

Orange financial results

#H1_2020



30 July 2020

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Disclaimer

This presentation contains forward-looking statements about Orange's financial situation and results of operations. Although we believe these statements are based on reasonable assumptions, they 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. In particular, the consequences of the Covid-19 outbreak are uncertain and the health crisis may exacerbate the risks that the Group faces. More detailed information on the potential risks that could affect our financial results is included in the Registration Document filed on 20 April 2020 with the French Financial Markets Authority (AMF) and in the annual report (Form 20-F) filed on 21 April 2020 with the U.S. Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made. Other than as required by law, Orange does not undertake any obligation to update them in light of new information or future developments

Section One

H1 2020 highlights



Q2 20 key highlights



Revenues and EBITDAaL have demonstrated remarkable resilience in the context of COVID



Reaping the benefits of outstanding fixed and mobile networks with sound performance in France



European leader in cybersecurity with double digit growth in an exceptional context, while Cloud with solid growth



Execution on track of tower and fiber assets program



New Excom to face post crisis challenges more effectively

Covid-19: Exiting the lockdown



Unified and
motivated team



Networks resisted well



Exiting the lockdown
in a stronger position

Q2 2020 key achievements

Multi-Services

Customers & offers




Connectivity

Customer base




Network

Leadership



10m


TV customers
+3% yoy
O/W 2/3 of
growth in
France



1m


Customers
-Broadening its offering
to insurance
-Launching Orange
Bank Africa

Signature
with Boralex
and WPD
Renewable of Power
Purchase




Customers

<h3>Convergence</h3>  <h1>10.8m</h1> <p>+2% yoy</p>	<h3>VHBB</h3>  <h1>8.4m</h1> <p>+20% yoy</p>
customers , o/w 8.1m FTTH	



43m

VHBB connectable lines
(+23% yoy) O/W 42m FTTH

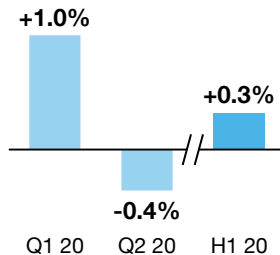


5G

H1 20 financial achievements

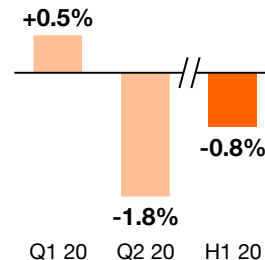
Revenue

€ 20.8 bn



EBITDAaL

€ 5.9 bn



eCAPEX

-9.9%
yoy in H1



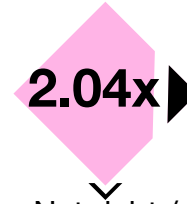
EBITDAaL-
eCAPEX

+12.2%
yoy in H1



Organic CF
(telecom)

+163m€
yoy in H1



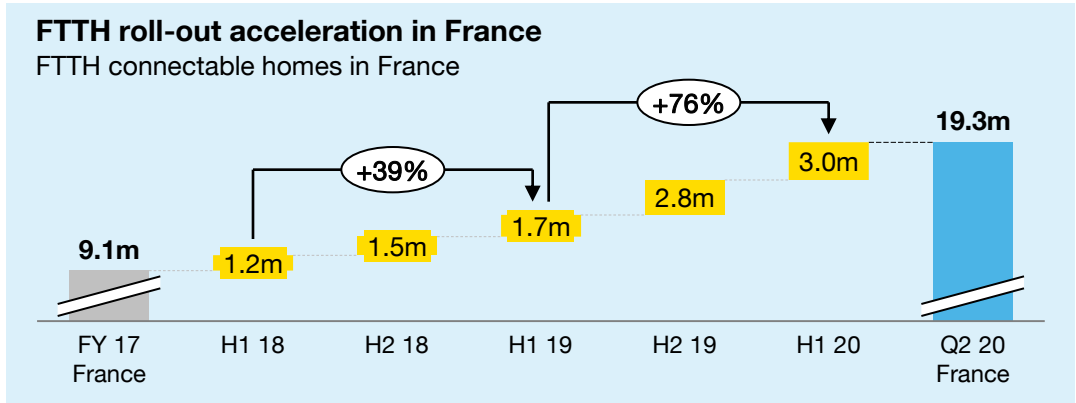
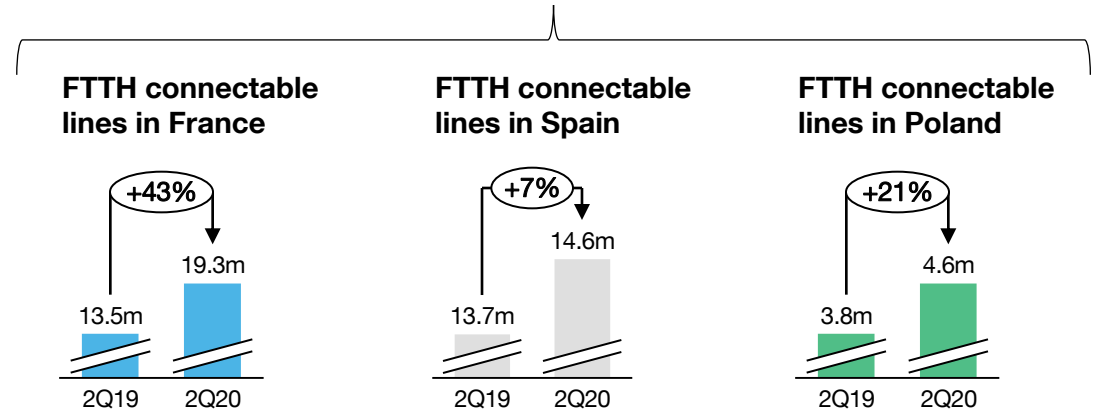
Net debt /
EBITDAaL
(telecom)

yoy : comparison with the same period of the previous year, on a comparable basis unless otherwise specified
All Group level mentions include both telecom and banking activities. Conversely, all mentions excluding Orange bank are explicitly called "Telecom"

COVID crisis and transfer of assets drove lower eCAPEX, despite acceleration in FTTH rollout



43.5m VHBB** connectable lines



**VHBB > 100 Mbps

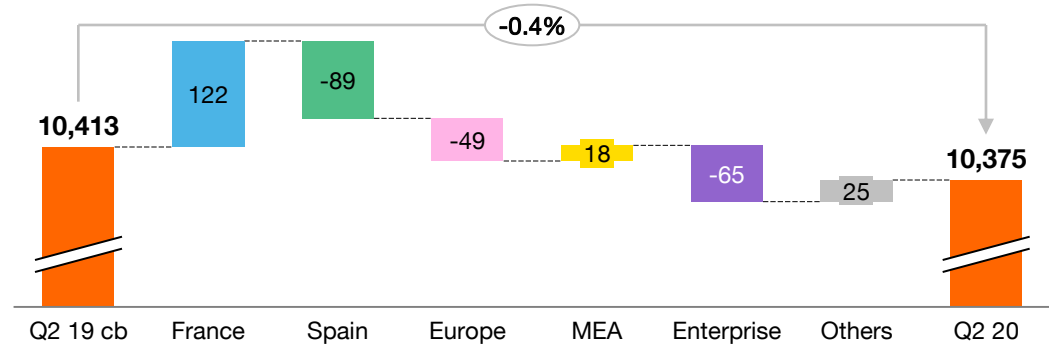
Group	Telecom
H1 2020 eCAPEX	- 9.9%
€3.2bn	- €344m yoy
- 9.9% yoy	As % of rev. 15.1%
- €346m yoy	- 1.7 pt yoy

Section Two

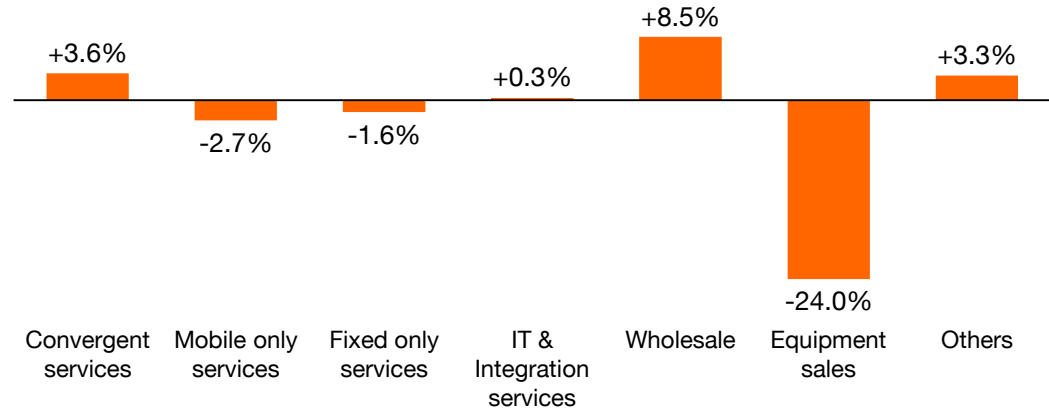
Financial results overview

Revenues slightly eroding in Q2

Q2 revenue growth contribution per segment (yoy in €m)



Q2 revenue evolution per activity (yoy in %)



H1 2020 revenue*

€20.8bn

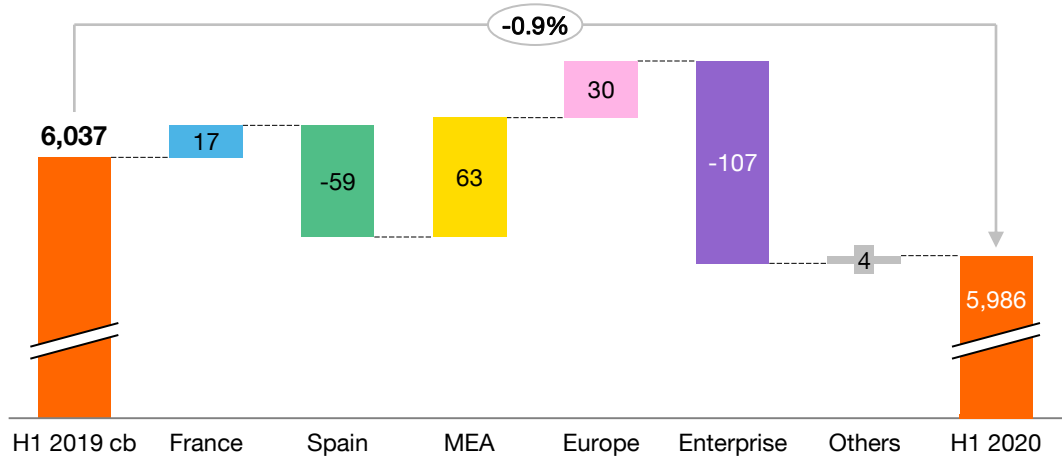
	Q2 2020	H1 2020
yoy	-0.4%	+0.3%
	-€38m	+€66m

* Orange Bank Net Banking Income is not included in Group revenues but in "Other operating income", that is below the revenue line and feeds directly into consolidated EBITDAaL.

EBITDAaL decreased, impacted by Covid-19

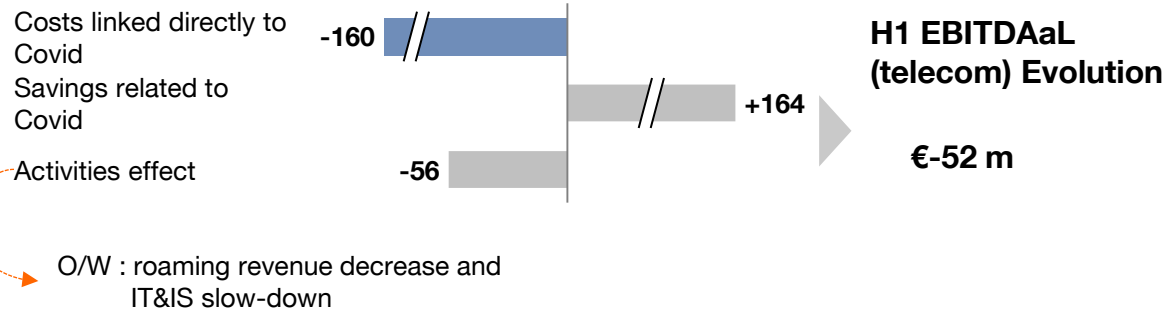
H1 20 EBITDaAL (Telecom) evolution per segment

yoy, in €m



Break-up of EBITDAaL (Telecom) evolution (yoy in €m)

Reflecting impact linked to Covid



Q2 2020

H1 2020

H1 2020
EBITDAaL
(Telecom)

yoy
-1.6%
-€55m

yoy
-0.9%
-€52m

€5.99bn

As % of rev.
32.3%
-0.4pt yoy

As % of rev.
28.8%
-0.3pt yoy

Net income decrease -10.7%

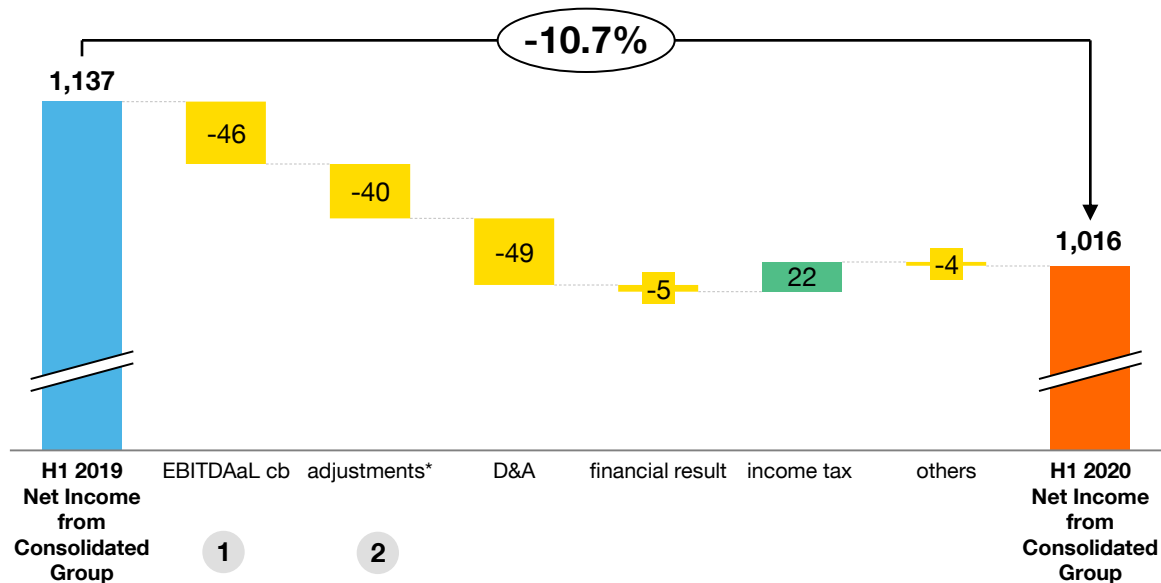
H1 2020

yoy

-10.7%

-€121m

€1.0bn

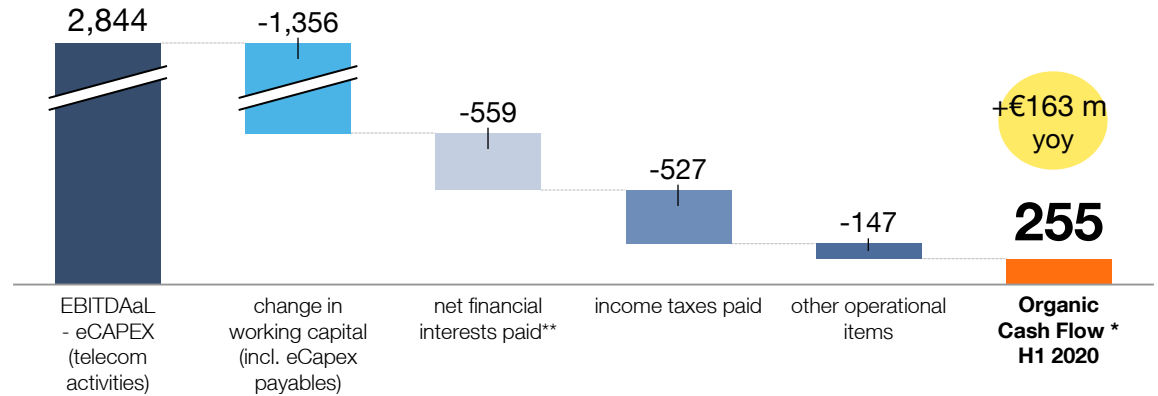


1. EBITDAaL deterioration yoy
2. Adjustments mainly related to lesser restructuring costs and to an increase in litigations

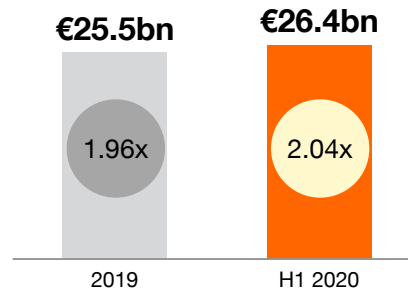
* See details on slide 26

Organic Cash Flow* growth

Organic Cash Flow* reaching €255 m in H1 2020 (in €m)



Net debt* (telecom activities)



Liquidity position (telecom activities)

€ 16.5 bn
o/w €10.4bn in cash

○ Net Debt / EBITDAaL Telecom

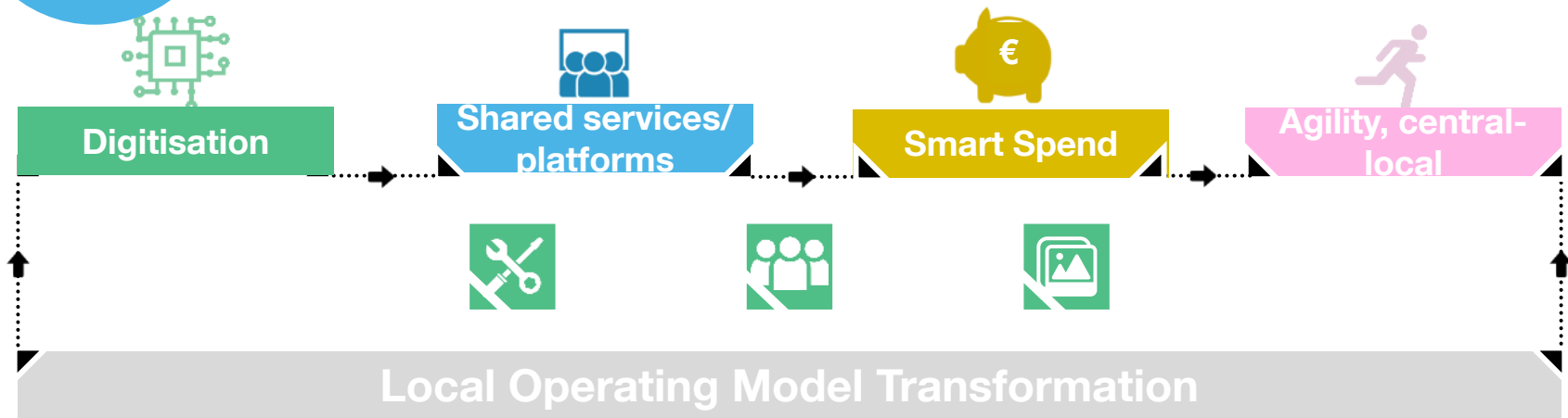
*see details on slide 27

**excluding 0.1 billion euros in interest disbursed on lease liabilities

COVID confirms and accelerates the €1bn net savings* program



€1bn Net savings 2023 vs 2019*



* On an indirect telecom activities cost base of € 14bn€ in FY19 excluding Africa & Middle East (fast growing), and Enterprise IT&IS labour and IT&N costs (transforming its business model), out of a 18bn€ Group total indirect cost base in FY19

Section Three

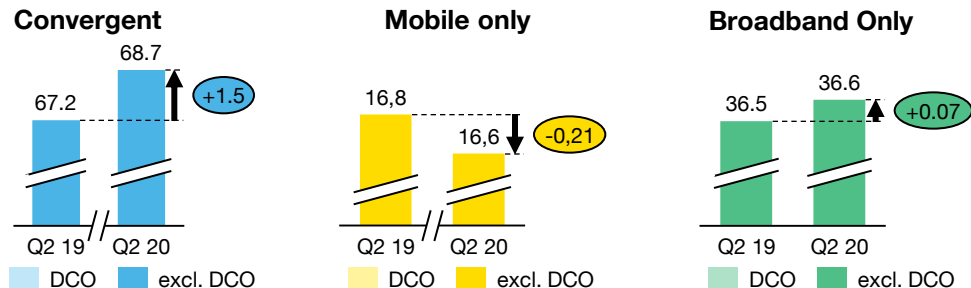
Business review

Q2 2020 France

Total revenues supported by growth of Wholesale services and resilience of Retail services

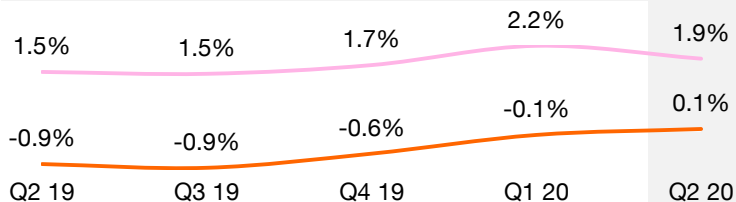
in €m	Q2 20	yoy cb	H1 20	yoy cb
Revenues	4,593	+2.7%	9,024	+1.6%
Retail services	2,684	+0.1%	5,377	0%
Convergent services*	1,131	+4.1%	2,268	+4.7%
Mobile only services	559	-3.1%	1,124	-2.9%
Fixed only services	995	-2.5%	1,986	-3.3%
Fixed only broadband	686	+2.5%	1,363	+1.9%
Fixed only narrowband	308	-12.0%	623	-13.2%
Wholesale	1,535	+11.7%	2,871	+7.2%
Equipment sales	206	-26.7%	458	-20.8%
Other revenues	167	+27.0%	318	+28.1%
EBITDAaL			3,301	+0.5%
EBITDAaL margin			36.6%	-0.4pt
eCAPEX			1,635	-12.2%
eCAPEX/revenues			18.1%	-2.9pt

Q2 20 quarterly ARPOs (in €) and growth, yoy:



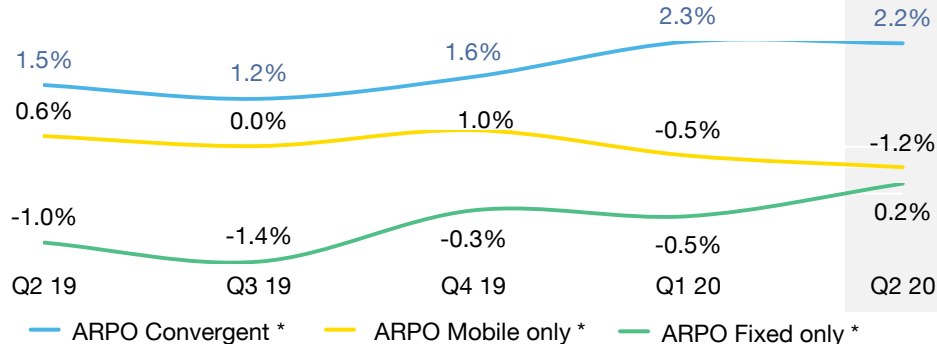
Improvement of Retail services trend in Q2 20

Quarterly yoy growth excl. digital content offers (DCO)



— Retail Services excl. DCO — Retail Services excl. PSTN and DCO


Mobile-only ARPO impacted by strong decrease of roaming

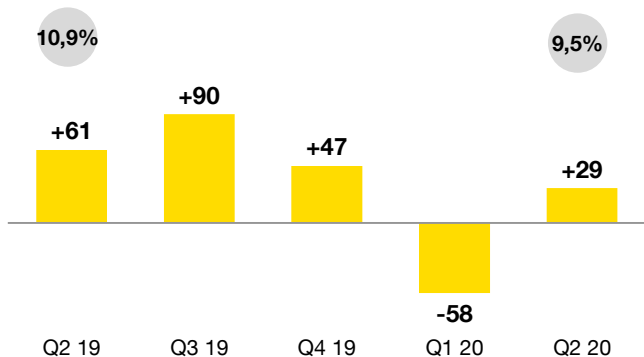


* Growth yoy, excl. digital content offers (DCO)


Q2 2020 France: commercial performance

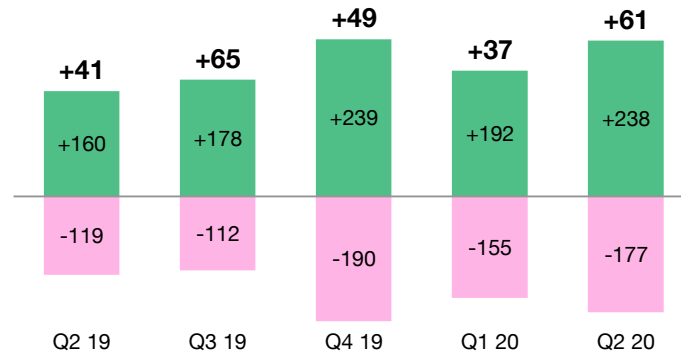
Excellent performance in FTTH, resilience in mobile despite lockdown measures

 Mobile contract net adds (in '000s) and churn rate
■ net adds excl M2M ● quarterly churn rate in %



55%
of broadband B2C Customers are on Open **convergent** offers

 Fixed BB net adds (in '000s)
■ FTTH ■ ADSL and others



4G 99%

of 4G population coverage, #1 position 9 years in a row

85%

of B2C voice contract customers have a 4G plan (+3pts yoy)

+1.3%

Number of mobile lines per convergent offer (Q2 yoy growth)

19.3m

of FTTH connectable homes (+43% yoy) o/w 3.8m FTTH customers (+29 %)

51%

of FTTH adds* are new customers

+1.9pts

Growth of B2C broadband convergent customer premium** mix, yoy

Q2 2020 Spain

EBITDAaL erosion explained by topline evolution and mitigated by cost reduction

in €m	Q2 20	yoy cb	H1 20	yoy cb
Revenues	1,216	-6.8%	2,503	-4.6%
Retail services	869	-7.2%	1,779	-5.8%
Convergent services*	502	-3.1%	1,020	-2.8%
Mobile only services	250	-13.1%	517	-11.5%
Fixed only services	114	-10.8%	238	-6.1%
Wholesale	229	+10.4%	449	+7.6%
Equipment sales	118	-27.2%	263	-17.0%
Other revenues	0	+140.3%	12	+0.0%
EBITDAaL			728	-7.5%
EBITDAaL margin			29.1%	-0.9pt
eCAPEX			392	-25.9%
eCAPEX/revenues			15.7%	-4.5pt

85% Convergence as % of broadband B2C customer base



80% Fiber penetration in BB customer base



69% 4G penetration in mobile customer base

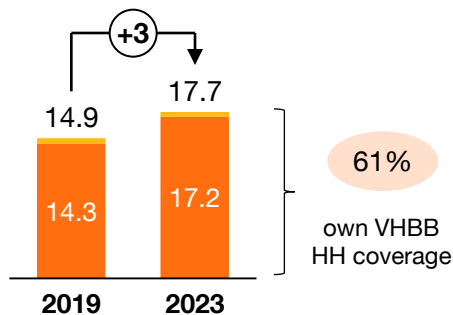


17% TV penetration in BB customer base



*B2C only

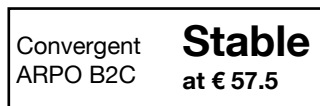
In a challenging market, we keep strengthening sound foundations...



18 Own Fiber (M HH) Own VHBB (M HH)

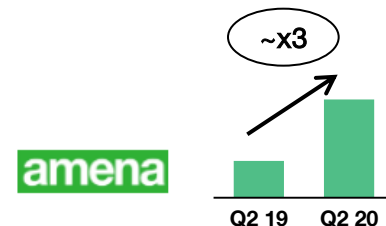
...to preserve the value on the high-end...

Convergent ARPO (trend yoy)



...while accelerating volume catch-up on the low-end

Amena BB net-adds



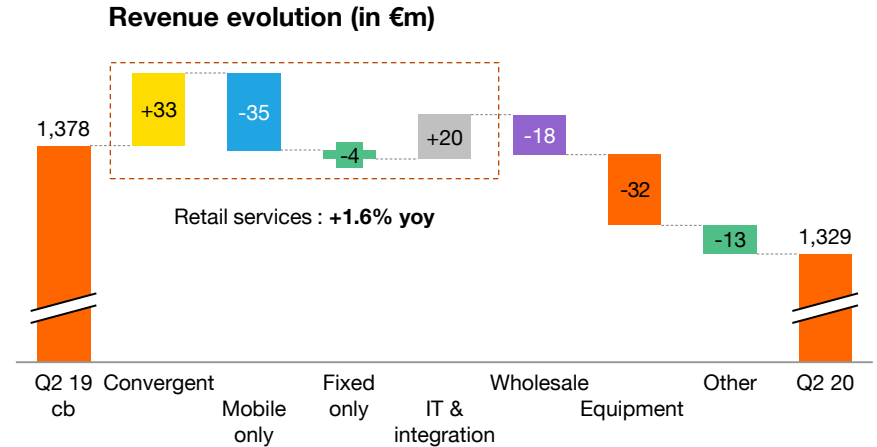
Convergent offers launched in July on República MÓVIL

Q2 2020 Europe

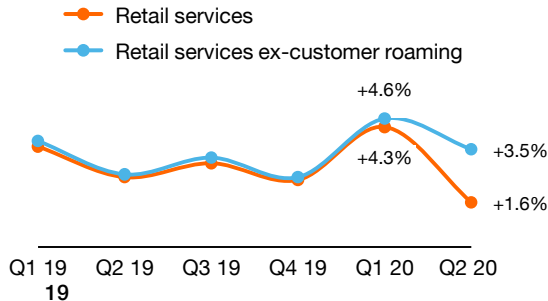
Convergence and IT&S driving solid trends in retail services; EBITDAaL supported by effective transformation and Covid mitigation efforts

in €m	Q2 20	yoy cb	H1 20	yoy cb
Revenues	1,329	-3.6%	2,729	-1.6%
Retail services	896	+1.6%	1,817	+2.9%
Convergent services*	180	+22.5%	357	+23.9%
Mobile only services	494	-6.7%	1,008	-4.7%
Fixed only services	152	-2.5%	308	-3.9%
IT & integration services	71	+39.3%	143	+45.0%
Wholesale	246	-6.9%	506	-3.2%
Equipment sales	162	-16.6%	348	-12.3%
Other revenues	25	-34.2%	58	-34.2%
EBITDAaL			730	+4.3%
EBITDAaL margin			26.7%	1.5pt
eCAPEX			369	-8.2%
eCAPEX/revenues			13.5%	-1.0pt

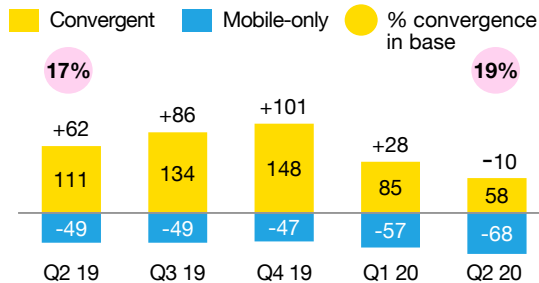
*B2C only



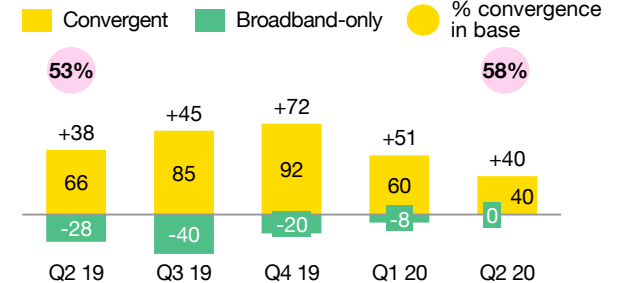
Europe, retail services evolution (cb yoy in %)



Europe, mobile contract net adds ex-M2M (in '000s)



Europe, Fixed Broadband net adds (in '000s)



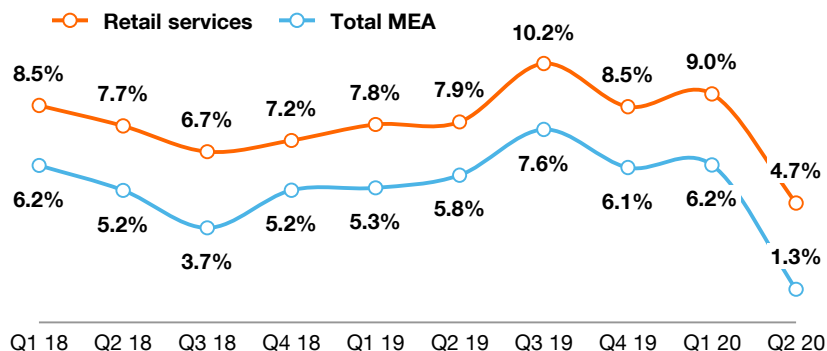
Q2 2020 Africa & Middle East

Resilient performance

in €m	Q2 20	yoy cb	H1 20	yoy cb
Revenues	1,401	+1.3%	2,845	+3.8%
Retail services	1,210	+4.7%	2,444	+6.8%
Mobile only services	1,070	+3.9%	2,164	+6.1%
Fixed only services	137	+10.8%	270	+11.4%
IT & integration services	4	+49.1%	11	+73.3%
Wholesale	161	-16.0%	342	-12.7%
Equipment sales	20	-18.3%	40	-13.1%
Other revenues	9	-8.7%	19	+13.5%
EBITDAaL			935	+7.2%
EBITDAaL margin			32.9%	+1.1pt
eCAPEX			449	+6.8%
eCAPEX/revenues			15.8%	+0.4pt

> 80% of revenue comes from sustainably resilient retail services

Revenue cb yoy growth in %



27.9 m

4G customers

+40%
yoy

+26% Data revenue growth Q2 20



1.4m

FBB customers

+31%
yoy

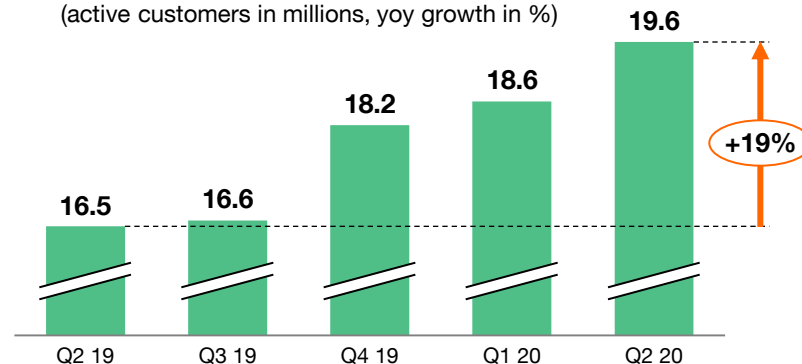
+33% FBB revenue growth Q2 20



+12.5% Orange Money revenue growth Q2 20

> 1/3 of 54m Orange Money customers are active*

(active customers in millions, yoy growth in %)



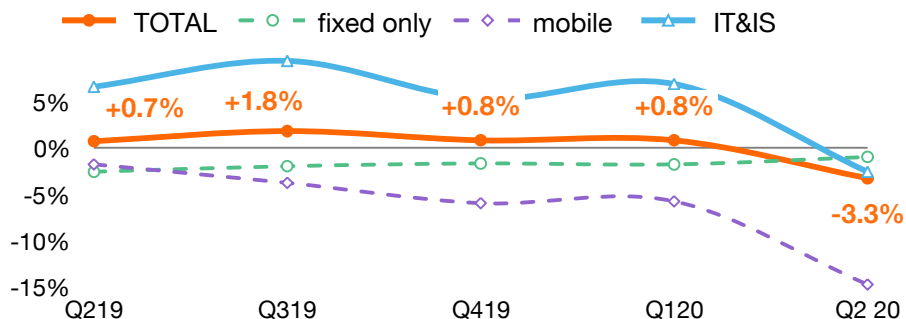
* At least one transaction per month

Q2 2020 Enterprise

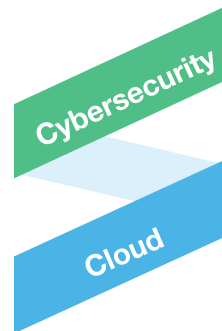
After 6 quarters of growth, strong impact by Covid on top line and EBITDAaL

in €m	Q2 20	yoy cb	H1 20	yoy cb
Revenues	1,925	-3.3%	3,859	-1.3%
Fixed only services	984	-1.0%	1,958	-1.4%
Voice	326	+1.0%	632	-2.8%
Data	658	-2.0%	1,326	-0.7%
IT & integration services	738	-2.6%	1,475	+1.9%
Mobile*	203	-14.8%	426	-10.3%
EBITDAaL			471	-18.5%
EBITDAaL margin			12.2%	-2.6pt
eCAPEX			174	-13.0%
eCAPEX/revenues			4.5%	-0.6pt

*Mobile = Mobile Only Services + Equipment Sales + Wholesale



38% IT&IS share in total segment revenues

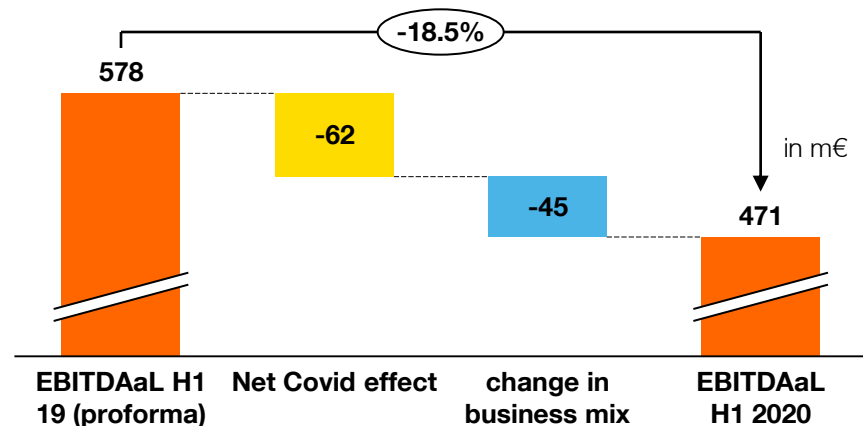


+11% yoy

H1 20 revenue growth



+8% yoy



Section Four

2020 guidance

Guidance 2020

2020

EBITDAaL, yoy	Around -1%
eCAPEX incl. RAN sharing deals, yoy	decrease
Organic Cash Flow (telecom)*	> €2.3bn
Net debt / EBITDAaL (telecom)	Around 2x in the medium term
Dividend**	€0.30 cash interim on 9 Dec. 20, decision on balance to be announced between Q3 and Q4 2020 earnings releases

* see details on slide 27

**Subject to shareholders' approval.

Appendices

Change in net income

(in millions of euros, on a historical basis)	H1 2019 historical	H1 2019 cb	H1 2020 actual
EBITDAaL	5,958	5,960	5,914
Neutralisation of IFRS 16 lease interest expenses effects in EBITDAaL	60		56
Adjustments*	(128)		(168)
Depreciation & amortization of fixed assets	(3,500)		(3,549)
Other income / (charge)	(2)		(4)
Operating income	2,388		2,249
Effects resulting from BT stake	(119)		-
Financial result (excluding BT)	(619)		(742)
Tax	(513)		(491)
Net income from consolidated Group	1,137		1,016
Minority interests	98		88
Net income Group share	1,039		927

* See details on slide 26

Adjustments

in €m	H1 19 Historical	H1 20 Actual
Cost of restructuring programs	(75)	(19)
Cost of acquisitions and integration	(10)	(10)
Significant litigations	(65)	(169)
Specific labour expenses	(46)	(28)
<i>o\w Senior Part Time</i>	(46)	(28)
Portfolio review and others	68	59

Change in net debt

(in millions of euros)

	H1 2019	FY 2019	H1 2020
EBITDAaL - eCAPEX (telecom activities)	2,542	5,754	2,844
Change in eCAPEX payables	(252)	45	(340)
Change in working capital requirements	(574)	(204)	(1,017)
Net interest paid (including dividends received)*	(704)	(1,196)	(559)
Income taxes paid	(640)	(1,079)	(527)
Other operational items**	(280)	(975)	(147)
Organic Cash Flow (telecom activities)	92	2,345	255
Licences and spectrum paid	(230)	(334)	(134)
Main litigations paid/received	23	5	(18)
Net of acquisitions and disposals	(152)	(77)	(18)
Coupons and other fees on subordinated notes	(267)	(357)	(186)
Dividends paid to owners of parent company	(1,061)	(1,857)	(532)
Dividends paid to non-controlling interests	(243)	(243)	(164)
Exclusion of IFRS 16 leases from the net financial debt definition	584	584	-
Other financial items	(42)	(91)	(157)
Change in net debt	(1,296)	(25)	(954)
Net financial debt	(26,737)	(25,466)	(26,420)
Ratio of net financial debt / EBITDAaL of telecom activities	2.06x	1.96x	2.04x

* Excluding €62m of interest expenses on IFRS 16 leases in H1 2020 and €46m in H1 2019.

**Of which (i) disbursements related to “Part- Time for Seniors” plan in France (TPS, procedures in relation to agreements on the employment of seniors in France) and related to restructuring and integration costs, (ii) repayments of lease liabilities, and (iii) elimination of non-monetary effects included in EBITDAaL.

Convergence, the bedrock of our strategy

€ **3.6**bn

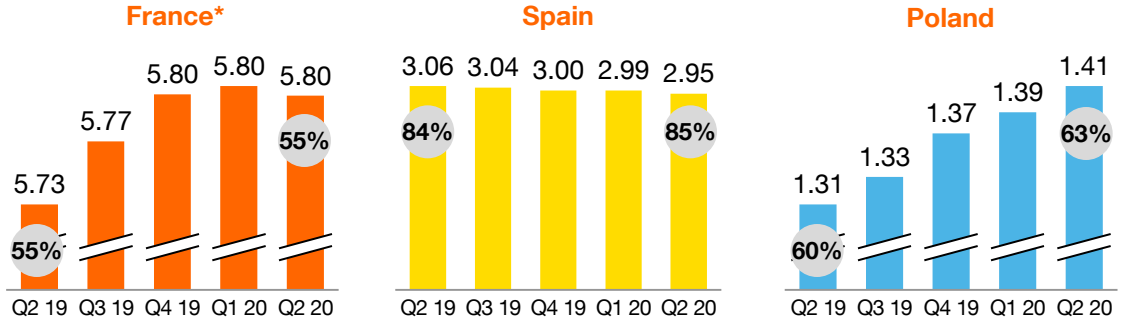
Convergent services
revenues in H1 2020

+4.1% yoy



Convergent B2C customer base in million

● % of broadband B2C customer base



Churn improvement with convergence in Q2**

-4pt

-4pt

>0

Quarterly convergent ARPO, in €/month in Q2

€68.7
+2.2% yoy

€57.5
-0.1% yoy

€23.9
+3.4% yoy***

Number of mobile lines per convergent offer (Q2 yoy growth)

1.67
+1.3% yoy

1.96
+2.6% yoy

1.88
-1.1% yoy

* cb Open customers only

** Churn differential between convergent B2C customers and total fixed BB B2C customers

*** YoY evolution calculated in local currency