

continental  
Europe\*, Africa,  
Middle East

solid businesses  
with continuous  
profitable growth

\*continental Europe excluding France, Spain and Poland

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march 4 & 5, 2009



### cautionary statement

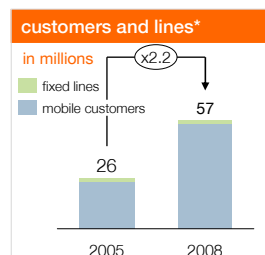
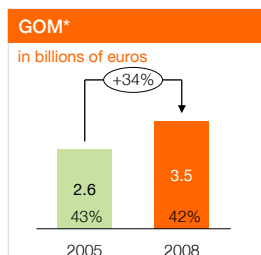
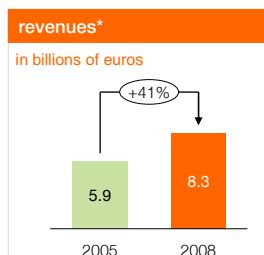
- this presentation contains forward-looking statements about France Telecom's future business performance. although France Telecom believes these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet 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 materially from the results anticipated in the forward-looking statements include, among others, overall trends in the economy in general and in France Telecom's markets, the effectiveness of the integrated operator strategy including the success and market acceptance of the Orange brand and other strategic, operating and financial initiatives, France Telecom's ability to adapt to the ongoing transformation of the telecommunications industry, regulatory developments and 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 Form 20-F filed with the U.S. Securities and Exchange Commission. except to the extent required by law, France Telecom does not undertake any obligation to update forward-looking statements.

## key messages

- 1 a balanced portfolio of countries with a common vision and local specificities
- 2 european strategy driven by non-voice revenue growth, operational efficiency and a pervasive market presence
- 3 Africa & Middle East: a huge potential still to be captured
- 4 2009-2011: become n°1 or 2 everywhere !

3

## 1 | a balanced portfolio which has shown strong growth and a solid margin over the last 3 years



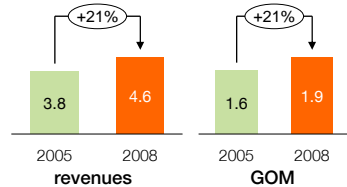
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\*figures for Personal + Home ROW excl. UK, Spain sub-segments and Netherlands

## 1 | in other European assets, a leading position with further potential to address

### steady and profitable growth\*

in millions of euros



### potential to grow non-voice revenues

- leading positions with more than 92% of customer base in market position 1 or 2
- 3G networks in all countries
- 2011 objective: double non-voice revenues

### strong positions in highly penetrated markets

	mobile market share**	fixed	Internet	mobile ranking	mobile penetration	inhab. (M)
Orange Romania	37%	✓		1	130%	22
Orange Slovakia	54%	✓	✓	1	102%	6
Orange Moldova	66%	✓	✓	1	64%	4
Mobistar (Belgium)	33%	✓	✓	2	106%	11
Orange Switzerland	18%		✓	3	115%	8
Vox (Luxembourg)	20%			3	143%	<1
Orange Armenia	tbl***			tbl**	70%	3

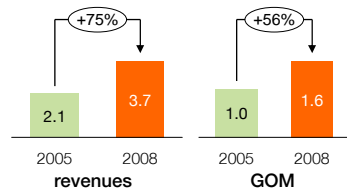
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\* figures for Personal + Home ROW excl. UK, Spain) sub-segments and Netherlands \*\* based on volume market share; \*\*\* to be launched

## 1 | a diversified portfolio of fast growing assets in Africa & Middle East

### strong and profitable growth\*

in billions of euros



### still 174M inhabitants without mobile

- operating in 20 countries of which 8 leader positions
- 2 new operations in Kenya and Uganda where populations are above 30M inhabitants
- risk spreading

### 97% of customer bases in market position 1 or 2 (see complementary list in appendix)

	mobile market share**	fixed	Internet	mobile ranking	mobile penetration	inhab. (M)
Egypt	48%			1	57%	82
Ivory Coast	39%	✓	✓	1	40%	20
Madagascar	58%			1	18%	20
Senegal	63%	✓	✓	1	46%	13
Mali	84%	✓	✓	1	28%	12
Cameroon	42%		✓	2	28%	18
Jordan	34%	✓	✓	2	65%	7

6

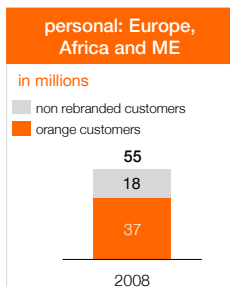
\* figures for Personal + Home ROW excl. UK, Spain) sub-segments and Netherlands

\*\* based on volume market share, company estimates

# 1 | leveraging the Orange brand the power of the brand... « together we can do more »



- all new operations launched under Orange brand
  - 2007: Guinea Bissau, Guinea Conakry & Central Africa
  - 2008: Niger and mobile operations in Kenya
- all countries under Orange brand except Belgium, Egypt and Luxembourg

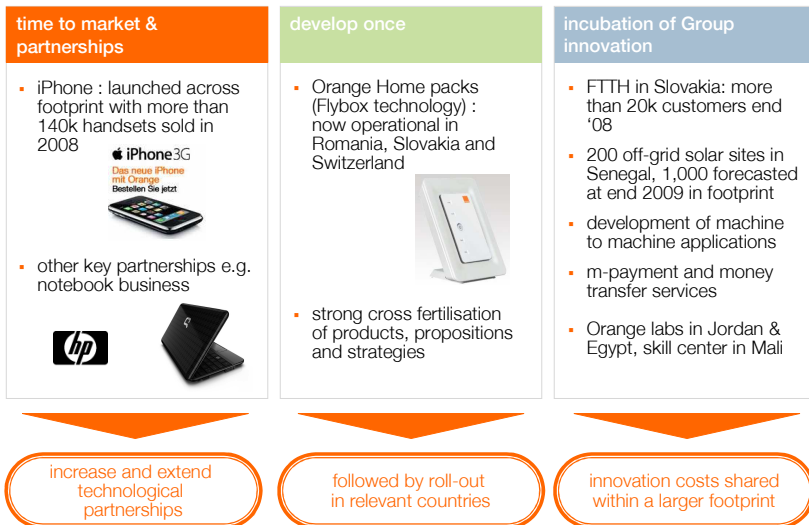


## insight

- value improvement
  - the Group has become a major operator, particularly in Africa
- optimisation of communication costs for greater visibility and a stronger impact
  - example: 44% increase in the weekly number of contract net adds and better customer loyalty in Austria
- Orange brand is very positively recognized

7

# 1 | innovation and convergence cross fertilisation and synergies across all countries through



8

## 1 | transformation of cost blocks for agility

### cluster and best practices

- benefit from cluster strategy, such as Western Africa
- organisation:
  - design an optimised operative model with a min. of 10 spans and a max. of 5 layers
  - Group talent sharing to improve local skills
- customer care
  - reduce costs by reducing call volumes and call durations
  - develop e-care and e-support

### adaptability in a changing environment

- outsourcing, such as network, IT operations, desktop management
  - 20-30% savings from network management outsourcing in Belgium and Switzerland
- costs rationalization for servers and applications
- site and network sharing
- developing a controlled distribution footprint e.g. franchising

9

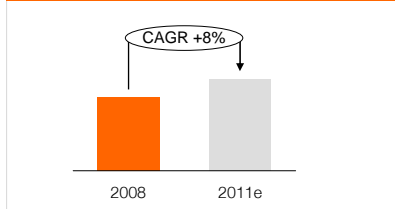
## key messages

- 1 a balanced portfolio of countries with a common vision and local specificities
- 2 **European strategy driven by non-voice revenue growth, operational efficiency and a pervasive market presence**
- 3 Africa & Middle East: a huge potential still to be captured
- 4 2009-2011: become n°1 or 2 everywhere !

10

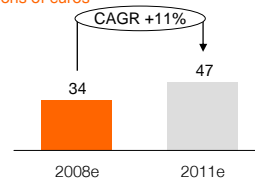
## 2 | further potential for growth in Europe driven by mobile broadband and mobile multimedia revenues

### telco market evolution\*



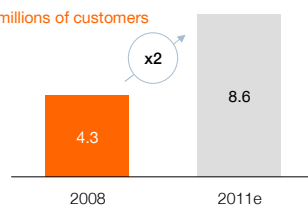
### mobile data services revenue growth\*\*

in billions of euros



### footprint: mobile broadband customers

in millions of customers



### insight

- further growth expected in central and eastern european markets
- european mobile data revenues expected to increase by 37% by 2011
- opportunity to more than double the number of mobile broadband terminals by 2011

11

\* source: Idate, february 2009, Eastern Europe excl. Poland

\*\* source: Idate, february 2009, Europe

## 2 | european strategy driven by non-voice revenue growth, operational efficiency and a pervasive market presence

### push growth in non voice

- **mobile broadband** push usage of Internet and Business Everywhere (dongles)
- **mobile multimedia** supported through the increase in high end and signature devices
- **others** home, new value-added services (Orange Care, health)

### secure profitable growth

- **operational efficiency** develop outsourcing, near-shoring, site sharing and billing rationalization
- **cost flexibility** increase the variable-to-fixed cost ratio

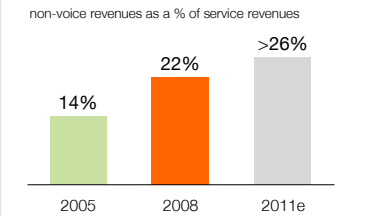
### ensure pervasive market presence

- **distribution** 70% of commercial acts in controlled channels for mature markets  
e-sales: quadruple the ratio of online commercial acts to 20%

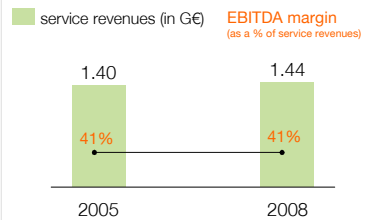
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## 2 | Belgium: continuing to deliver strong profitability through non-voice revenue growth and efficiency measures

### Belgium: non voice revenues growth



### Belgium: solid financial performance



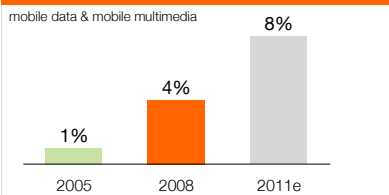
13

### 2009-2011 ambition

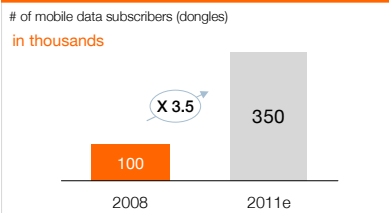
- maintain a **strong GOM margin** despite regulation impact through efficiency measures: IT transformation, customer care transformation, on-line distribution
- growth through **non-voice activities**: leverage 3G HSPA networks to accelerate smart phone and notebook business usage
- growth through the **development of MVNOs**: Telenet partnership
- growth through **convergent products**: "One Office Full Pack" for business market

## 2 | Romania: growth in mobile and fixed data while gaining greater control of distribution channels

### Romania: share of data (excl. SMS/MMS) in mobile network ARPU revenues



### Romania: mobile data success



14

### 2009-2011 ambition

- further develop mobile data and mobile multimedia usage, targeting 8% of network ARPU revenues by 2011
- push forward our successful use of Wi-Max for corporate segment fixed data services
- use the current situation to strengthen controlled distribution channels
- be prepared to adapt to the worsening economic situation by increasing our agility on opex and capex spends

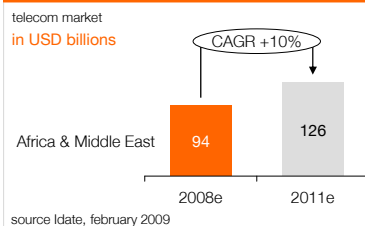
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15

## 3 | a huge potential still to be captured in Africa & Middle East

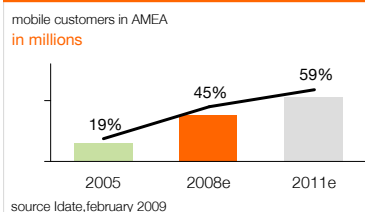
### better than the average world growth



### a better resistance to the crisis in 2009



### ~60% of mobile penetration by 2011 in the area



### insight

- higher forecasted growth for telco market in Africa and Middle-East than in other emerging markets
- better resistance to economic downturn
- internet may give a significant upside in the coming years

16

### 3 | a sustainable operating model in Africa & Middle East

#### historical know-how

- presence in the region for more than 15 years
  - partnering with governments and local partners ; 6 incumbents
- proven ability to manage economic and political crisis
  - solid processes implemented for business continuity
- strong leadership, eight n°1 position in mobile

#### Group synergies & leverage

- operations in emerging markets capitalize on Group synergies: Orange Labs, skills, sourcing
- financial stability with the support of strong financial Group

#### Internet & value added services

- 250k Orange Internet subs with 66% growth for broadband in 08
- solid and proven success in Jordan, Mauritius, Ivory Coast and Senegal
- strong Group back up coming from leader position in Europe
- partner in main submarine fibre-optic cable projects
- a competitive advantage for both fixed and mobile broadband access

#### sustainable development commitment

- sustainable development fully embedded with Group's strategy: off-grid solar sites for rural roll out
- Orange foundation in every country

17

### 3 | 3 key strategic directions in Africa & Middle East

#### fuel growth in core mobile business

- **voice & SMS** extend mobile coverage, develop segmented offers to optimize value
- **business** new areas of focus to reach 15% of total revenues with strong Enterprise LOB support
- **roaming** single cross countries without additional roaming fees offers

#### provide n°1 QoS whilst keeping cost effectiveness

- **quality of service** a real differentiating factor, notably against new operators
- **distribution** Orange franchisee to better monitor the distribution network
- **efficiency** sourcing standardization, low cost solutions

#### pursue new growth options

- **specific innovative solutions** dedicated support from Group to build ad'hoc solutions for emerging markets: m-payment, international airtime transfer and e-health
- **access to the Internet** switch to mass market, interconnect Africa with submarine cable, enable mobile broadband
- **footprint extension** opportunities still available

18

### 3 | international development to support organic growth is rigorously screened against specific strategic criteria

	criteria	examples
stand alone country opportunity	<ul style="list-style-type: none"> <li>population / diaspora</li> <li>economic growth</li> <li>penetration rate</li> <li>business &amp; legal environment</li> <li>cultural &amp; historical links</li> </ul>	<ul style="list-style-type: none"> <li>Armenia</li> <li>Kenya</li> </ul>
in country consolidation or exit	<ul style="list-style-type: none"> <li>increase market power</li> <li>synergy implementation</li> <li>support convergence strategy</li> </ul>	<ul style="list-style-type: none"> <li>Ya.com</li> <li>Netherlands</li> <li>Pages Jaunes</li> </ul>
regional cluster	<ul style="list-style-type: none"> <li>gain scale in networks (submarine cables, backbone)</li> <li>share IT systems, service platforms, product development &amp; marketing</li> </ul>	<ul style="list-style-type: none"> <li>Voxmobile</li> <li>Niger</li> <li>Uganda</li> <li>RCA</li> </ul>
partnership	<ul style="list-style-type: none"> <li>scale for procurements standards</li> <li>brands, patents</li> <li>monetize group service platforms, know-how</li> <li>wholesale, business service</li> </ul>	<ul style="list-style-type: none"> <li>One</li> <li>Etisalat</li> <li>Sonaeocom</li> </ul>
augment existing business with new skills	<ul style="list-style-type: none"> <li>value-added to existing business lines</li> <li>integration process</li> </ul>	<ul style="list-style-type: none"> <li>Cityvox</li> <li>Silicomp</li> <li>Diwan, Neocles</li> <li>GTL, Orca</li> </ul>

19

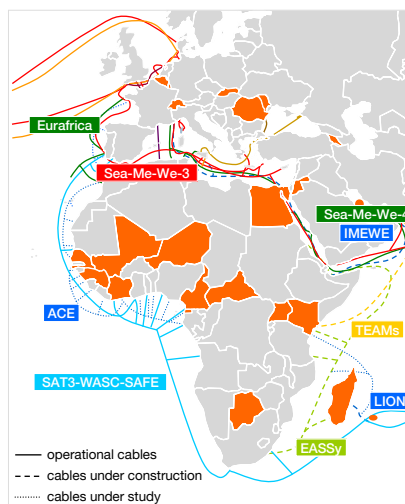
### 3 | example of Sub-Saharan Africa develop regional clusters and leverage our submarine cables

#### regional dynamics

- value-creating opportunities remain (37% mobile penetration rate in the area)
- main players have expanded their footprint and are building sub-regional clusters
- beyond mobile, additional investments are also expected for fixed and mobile Internet access

#### opportunities for Orange

- investigate opportunities in the most populated and dynamic markets
- keep on building sub-regional clusters
- invest in sub-marine cable networks and terrestrial backbones to enable Internet access

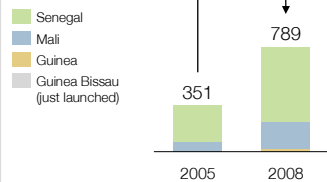


20

### 3 | Orange Sonatel a continuous success of the biggest listed company in Western Africa

#### Sonatel group revenues

in millions of euros



#### 7.3M customers in fixed, mobile & broadband

- **Orange Senegal:** fixed, mobile & broadband – 3.8M customers
- **Orange Mali:** mobile – 2.8M customers
- **Orange Guinea:** mobile – 0.6M customers
- **Orange Bissau:** mobile – 0.1M customers

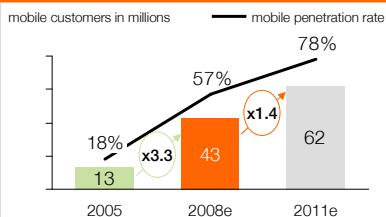
#### 2009-2011 ambition

- sharing infrastructure thanks to Group support: platforms, submarine cables access, etc...
- specific regional offers: one-network roaming, hub capacity bandwidth
- innovation: promotion of new technologies in the regional cluster as IPTV, 3G...
- some additional areas of improvement:
  - hubbing: become the first player for carrier to carrier business in west africa
  - strengthen synergies: VAS platform mutualisation and regional brand platform

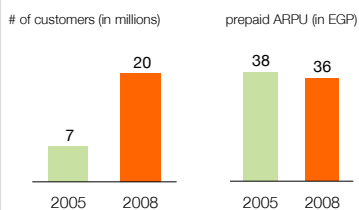
21

### 3 | Mobinil in Egypt, high potential for subscriber growth one of the biggest listed companies in Egypt

#### mobile market evolution in Egypt



#### mobinil customer growth & prepaid ARPU

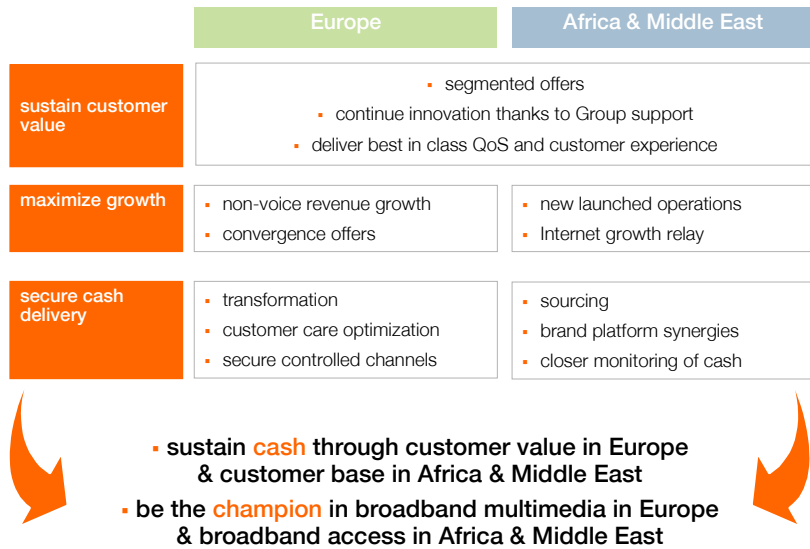


#### 2009-2011 ambition

- maintain market share leadership
- exploit potential of customer base growth while improving profitability
- increase value market share by developing mobile multimedia usage
- optimize prepaid-based business model for profitable growth
- despite steady growth in customer base, prepaid ARPU should continue to remain relatively stable

22

## 4 | 2009-2011 : become n°1 or 2 everywhere !



23

## appendix: complementary footprint to slide #6

		mobile market share	fixed	Internet	mobile ranking	mobile penetration*	inhab. (M)
ongoing operations	Mauritius	58%	✓	✓	1	79%	1
	Equat..Guinea	100%	✓	✓	1	28%	1
	Botswana	44%		✓	2	80%	2
	Dominican Rep.	40%			2	62%	10
	Bahrain	na		✓	na	186%	<1
	Vietnam	na	✓		na	59%	84
	Vanuatu	34%	✓	✓	2	33%	<1
new operations	Cent.Afr.Rep.	31%	✓	✓	1	12%	4
	Guinea Conakry	26%	✓	✓	2	23%	10
	Uganda	tbl**			tbl**	20%	31
	Kenya	1%	✓	✓	3	39%	38
	Guinea Bissau	18%			3	27%	2
	Niger	10%		✓	3	12%	13

24

\* company estimates