Orange Emerging Markets sustain Group growth

Marc Rennard
June 2, 2010
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- 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. Orange in Africa & Middle East: a huge potential for profitable growth

2. Orange sustainable operating model in Africa & Middle East

3. 2010-2015: become n°1 or 2 everywhere!
Orange footprint in emerging markets: strong & profitable growth

- Large presence in Africa & Middle East (19 operations)
- Strong & profitable growth as of the end of 2009
  - Customers: 50 M
  - Revenues: €3.4bn
  - Revenues growth: 5.2%
  - EBITDA margin: > 39%

Map showing operations in regions such as Middle East and North Africa, West & Central Africa, and East Africa & Indian Ocean.
a balanced portfolio of assets: sustainable growth

low penetrated market fuels tomorrow’s growth

Internet services in all operations, 6 incumbents

MEA telecom services market revenues **

<table>
<thead>
<tr>
<th></th>
<th>% revenues eoy 2009</th>
<th>revenues 08-09'</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed</td>
<td>18.5 %</td>
<td>0.4 %</td>
</tr>
<tr>
<td>Mobile</td>
<td>75.4 %</td>
<td>10.5 %</td>
</tr>
<tr>
<td>Internet</td>
<td>6.1 %</td>
<td>10.4 %</td>
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insight

- strong market positions on historic operations foster strong profitability
- new operations & operations in low penetrated market are fueling our growth
- internet is fast growing and helps keeping fixed value
a huge potential still to be captured in Africa & Middle East

better than the average world growth

stronger growth than Europe in 2010 & 2011

insight

- higher forecasted growth for telco market in Africa and Middle-East than in other emerging markets
- ½ African population will remain unconnected in 2014
- internet may give a significant upside in the coming years
key messages

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a sustainable operating model in Africa & Middle East

> historical know how how

**governance know how, solid execution**
- presence in the region for more than 16 years
  - partnering with governments and local partners
- proven ability to manage economic and political crisis
  - solid processes implemented for business continuity

**strong leadership, talent management**
- “talent sharing” programmes
  - more than 200 talent sharing missions since 2007...
- new generation of African Orange Managers

**solid execution**
- homogeneous EBITDA % across all affiliates (new operations excepted)
- Strong sourcing and F&RA policies
- New affiliates launches with Sofrecom support

**regional synergies**
- roaming alliances: Orange Zone, “Pays sans frontieres”
- international capacity: Uganda 3G success won't be possible without Orange presence in Kenya, that has access to TEAMS
- strong West African cluster
leveraging the Orange brand
the power of the brand… « together we can do more »

- all new operations launched under Orange brand
  - 2009: Uganda & Armenia
  - 2010: Tunisia
- 11 brandings or rebrandings in 2 years

5 may 2010: hundreds of people queuing for Orange in Tunisia

insight

- the Group has become a major operator, particularly in Africa
- optimisation of communication costs for greater visibility and a stronger impact
- Orange brand is differentiating and very positively recognized.
- in Uganda, three months after launch, Orange scored 86% in spontaneous awareness, with 76% considering to buy Orange
innovation that fits customer segments
developing strong Group synergies

design specific innovation for emerging markets

- Group focus on Emerging Markets with Orange Labs in Cairo and Amman
- Group synergies through common set of services and platform mutualization
- Specific services taylored for bottom of the Pyramid users:
  - E-Recharge, Pay for Me
  - Voice Flash, Bonus Zone
  - USSD portal
  - ultra low cost handsets
- Focus on Orange Money, launched in already 4 countries with support of Bamako skill center

best of breed innovation for Africa & Middle East elites

- iPhone in all countries
- BlackBerry with prepaid & postpaid tariffs plans
- Internet Everywhere with 3G+ access
- More than 100k LiveBox, either with WiMax or DSL access, with triple play offers in 3 countries
- innovation costs and partnerships shared within a larger footprint
## strong focus on Internet growth
capitalizing on proven successes

<table>
<thead>
<tr>
<th>overcome hurdles to Internet development</th>
<th>push on 3G offers</th>
</tr>
</thead>
<tbody>
<tr>
<td>lack of connectivity</td>
<td>- beyond new revenues, a strong lever to attract/keep high value customers &amp; rejuvenate fixed offers</td>
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<tr>
<td></td>
<td>- strong Group know how (3G launched x years ago in Mauritius + Europe) is differentiating</td>
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<td></td>
<td>- 3G+ roll out in 6 countries with one year exclusivity in Jordan &amp; Tunisia.</td>
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<tr>
<td></td>
<td>- 10k Internet Everywhere customers in 5 months in Orange Uganda</td>
</tr>
<tr>
<td>limited fixed access networks</td>
<td>- 3G prepaid offers and bundles with fixed offers for incumbents</td>
</tr>
<tr>
<td></td>
<td>- every &quot;pure mobile affiliate&quot; provides Internet access thanks to 3G, WiMAX and/or CDMA</td>
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<tr>
<td>retail offers not adapted</td>
<td></td>
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<tr>
<td></td>
<td>- launch of prepaid offers</td>
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<td>lack of local content</td>
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<td></td>
<td>- launch of StarAfrica, a Panafrican web Portal</td>
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<td>- Partnerships policy (Facebook...)</td>
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2 a commitment to sustainable development
responsible growth

<table>
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<tr>
<th>Orange Foundation</th>
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| ▪ the Orange Foundation is working at grassroots level throughout the area on the topics of health, education and culture.  
  ▪ For instance, Orange Mali deliver a simple prevention and early care system to help prevent, detect and treat Children diseases in time |

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<tr>
<th>rural development</th>
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| ▪ Solar-powered stations are installed to extend mobile coverage in rural areas lacking electricity  
  ▪ Orange has launched community phones and low cost rural access solutions in several countries in order to address |

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<tr>
<td>▪ Telecom services play an undeniable role in social development, and the investments made to ensure Internet access and m payment services take over will increase the positive impacts for the population of the countries we are operating in.</td>
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key messages

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3. 2010-2015: become n°1 or 2 everywhere!
our ambition:
double revenues in Africa & Middle East in 5 years

7bn€ revenues through three levers

- Organic growth
- New operations
- New licenses
double revenues in Africa & Middle East in 5 years
zoom on organic growth : four strategic directions

<table>
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<th>Fuel growth in core mobile business (voice &amp; SMS)</th>
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<tbody>
<tr>
<td>• coverage extend mobile coverage thanks to innovative low cost solutions</td>
</tr>
<tr>
<td>• segmented offers use of common segmentation to design offers, prepaid lifecycle monitoring</td>
</tr>
<tr>
<td>• new operations become n°1 or 2 everywhere</td>
</tr>
<tr>
<td>• basic innovation develop call completion (voice mail, notification of reachability)</td>
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<th>Differentiate through QoS</th>
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<tr>
<td>• quality of service a real differentiating factor, key in a multi sim environment</td>
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<tr>
<td>• distribution better train the distribution network with franchisee</td>
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<tr>
<td>• efficiency sourcing standardization, low cost solutions</td>
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<th>Pursue new growth options</th>
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<td>• internet access be the champion in broadband access</td>
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<tr>
<td>• m-payment beyond domestic money transfer, develop international transfer and other financial services</td>
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<th>Develop low cost solutions</th>
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<td>• site sharing we develop site sharing, especially in our new operations</td>
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<td>• platform mutualisation we are accelerating VAS platforms mutualisation (Orange Money, mobile TV, mail, voip…)</td>
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<tr>
<td>• distribution better monitor the indirect distribution network, e.g. with E-Recharge</td>
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appendix

4 success stories
Orange Sonatel
a continuous success of the biggest listed company in Western Africa

Sonatel group revenues
in millions of euros

2005 2009
351 822
Senegal
Mali
Guinea
Guinea Bissau

Sonatel group revenues

2010-2011 ambition

- sharing infrastructure thanks to Group support: platforms, submarine cables access, etc…
- specific regional offers: one-network roaming, hub capacity bandwith
- 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

9.2M customers in fixed, mobile & broadband

- **Orange Senegal**: fixed, mobile & broadband – 4.9M customers
- **Orange Mali**: mobile – 3.5M customers
- **Orange Guinea**: mobile – 0.7M customers
- **Orange Bissau**: mobile – 0.1M customers
Mobinil in Egypt, high potential for subscriber growth
one of the biggest listed companies in Egypt

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<td>maintain market share leadership</td>
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<tr>
<td>exploit potential of customer base growth while improving profitability</td>
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<tr>
<td>increase value market share by developing mobile multimedia usage</td>
</tr>
<tr>
<td>optimize prepaid-based business model for profitable growth</td>
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<tr>
<td>despite steady growth in customer base, prepaid ARPU should continue to remain relatively stable</td>
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**mobile market evolution in Egypt**
- mobile customers in millions
- mobile penetration rate

**mobinil customer growth & prepaid ARPU**
- # of customers (in millions)
- prepaid ARPU (in EGP)

- 2005: 13 (18%), 54 (65%) mobile customers, 70 (82%) mobile penetration
- 2009: 25 (X4.2), 38 (X1.3) customers, 39 (X) ARPU
- 2011e: 70 (82%) mobile penetration

- 2005: 7 (70%), 54 (65%) mobile customers, 38 (X) ARPU
- 2009: 25 (X4.2), 38 (X1.3) customers, 39 (X) ARPU
thank you