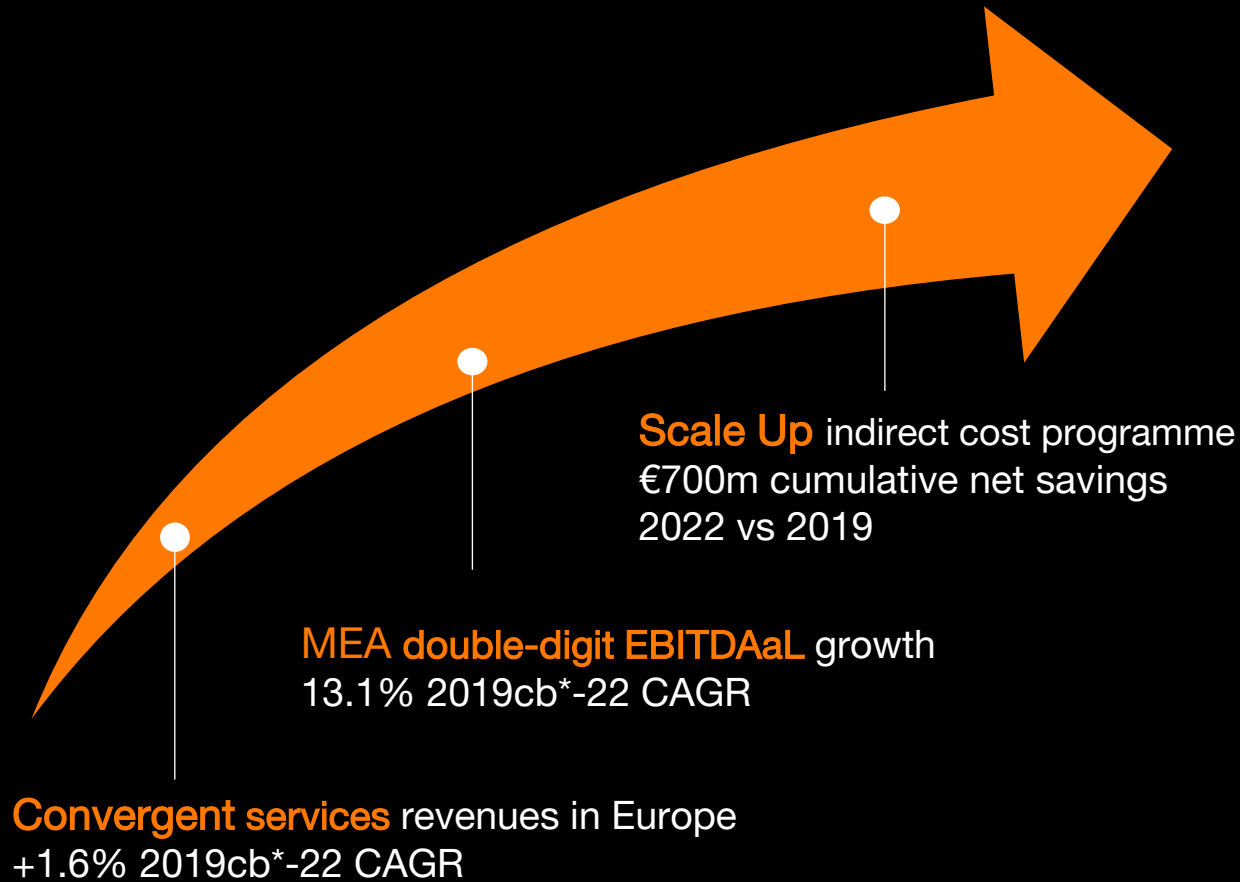
**Most advanced FTTH roll out in Europe**

**Long term contracts securing supplies**

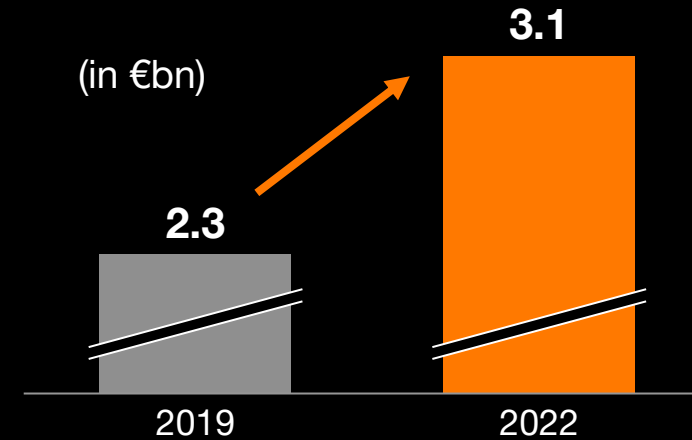
**Purchasing power via Buyin**

**Peak passed**

## A strong OCF ramp-up over 2019 – 2022

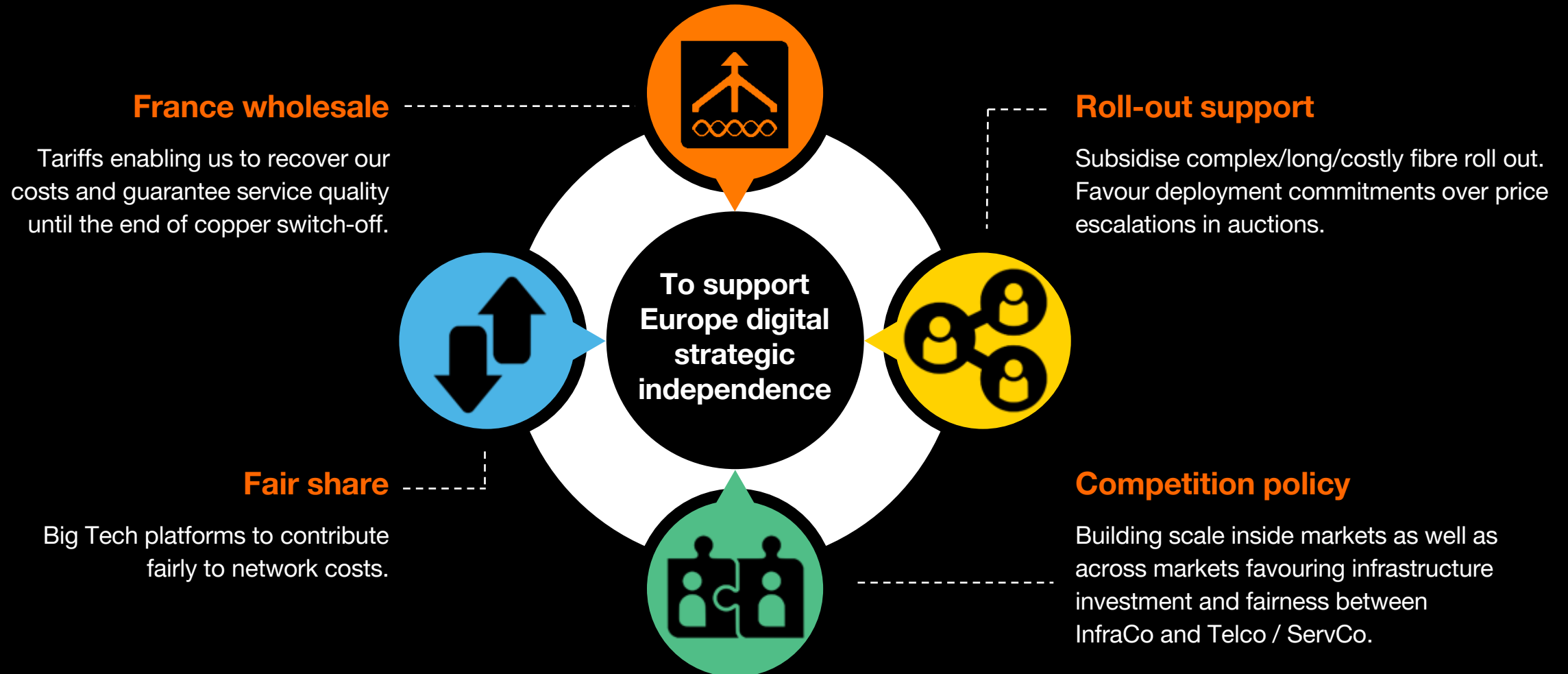


### OCF ramp up €3.1bn in 2022

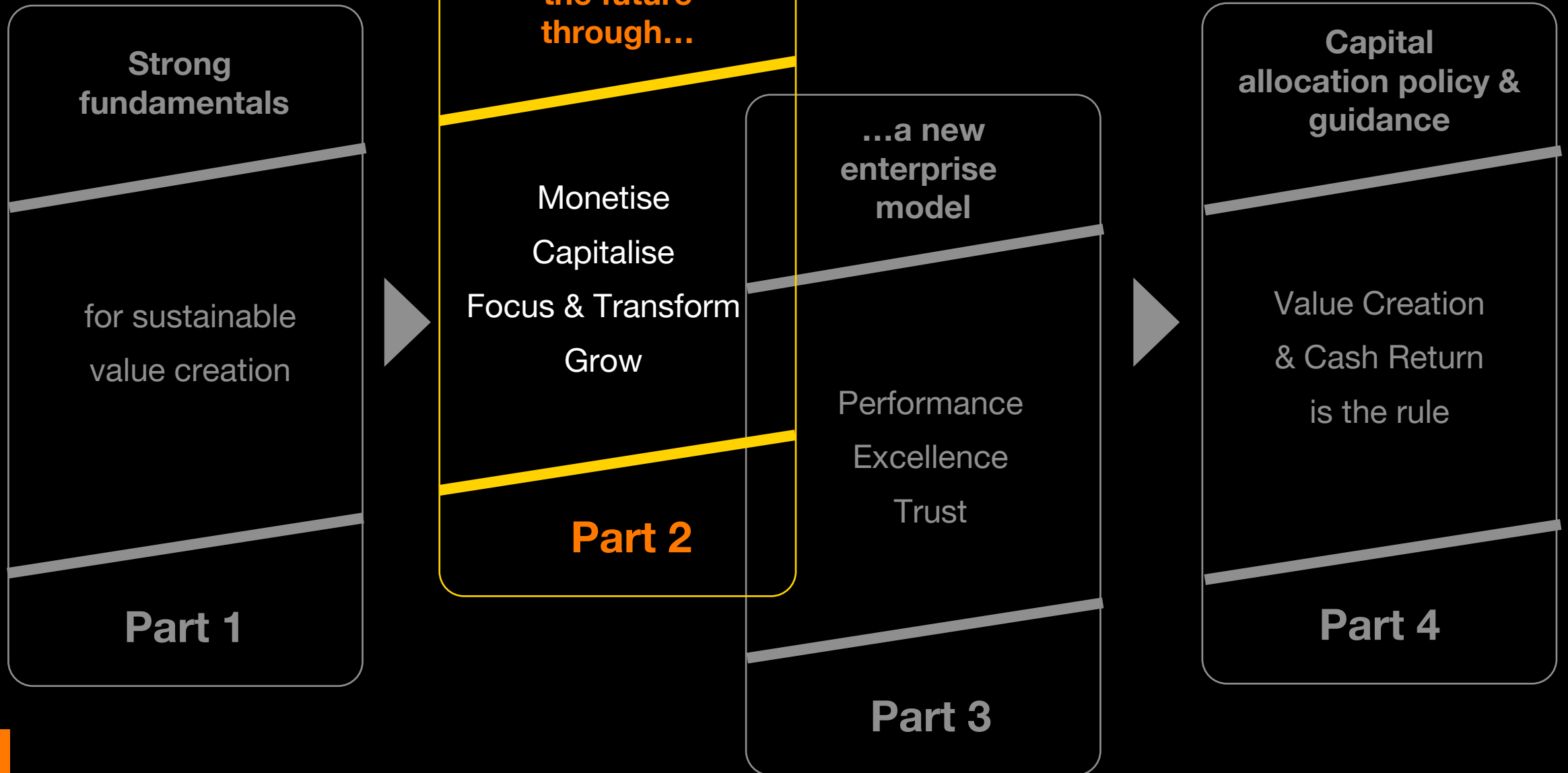


# Our call for public actions

For a more supportive policy & regulatory ecosystem for Europe's digital ambitions



# Agenda



**Lead the future**

**A new strategic plan**

**Part 2**

**2.1**

**Monetise**  
Build on leadership and excellence in our core business

**2.2**

**Capitalise**  
Maintain infrastructure leadership and support cash flow growth model

**2.3**

**Focus & transform**  
Rework the Enterprise segment business model & accelerate Orange Cyberdefense

**2.4**

**Grow**  
Orange Middle East & Africa highlight

**New enterprise model**

**Lead  
the future**

**2.1**

**A new  
strategic plan**

**Monetise**

Build on leadership  
and excellence in our  
core business

- ▶ Refocus on core business
- ▶ Leading by excellence in customer service
- ▶ Pushing value strategy in France and Europe

**Part 2**



# Service strategy supported by digital experience and AI to become the market leader in customer relations

## Reinvent phygital customer experience

through excellence of digital channels and expertise of customer advisors empowered by AI to:

Ensure 360° customer view

Augment customer autonomy

Transform our Shops

### Safe



Safe networks and premium  
**cybersecurity**

### Seamless

**personalised, scalable, seamless**  
connectivity

### Green


Re-Programmes



Energy  
efficient  
networks


# 2.1 Inflation pass-through

## Tailored price moves implemented accross all Europe


 • Widespread price move from February 2023  
• LiveboxMax offer in April 2022

 General price increase in January 2023 (as done in 2022)


 General price increase in April 2023

 Price increases on Orange convergent and mobile offers in March 2023 following the reshuffling of Orange portfolio done in August 2022



 • Price adjustments throughout 2022  
• CPI clauses added on acquisitions from May 2022

 General price increase since H1 2022

 Front book price increases in 2021, 2022 with migration of base to new offers

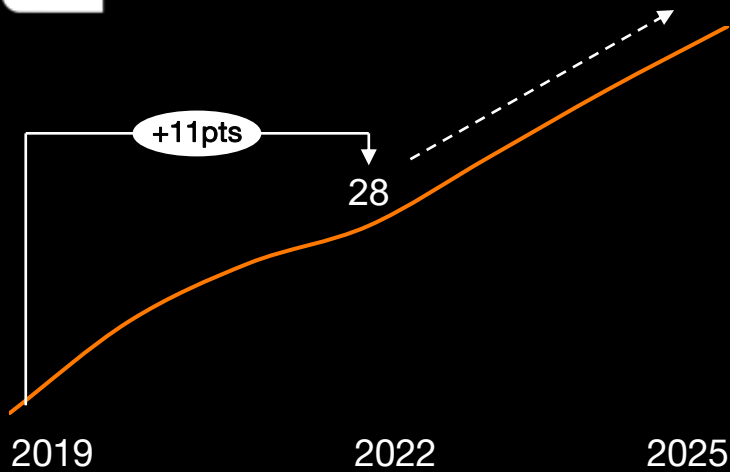
 General price increase in October 2022

# 2.1 France: growth traction coming from Retail

## Pricing power and market share protection



Customer satisfaction improvement (NPS\*)



5G penetration

5G\*\* penetration in mobile base **x3** vs 2022

Up to **70%** in 2025

Catalogue price premium vs 4G:

**min. +€3**



FTTH penetration

**41m** FTTH connectable HH in 2025  
alternative solutions with 4G/5G & satellites  
to connect most complex areas

FTTH penetration in FBB base  
**+40%** vs 2022 up to **80%** in 2025

Catalogue price premium vs ADSL:  
**min. +€5**



**pricing & upsell strategy** tactically adapting to change in customers' usage

Retail services revenues **growth**

**2%-4%**

2022-2025 CAGR excl. PSTN

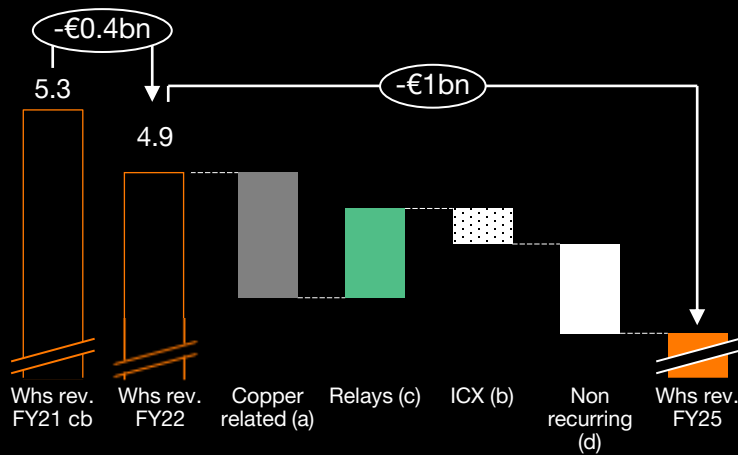
## France: ongoing transformation of business model

### Growing cash flow over 2022-2025

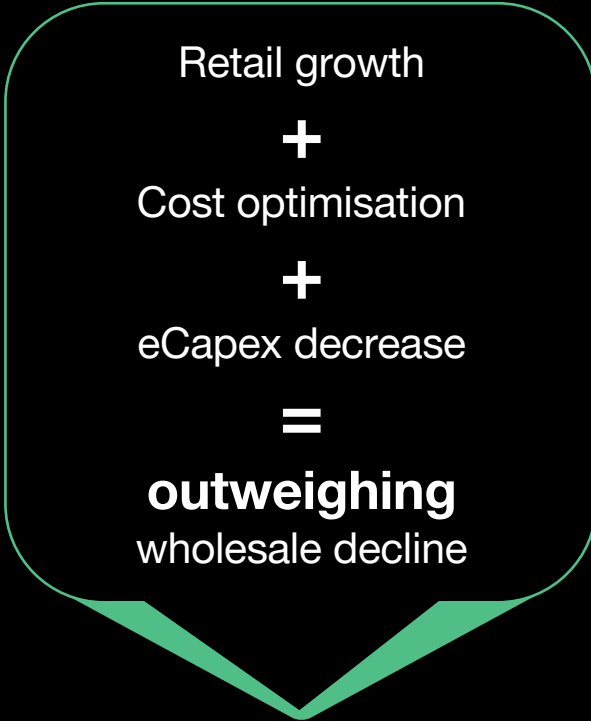
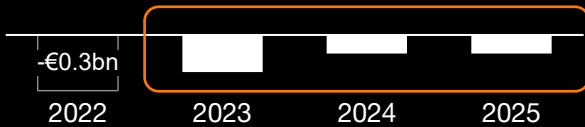
#### Wholesale decline

due to copper-to-fibre migration

Wholesale revenues: **-€1bn 2022-2025...**



...resulting in a much more limited wholesale  
**EBITDAaL evolution: -€0.4bn over 2022-2025**

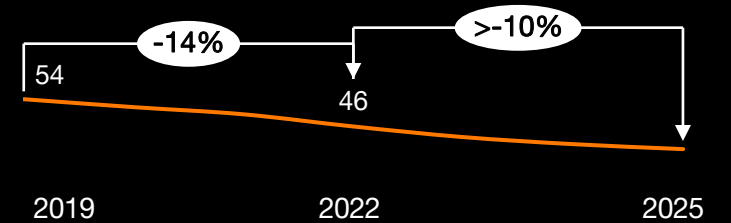


**Cash flow growth**  
 2022-2025

#### Cost optimisation

- Significant **headcount reduction** linked to natural attrition and existing voluntary programmes

FTE average, in k:



- Savings in IT & network** costs
- Limitations of energy** consumption
- Higher digitisation** of customer experience by 2025:



Non sales >65%



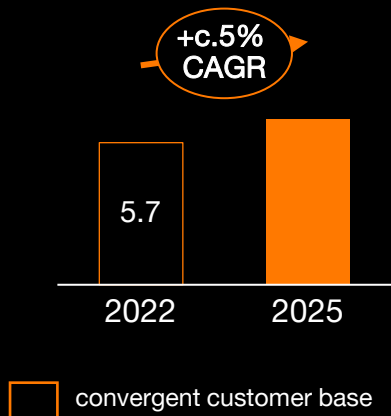
Sales >40%

(a) Copper related including +€2 unbundling tariffs and civil engineering tariffs update  
 (b) Interconnexion, low margin  
 (c) Fibre, mobile, infras  
 (d) PIN construction, national roaming, non recurring cofinancing proceeds



Accelerate **VHBB strategy** to increase convergence

notably fuelled by Romania & Belgium



Price increases to offset inflation with constant **customer satisfaction** monitoring

- ▶ Price increases in all European countries
- ▶ With strong customer satisfaction improvement

Since 2019:

- ★ **+7** mobile NPS\*
- ★ **+20** convergent NPS\*
- 👍 **-8pts** mobile churn\*\* Spain
- 👍 **-2pts** mobile churn\*\* Poland



**B2B fuelling growth** with connectivity growth & portfolio enrichment

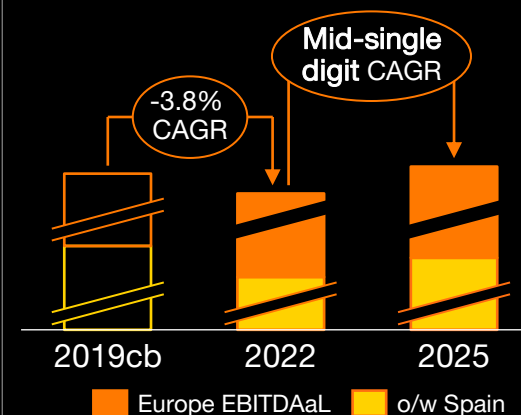


**Mid-single-digit** B2B 22-25 CAGR

- supported by:
- network assets and increasing 5G coverage
  - & portfolio enrichment leveraging Group's expertise and pulling



**Acceleration in EBITDAaL** growth thanks to Spain recovery



**Spain back to EBITDAaL growth** in 2023 and **high single digit** 22-25 EBITDAaL CAGR

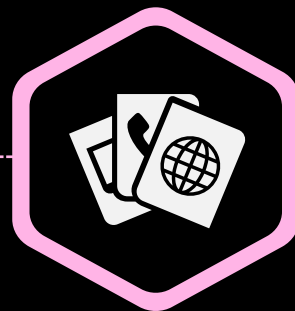
# Further consolidation and partnerships to maximise value of our European footprint<sup>(1)</sup>



## Orange Spain & Masmovil 50-50 joint venture in Spain

Agreement signed in July 2022  
subject to antitrust authorities and other  
relevant administrative authorities' approval

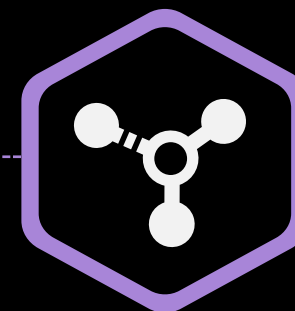
Create a sustainable player with financial  
capacity and scale to continue investing  
for the benefit of consumers and businesses



## Acquisition of VOO<sup>(2)</sup> in Belgium

Agreement signed in December 2021  
subject to European Commission approval

Drive Orange Belgium's convergent strategy  
& increase investment & competition for the  
benefit of customers in Walloon and  
Brussels regions



## Wholesale agreements between Orange Belgium & Telenet

Signed in January 2023  
subject to completion of VOO's acquisition<sup>(2)</sup>

Access each other's fixed networks  
for a 15-year period

**Lead  
The future**

**A new  
strategic plan**

**Part 2**

**2.1**

**Monetise**  
Build on leadership  
and excellence  
in our core business

**2.2**

**Capitalise**  
Maintain infrastructure  
leadership and support  
cash flow growth model

- ▶ Technological leadership to maximise network quality and customer satisfaction
- ▶ Network management to optimise our investments
- ▶ Agile infraco model to create value

**New enterprise model**

## New Group industrial model for networks based on our expertise in technological breakthroughs



**Ambition: become the telecom reference for network agility, resilience and performance**

- 1** Network integration factories
  - **New on demand** delivery of **new services** (NaaS, slicing)
  - Fast complete **recovery plans**
  - Continuous **security** updates
- 2** Automated & shared operation centres in Europe and MEA
  - Predictive **Network Maintenance**
  - Close to real-time **incident management**
- 3** Optimised Capex & Opex
  - AI advanced cellular planning
  - Optimised **field operations**
  - Reduced networks **power consumption**

### New Group industrial model

thanks to networks softwarisation, automation & AI translating into

**30x to 300x faster**



### Leverage AI@scale



Migration to public cloud for Data & IA with common data governance



Global hub for use cases replication

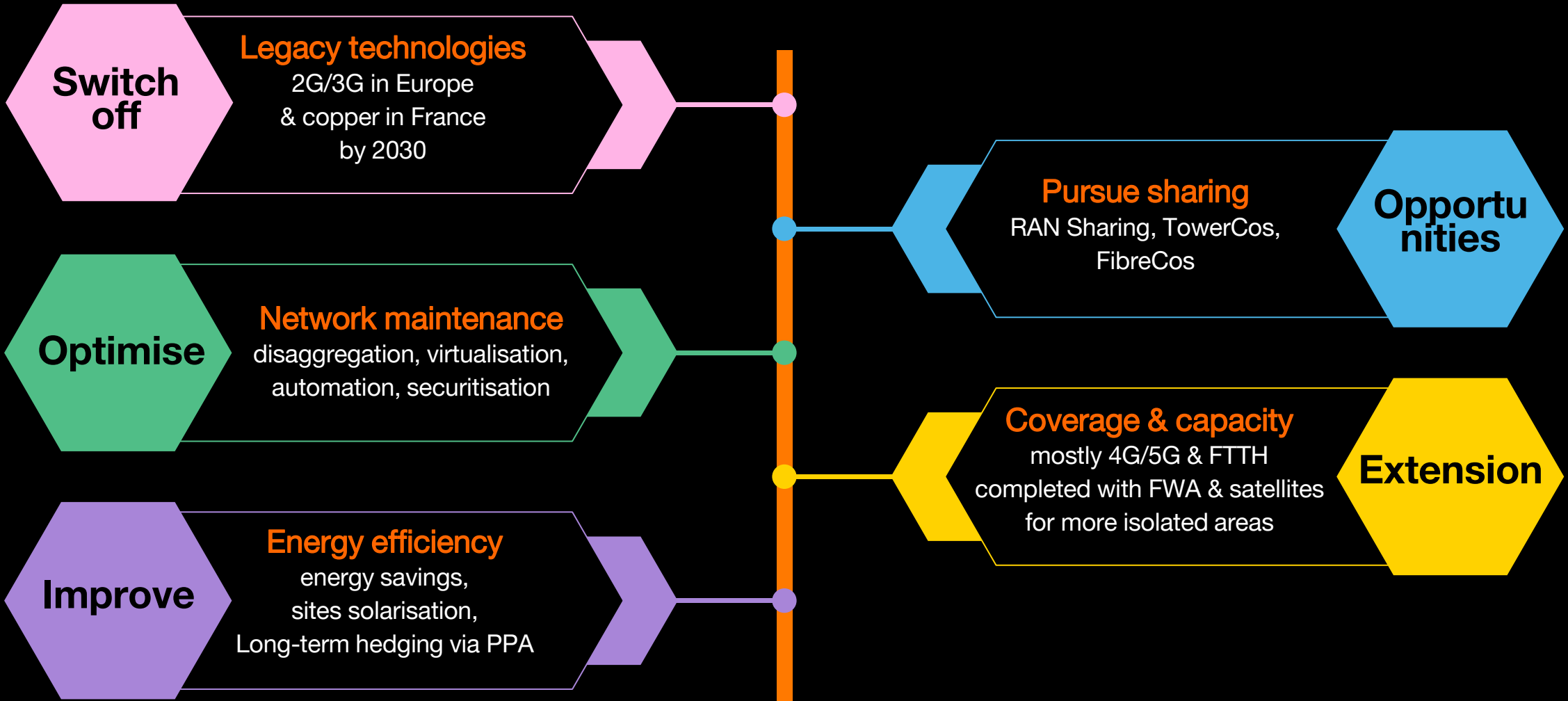


Common methodology to track value creation and prioritise resources



## Orange 2030 ambitions for network

Modernise our networks at the right pace to adapt to customers' needs



# 2.2 Developing infrastructure to capture sustainable value

## Creation of efficient vehicles when relevant

45m FTTH connectable homes by Orange as an infrastructure operator  
70k mobile sites across the Group

### Orange Concessions

- ▶ **50/50 Joint venture** with high profile financial partners
- ▶ To deploy **4.5m FTTH plugs** in 24 PIN (30% market share in PIN networks)

### Polish FibreCo

- ▶ **50/50 Joint venture** with a financial partner
- ▶ To roll-out c. **1.7m households** in low and mid competition areas

### Totem

- ▶ **c.27k** sites in France & Spain
- ▶ **1.37x** tenancy ratio in 2022 to reach **1.5x** in 2026
- ▶ **16%** hosting revenues from external customers in FY22
- ▶ **Commercial success** demonstrated by the signing of 2 major contracts signed in 2022 in France & Spain

**Lead the future**

**A new strategic plan**

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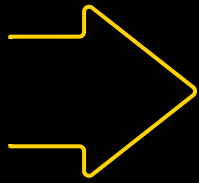
**Capitalise**  
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**Focus & transform**  
Rework the Enterprise segment business model & accelerate Orange Cyberdefense

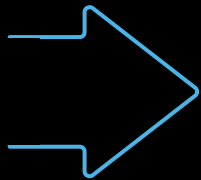
**New enterprise model**

# OBS becoming Orange Business is a network and digital integrator and must transform its operating model as a consequence



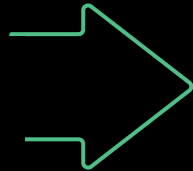
## Orange Business Services today

half of a telco business (56%) and half of a digital business (44%)



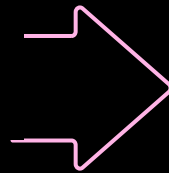
## Market vision

networks and digital convergence



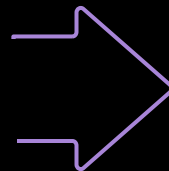
## Orange Business tomorrow

leading network and digital integrator



## The journey

ambitious transformation plan toward a full-fledged integrator operating model



## The endgame

bring Orange Business back to market standards and profitable growth

## 2.3 Transformation of the operational model relying on 4 levers



### Simplify

Efficient operational execution

Tighter P&L management

Adapt cost structure

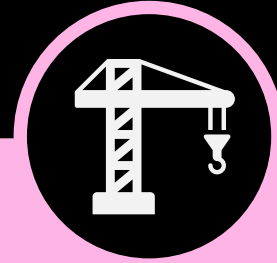


### Focus

Pruning of products portfolio

Focus on next-gen connectivity and cybersecurity

4 value propositions



### Transform & digitalize the core business

Next-gen connectivity leader

virtualised networks (SD-WAN, SASE),  
Fibre, 5G

Develop a modular platform of services



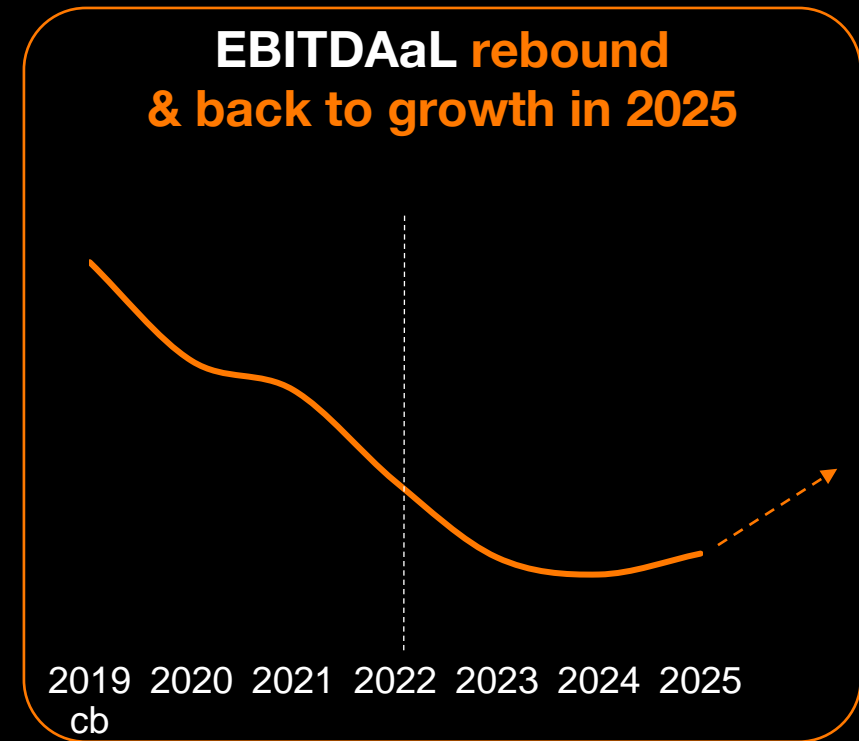
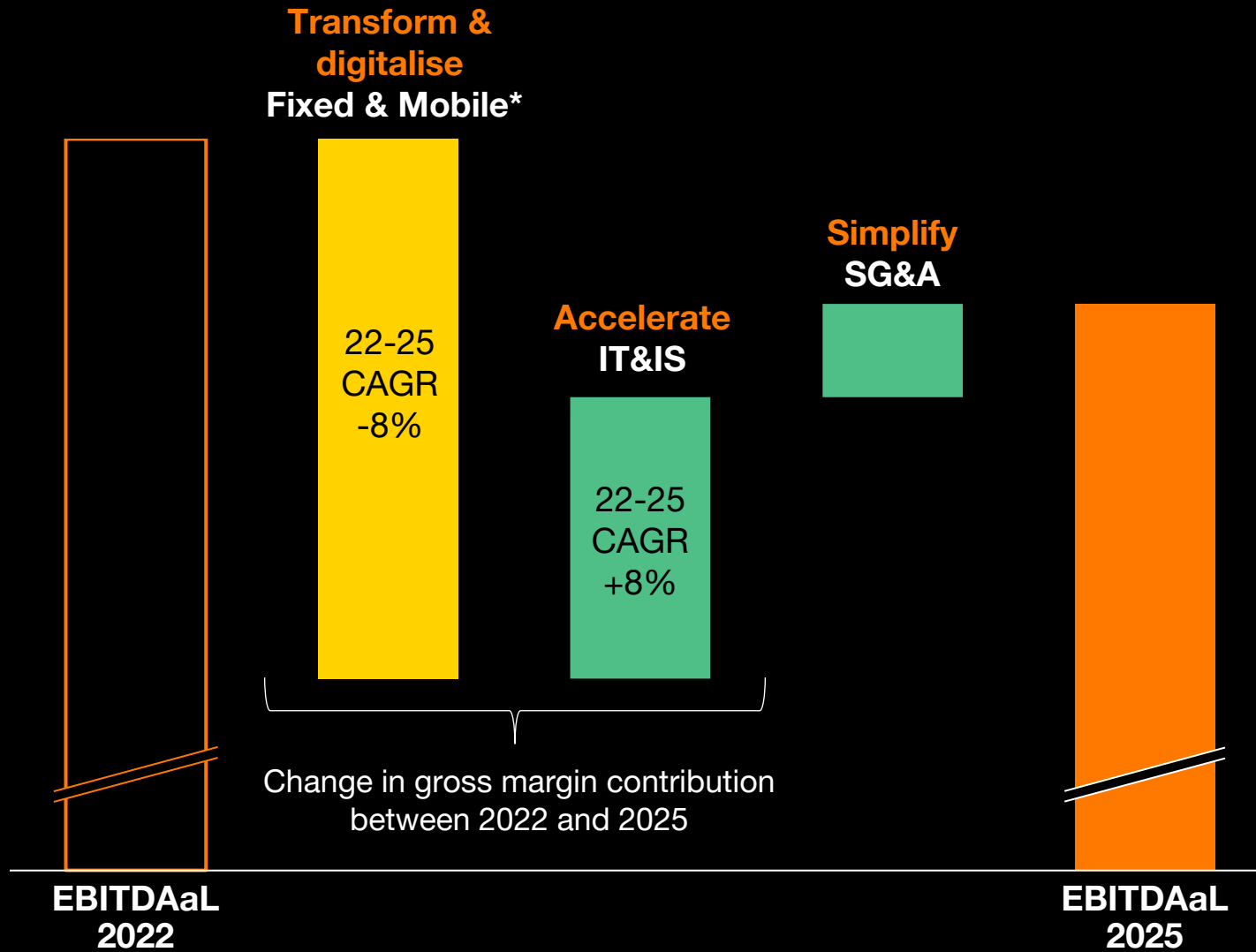
### Accelerate in digital

Activate synergies

Consolidate Orange Business digital services capabilities

Accelerate in Cybersecurity

## Enterprise EBITDAaL rebound in 2025 necessary cost cutting program



\* Including unallocated gross margins

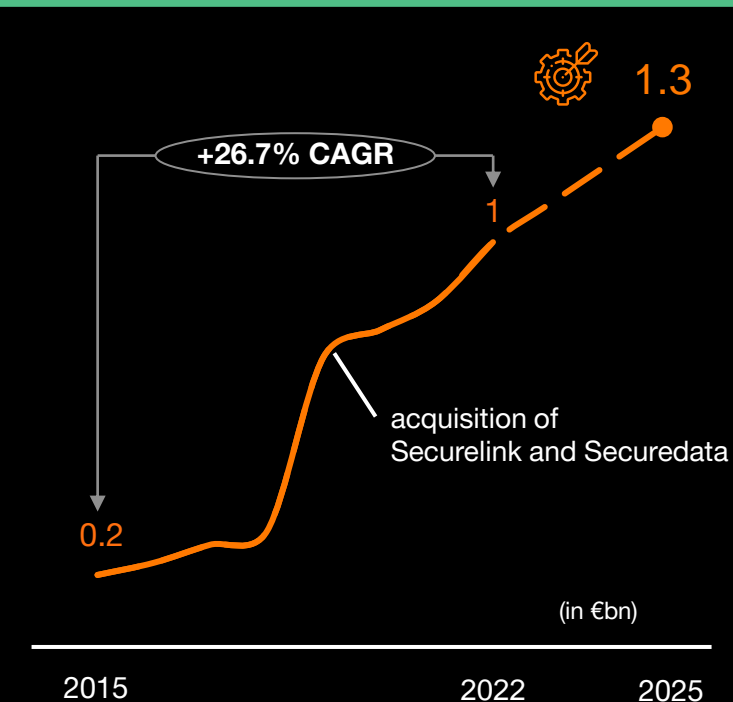
## Core business for Orange

At the heart of our products, "Security by Design" principle for our products

At the heart of our organisation, making Orange a role model for internal cybersecurity

At the heart of our services for our customers, offering state-of-the-art B2B cybersecurity services to all our clients, from MNCs to micro-businesses, but also accelerating on B2C

Revenues increased x5 since 2015, targeting €1.3bn revenue in 2025...



... to be a leader in Europe

Cybersecurity market is expected to strongly grow annually within coming years

Orange Cyberdefense will gain shares in growing market through:

- accelerated organic growth with entrance in SOHO/SMEs and mass markets
- ... and targeted bolt on acquisitions (e.g. SCRT & Telsys acquisition in 2022)

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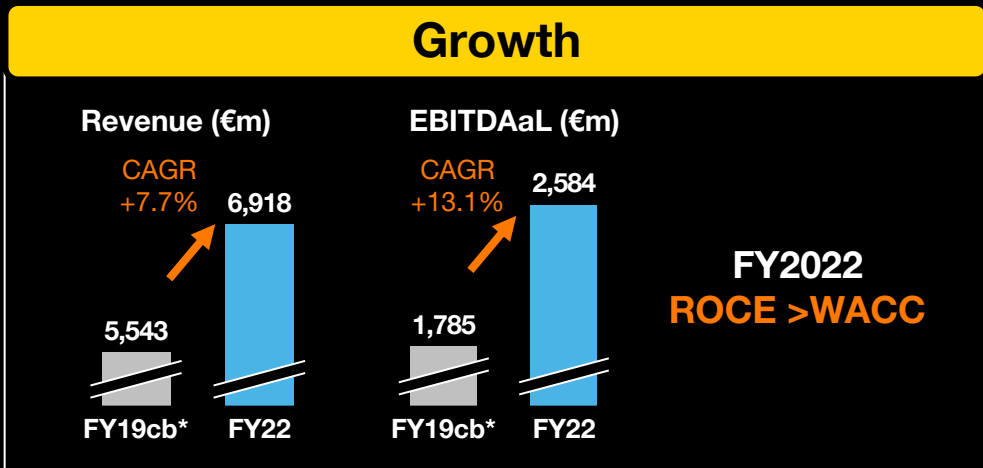
**Grow**  
Orange Middle East & Africa highlight

**New enterprise model**



# 2.4 OMEA achieved strong performances...

Performance



### Resilience

Revenue growth **+5%\*\*** from 2009 to 2022 > GDP\*\*\* growth in our footprint

**Effective response plan** to competition enabling us to be back to growth in mobile money

**Balanced contribution** of each cluster to our results  
Increasingly energy independent thanks to **solar solutions**

### Inclusion

1/10 African is an Orange customer:

- 143m** mobile customers
- 53m** 4G customer in 17 countries
- 29m** active O.Money cust. in 16 countries
- 15** Orange Digital centres

We have rolled out a Pan- African infrastructure:

- 1<sup>st</sup> pan-African backbone (Djoliba 10K km)
- 3.2m** HH connectable to VHBB
- 4G pop coverage average **66%**

### Anchorage

Orange is a **PanAfrican Company** since more than 20 years

Strong **local partnerships**

**Head offices** are in **Morocco**

**Shared Services centres** are **all in Africa (3 hubs)**

Development



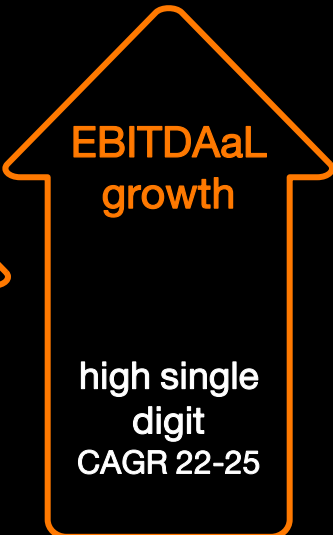
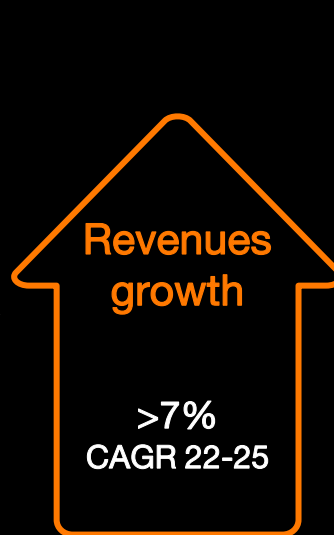
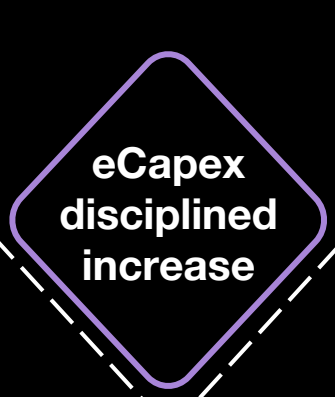
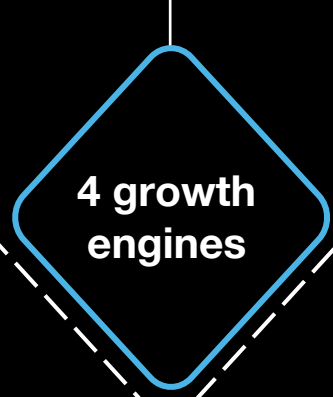
\*CAGR calculated between 2019cb published in FY2020 and 2022 actual figures  
 \*\*average yearly proforma growth rate  
 \*\*\*constant without inflation

## ...and will pursue strong growth path

### Strong growth drivers 2022-2025

- Data
- FBB
- Orange Money

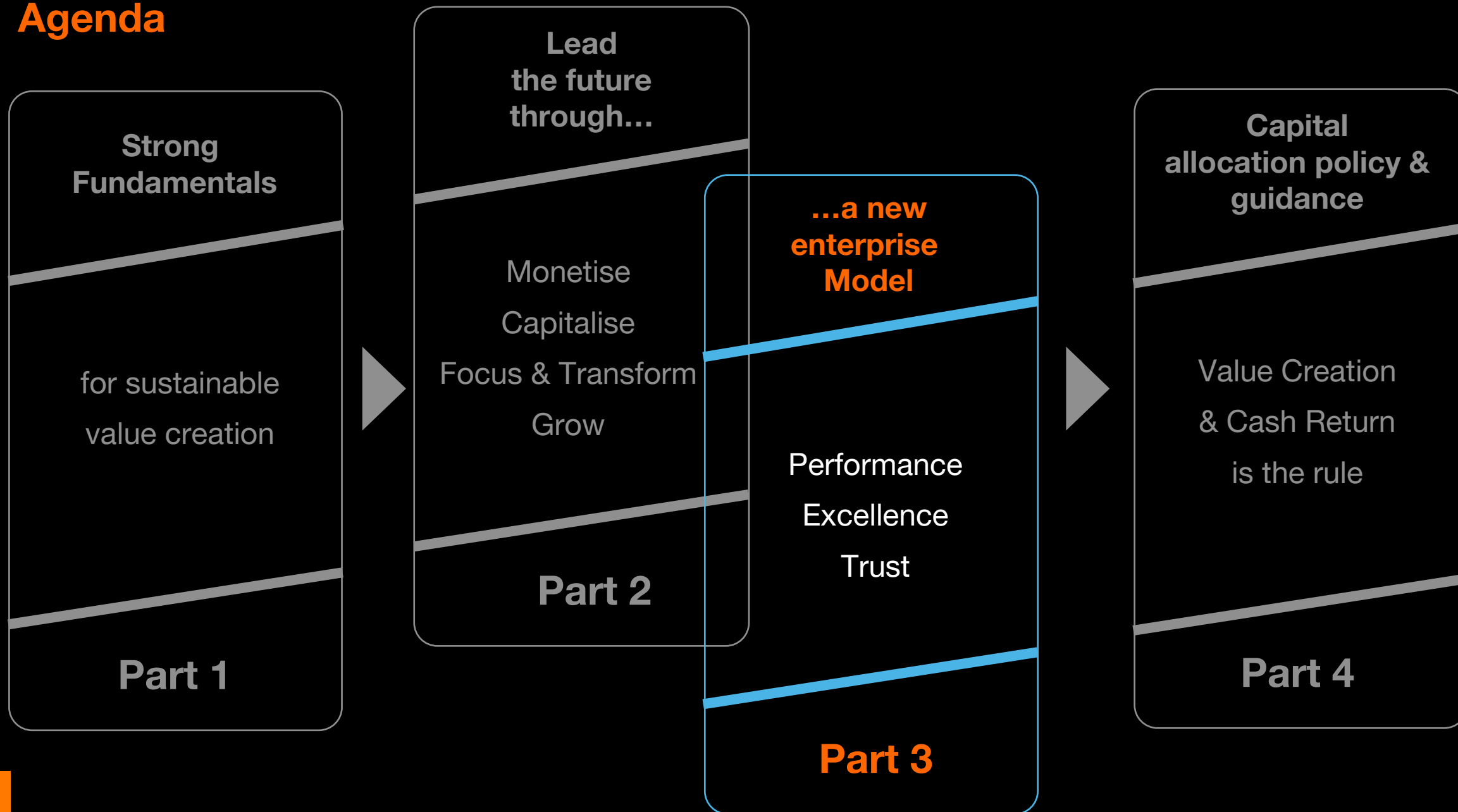
+B2B



4 geographic **clusters contributing more equally** to performance

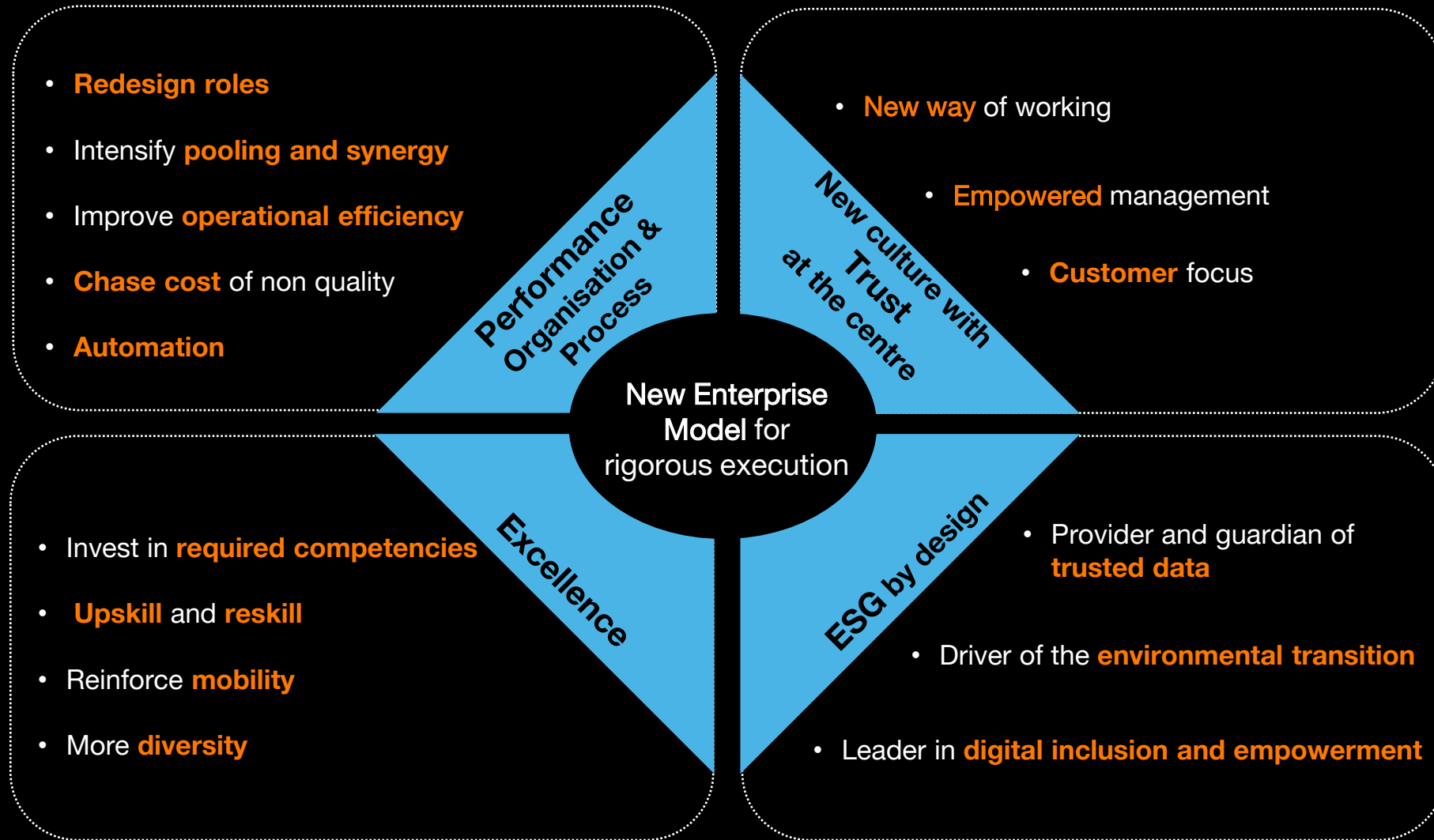
- Reduction of **sales commission**
- Further mutualisation through **Shared Service Centres**
- **Alternative energy** models

# Agenda



# 3

## A New Enterprise Model to serve efficiency and rigorous execution



# 3

## ESG by design

transforming ourselves and helping, as a trusted partner, our customers to transform

Strong  
scoring

### ESG claims

### North star

### 2030 objectives

1 Driver of the environmental transition

Net Zero 2040  
Circular Economy

CO<sub>2</sub> emissions all scopes  
**-45%** vs 2020

« advanced »  
Moody's ESG solutions

« A- »  
CDP

2 Provider and guardian of trusted data

Customer data protection  
Leader in Cyber in Europe

Trusted data with  
B2B, B2C cyber offers  
**in all our countries**

« low risk »  
Sustainalytics

3 Leader in digital inclusion & empowerment

Network deployment in MEA  
Empowering people through  
digital

**6m** beneficiaries of  
digital training

« prime B- »  
ISS ESG

« AA »  
MSCI ESG rating



### Digital inclusion

develop connectivity and inclusive services

Progress as at end 2022

Ambitions

FTTH connectable homes 64.9 m → 69m / 2023

Orange Digital Centers 18 → 25 / 2025

Beneficiaries of digital skills training 1m → 2.5m/ 2025

### Environment

reduce our CO<sub>2</sub> eq. emissions and implement circular economy to achieve Net Zero Carbon by 2040

CO<sub>2</sub> emissions reduction vs 2015 bc (scope 1&2) - 20.8% → -30% / 2025

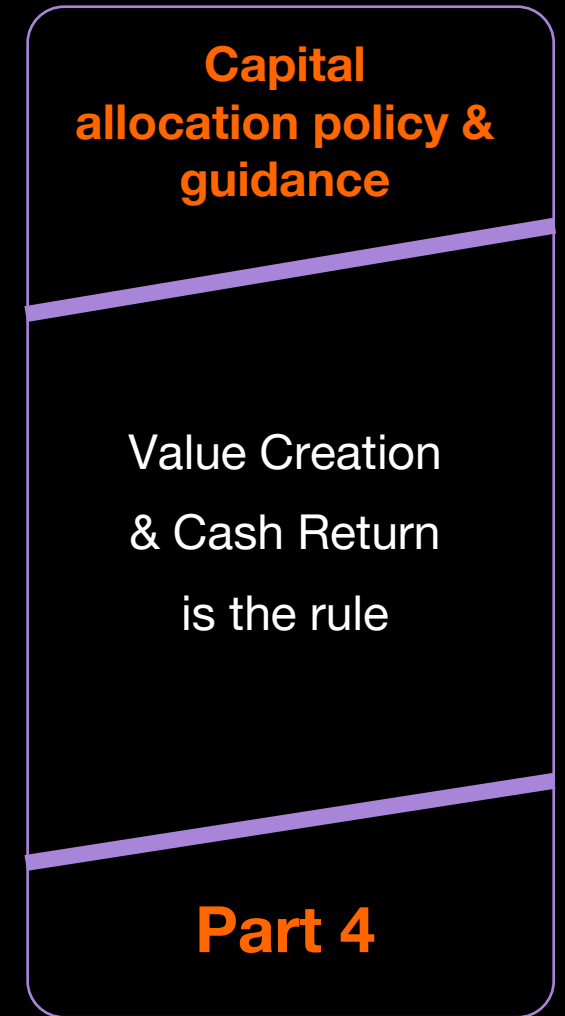
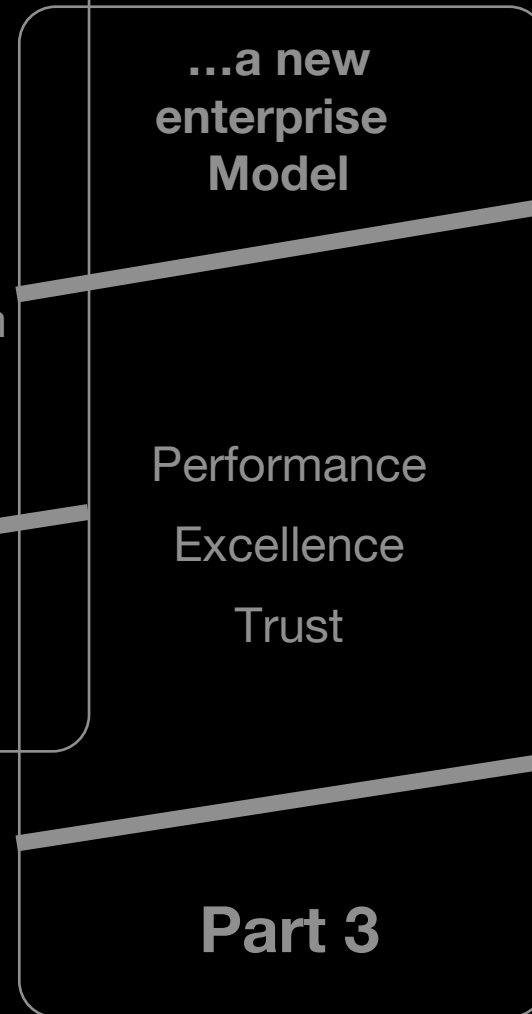
Collected mobile - Europe 23.1% → 30% / 2025

### Diversity

align gender representation in management with employee representation

Women in management network (%) 33.1% → 35%/ 2025

# Agenda



## Further €600m nets costs savings

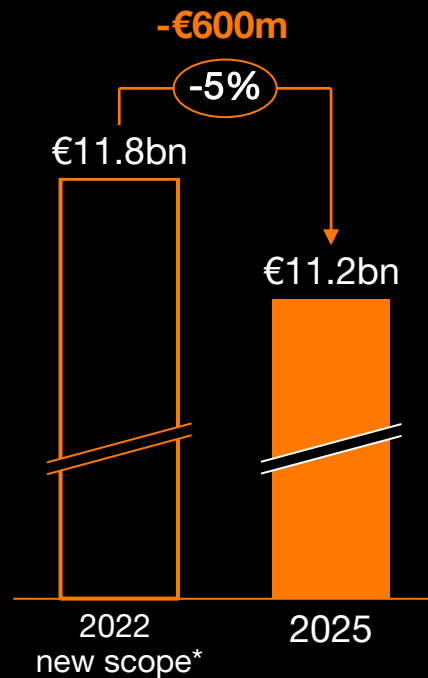
### Scale up target exceeded



### New efficiency plan

Acceleration of **existing initiatives...**

... and a **new Enterprise model**



Contribution per segment:

**France** >60%

**Entreprise** c.30%

Efficiency program costs base

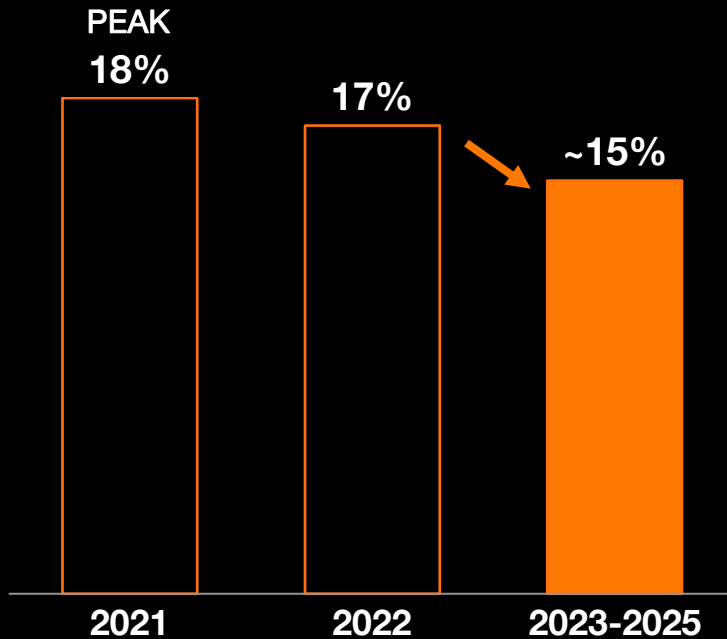
\*New efficiency programme costs base of €11.8bn targeting indirect costs (exc. energy) in France, Europe, Enterprise SG&A + direct costs linked to sales commissions in Europe



# 4.2

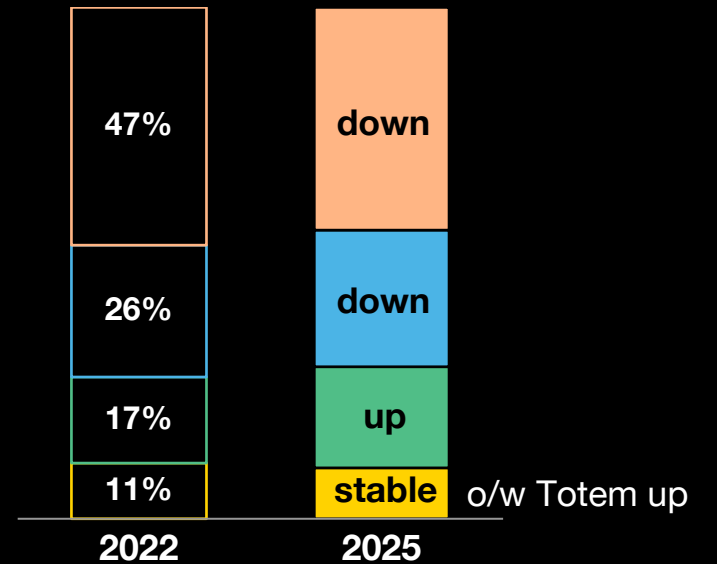
## ~15% eCapex/sales reached from 2023 mainly thanks to FTTH peak passed in France

Decrease of Group's eCapex/ sales over 2022-2025



Double digit decline  
of FTTH gross Capex  
over 2022-2025

Evolution of the share of reporting segments  
in Group's eCapex over 2022-2025



France Europe MEA others



Graph are not at scale

**Focus on sustainable value creation**

**ROCE improvement & cash return for all decisions**

**Asset management with no taboo**

Regular **portfolio reviews** resulting in

- **exiting or restructuring** under-performing assets
- **arbitrage**
- **partnerships**

to boost value creation

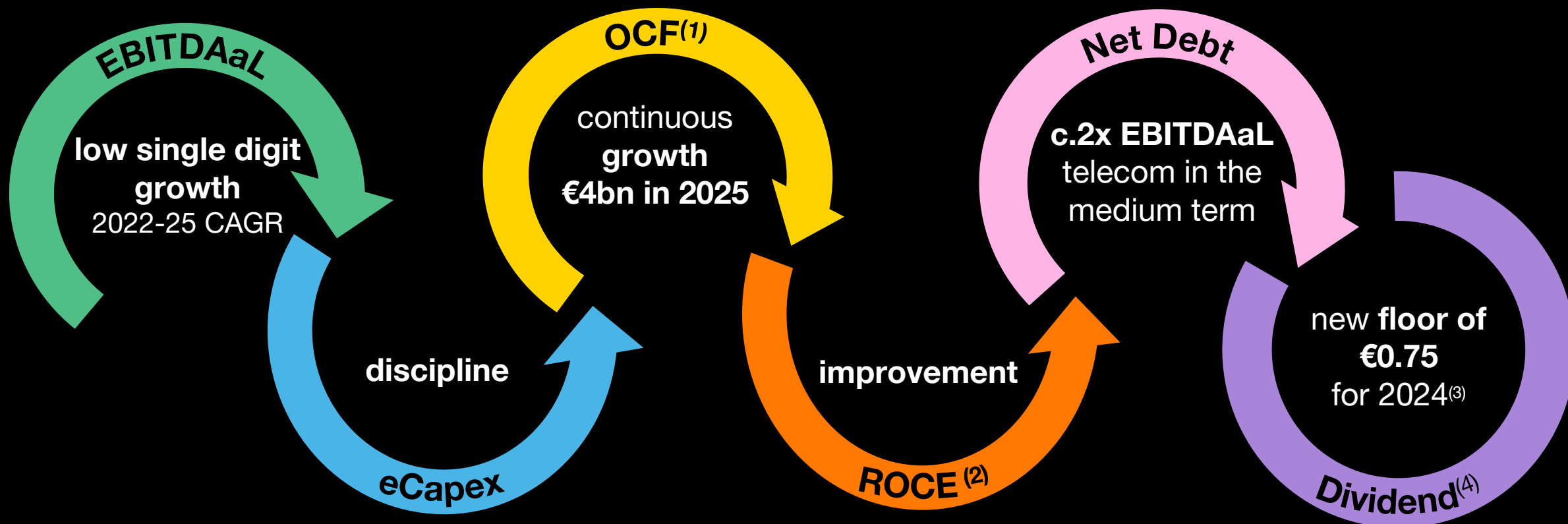
**Efficient capital structure**

- **ROCE improvement** 100-150 bp by 2025
- **Capex decrease** to ~15% sales from 2023
- **Disciplined M&A** policy
- Opportunistic **use of third-party capital**
- **Solid balance sheet**

**Return to shareholders**

**Dividend increase** thanks to OCF growth

	2023
EBITDAaL yoy, cb	Slight growth
eCAPEX yoy, cb	Strong decrease
Organic Cash Flow (telecom)	≥ €3.5bn
Net debt / EBITDAaL (telecom)	Around 2x in the medium term
Dividend*	€0.72 payable in 2024



The guidance does not include any M&A transaction that has not yet been finalized.

(1) Telecom activities.

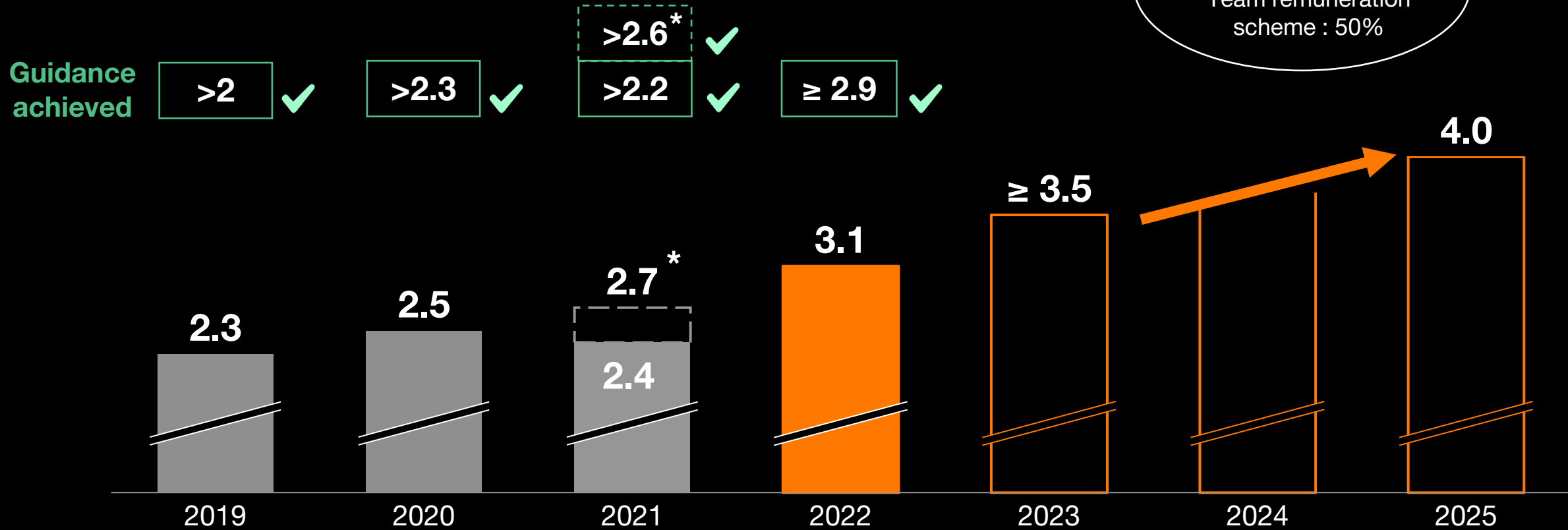
(2) ROCE(n) Telecom = adj.NOPAT (n) / Net Operating Assets (n-1)

(3) paid in 2025 on the basis of 2024 results

(4) Independent from scope evolution. Subject to shareholders' approval.

# 4.6 Solid trend of Organic Cash Flow growth towards €4bn in 2025

(in €bn)



\*Before allocation of the tax refund received in 2020

# Q&A