Orange Mobile Finance Services
Our strategy going forward

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Section one
Strategy
Orange is a fully integrated network and service provider with Mobile Finance Services as a key pillar of diversification.
Enriched services is a key driver of future growth...

The key pillars of service growth

- Content
- Mobile Finance Services
- IoT
- B2B data

New services revenues & Net Banking Income[NBI]* evolution

- Contents
- Orange Money & others
- IT&IS (hors IoT)
- IoT

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenues</th>
<th>NBI in Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>9%</td>
<td>x4</td>
</tr>
<tr>
<td>2022</td>
<td>13%</td>
<td></td>
</tr>
</tbody>
</table>

- % of new services in group total revenues

*Before acquisition and distribution costs, directly booked in costs
...leveraging a longstanding experience in mobile finance services...

- 2008: Launch of Orange Money
- 2015: Essentials2020
  Diversify by capitalizing on our assets
- 2016: Deal with Groupama
  Orange to acquire a 65% stake in Groupama Banque, now Orange Bank
- 2017: Launch of Orange Bank
- 2018: 1st year of Orange Bank
  10th year of Orange Money
... a hybrid DNA of Telco and financial service provider

- Reduce churn
- Improve client satisfaction
- Upselling opportunities: higher Telco ARPU
- Scale up financing for handsets

- Trusted brand
- Innovation strengths
- Customer data to improve customer experience and simplify processes
- Enhanced risk management
- Shared resources: distribution channels, customer care, debt collection
Section two
Execution
Our unique positioning allows us to compete with both traditional banks and OTT/Fintech players

**Traditional banks**

- Advisor-based relationship
- Large offering with little customers’ autonomy
- Full network distribution

**Digital Banks / Fintechs**

- Easy-to-use Banking App democratizing user experience innovation
- Simple but complete offering giving customers control of their personal finance
- Phygital model, embedded in a telco leveraging its data and network

- High-end Banking App for niche customers
- Sophisticated offering featuring high risk / return products
- 100% digital client acquisition, without pre-existing fishing pool
1 Easy-to-use Banking App democratizing user experience innovation...

<table>
<thead>
<tr>
<th>Bank</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orange Bank</td>
<td>63</td>
</tr>
<tr>
<td>N26</td>
<td>62</td>
</tr>
<tr>
<td>Boursorama Banque</td>
<td>58</td>
</tr>
<tr>
<td>fortuneo BANQUE</td>
<td>54</td>
</tr>
<tr>
<td>BNP PARIBAS</td>
<td>54</td>
</tr>
</tbody>
</table>

In France, Orange Bank #1 D rating score, Digital customer offers and journeys*, Compounded score, 2018

In Africa, Orange money a customer centric ecosystem
Customer base at the end of Q3 18

- 40m customers
- 14m active customers

* D-Rating analysis includes 20 French Banks. SOURCE: Les Echos, D-Rating
...fueled with several Fintech partnerships in Europe and MEA

Our solution offers the best in class and is nurtured by partnerships with Fintechs
2 Simple but complete offering giving customers control on their personal finance

- **Innovative payment**
  - Mobile & credit card payment
  - Instantaneous account balance
  - SMS transfer and bill payment
  - Temporary lock/unlock credit card

- **Credit & Savings**
  - Flexible amount borrowed
  - Optimised withdrawing period
  - Funds release decided by clients
  - Instalment postponing at client’s will

- **Virtual customer care**
  - Digitalisation of our customer care supported by Artificial Intelligence

* Features available in certain countries. Savings and loans currently available through partnerships, planned to be internalised later
3 Customer acquisition through data management & branch network
Banking services embedded in Telco to bring innovation to mass market…

**Fishing pool**
- France: Orange 25m* and Groupama 6m
- Europe excl. France: Orange 45m* and Groupama 12m
- MEA: Orange >100m*

**Customer data**
- Optimised customer segmentation
  - Thanks to solid experience in telecom
- Risk assessment
- Data
  - Customer data to improve customer experience and simplify processes

**Distribution channels**
- 160 000
  - Point of sales in MEA
- > 600
  - Point of sales in France
- > 1 000
  - Point of sales Spain including franchised stores O/W some should be eligible for Orange bank sales

* Mobile contract (excluding M2M) + Prepaid
One single strategy with a differentiated go-to-market approach based on market maturity...

<table>
<thead>
<tr>
<th>Banking penetration rate</th>
<th>Countries</th>
<th>Adaptive Value proposition</th>
<th>Our solution factories</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10-20%</td>
<td>Finance services developed on top of Orange Money</td>
<td>Orange Money + Partners &amp; Orange Bank Africa³</td>
</tr>
<tr>
<td></td>
<td>40-80%</td>
<td>Focus on payment and consumer credit</td>
<td>Orange Money + Consumer finance factory</td>
</tr>
<tr>
<td></td>
<td>80-100%</td>
<td>Full digital bank allowing cherry picking’ on services</td>
<td></td>
</tr>
</tbody>
</table>

1 Jordan, Egypt
3 Ivory Coast, Mali, Burkina Faso, Senegal. File submitted to Central Bank of Western African States (BCEAO), review ongoing and subject to final approval from BCEAO
... and an ambitious expansion roadmap with 2-3 new countries per year

Our solution factories

**2018 - 2019**
- Spain
- Romania
- Senegal
- Ivory Coast

**2020 - 2023**
- Slovakia
- Poland
- Belgium
- Moldova
- Morocco
- Mali
- Burkina Faso

*Subject to approval from Central Bank of Western African States (BCEAO) and local governance bodies approval*
A strong and reliable management team leveraging diversified skills

- **CEO**
  Ex Indosuez CEO, Bain Partner

- **Controls and Operations, Deputy CEO**
  Ex French Treasury Assistant Secretary for financial services, Prime Minister EcFin advisor

- **European Development, Deputy CEO**
  CA Payment Services Deputy CEO

- **Middle East Africa Development, Deputy CEO**
  Ex Orange Commercial and Distribution Executive Director

- **Strategy executive director**
  Ex McKinsey Partner

- **General affairs executive director**
  Ex Orange R&D HR

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**Spanish team mixed experience**

- **Executive Director of OB Spain**
  Ex Bankinter CFO and Head of digital transformation, Executive chairman of Eurobits

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**Overlap of Skills**

- **Banking Experience**: 70%
- **Digital Experience**: 65%
- **From Orange Telco**: 24%
Orange Bank celebrates its birthday
One year after launch in France, solid growth and innovation track record

Orange bank new account openings per quarter in thousands

- Q1 18: 47
- Q2 18: 33
- Q3 18: 51
- Q4 18 estimate: >75

+61% growth

- 200K customers in 1 year
- o/w 30-40% active

- 60%
- Account opening in-store

- Nº1 in France
- Mobile NFC payments 9m 18

- 50%
- Of customer care interactions were fully handled by AI

- 45%
- Brand awareness
- In only 1 year after launch, a much quicker pace than peers
Contrary to Neo-banks that target only young and urban segments, Orange Bank addresses all segments of the French market thanks to dense physical distribution channels.

60% Account openings in-store

42 years median age
6 yrs younger than median French population

39% Of our base is at the upper socio-professional category
...enriching portfolio roadmap to deliver net banking income* growth

2018

- Consumer loan
- Current account
- Debit card
- Saving account

2019

- Premium card
- Consumer loan with no bank account
- IA recommendation
- Develop cross selling between bank and telco

2020 - 2021

- Mortgage
- Insurance
- Long-term saving

*Before acquisition and distribution costs, directly booked in costs
Spain offers a new territory of growth for mobile finance services

H2 2019

- Consumer loan boosted by handsets financing
- Current account
- Credit card

2020

- Other loans
- Savings account

beyond 2020

- Full competitive offer to come…
Orange Money celebrates a decade of financial innovation
Orange’s Mobile Finance Services in Middle-East Africa

2008 - 2012
Launch
Laying the foundations

2012 - 2015
Growth
Orange Money becomes popular

2016 - 2018
Maturity
New status and digitisation

... more to come
Orange Money 10 years after launch in Middle-East Africa…

17 countries*

40 million customers end of Q3 18

14 million active customers

260K Consumer loans in Madagascar 7 months after launch

>6% Share of Orange Money in MEA revenue

* Including in Mauritius under the brand my.t mobile money
Universal money transfer
- Whatever the operator
- Locally or internationally

Facilitate payments with a consistent cross operator acceptance network
- Banks, money transfer operators and other financial service providers are also encouraged to join Mowali

...now ready for a interoperability in Africa
Mowali is available to any mobile money provider in Africa

At launch
- International and domestic money transfer
- Merchant payments
- E-commerce

Extension
- Bulk payments
- Bank-to-wallet
- Other vertical specificities
Orange Money paved the way to a full fledged bank
Product portfolio built in-house or thanks to partnerships

### Product portfolio

- Credit/loans
  - Pico <100€ / Micro [100-500€]
- Savings account
- Insurance

### Partners/Providers

- **Orange Bank Africa** *
  - NSIA Full-fledged bank
- **PAMF**
  - Insurance, savings, credit, payments

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*Subject to approval from Central Bank of Western African States (BCEAO)*
Track record of synergies between Telco and Mobile Finance...
Telecoms knowledge enables better customer segmentation.

Orange now at the crossroad of telco data and banking data...
Telco based segmentation vs enrollment acceptance

... secured by reliable banking Back-testing

Customers satisfaction
Simple and fluid bank account openings

Customers score
Our approval policy proves to be relevant and effective
... with improved customer satisfaction in France... 

number and productivity of certified advisors* are increasing

<table>
<thead>
<tr>
<th>Client satisfaction after store visit</th>
<th>Number of advisors</th>
<th>Number of account monthly openings / advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>+15%</td>
<td>1100</td>
<td>11</td>
</tr>
</tbody>
</table>

New Orange bank customers surveyed by SMS after store visit are more satisfied than other new telco customers

In October 2018 vs 700 in April 2018 (+57%)

In October 2018 vs 8 in April 2018

* Certified agent in banking operations and in payment services / IOBSP : Intermédiaire en Opérations de Banque et en Services de Paiement
... and improved NPS, customer acquisition and retention in Poland

<table>
<thead>
<tr>
<th>Acquisition tool</th>
<th>Higher satisfaction</th>
<th>Lower churn</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% of new banking customers were also new telco customer</td>
<td>Customers with banking services showed a 3x higher NPS than other telco customers*</td>
<td>Customers with banking services were 18% less likely to cancel their telecom contract**</td>
</tr>
</tbody>
</table>

*NPS study, In Poland in 2016  
** Study done on a sample cohort
Track record of Orange Money impact in Africa

- **Higher ARPU**: +20%
  - ARPU cohort analysis in Ivory Coast and Mali between 2013 and 2014

- **Lower churn rate**: -40%
  - Churn cohort analysis in Ivory Coast and Mali in 2016
Section three
Ambitions and Financials
3 major phases towards profitability in the long run (>6 years)

- Grow volume
- Grow volume + NBI per customer
- Grow NBI per customer with focus on cost reduction

*NBI* ambition

*Before acquisition and distribution costs, directly booked in costs*
<table>
<thead>
<tr>
<th>Service/Brand</th>
<th>Count/Volume</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orange Money &amp; Consumer finance factory</td>
<td># Countries</td>
<td>2 countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orange 2023 ambition in Europe</td>
<td>Net banking Income*</td>
<td>€ 500 million</td>
</tr>
<tr>
<td></td>
<td>Customers</td>
<td>4 million</td>
</tr>
<tr>
<td></td>
<td># Countries</td>
<td>5 countries</td>
</tr>
</tbody>
</table>

*Before acquisition and distribution costs, directly booked in costs
**P&L drivers**

**NBI***
Net banking income per customer per year (€)

<table>
<thead>
<tr>
<th></th>
<th>2018e</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans, savings</td>
<td>~100</td>
<td>~200</td>
</tr>
<tr>
<td>Commissions (credit card, etc.)</td>
<td>~100</td>
<td>~200</td>
</tr>
</tbody>
</table>

**Drivers**
- Grow customer base to 2M
- Increase outstanding loans (consumer + mortgage)
- Take-up rate of Premium card
- Cross sell: insurances, long-term savings

**Costs**
Per customer per year (€)

<table>
<thead>
<tr>
<th></th>
<th>2018e</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer acquis.</td>
<td>~400</td>
<td>~150</td>
</tr>
<tr>
<td>IT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of risk</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Drivers**
- Less acquisition costs after ramp-up phase
- IT reductions costs after launch phase
- Stable labour thanks to automation and digitisation

**Value creation with an adj. EBITDA break-even in 2023**

*Including legacy (Groupama) active customers. Excluding enterprise customers. Before acquisition and distribution costs, directly booked in costs.
Group adj. EBITDA impact for France and Spain

Adj. EBITDA at group level

$\sum = -500\text{m€} \text{ to } -600\text{m€}$

Expected adj. EBITDA to break-even within 6 years

The cumulated adj. EBITDA impact is estimated between $-500\text{M€}$ to $-600\text{M€}$ at group level.

Initial cash outlay is mostly on customer acquisition (variable costs) and IT.
### Valuation metrics for France and Spain

<table>
<thead>
<tr>
<th>Ambitions for 2026</th>
<th>France</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking Income* per customer</td>
<td>~€ 200</td>
<td>~€ 150</td>
</tr>
<tr>
<td>Cost/Income</td>
<td>~50%</td>
<td>&lt;50%</td>
</tr>
<tr>
<td>ROE</td>
<td>&gt;15%</td>
<td>&gt;15%</td>
</tr>
<tr>
<td># of customers</td>
<td>2 million</td>
<td>1 million</td>
</tr>
<tr>
<td>Consumer loans outstanding</td>
<td>&gt;3bn€</td>
<td>&gt;1bn€</td>
</tr>
<tr>
<td>Adj. EBITDA break-even</td>
<td>2023</td>
<td>2023</td>
</tr>
</tbody>
</table>

*Before acquisition and distribution costs, directly booked in costs*
## Orange Money 2023 ambition in Africa

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orange Money revenue</td>
<td>&gt;€ 800 million</td>
</tr>
<tr>
<td># of customers</td>
<td>&gt;30 million</td>
</tr>
<tr>
<td>monthly active users with full fledge banking services</td>
<td></td>
</tr>
<tr>
<td># of countries</td>
<td>19</td>
</tr>
</tbody>
</table>
Group adj. EBITDA impact for Orange Bank Africa*

- Break even expected in 3 years
- $\sum = -20\text{m}\text{€}$

Expected adj. EBITDA to break-even within 3 years

- The cumulated adj. EBITDA impact is estimated around -$20\text{M}\text{€}$ at group level
- Reduce cost of risk in the long term
- Increase profitability

*Subject to approval from Central Bank of Western African States (BCEAO)
In a nutshell...

- Leverage our unique assets
- Capitalise on a proven track-record in mobile payments
- Scale up with a strict risk policy
- Execute with experienced management team
- Extract substantial synergies between Telco and Mobile Finance services
- Leverage agility as a challenger with a lean cost base
Q&A