Investor Day 2017

7 December 2017
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Orange is back to sustainable growth
Back to growth in revenues and adj. EBITDA

Revenues
yoy cb in %

Adjusted EBITDA
yoy cb in %
#Essentials2020

An unmatched customer experience based on

1. Best networks
2. Enriched and innovative services
3. World class customer care
Orange is a fully integrated network operator

3 value creation levers

Network

Enriched services

Addressable markets

B2C

B2B

Wholesale

Orange is a fully integrated network operator
Leader in Europe with 25m FTTH connectable lines

FTTH connectable lines*
In Europe

Spain: 11.3m
France: 8.4m
Poland: 2.2m

2012: 2m
2013: 3m
2014: 8m
2015: 13m
2016: 20m
Q3'17: 25m

*Including other very high broadband technologies, o/w 21m FTTH only
70% of FTTH deployment by Orange in France, including PIN

- Deployed by Orange
- Deployed by others
- Orange addressable markets

Maintain existing leadership

- Orange
- Others

- B2C
- B2B
- Wholesale

* Source ARCEP, November 2017; ** Orange estimates
Continued leadership in France

Very dense and Medium dense area targets
Orange FTTH connectable homes

- Deployed and maintained by Orange
- ~85%
- 20m of the area

Low dense (PIN) area targets
Share of deployment done by Orange

- Deployed and maintained by Orange
- ~30%
- ~10m of PIN area

* Excluding potential delay due to complex cases; estimates as of 2022
Fiber deployments accelerated in Spain and on track in Poland

**Spain**
Orange FTTH* connectable homes ambition

- 16m homes in 2020
- 14m homes in 2020 Q3'17
- 11.3m homes in 2018 Q3'17

**Poland**
Orange FTTH connectable homes ambition

- >5m homes in 2020
- 3.5m homes in 2018 Q3'17
- 2.2m homes in 2018 Q3'17

* Including other very high broadband technologies
Mobile network leadership

QoS in our 8 European countries

#1 in six European countries**
#2 in two European countries**

4G #1 customer base in 7 of our European countries*

- France: 12.7m
- Spain: 9.0m
- Poland: 5.4m
- Romania: 2.9m
- Belgium: 1.6m
- Slovakia: 1.0m
- Moldova: 0.3m

Deployed in 13 out of our 21 African countries

*GSMA, June 2017  **ARCEP, Systemics
Convergence commercial leadership

Share of convergent broadband B2C customers

Spain: 83%
France: 59%
Poland: 47%

Leader in Europe
in terms of convergent B2C customers in million

Spain: 83%
France: 59%
Poland: 47%

1. Best network
Convergence commercial leadership

+8,356m
+9,285m
+10,050m

Q3'17
2016
2015

3Q17
2016
2015

10m

8m
9m
Network evolution
Influence the telecom ecosystem and standardisation

The right investments at the right time

**Major Programmes**
- All-IP networks
- Virtualisation & Automation
- Home access above 1 Gbit/s
- 5G

**Network leadership**
Our journey towards IP networks

- **Share of B2C IP-based fixed voice lines**: 70%
- **Share of IP-based fixed broadband lines**: 84%
- **IP-TV customers in Europe***: 7.2m
- **Share of copper in the aggregation network removed and replaced by Fibre in France**: 90%

* 9 million TV customers including satellite
Virtualisation and automation

75
“Easy GO Network” B2B solution available in 75 countries

Spain
Leading country in all-market Group-wide virtualisation

20%
Savings in network operations OPEX

AI BIG data
Investments in FTTH are future proof

10 Gbp/s and more!
Orange investments in 4G are 5G-ready

Enhanced mobile broadband
- 10 times better than 4G
- Deployment starting 2020
- CAPEX/Sales expected stable

Fixed on 5G
- Wireless access to terminate fibre in suburban and semi-rural areas.
- Cost-efficient alternative to FTTH

5G drivers

Network slicing
- New “vertical” services
- CAPEX based on maturity and adjusted to proven revenue potential

Deployment starting 2020
CAPEX/Sales expected stable
Enriched and innovative services
Content aggregation & distribution strategy
Financial services
Welcome to Orange Bank
Welcome to Orange Bank

Leveraging Orange Brand
the most valuable Brand in France

Fishing pool
+24m mobile customers
+6m Customers of Groupama-Gan

Optimised Customer segmentation
Thanks to solid experience on telecom

Cross Selling
>60m customer visits in our shops
>7 million sales acts
Orange Bank will generate additional value for the Group

1. Unlock value from our existing assets

2. Active Balance sheet management

3. Commissions, Fees and Services

4. Lean costs
Enriched and innovative services for B2C
Enriched and innovative services for B2B

OBS have evolved to better answer the increasing demand for integrated services of IT and connectivity

€2.1bn

IT & Integration Services revenues in FY16
Enriched and innovative services for B2B

Support the digital transformation of B2B customers throughout the data journey

Collect
Transport
Store & compute
Analyse
Secure
Accelerate transformation through M&A
Accelerate transformation through M&A

In-market consolidation
- Mobile + Mobile
- Mobile + Fixed
- Infrastructure

Digitization and operational efficiency
- Artificial intelligence
- Bot

B2C enriched services
- Financial services
- Home services

B2B transformation
- Cloud IT services
- Cyber security
- Big Data
- SDN/NFV
World class customer care
World class customer care

Leadership in NPS in 16 countries representing 64% of our global customers base

357 Smart stores

46% of digital interactions

15m Visitors on "Orange et moi" app
Continue the internal transformation
Develop internal skills and attract new talents
Federate people to the company project

10% Employee voting right ambition
Key topics

1. Fiber
2. Wholesale
3. Opex
4. Capex

Value creation
Key topics

1. Fiber
2. Wholesale
3. Opex
4. Capex

Value creation
FTTH rollout and commercial success in France

### FTTH connectable lines (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Q3 17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.7</td>
<td>2.6</td>
<td>3.6</td>
<td>5.1</td>
<td>6.9</td>
<td>8.4</td>
</tr>
</tbody>
</table>

- 8.4m

### FTTH customers (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Q3 17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.2</td>
<td>0.3</td>
<td>0.6</td>
<td>1.0</td>
<td>1.5</td>
<td>1.8</td>
</tr>
</tbody>
</table>

- 1.8m

**Orange FTTH network monetisation rate**

- 8.4m
- 6.9m deployed by Orange
- 59%
- 100%
- 35%
- 24%

- Overall monetisation rate

* Share of co-financing by other operators
** Share of Orange customers in our own network
FTTH profitability drivers on track in France

**ARPU uplift**

FTTH vs ADSL

- **2015**: +€5
- **Q3’17**: +€6.2
- **2018**: +€7
- **Long term**: +€8

**Market share growth**

- **+0.4pt** in France*
- **>+2 pts** in Paris*

**Convergence**

- **59%** % of broadband B2C customer base
- **-3.8 pts** Churn differential
- **1.53** # of mobile lines per convergent offer

* as of end of Sept. 2017 vs end of Dec. 2014
FTTH profitability drivers on track in France

- **ARPU uplift**: FTTH vs ADSL

  - 2015: +€5
  - Q3'17: +€6.2
  - 2018: +€7
  - Long term: +€8

- **Market share growth**

  - +0.4pt in France*
  - >+2 pts in Paris*

* as of end of Sept. 2017 vs end of Dec. 2014

- **Convergence**

  - 59% % of broadband B2C customer base
  - -3.8 pts Churn differential
  - 1.53 # of mobile lines per convergent offer

**ARPU uplift at least €8 on the long term**

**Stable market share on the long term**

**Market growth**
Positive net effect in adjusted EBITDA in PIN areas

Retail

- Stable market share on the long term
- BB Market growth est. (+20% over 2017-2025)
- ARPU uplift est. (>€8 on the long term)

Cost savings

- Maintenance network divided by 4

Wholesale

- FTTH wholesale recurring fees revenues on deployed lines
- Ducts revenues
- Progressive loss of copper wholesale ULL revenues
- FTTH Wholesale recurring fees to be paid on co-financed or rented lines
Expected incremental IRR of FTTH

- France: ~2x Orange France’s WACC
- Spain: ~3x Orange Spain’s WACC
- Poland: ~2x Orange Poland’s WACC
Key topics

1. Fiber
2. Wholesale
3. Opex
4. Capex

Value creation
2020 is the new peak year in fixed wholesale revenue in France
Key topics

1. Fiber
2. Wholesale
3. Opex
4. Capex

Value creation
Group operational efficiency plan supports increase in adjusted EBITDA margin

<table>
<thead>
<tr>
<th>Cost efficiency program</th>
<th>Non exhaustive list of KPIs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer management efficiency program</strong></td>
<td></td>
</tr>
<tr>
<td>% digital interactions [out of total care] in Europe</td>
<td>46% in 2017</td>
</tr>
<tr>
<td>% digital commercial transactions in June in France</td>
<td>27.5% (+5p yoy)</td>
</tr>
<tr>
<td># of customer service calls (CAGR 2015-2017)</td>
<td>-10% per year</td>
</tr>
<tr>
<td><strong>Distribution and sales efficiency program</strong></td>
<td></td>
</tr>
<tr>
<td>Ratio of sales commission to revenues in MEA</td>
<td>-11% yoy in 2016</td>
</tr>
<tr>
<td>Points of sales evolution in Europe (2015 – 2017 H1)</td>
<td>-17%</td>
</tr>
<tr>
<td><strong>Customer-related network production &amp; maintenance efficiency program</strong></td>
<td></td>
</tr>
<tr>
<td>% shared mobile sites (Group)</td>
<td>51%</td>
</tr>
<tr>
<td>number of reported failures on fixed lines, (retail market excl FTTH ) in H1 in France</td>
<td>-3.6% yoy</td>
</tr>
<tr>
<td><strong>IT management efficiency program</strong></td>
<td></td>
</tr>
<tr>
<td>change in IT operations management costs</td>
<td>-6% yoy in H1 2017</td>
</tr>
<tr>
<td>Marketing and Advertising, G&amp;A, Real Estate and Others savings</td>
<td></td>
</tr>
</tbody>
</table>

**Explore 2020**

Gross saving over 2015 - H1 2017

€2.1bn

(€1.7bn OPEX)
Efficiency programmes

- **Chrysalid**
  - €3bn Gross saving over 2011-2014
  - €2.6bn OPEX over 4 years

- **Explore 2020**
  - >€3bn Gross saving over 2015-2018
  - €2.6bn OPEX over 4 years

- **BuyIn**
  - ~€0.5bn Gross saving over 2015-2016

- **New OPEX ambition**
  - €1bn OPEX over 2 years

Orange close to the top quartile comparable operators in the last ATKearney benchmark
Key topics

1. Fiber
2. Wholesale
3. Opex
4. Capex

Value creation
Decreasing CAPEX starting from 2019
Track record on CAPEX efficiency

CAPEX to sales ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>BT</th>
<th>Telefonica</th>
<th>Telecom Italia</th>
<th>Orange</th>
<th>Orange excl. FTTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>12%</td>
<td>14%</td>
<td>16%</td>
<td>18%</td>
<td>20%</td>
</tr>
<tr>
<td>2010</td>
<td>14%</td>
<td>16%</td>
<td>18%</td>
<td>20%</td>
<td>22%</td>
</tr>
<tr>
<td>2011</td>
<td>16%</td>
<td>18%</td>
<td>20%</td>
<td>22%</td>
<td>24%</td>
</tr>
<tr>
<td>2012</td>
<td>18%</td>
<td>20%</td>
<td>22%</td>
<td>24%</td>
<td>26%</td>
</tr>
<tr>
<td>2013</td>
<td>20%</td>
<td>22%</td>
<td>24%</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>22%</td>
<td>24%</td>
<td>26%</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>24%</td>
<td>26%</td>
<td>28%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>26%</td>
<td>28%</td>
<td>30%</td>
<td>32%</td>
<td></td>
</tr>
</tbody>
</table>
We have launched a group-wide effort on CAPEX

<table>
<thead>
<tr>
<th>Efficiency levers</th>
<th>Areas of improvement</th>
<th>Unitary cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sourcing</td>
<td>Fixed</td>
<td>-15%</td>
</tr>
<tr>
<td>Volumes</td>
<td>Mobile</td>
<td></td>
</tr>
<tr>
<td>Ways of working</td>
<td>IT &amp; Service Platform</td>
<td></td>
</tr>
<tr>
<td>Specifications changes</td>
<td>CPE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Real Estate</td>
<td></td>
</tr>
</tbody>
</table>
Sustain growth and value creation

Value creation

- EBITDA
- ROCE
- OpCF*
- Adjusted EBITDA
  Growth acceleration in 2018 vs 2017
- Operating Cash Flow*
  Growth acceleration in 2018 vs 2017
- Operating ROCE (telecom)**
  Growth in 2017 and in 2018

*Adjusted EBITDA – CAPEX
** Excluding acquisition and disposal
## Short and mid term guidance

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>~+2%</td>
<td>Higher growth rate vs 2017</td>
<td>Growth</td>
</tr>
<tr>
<td><strong>CAPEX</strong></td>
<td>€7.2bn</td>
<td>€7.4bn (peak)</td>
<td>Decrease</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>Slightly positive</td>
<td>Higher growth rate vs 2017</td>
<td>Growth</td>
</tr>
<tr>
<td><strong>Net debt / Adjusted EBITDA (telecom)</strong></td>
<td>Around 2x in the medium term</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td></td>
<td>New floor of 65 €cent</td>
<td></td>
</tr>
</tbody>
</table>

*Adjusted EBITDA – CAPEX

**IAAS 18 Standards**