

Orange Spain: *the alternative*

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Spain CEO

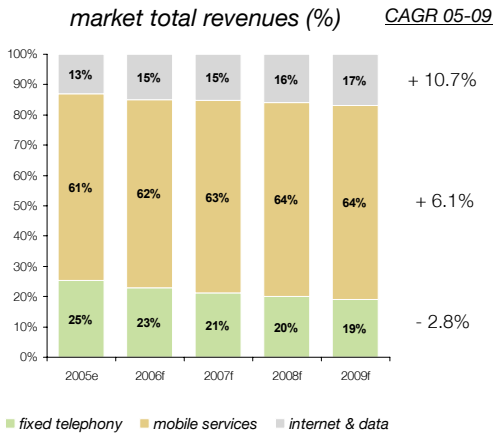


agenda

- 1 market background
- 2 our integrated strategy
- 3 our strengths
- 4 focus on value
- 5 conclusion

the Spanish telecom market

a buoyant market driven by mobile and broadband



Source: IDATE, Digiworld- Dec 2005

3

*market expected
to reach over 30
bn€ in 2009
(CAGR: 5%)*

the Spanish telecom market

regulatory environment

stabilized in mobile

mobile termination rates reduced to almost 50% by 2009

retail and wholesale roaming regulation to follow EU decisions

the regulator has promoted the MVNO market on interoperator commercial agreements basis

improving in Broadband

naked ADSL included in wholesale regulation

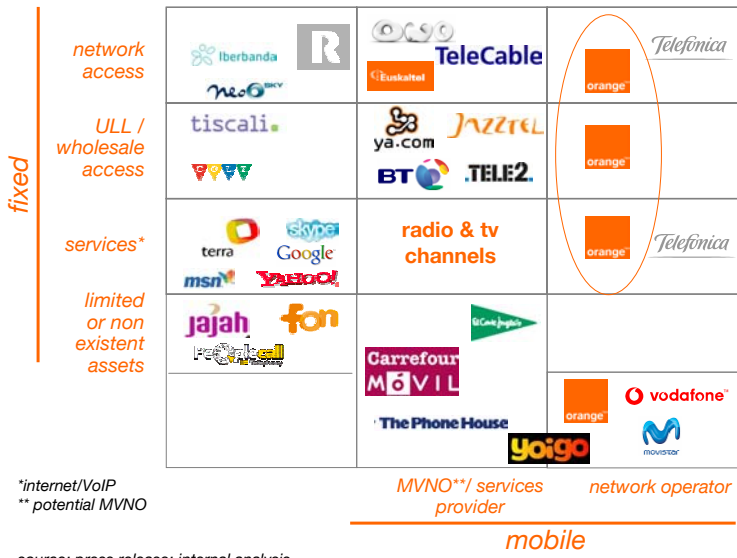
incumbent penalized for not complying with regulation and with investigation in process in EU

process initialized for 20% reduction in wholesale broadband price

4

the Spanish Telecom market

the unique integrated operator with a single brand



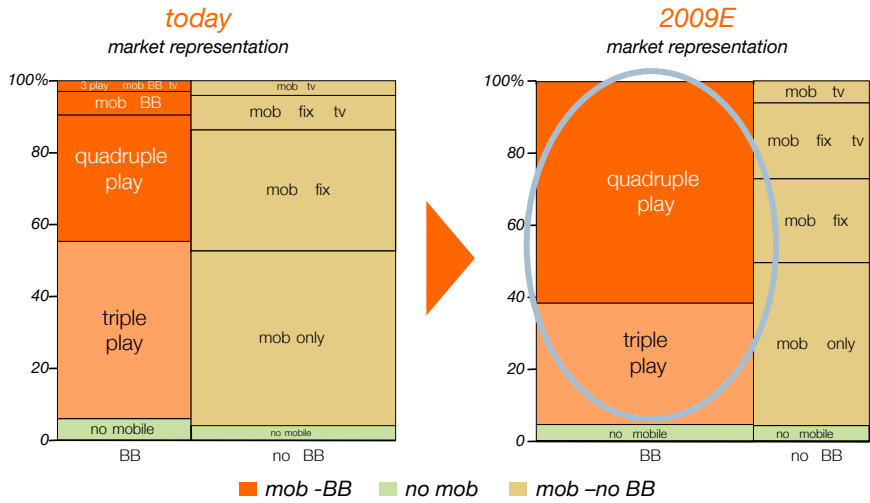
*internet/VoIP
** potential MVNO

source: press release; internal analysis

5

the Spanish Telecom market

convergence is a key driver for growth



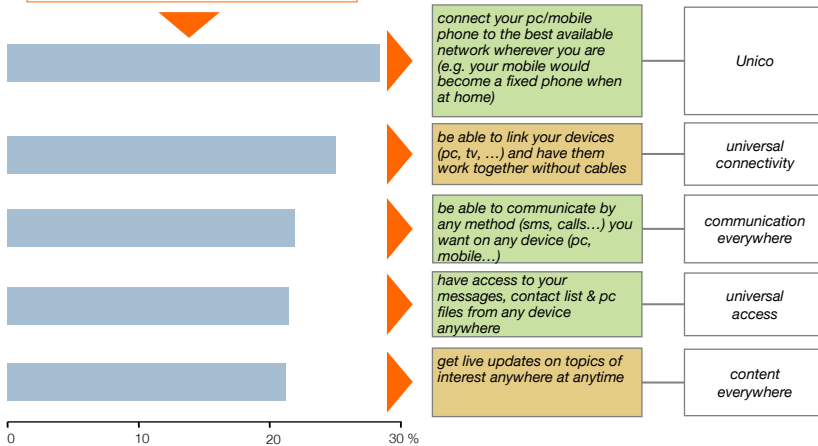
6

source: internal survey, july 2006.

the Spanish Telecom market

the market is asking for converged services

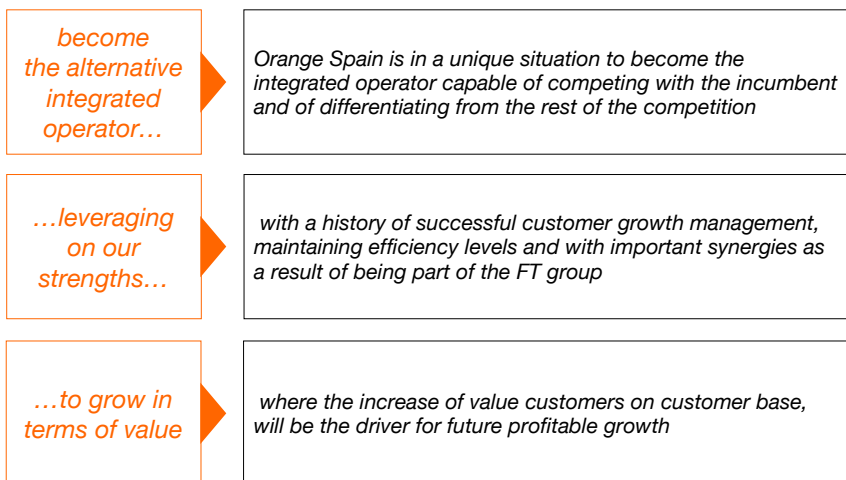
over 20% of surveyed customers have made clear their appetite for convergence



7

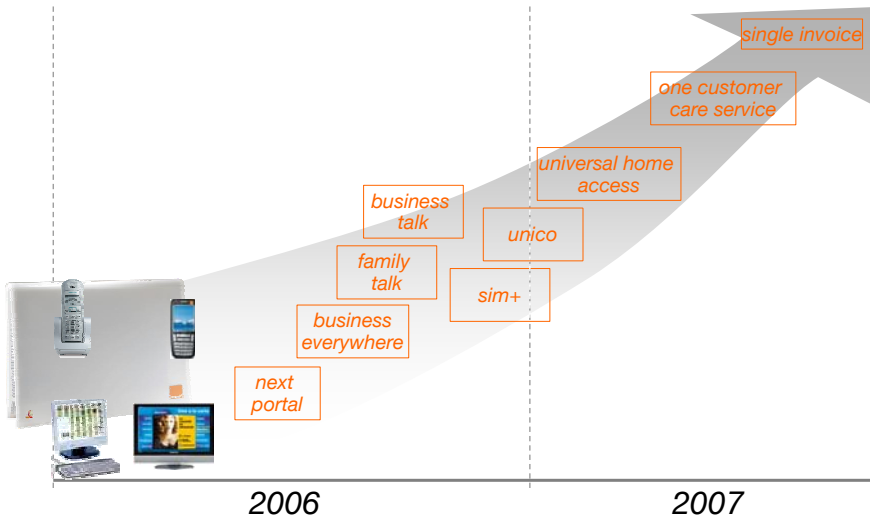
source: internal survey, july 2006.

our strategy in Spain



8

become the alternative integrated operator 2006 and 2007 key milestones

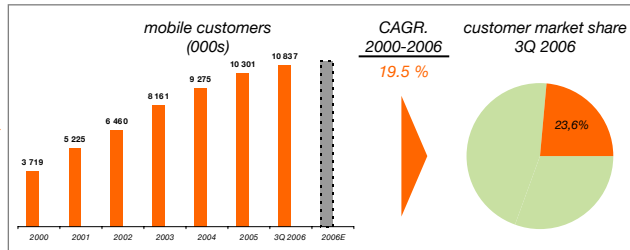


9

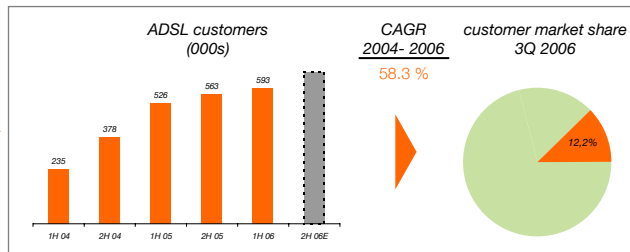
source: France Telecom Group Next Program

our strengths a strong track record in customer growth...

mobile
customer
base



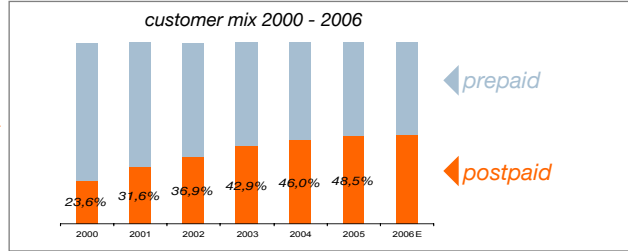
broadband
customer
base



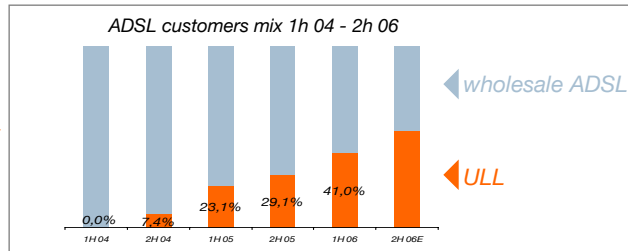
10

our strengths ... and value

mobile
customer
value



broadband
customer
value



11

our strengths

achieving synergies and efficiency in monetary terms...

capex and opex efficiency

**ORANGE - VODAFONE network
infrastructure sharing agreement**

3G: radio access network sharing

5,000 node b in 4 years
no regulatory implications
first in europe

2G: site sharing

1,200 sites decommissioning
by 2008
OPEX reduction



group synergies

by leveraging on the Group,
104M € synergies will be
achieved in 2006 coming from:

decrease in purchase prices of Fixed
& Mobile network equipment

exchange of roaming traffic among
Orange

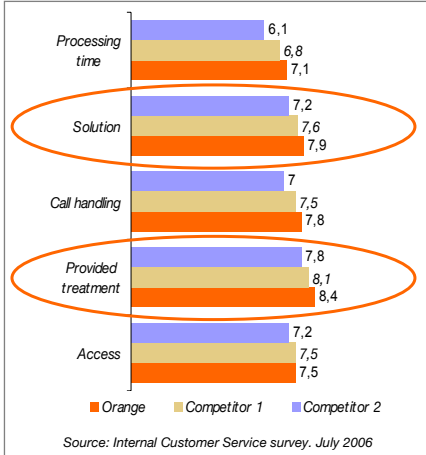
decrease in purchase price of handsets

12

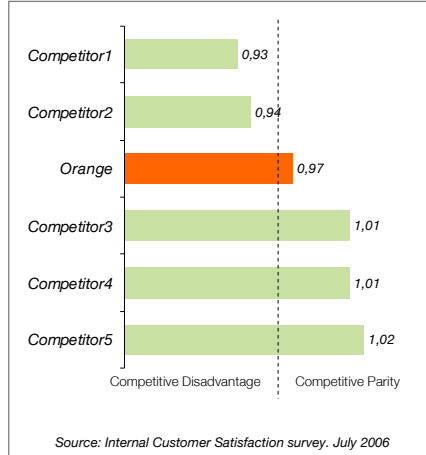
our strengths

... in customer service and satisfaction...

first in class in customer care for mobile



customer satisfaction parity with broadband competitors

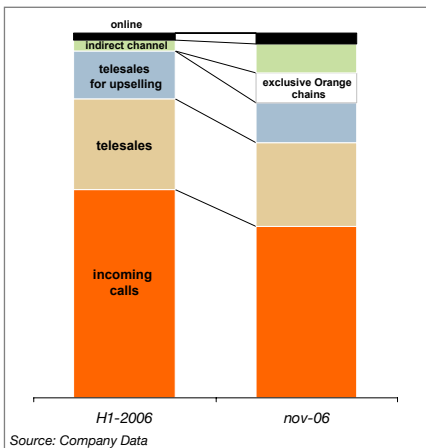


13

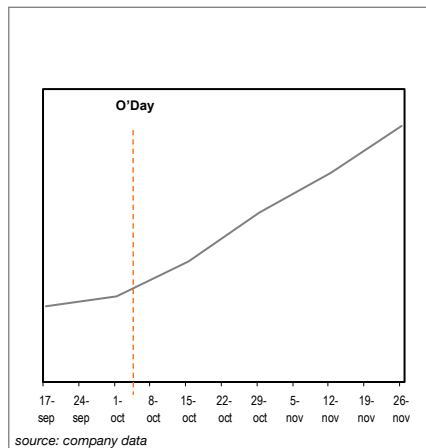
our strengths

... and in the distribution channel

channel mix of ADSL gross adds



broadband gross adds in Orange mobile channel (Sept - Nov 06)

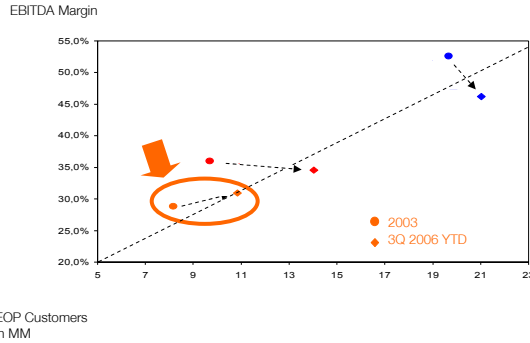


14

our strengths margin improvement

number one
in managing
customer
base growth
and ebitda
margin
improvement

mobile competitive landscape profitability profile

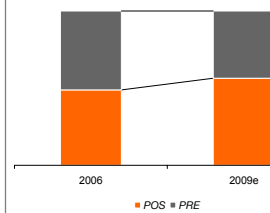


15

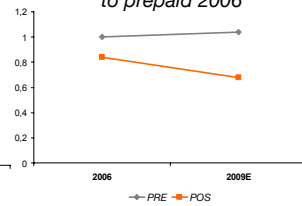
focus on value towards a more & more valuable customer base ...

shift in
customer
base
towards
mobile
contract
customers
...

mobile customer mix

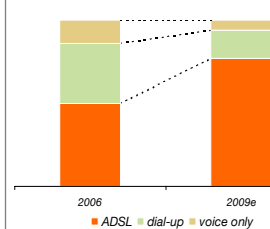


mobile churn evolution indexed to prepaid 2006

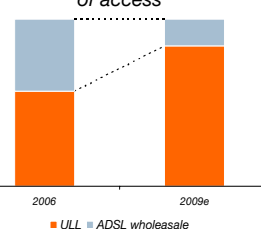


...and
ADSL / ULL

broadband customer mix



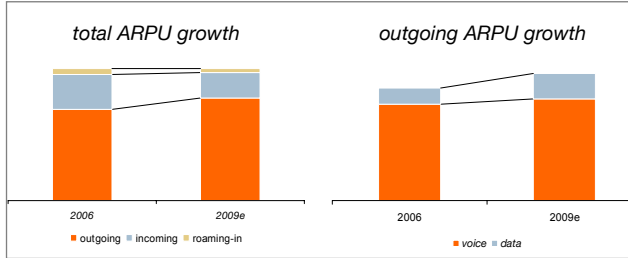
ADSL customers mix by type of access



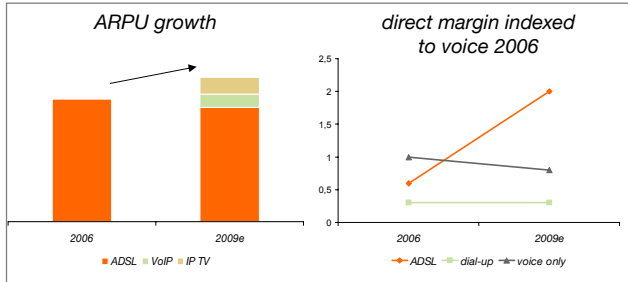
16

focus on value
... that will bring greater profits

... will bring greater value in the mobile business



...and ADSL / ULL



focus on value
leading new growth opportunities in the mobile wholesale market...

firms who want to be MVNO...

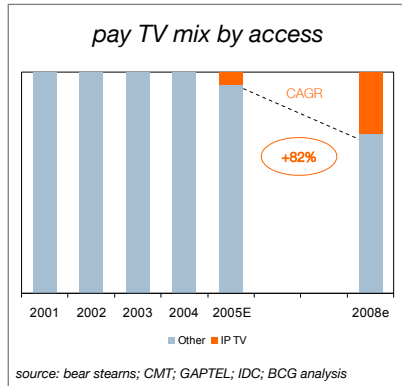
distributors	
operators	
brands	
low cost & niche offer	<p>+ start-ups</p>

...up to now, signed deals:

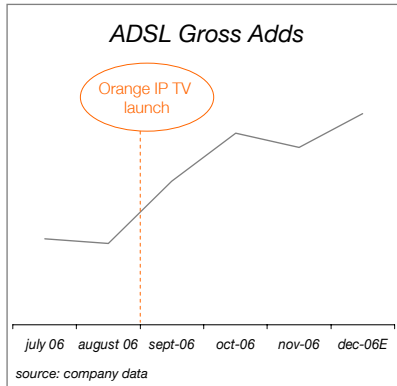
the new regulatory framework is an opportunity

focus on value ... and in IP TV

IPTV will drive pay TV penetration in Spain



IPTV stimulates ADSL growth



19

conclusion

- *Orange goal is to become a clear number 2 integrated telecommunications operator in the Spanish market*
- *offering our customers a unique and differentiated experience, providing a global solution for their needs, with the simplest customer experience*

20