

#Essentiels2020

Orange strategic plan



17 mars 2015



disclaimer

This presentation contains forward-looking statements about Orange. 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. Important factors that could cause actual results to differ from the results anticipated in the forward-looking statements include, among others: the success of Orange's strategy, particularly with respect to customer relation when facing competition with OTT players, Orange's ability to withstand intense competition in mature markets, its ability to capture growth opportunities in new markets and the risks specific to those markets, the poor economic conditions prevailing in particular in France and in Europe and in certain other markets in which Orange operates, the effectiveness of Orange's action plans for human resources, and the success of Orange's other strategic, operational and financial initiatives, risks related to information and communications technology systems generally, in particular technical failures of networks, fiscal and regulatory constraints and changes, and the results of litigation regarding regulations, competition and other matters, the success of Orange's French and international investments, joint ventures and strategic partnerships in situations in which it may or may not have control of the enterprise, and in countries presenting additional risk, Orange's credit ratings, its ability to access capital markets and the state of capital markets in general, exchange rate or interest rate fluctuations, and asset impairments. More detailed information on the potential risks that could affect our financial results will be found in the Registration Document filed with the French Autorité des Marchés Financiers (AMF) on April 29, 2014 and in the annual report on Form 20-F to be filed with the U.S. Securities and Exchange Commission on April 30, 2014. Forward-looking statements speak only as of the date they are made. Other than as required by law (in particular pursuant to sections 223-1 and seq. of the General Regulations of the AMF), Orange does not undertake any obligation to update them in light of new information or future developments.



New customer expectations



Secured
Connectivity



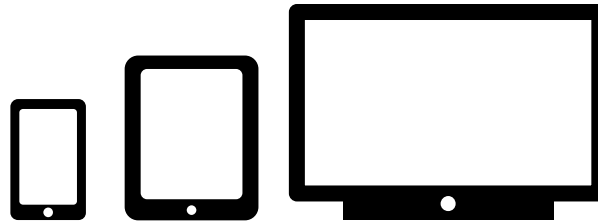
Customisation



Value for money



+50%
annual mobile
data traffic



13
screens per
households in
2022



> 25 billion
connected objects
in 2020

cable operators **OTT**
regulation consolidation
competition  convergence
changing technologies
partnerships



Committed employees
and
strong local presence



Powerful and
reliable networks



Innovative
mindset



Recognized
brand

Essentials2020

Always in touch to connect what's essential in your life



World class
quality of service



Customisation



Innovative usages

**An unmatched customer
experience**



Europe



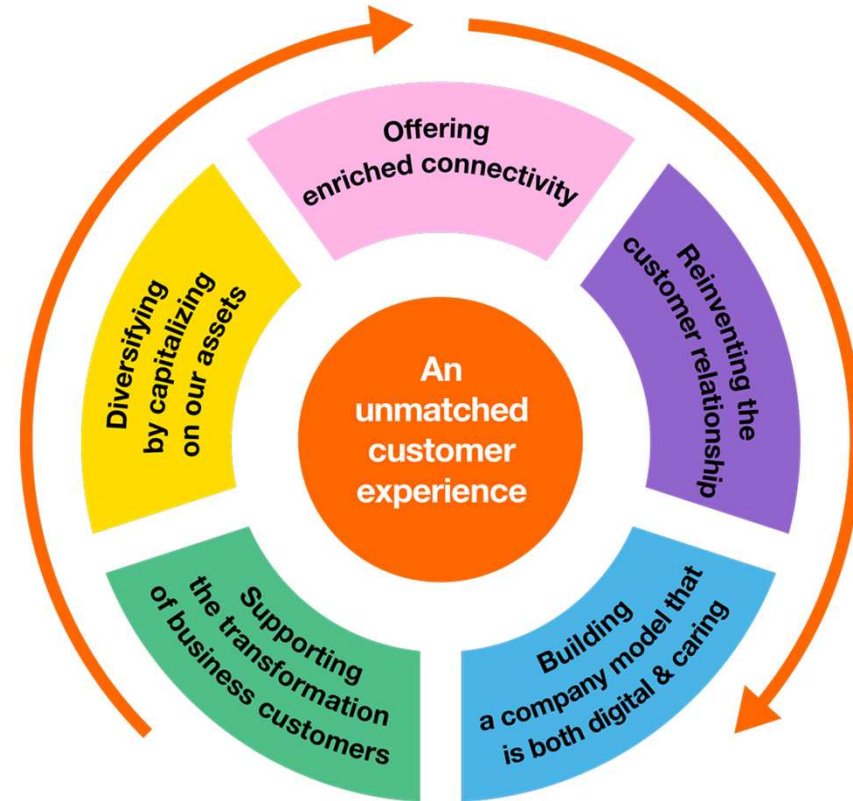
Africa and the
Middle East



Everywhere
with OBS

In all our geographies

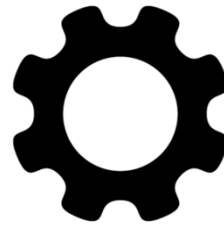
Essentials2020



**A digital, efficient
and responsible company**



Digital

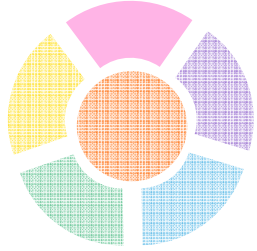


Efficient



Responsible

A digital, efficient and responsible company



**Offering enriched
connectivity**

€15 billion

invested in our networks

2015 - 2018



CEM
Customer
Experience Management



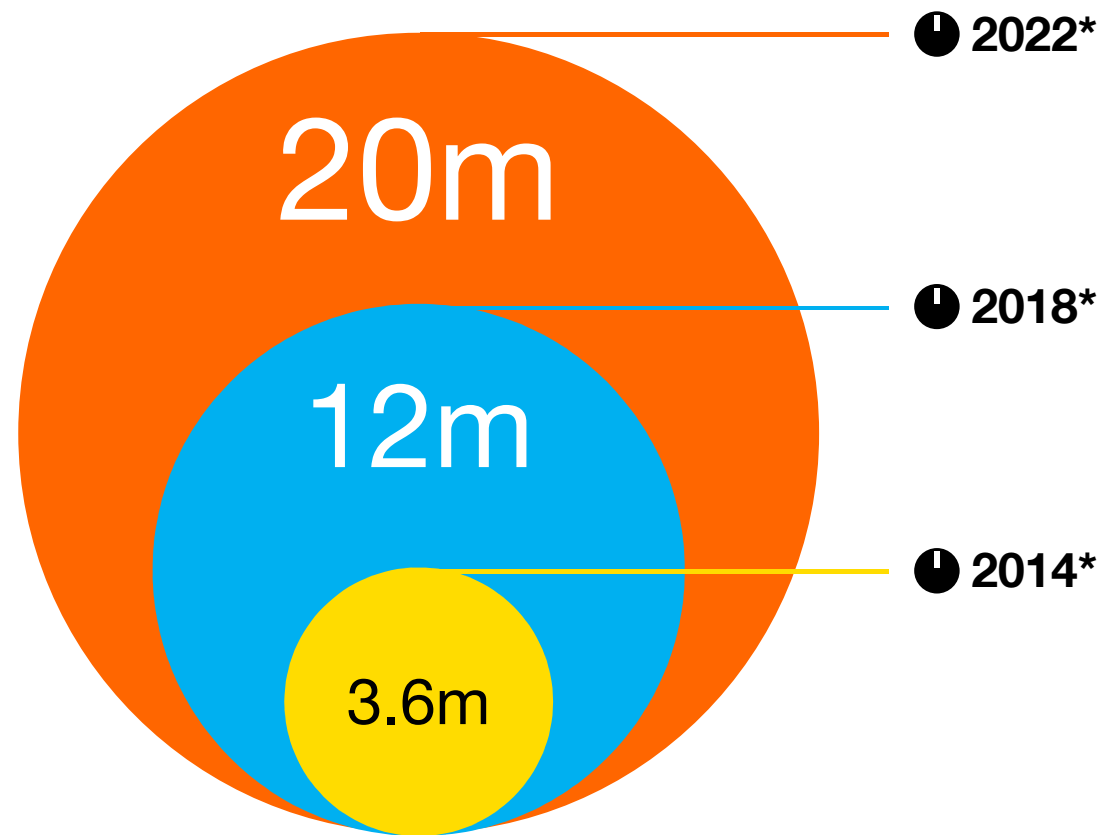
My network
App



**x3 the average data throughput
on all our networks**

by 2018

FTTH connectable homes in France



(*) connectable homes in private investment area (ZTD + AMI)

Indoor coverage



▼
**Voice over WiFi
in 2015**

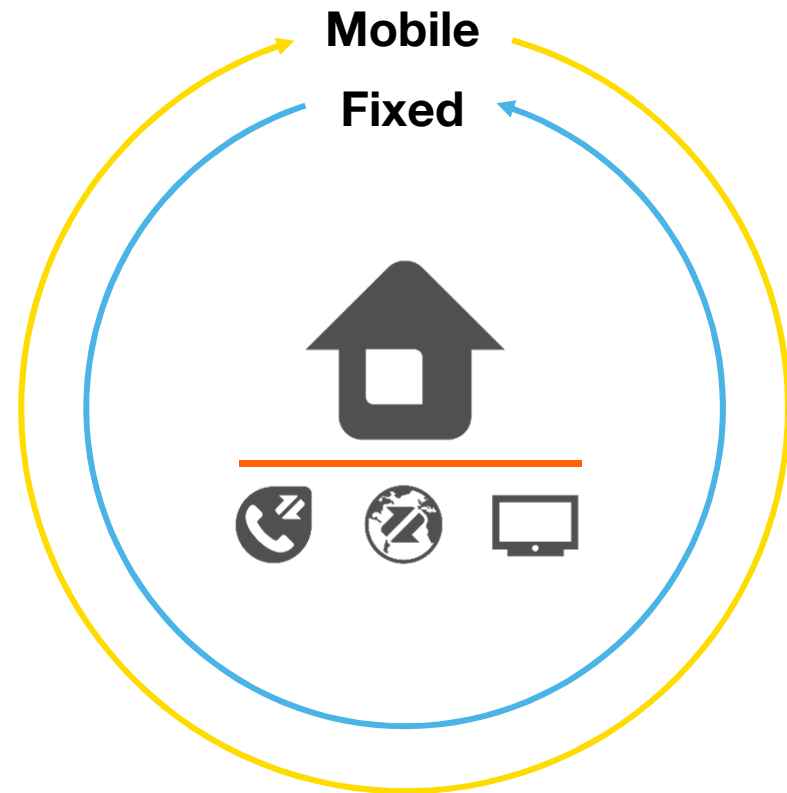
and on the move



▼
**Towards
zero drop call**

**Investing where it is essential
for our customers**

Conquering European households through convergence





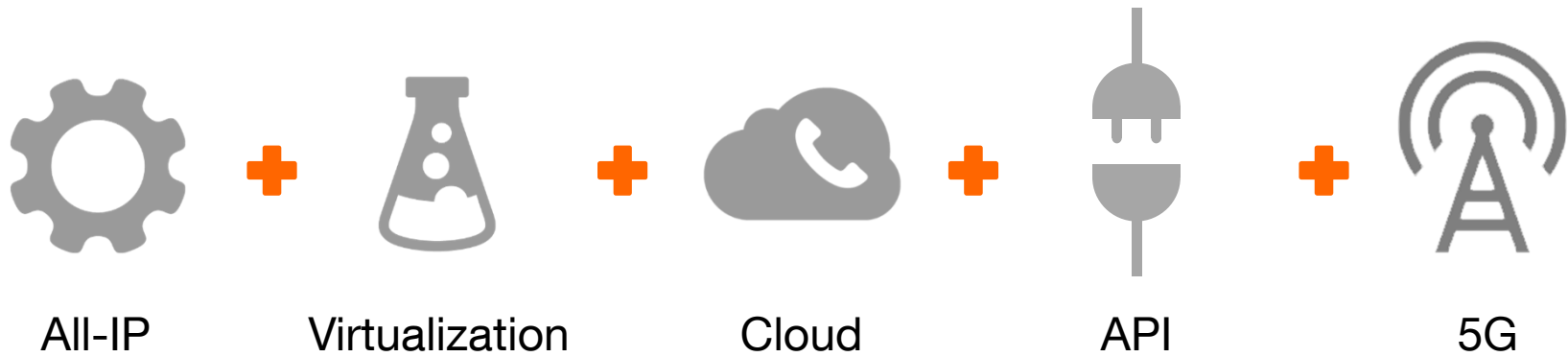
4G



Available to over 95%
of our European footprint by 2018



Launched in 4 AMEA countries in 2015
Available in most of our countries in 2018

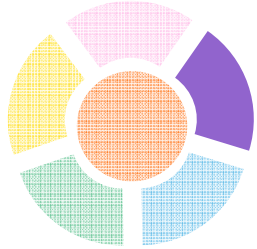


= agile networks



TV OCS City Game of Thrones Saison 4, Épisode 2	 programme TV	 chaînes TV	 télécommande TV
	 TV à la demande	 enregistreur TV	 2 Secrets d'histoire diffusé le 16/09





Reinventing the customer relationship

recognition

connection

digitalization adaptation

simplicity anticipation

availability

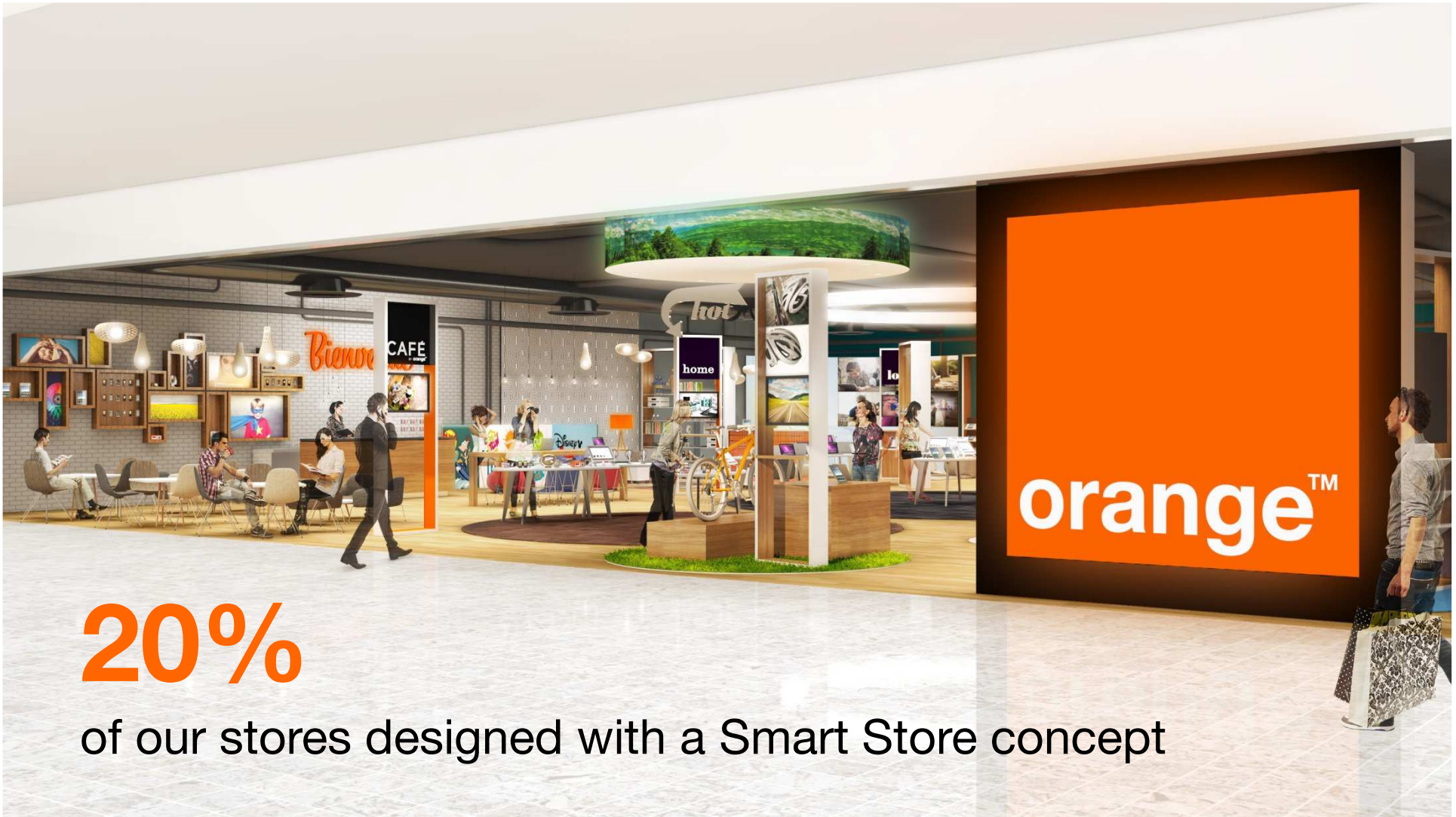
Our commitments to all our customers

BIG
data

50%

of interactions in Europe
via digital by 2018

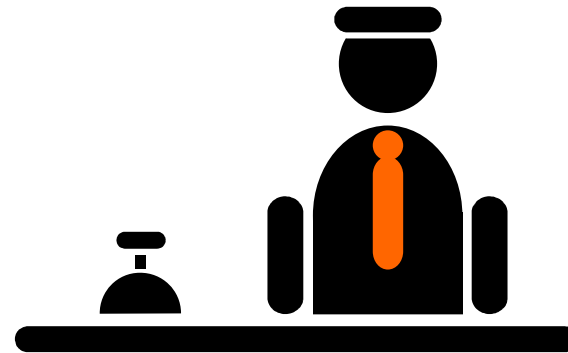


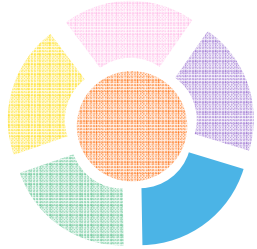


20%

of our stores designed with a Smart Store concept

“First” services





**Building a company model
that is both digital &
caring**

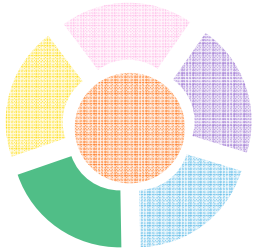
50%

e-learning in 2018

10%

employee ownership



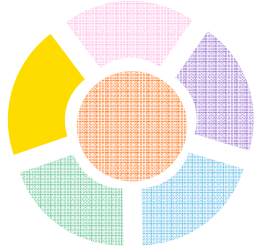


**Supporting the
transformation of
business customers**



**+10pt share of IT & integration
services in OBS revenues mix**

between 2014 and 2020



Diversifying by capitalizing on our assets



€1bn

Revenues from new services by 2018



30 million

Orange Money customers in 2018

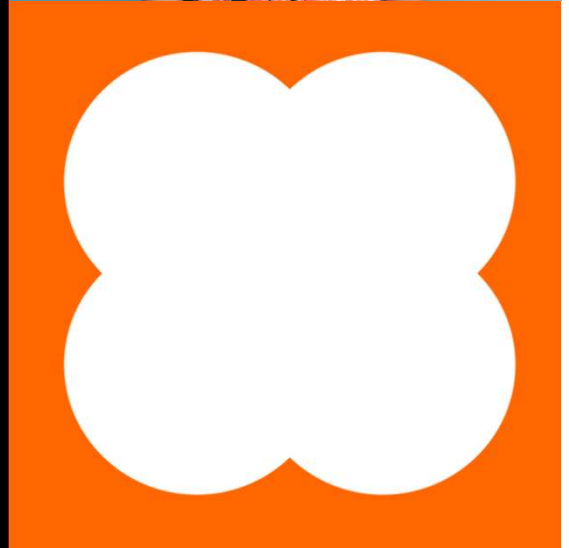


500

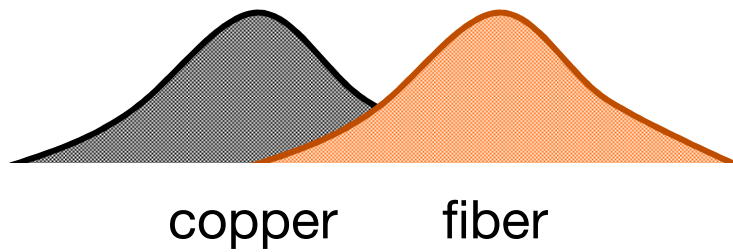
Start-ups supported through open innovation

Hello.

orange™



Different technology lifetimes





Network quality



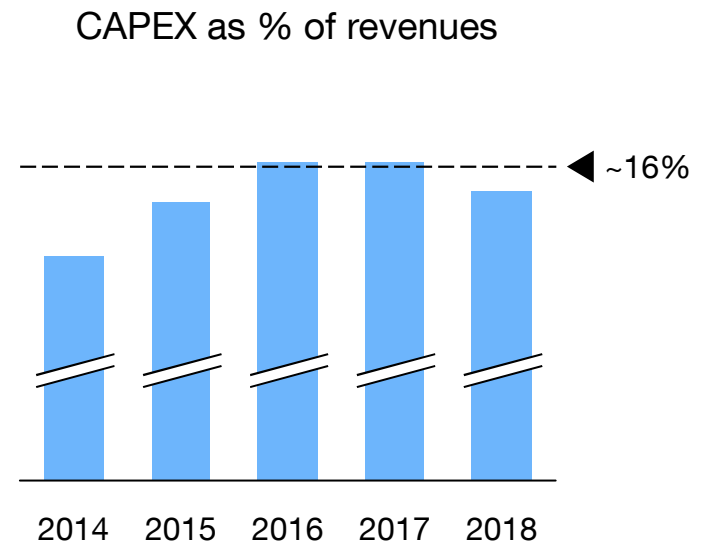
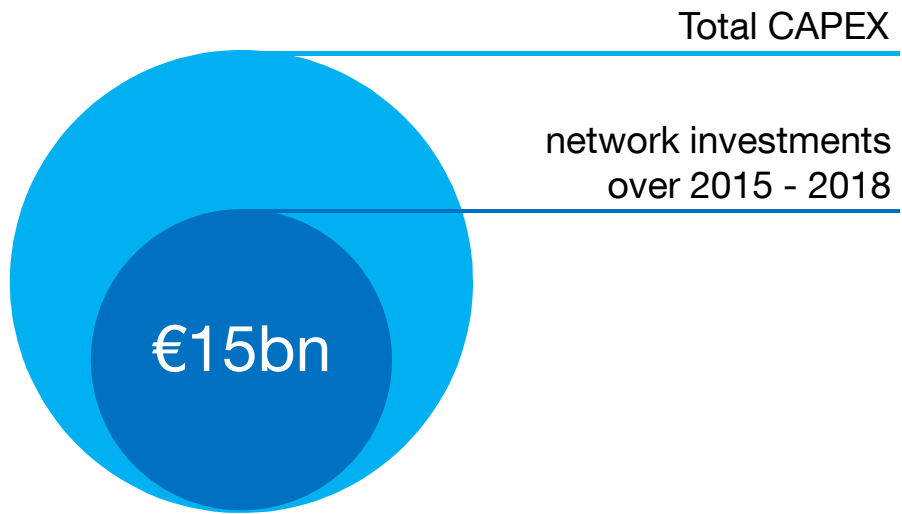
Portfolio of offers

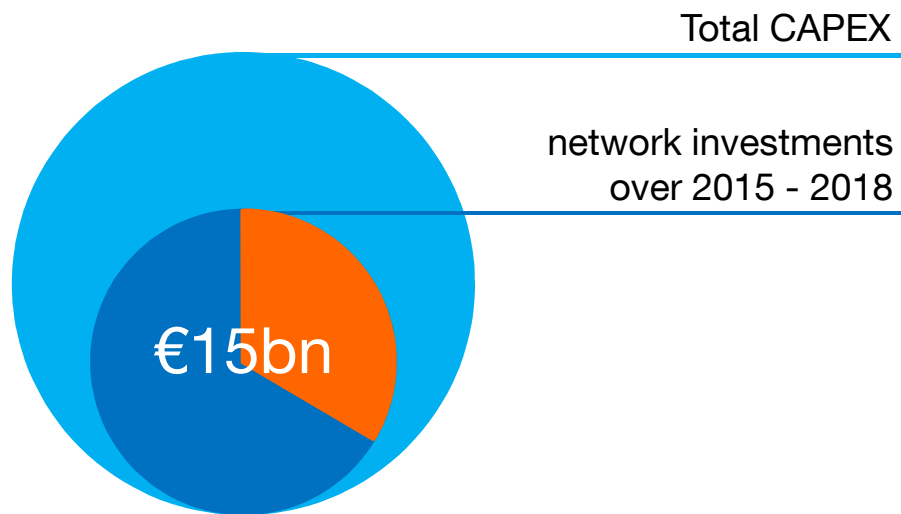


Markets segments

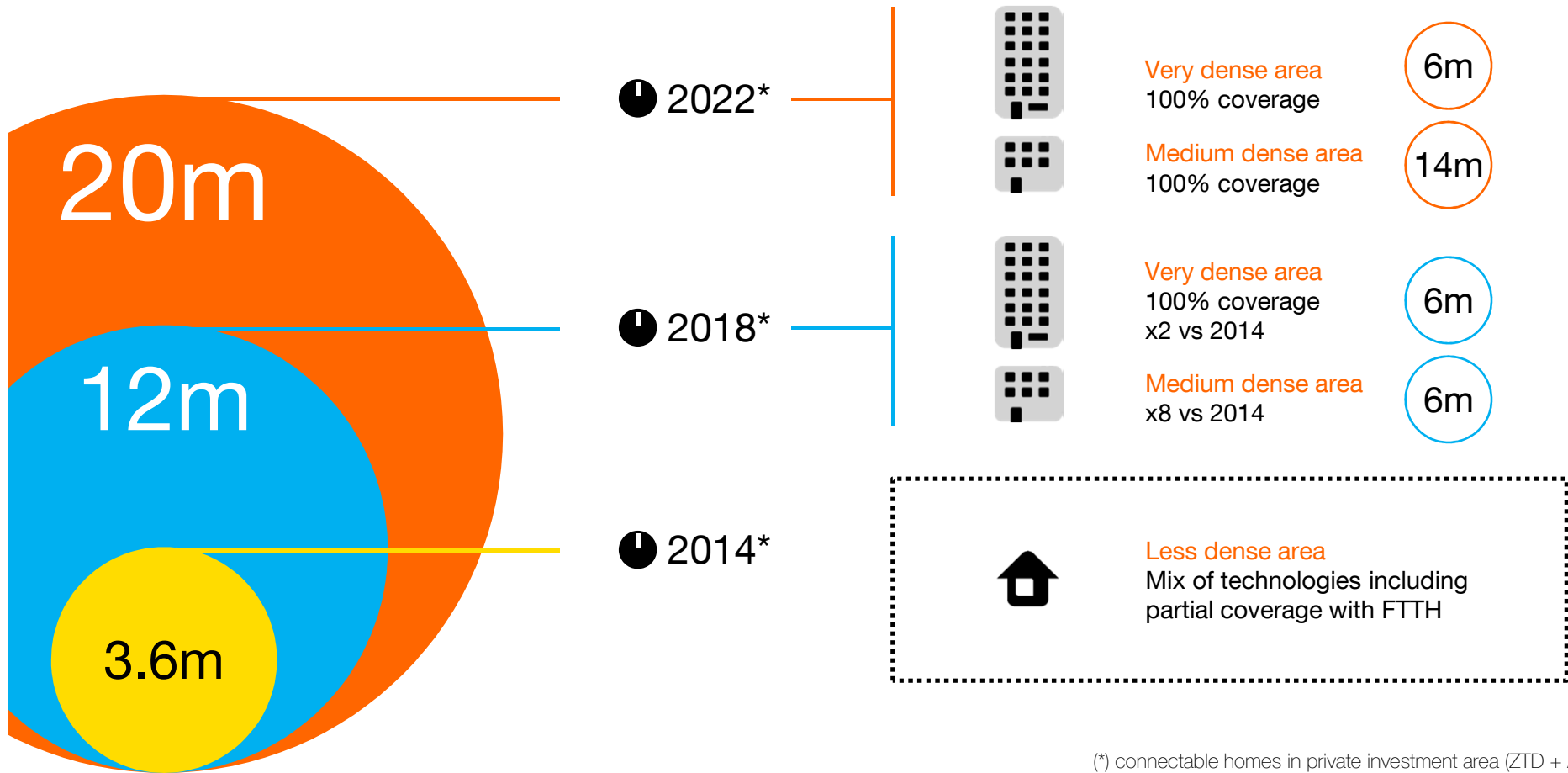


An unmatched customer experience



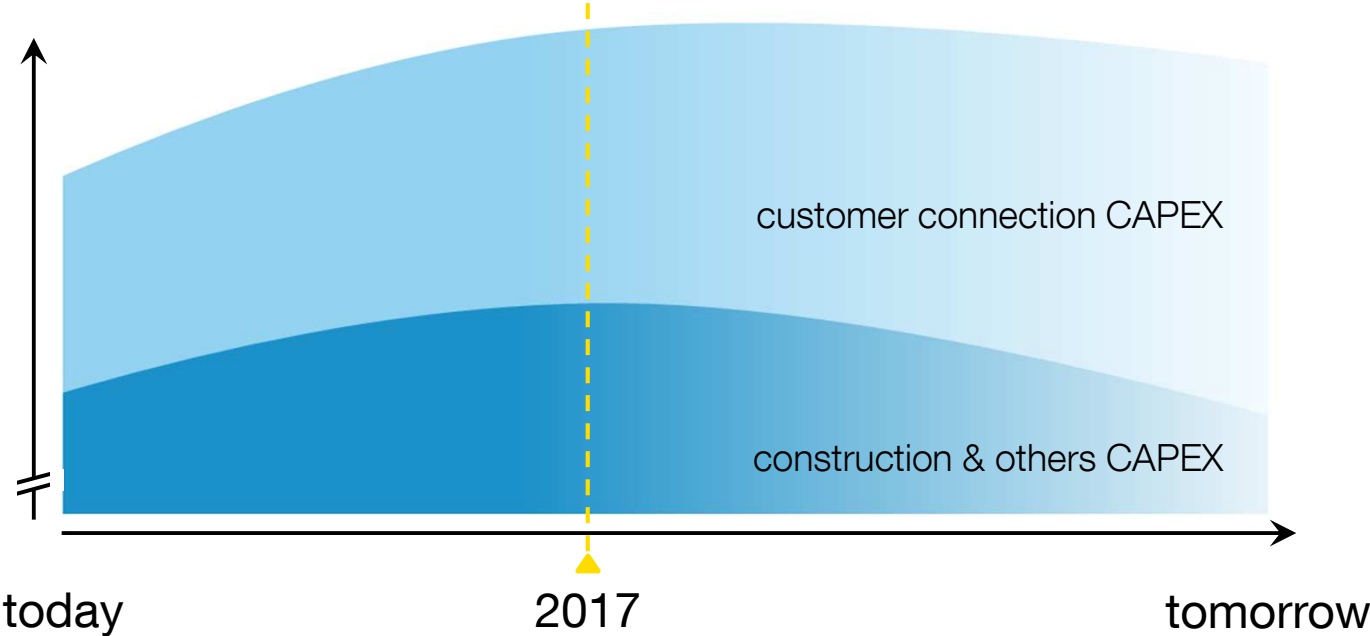


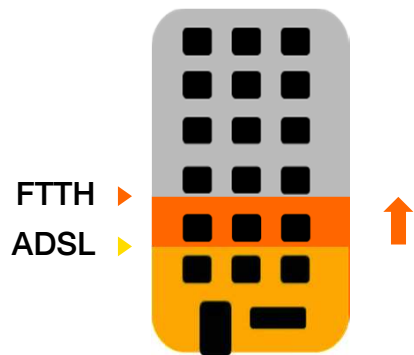
€4.5bn
in FTTH



(*) connectable homes in private investment area (ZTD + AMII)

Increasing share of customer connection capex starting 2017

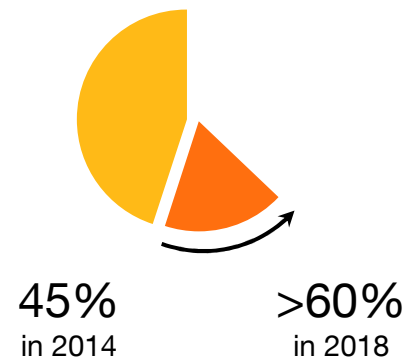




Market share win-back in very dense areas thanks to fiber

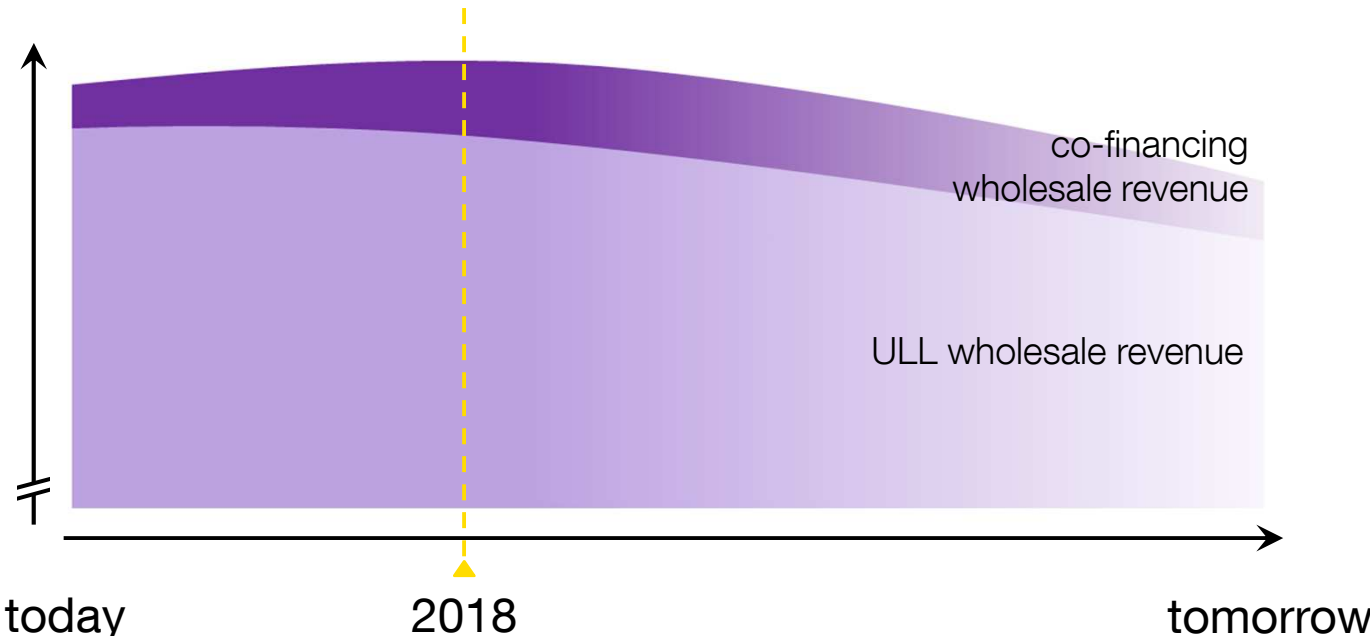


ARPU uplift of FTTH vs. ADSL customers

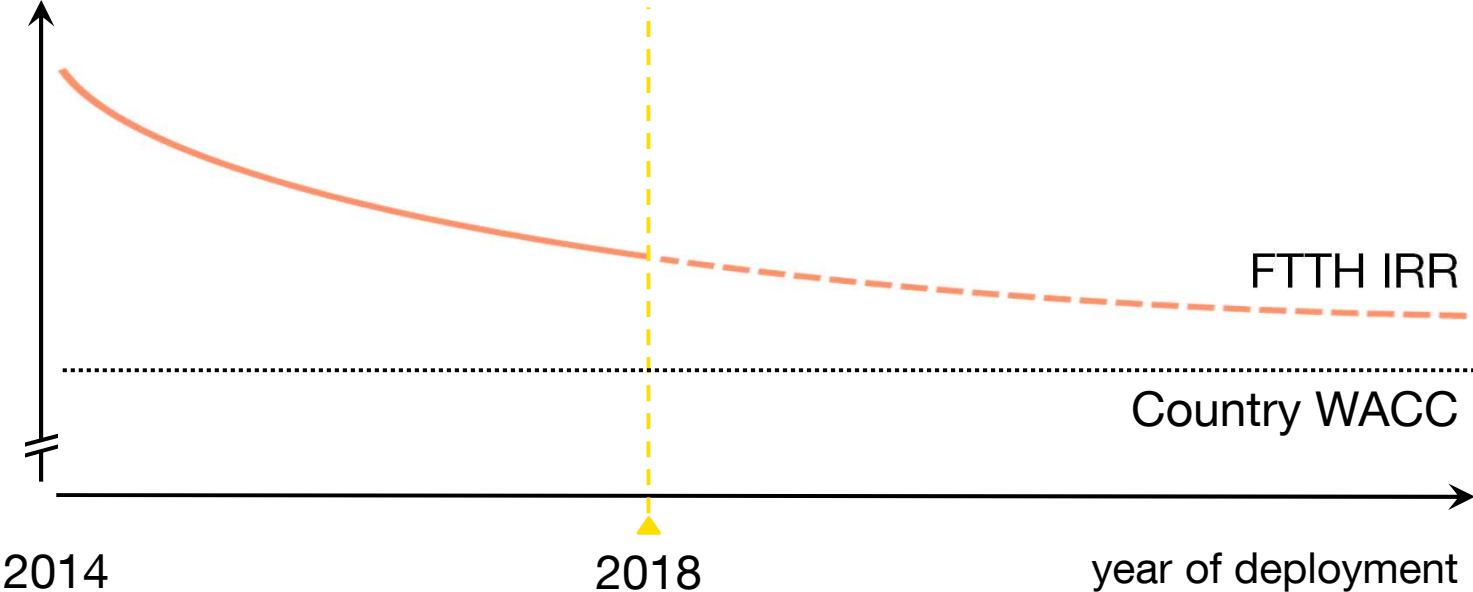


Share of convergent BB customers

Increasing wholesale revenues by 2018 supported by fiber roll-out

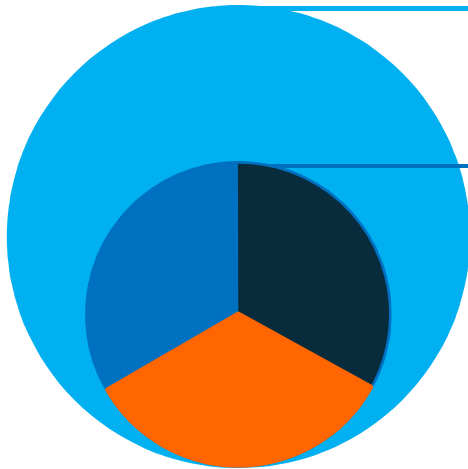


**Expected IRR of FTTH
Capex per year of
deployment always
above WACC**



Total CAPEX

network investments
over 2015 - 2018



€5bn
in mobile
access



100%
4G coverage in
high speed trains



100%
3G/4G coverage in
Paris subway



Top 10
motorways

business dynamics





244 million customers



growing
ARPU



churn
reduction



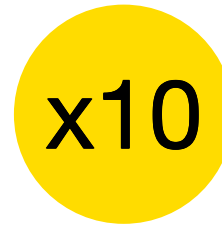
unique
products



distribution
savings

€400 million

mobile banking revenues in 2018



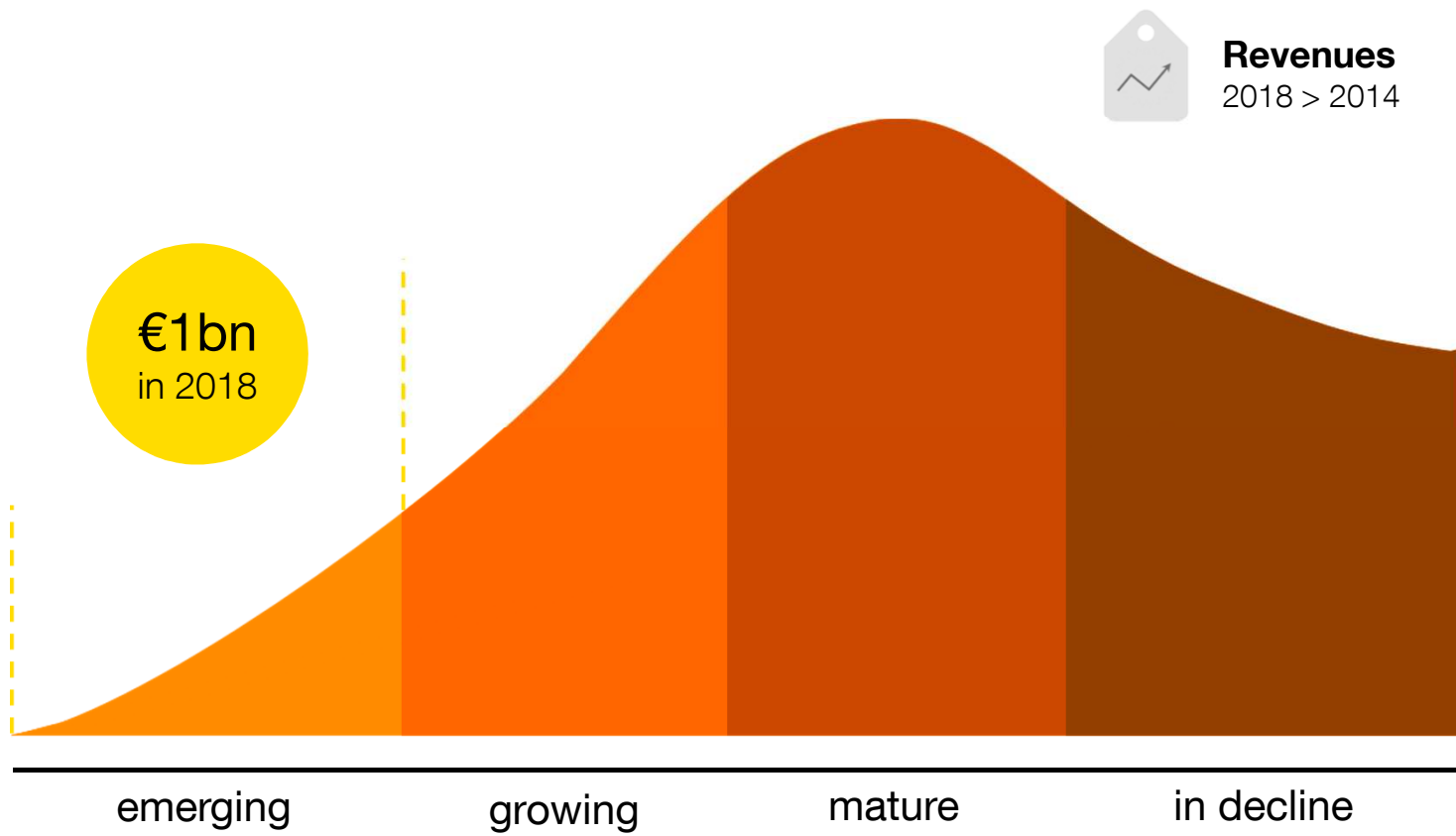
vs. 2014

€600 million

Internet of Things & M2M
revenues in 2018



vs. 2014



Chrysalid

€3 billion

additionnal gross savings

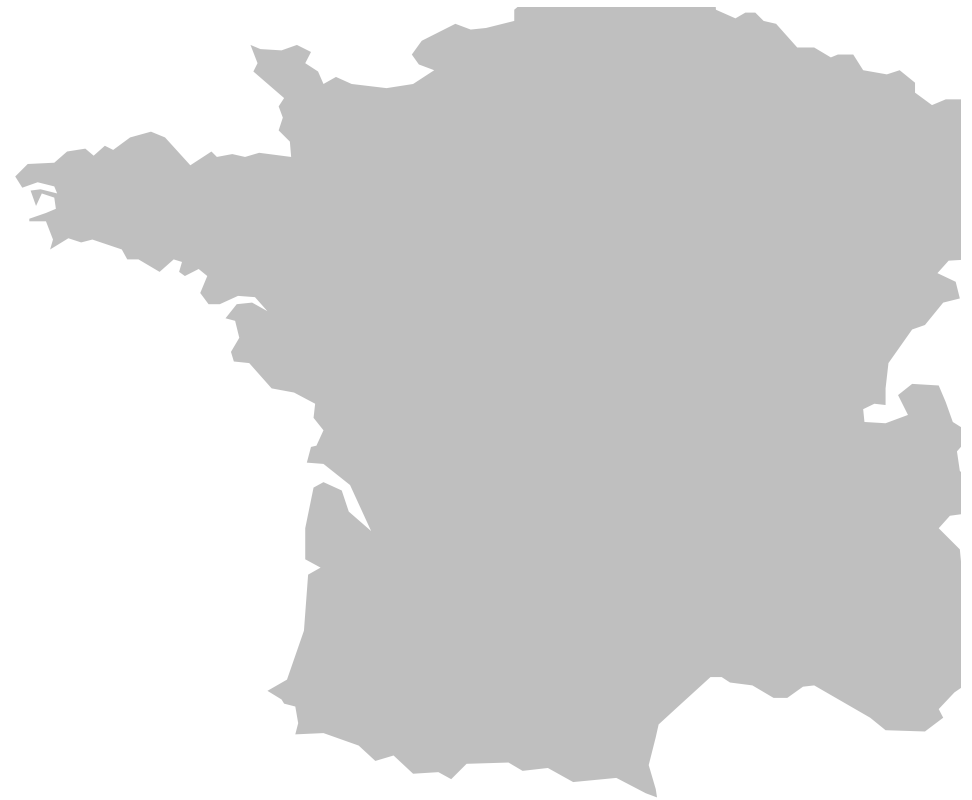
2015 - 2018

-25k

leaving employees
in France over
2015 - 2020

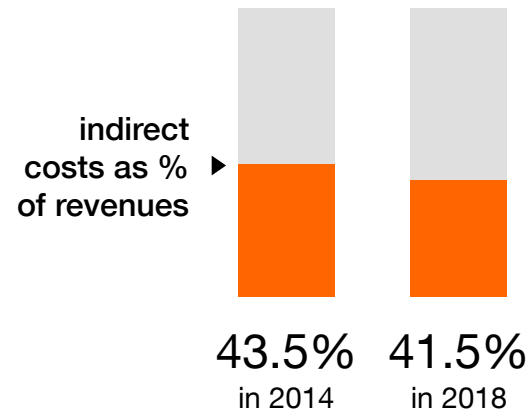


+1.9k recruitments per
year in 2015 and 2016

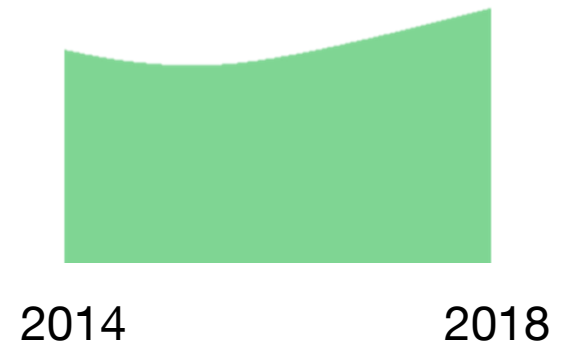




Indirect costs in France
decreasing by 10% over
the period, excluding labor
costs



Group indirect costs
as % of revenues will
decrease by 2 points
over the period



Restated EBITDA
2018 > 2014
with low point in 2015



France

Revenues stabilized from 2017
EBITDA* margin rate higher than 2014 over the period



Europe

Revenues & EBITDA* growth from 2016
2018 EBITDA* above 2014 level



AMEA

Over 20% revenue growth over the period
EBITDA* growing even more



OBS

Revenues stabilized from 2016
EBITDA* stabilized from 2017

* EBITDA stands for restated EBITDA



Leadership in NPS
with 3 clients out of 4



Brand Power Index
improvement



Network leadership
x3 the average data throughput on all our networks



Revenues
2018 > 2014



Digital transformation
50% of interactions in Europe via digital by 2018



Restated EBITDA
2018 > 2014 with a minimum in 2015



digital & caring company
9 out of 10 recommending Orange as an employer



Dividend
≥€0.60



share of IT services
+10pt in OBS revenues mix by 2020



Net Debt / Restated EBITDA
around 2x in the medium term



New services
1bn€ revenues by 2018