

France Telecom Orange

investor day conquests 2015

Europe

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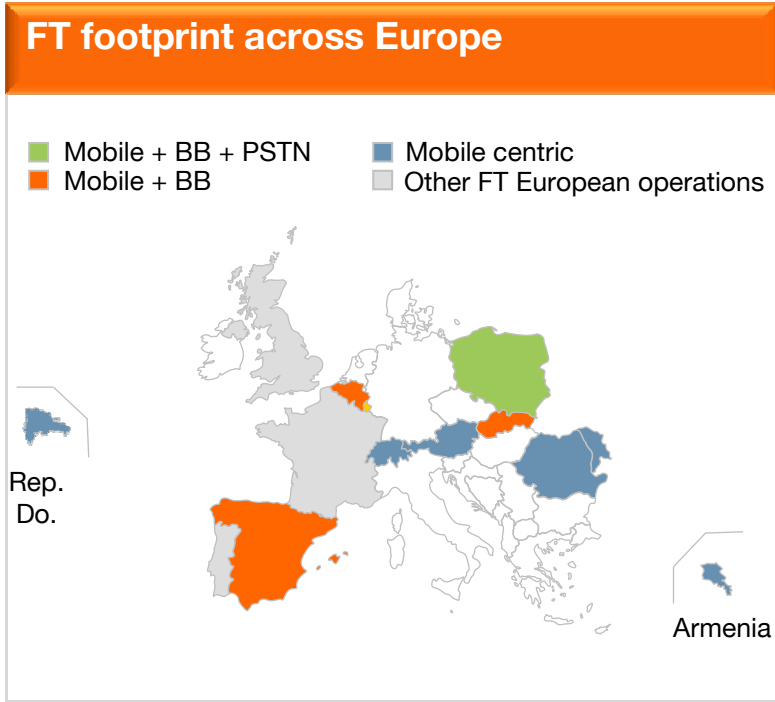
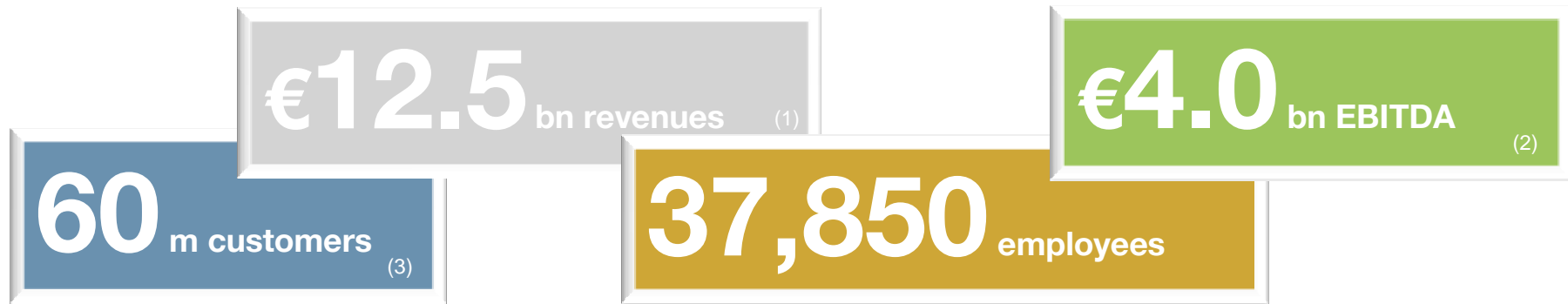
May 31st, 2011



cautionary statement

- This presentation contains forward-looking statements about France Telecom's business and its "Conquests 2015" industrial plan. Although France Telecom believes these statements are based on reasonable assumptions, the actual occurrence of the forecasted developments is 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 materially from the results anticipated in the forward-looking statements include, among other factors, overall trends in the economy in general and in France Telecom's markets, the efficiency of the strategy incorporated in the "Conquests 2015" industrial plan and of other strategic, operational and financial plans, France Telecom's ability to adapt to the ongoing transformation of the telecommunications industry, regulatory developments and related constraints, as well as the outcome of legal proceedings and the risks and uncertainties related to international operations and exchange rate fluctuations.
- More detailed information on the potential risks that could affect France Telecom's financial results can be found in the Registration Document filed with the French *Autorité des marchés financiers* and in the annual report on Form 20-F filed with the U.S. Securities and Exchange Commission. Except to the extent required by law, in particular Articles 223-1 et seq. of the General regulation of the *Autorité des marchés financiers*, France Telecom does not undertake any obligation to update forward-looking statements.

solid value position in 11 mature markets



76% of our mobile customer in market position #1 or #2

As of Q4 2010

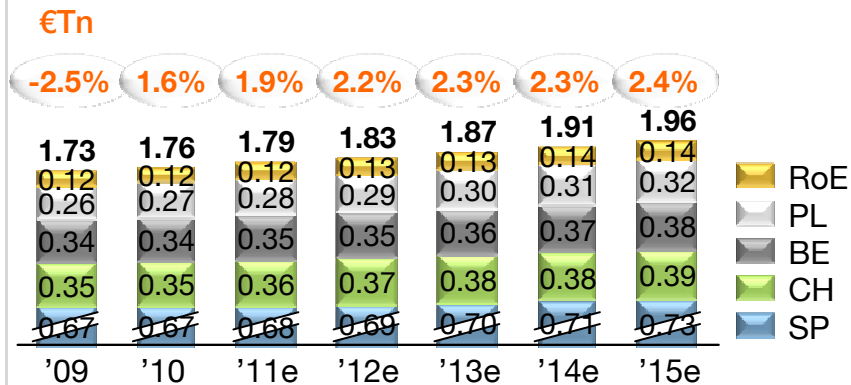
	mobile		fixed BB	
	value share	customer base	value share	customer base
TPG (Poland)	31% (#1)	14.3m	44%	2.3m
Orange Spain	19% (#3)	11.9m	8%	1.1m
Orange Romania	43% (#1)	10.5m	-	-
Mobistar (Belgium)	36% (#2)	3.7m	3%	56k
Orange Slovakia	55% (#1)	2.9m	6%	47k
Orange Dominicana	42% (#2)	2.9m	-	-
Orange Moldova	72% (#1)	1.7m	-	-
Orange Switzerland	20% (#2)	1.6m	-	10k
Orange Armenia	na (#3)	0.6m	-	-
Orange Luxembourg	na (#3)	0.1m	-	-
Orange Austria ⁽⁴⁾	19% (#3)	2.2m	-	-

(1) contributive revenues; (2) Contributive EBITDA restated from DPTG litigation (€266m); (3) retail customer base excluding wholesale fixed lines, M2M lines and MVNO customers, Orange Austria customers are consolidated at 35%; (4) Orange Austria is consolidated for under the equity method



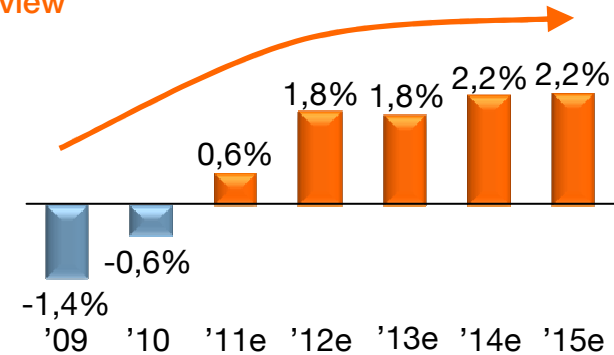
economy and telecom market are recovering, regulatory visibility is improving, and opportunities in data arising

GDP is recovering on FT European footprint

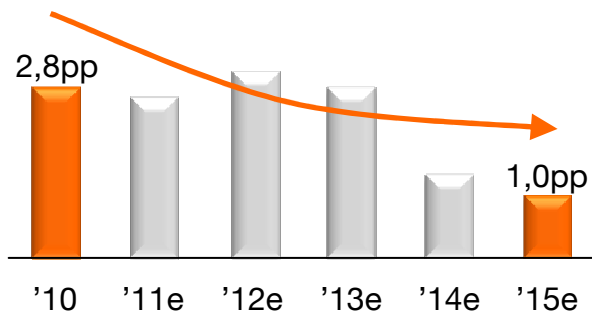


Telecom market growth is meant to bounce back

Retail view



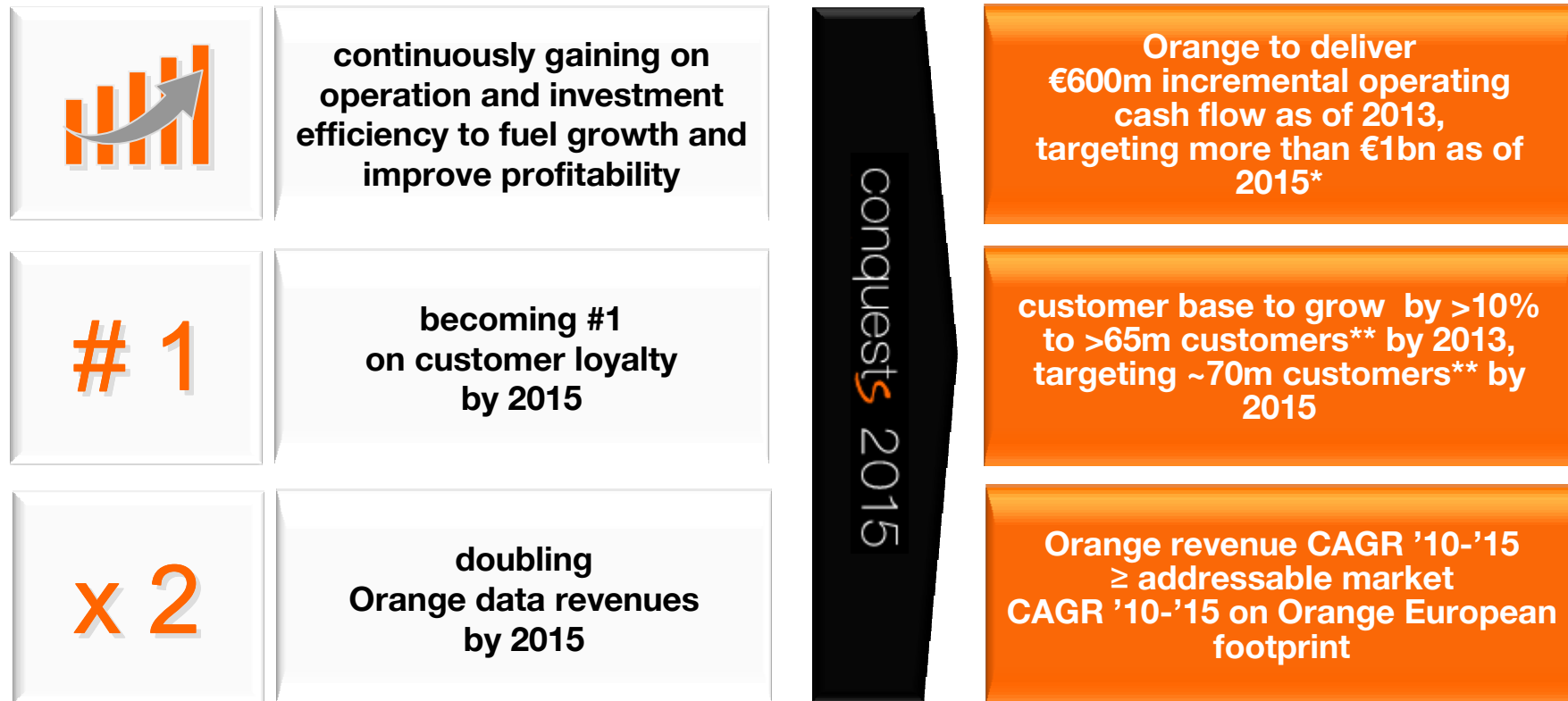
MTR cut impact on Orange mobile revenue growth will decrease, regulation becomes more transparent



innovations and customer demand in mature markets are opening up new opportunities in data



Orange will focus on 3 priorities ambitioning to achieve €1bn incremental operating cash flow as per Conquests 2015 for Europe



* excludes the provision of €266m for the DPTG litigation in 2010

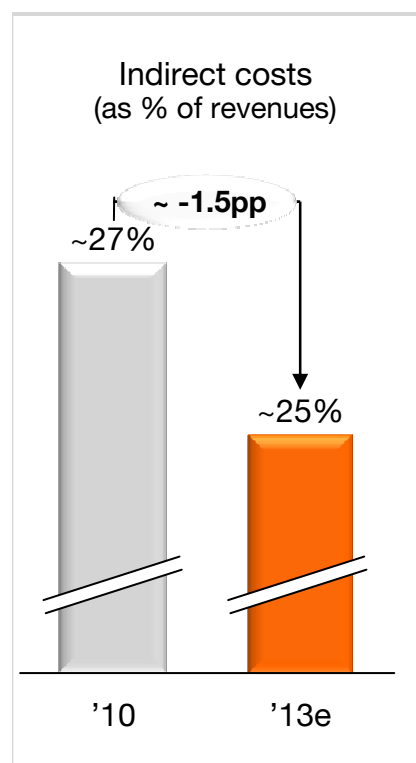
** excluding M2M lines, MVNO and Orange Austria

note: operating cash flow stands for EBITDA-CAPEX

indirect cost reduction will support the Orange growth priorities

12 key transformation programs

Efficiency for our customers	customer services transformation
	distribution & supply chain optimisation
	e-sales
	e-billing
	portfolio pruning
Network & IT performance	network optimisation
	network sharing
	IT renewal & optimisation
	energy program
Organisation & support optimisation	outsourcing & near-shoring
	organisation optimisation
	real estate



fuelling future performance

Excel

in customer experience

Capture

new growth opportunities

> indirect costs include labour costs, network and IT fixed costs, property & G&A costs and other operating costs, exclude interconnection costs, commercial expenses and content costs



Orange will excel in customer experience to become #1 in customer loyalty

improving network quality and efficiency



€450m

CAPEX for 2011 and 2012 dedicated to RAN renewal across the region

driving customer experience



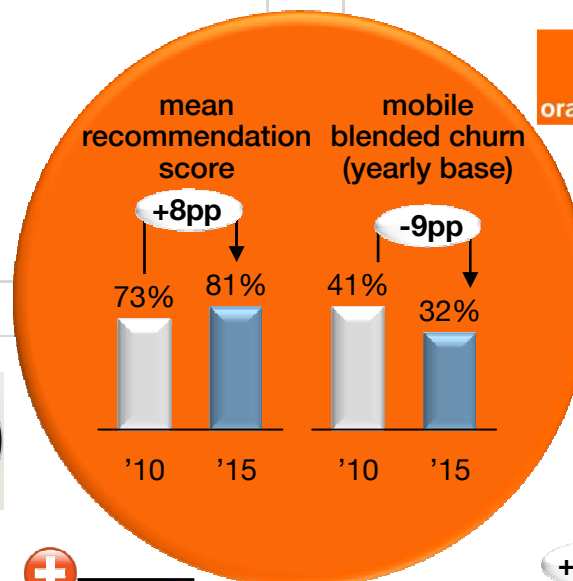
- strengthening front line



- leveraging Orange brand



- Orange care



Animal tariffs

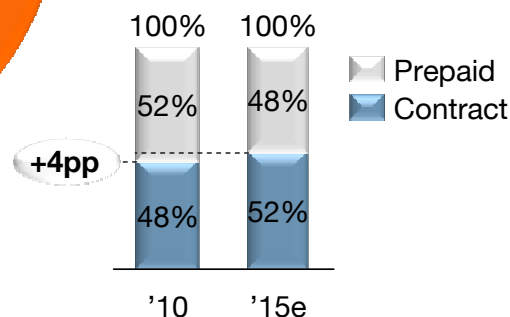


Orange garancia



Orange me

Orange mobile customer base mix














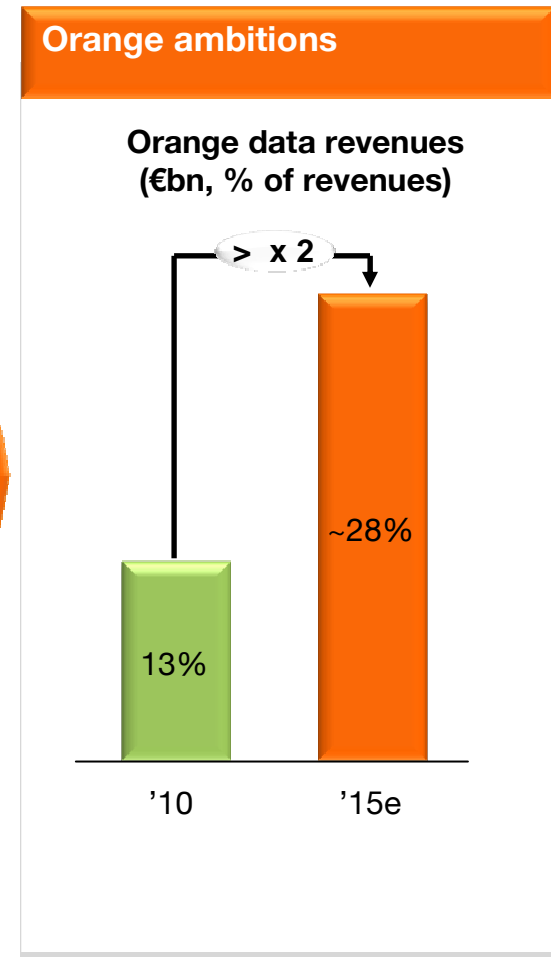
price segmentation & proactive retention

shifting prepaid to postpaid, leveraging convergence

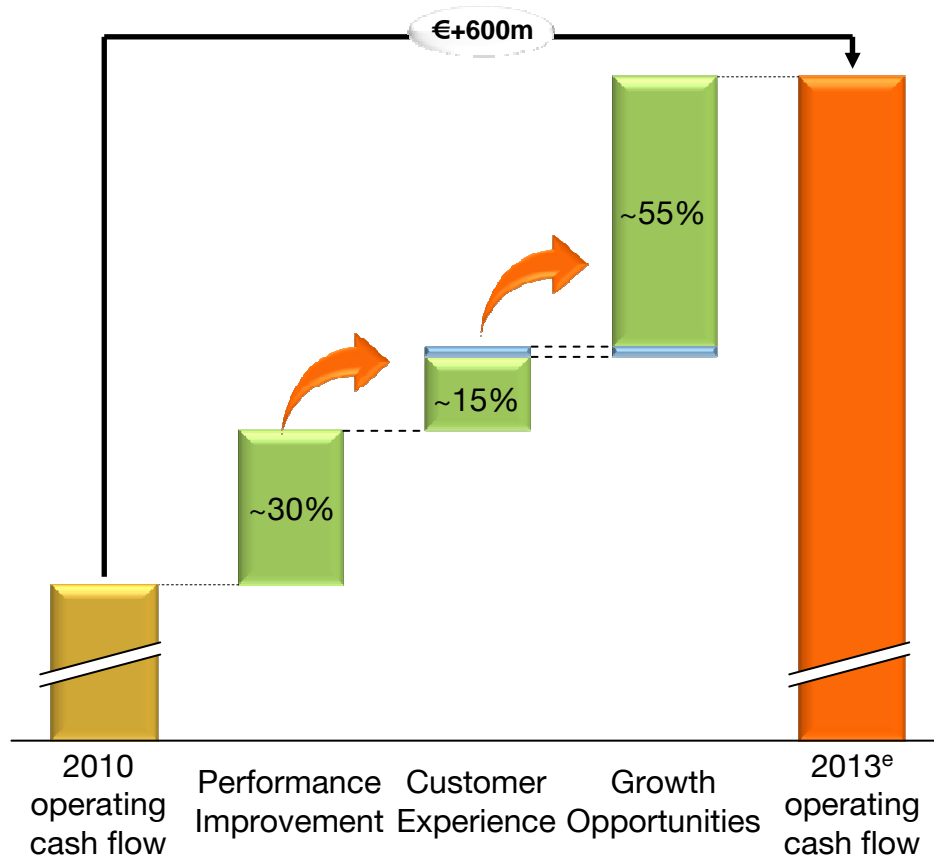
Orange will focus on 3 growth priorities to more than double its data revenues representing circa 28% of total revenues by 2015

Market revenue opportunity
 Δ '10-'15

 <p>€~3.1bn</p>	<p>mobile data for B2C</p>	 great networks  best customer relationship  segmented & multi-devices data plans
 <p>€~1.5bn</p>	<p>fixed data for B2C</p>	 pragmatic go-to-market models: - Incumbent model (eg Poland) - Light asset model (eg Belgium)  partnerships with content and service providers
 <p>€~1.5bn</p>	<p>data for B2B</p>	 multi-channel approach  convergent solutions and services  IP transformation and IT integration services leveraging our know-how

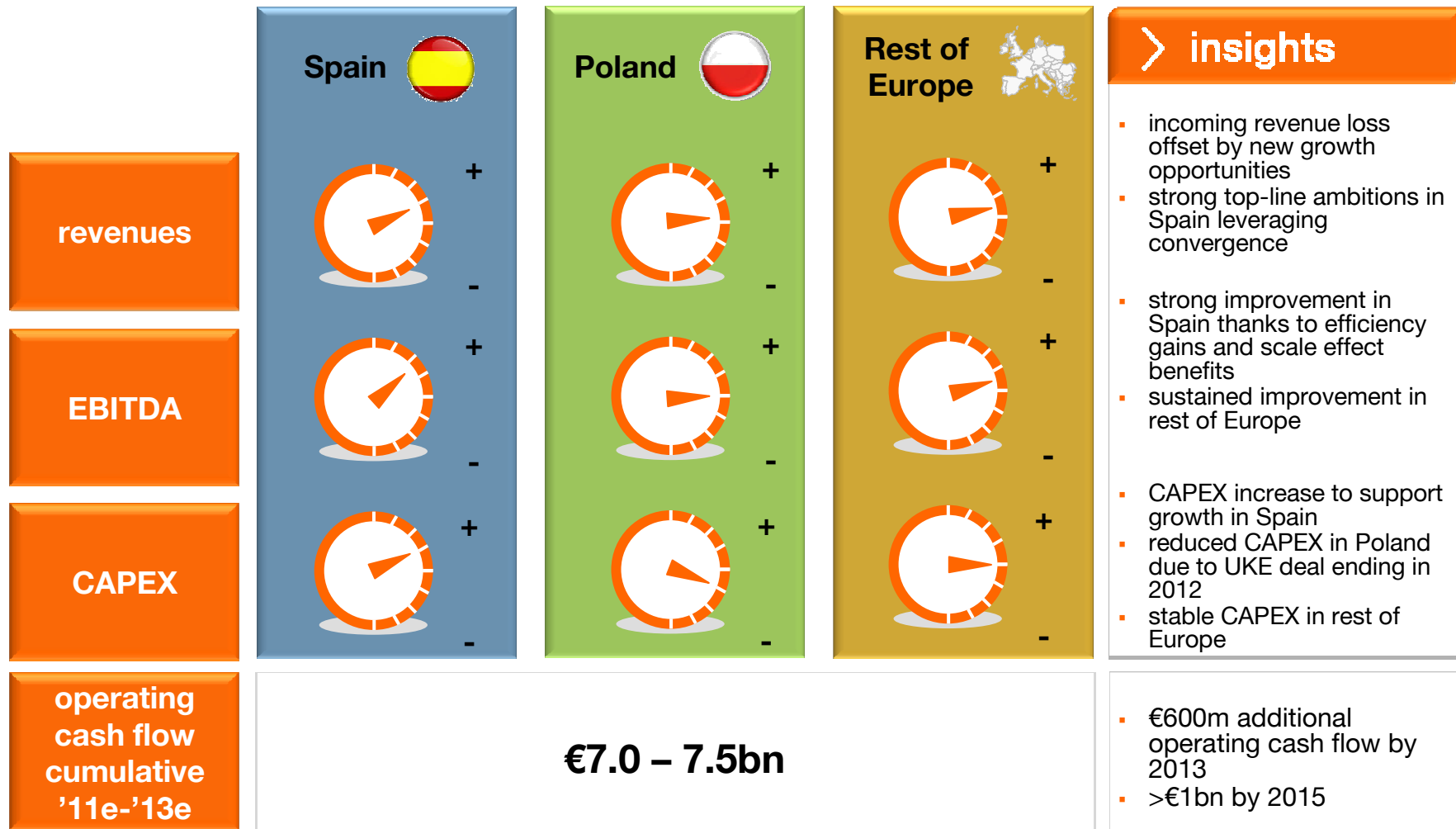


balancing performance improvement, customer experience focus and revenue growth across Europe will target a €600m incremental organic operating cash flow as of 2013



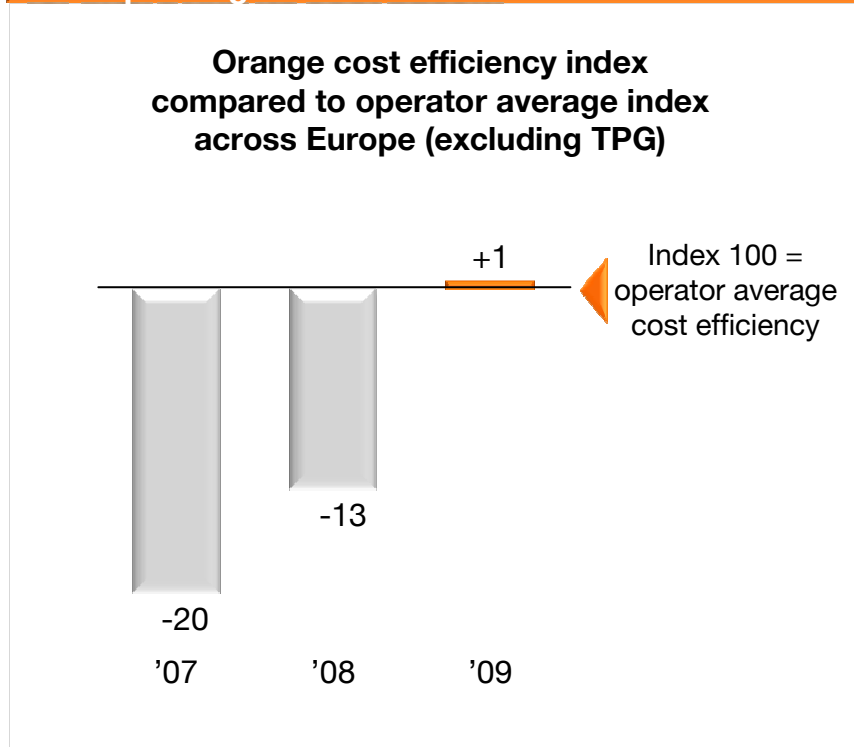
- 1
 - performance improvement
- 2
 - customer experience
- 3
 - growth opportunities

regional view – trends 2010-2013

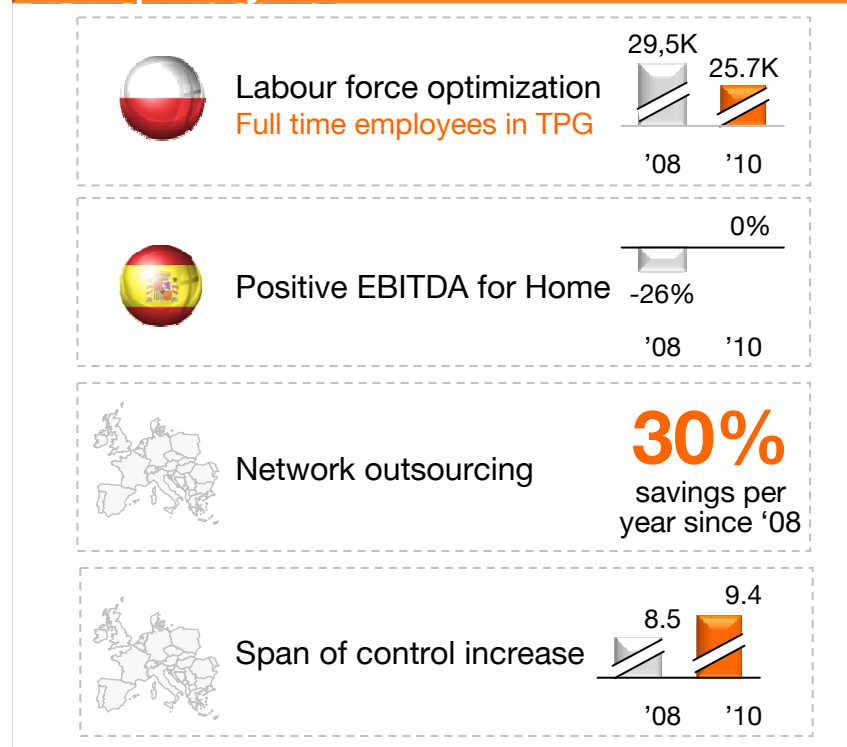


operational excellence driven by strengthening culture focused on execution and efficiency

Orange in Europe has now a strong track record for improving its cost base...



... and achieved significant milestones in the past 2 years

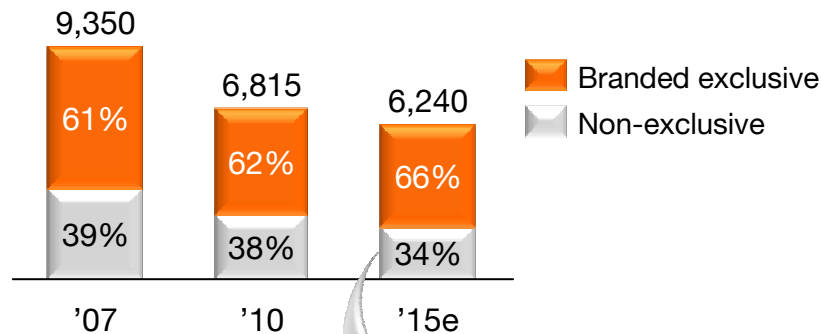


€550m cumulated savings (Opex+Capex) achieved across Europe in the last 2 years

improving ROI on customer expense through controlled distribution and a value sales force

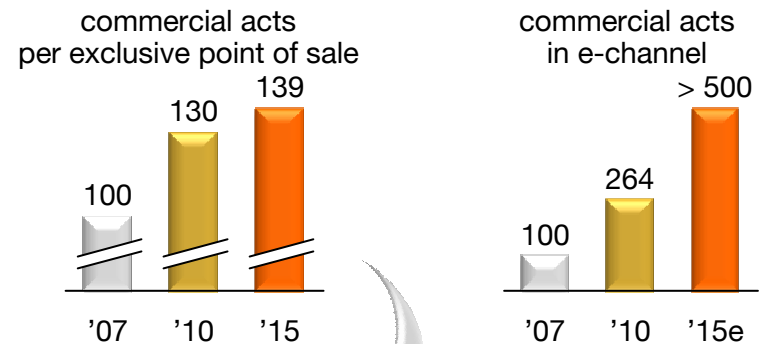
Orange will pursue the optimization of its physical distribution...

physical points of sales mix evolution



... and continue to increase productivity in exclusive and e-channel

commercial acts in exclusive and e-channels (index 100 in 2007)

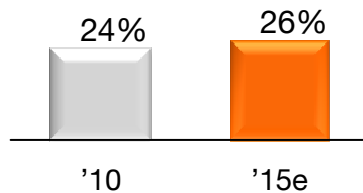


and mastering customer investment

SARC will remain under strong control...

SARC as % of contract outgoing revenues

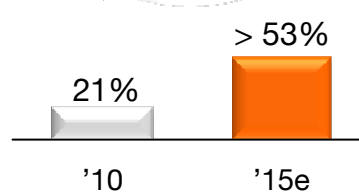
+2pp



...while smartphone penetration will increase...

% of smartphone in contract base

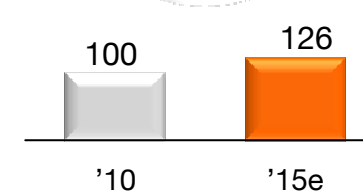
+30pp



... driving up mobile contract revenues & customer base

mobile contract outgoing revenues Index 100 in 2010

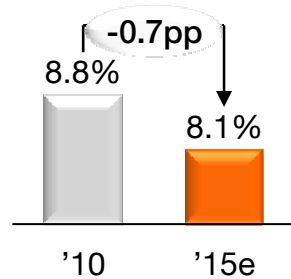
>25%



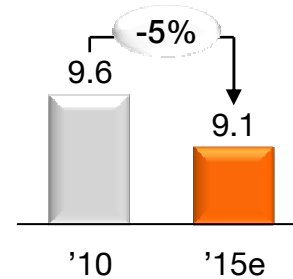
continuous performance improvement & further efficiency opportunities will enable Orange to proficiently manage its cost base

performance improvement on key cost domains

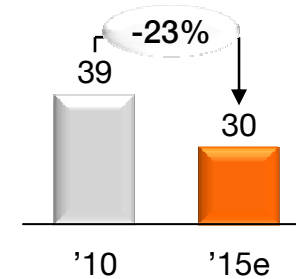
labour force under control (as % of revenues)



network and IT running costs (yearly cost per customer*, €)



supply chain efficiency (Days of Outstanding Inventory)



+

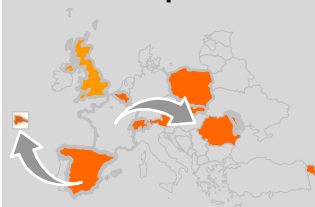
arising opportunities leveraging Orange scale

RAN sharing extension

- with Vodafone
- with Base
- JV with DT
- network JV with Era

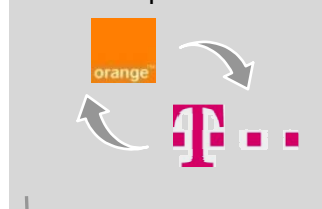
20 to 40% savings on cost per site

insourced off shoring development



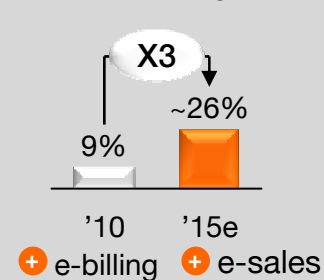
- 400 FTE near-shored in '10
- > 1,400 FTE in '12
- Skill-centres development

strengthened sourcing procurement cooperation**



> €300m savings / year as of 2015

moving processes to "E" online contract renewals & upgrades




3x mobile data revenues in Europe to reach ~20% of consumer mobile revenues by 2015

customer demand for personal internet



combining personal and web content



accessible anytime, anywhere and on any device



with more affordable and transparent pricing


Orange levers



great networks

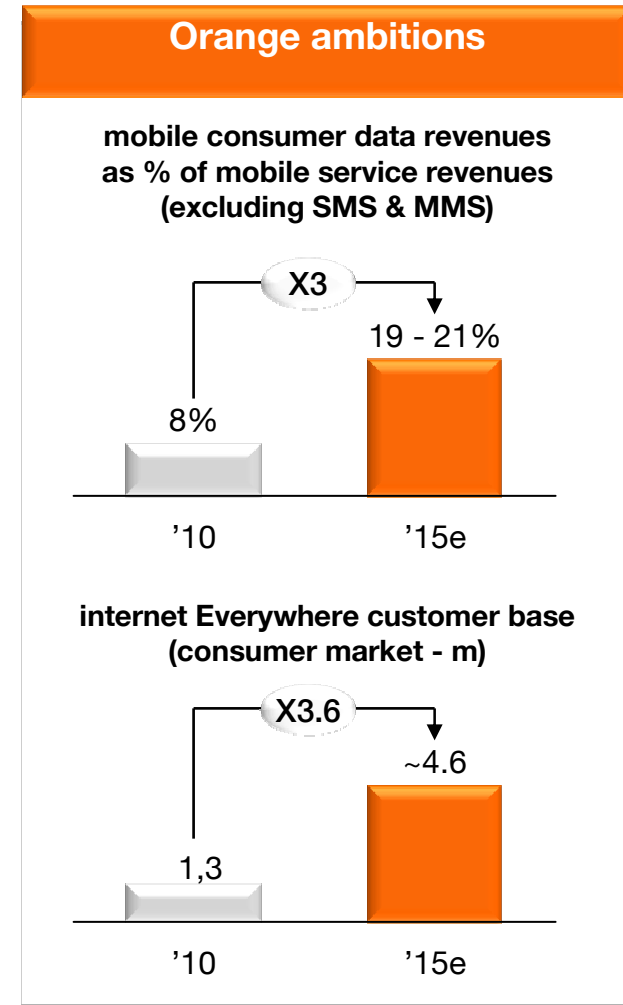


best customer relationship



segmented and multi-devices data plans

€~3.1bn
Market growth opportunity
Δ'10-'15



doubling consumer fixed BB revenues by 2015, positioning Orange with 3P and 4P offers in Europe

customer demand for fixed broadband

€~1.5bn
market growth opportunity
Δ'10-'15





high speed affordable connectivity for Home



digital TV and VOD



home and away seamless connectivity

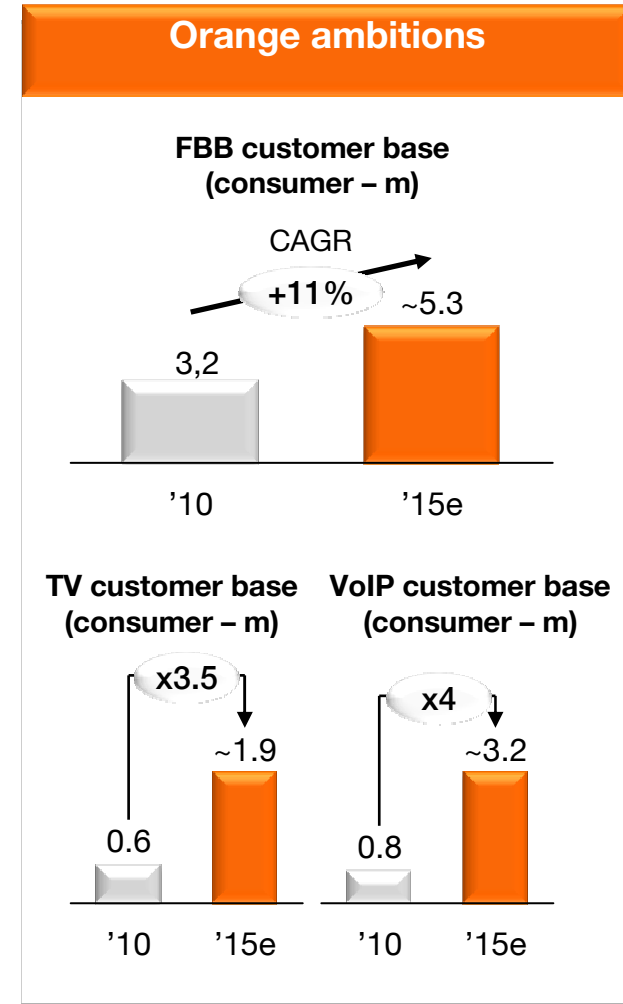
Orange levers



pragmatic go-to-market models:
- incumbent model (eg Poland)
- light asset model (eg Belgium)



partnerships with content and service providers



B2B is a sustainable growth driver for Europe with 3% CAGR till 2015



€~1.5bn
market growth opportunity
Δ'10-'15

dedicated B2B journey with focus on SoHo and SME

simple mobile and broadband solutions meeting specific B2B needs

multi-channel purchase and customer service experience

convergent solutions and services making business life easier

innovative M2M portfolio to help businesses seize new opportunities

IP transformation and IT Integration services leveraging group know-how

Orange ambitions

B2B revenues excluding mobile incoming revenues

CAGR

+3-4%

'10 '15e

B2B mobile data revenues (including M2M)

CAGR

+17-18%

'10 '15e

B2B fixed data network solutions

CAGR

+7-8%

'10 '15e

16

investor day Conquests 2015