

#Q1_2018

Orange financial results

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Deputy CEO, Chief Financial and Strategy Officer

26 April 2018

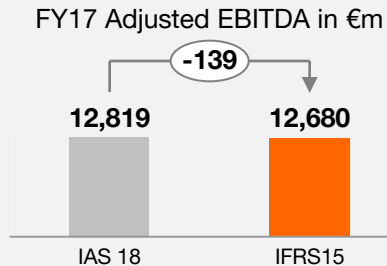
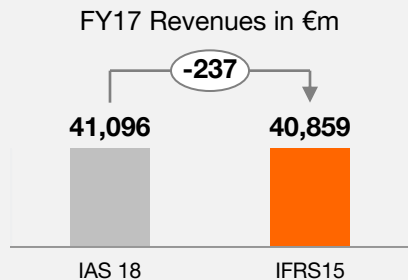


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This presentation contains forward-looking statements about Orange. Although we believe these statements are based on reasonable assumptions, they are subject to numerous risks and uncertainties, including matters not yet known to us or not currently 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. Important factors that could cause actual results to differ from the results anticipated in the forward-looking statements include, among others: disclosure or inappropriate modification of the personal data of Orange's customers, risks relating to the development of its banking activities and of mobile financial services, Orange's exposure to geopolitical, macroeconomic, regulatory and corruption risks, the risk of not being able to maintain control over customer relations when facing competition with the OTT players, the success of Orange's strategy of diversification to find new sources of growth, network or software failures as a result of cyber-attacks, various frauds that may target the Company or its customers, its dependence on a limited number of critical suppliers, damage caused to its installations and infrastructures due to natural disasters or intentional damage, risks relating to its brand strategy, its ability to retain the necessary skills due to numerous employee retirements and changes in its businesses, possible adverse health effects from exposure to electromagnetic fields from telecommunications equipment, various human factors related to psycho-social risks and to personal safety, fiscal and regulatory constraints and changes, the results of litigation regarding in particular regulations and competition, the terms of access to capital markets, interest rate or exchange rate fluctuations, Orange's credit ratings, changes in assumptions underlying the carrying value of certain assets and resulting in their impairment, and credit risks and/or counterparty risks on financial transactions. More detailed information on the potential risks that could affect our financial results is included in the Registration Document filed on April 4, 2018 with the French Autorité des Marchés Financiers (AMF) and in the annual report on Form 20-F filed on April 4, 2018 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.

Q1 2018 changes in financial reporting

IFRS15 full retrospective approach

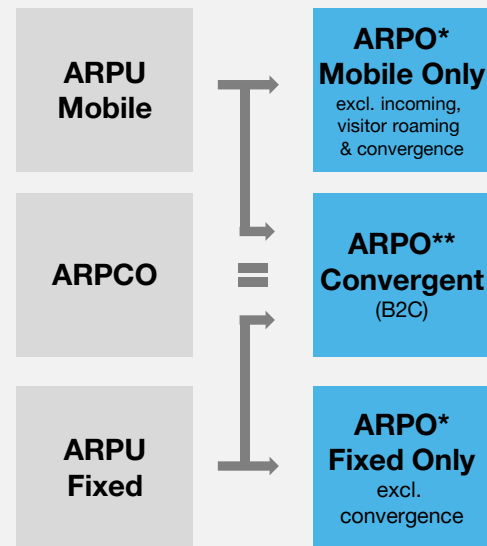


Revenues split per offer

Old presentation	
Revenues	
Mobile services	
Mobile equipment sales	
Fixed services	
Other revenues	
Voice services	
Data services	
IT and integration services	
International Carriers	
Shared services	

New presentation	
	Revenues
	Retail services (B2C+B2B)
	Convergent services**
	Mobile services only*
	Fixed services only*
	IT and integration services
	Equipment sales
	Wholesales revenues
	Other revenues

ARPO : Average Revenue Per Offer



* B2C and B2B
** B2C only

Section one

Q1 2018 highlights

Q1 2018 Group achievements

yoy : comparison with the same period of the previous year, on a comparable basis unless otherwise specified

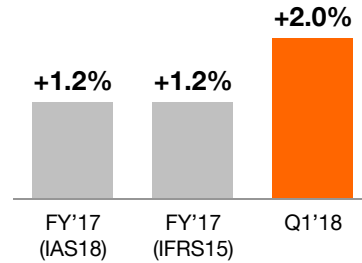
All Group level mentions include both telecom and banking activities. Conversely, all mentions excluding Orange bank are explicitly called "Telecom"

* see slide 23 for EBITDA adjustments



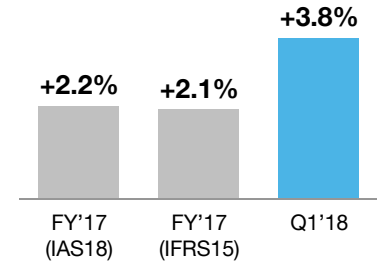
Revenue

€ **10.1** bn



Adjusted EBITDA*

€ **2.6** bn



Adj. EBITDA
telecom

+4.4%
yoy

Adj. EBITDA
telecom margin

+0.6pt
yoy

CAPEX

1.5
€ billion

OpCF

+4.0%
yoy

Sustained investment efforts to keep our competitive advantage in connectivity

Q1 2018 CAPEX (telecom)	yoy
€1.5bn	+3.6% +€52m
	As % of rev.
	15.1% +0.2pt yoy



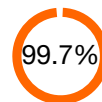
4G coverage

Population covered in %, yoy evolution in pp



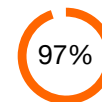
99.8%

+0,6pt
Poland



99.7%

+0,1pt
Belgium



97%

+8pt
France



96%

+5pt
Spain



93%

+10pt
Romania

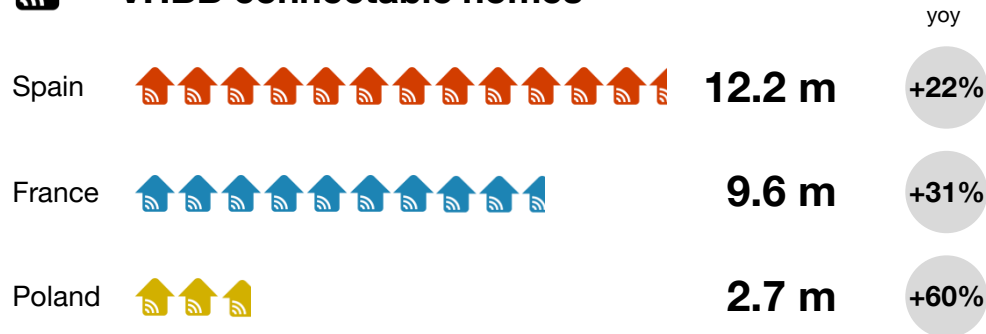


90%

+10pt
Slovakia



VHBB connectable homes*



* VHBB > 100 Mbps

Solid commercial momentum driven by VHBB and 4G

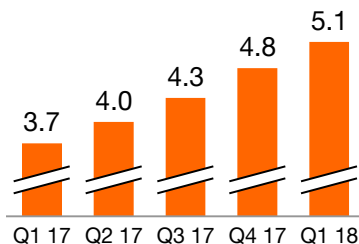
VHBB > 100 Mbps



VHBB customers
in million

5.1m

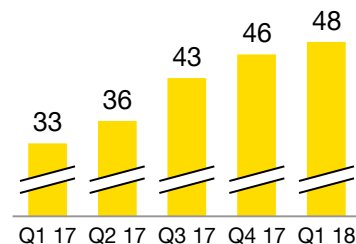
+39% yoy



4G customers*
in million

48m

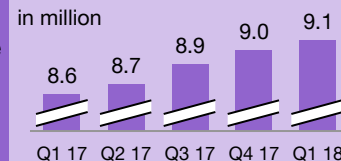
+45% yoy



Broadband
customer base
yoy growth
+4.1%

Mobile contract
customer base
yoy growth
+7.5%

TV
customer base
yoy growth
+6.1%



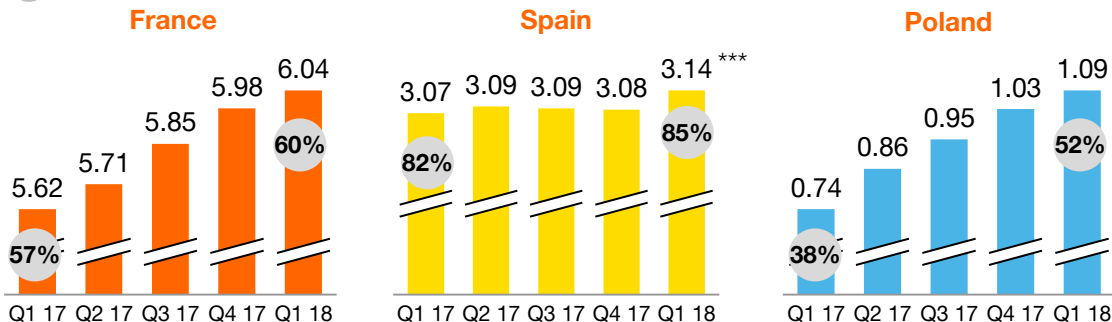
Convergence, the bedrock of our strategy

€1.7 bn Convergent
services revenues
+14.1% yoy



Convergent B2C customer base in million

● % of broadband B2C customer base



Churn improvement with convergence in Q1*



-2pts



-6pts



-5pts

Quarterly convergent ARPO, in €/month in Q1



€64.8
+5.3% yoy



€57.1
+3.8% yoy



€24.1
-10.4% yoy**

Number of mobile lines per convergent offer (Q1 yoy growth)



1.56
+3.3% yoy



1.86
+0.7% yoy



1.91
+3.4% yoy

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

** YoY evolution calculated in local currency

*** Incl. the changes in customer base accounting

Section two

Business review

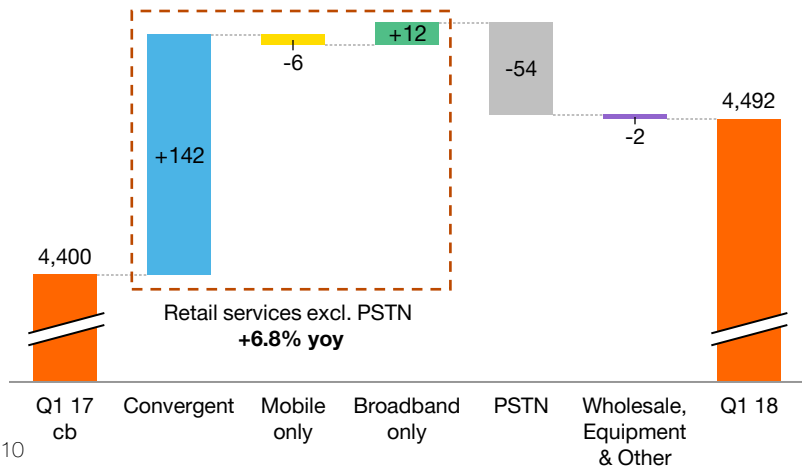
Q1 2018 France

4th consecutive quarter of total revenues growth, driven by convergent services

<i>in €m</i>	Q1 18	Q1 17 cb	yoy cb
Revenues	4,492	4,400	+2.1%
Retail services (B2C+B2B)	2,761	2,667	+3.5%
Convergent services*	1,100	959	+14.8%
Mobile only services	599	605	-1.0%
Fixed only services	1,061	1,103	-3.8%
Fixed only broadband services	643	630	+2.0%
Fixed only narrowband services	418	473	-11.5%
Wholesale	1,293	1,331	-2.9%
Equipment sales	317	284	+11.7%
Other revenues	121	118	+2.4%

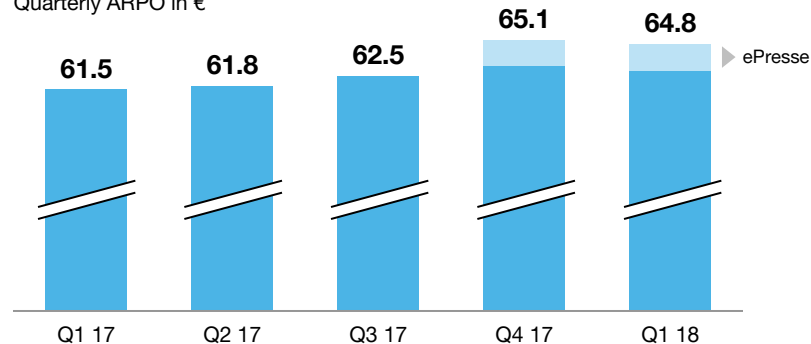
*B2C only

Revenue evolution (in €m)



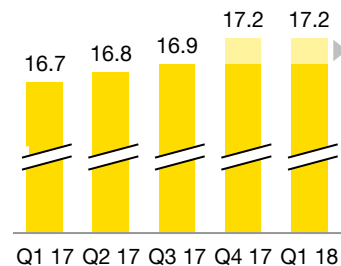
Convergent B2C ARPO

Quarterly ARPO in €



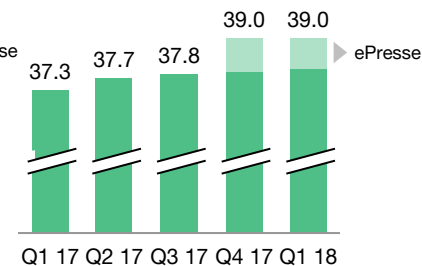
Mobile only ARPO

Quarterly ARPO in €



Broadband only ARPO

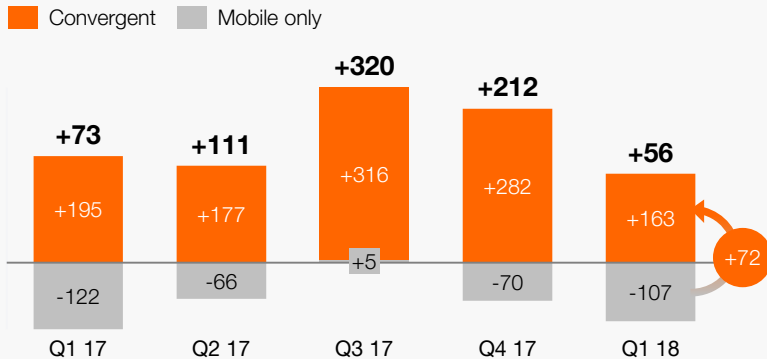
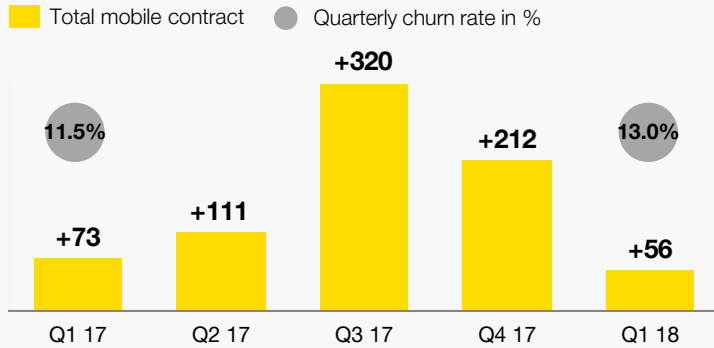
Quarterly ARPO in €



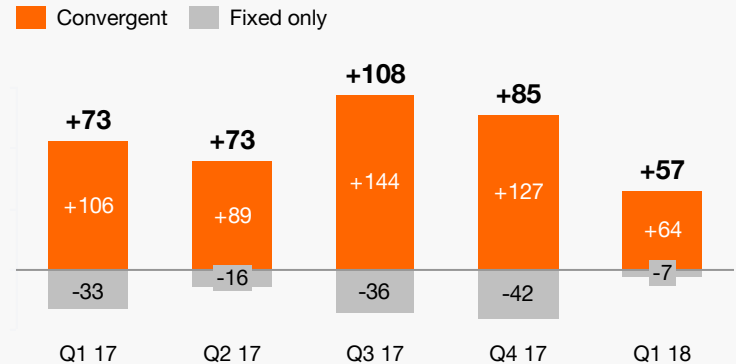
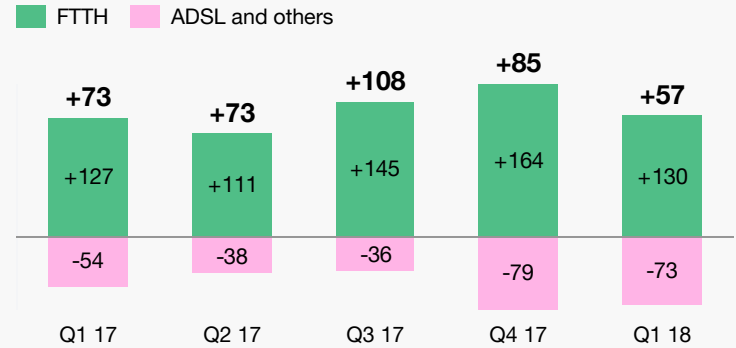
Q1 2018 France : commercial performance

Strong high-end mobile and broadband net adds in a very promotional environment

Mobile contract net adds (in '000s, excl. M2M)



Fixed Broadband net adds (in '000s)



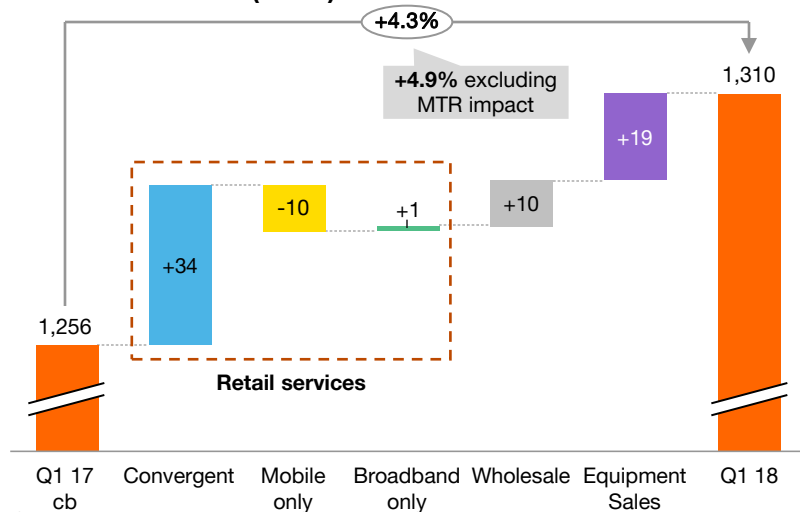
Q1 2018 Spain

Another quarter of revenue growth, thanks to retail services, wholesale and equipment

in €m	Q1 18	Q1 17 cb	yoy cb
Revenues	1,310	1,256	+4.3%
Retail services (B2C+B2B)	947	922	+2.7%
Convergent services*	526	491	+7.0%
Mobile only services	299	309	-3.2%
Fixed only services	122	121	+0.9%
Wholesale	180	170	+5.7%
Equipment sales	183	165	+11.3%

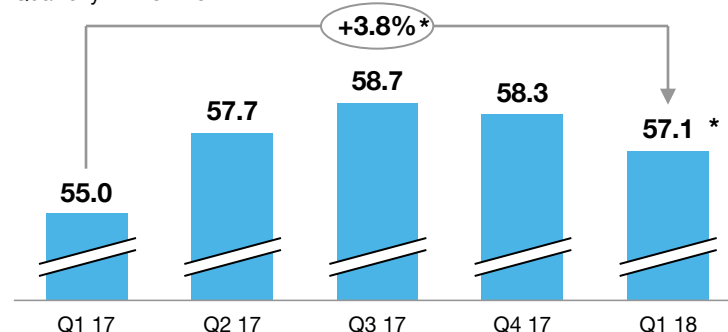
*B2C only

Revenue evolution (in €m)



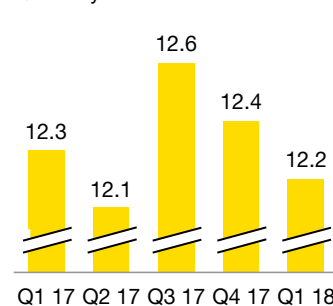
Convergent B2C ARPO

Quarterly ARPO in €



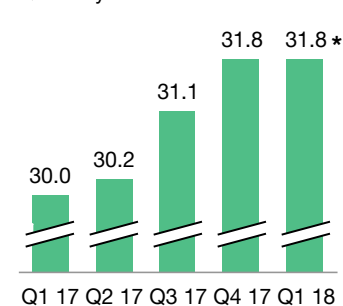
Mobile only ARPO

Quarterly ARPO in €



Broadband only ARPO

Quarterly ARPO in €

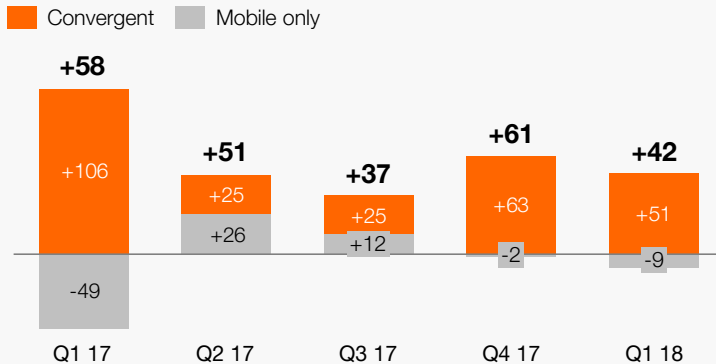
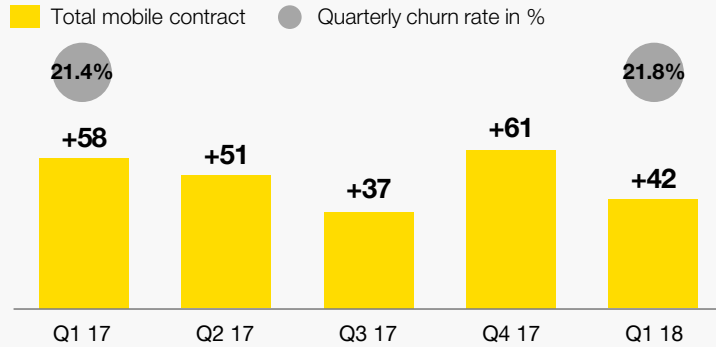


* Impact of reclassification of a pool of customers from Fixed only broadband customer base to B2C Convergent customer base in 1Q 2018.

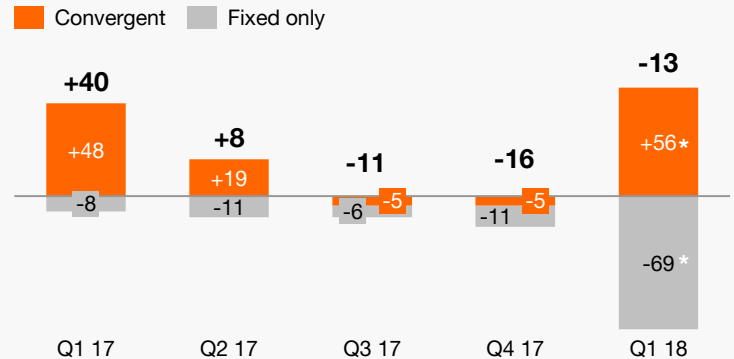
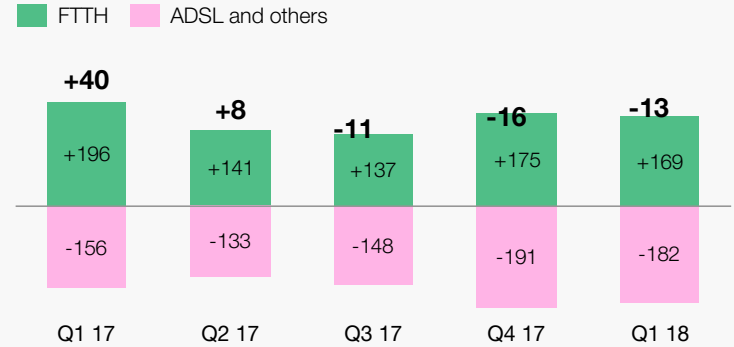
Q1 2018 Spain : commercial performance

A value driven approach in a very competitive environment

Mobile contract net adds (in '000s, excl. M2M)



Fixed Broadband net adds (in '000s)



* Impact of reclassification of a pool of customers from Fixed only broadband customer base to B2C Convergent customer base in 1Q 2018.

Q1 2018 Poland

Fixed broadband performance reflects the relevance of VHBB and convergent strategy

in €m	Q1 18	Q1 17 cb	yoy cb
Revenues	648	652	-0.6%
Retail services (B2C+B2B)	411	415	-1.0%
Convergent services*	70	49	+42.9%
Mobile only services	165	175	-6.0%
Fixed only services	150	169	-11.4%
IT & integration services	27	22	+22.1%
Wholesale	139	122	+13.2%
Equipment sales	84	96	-12.0%
Other revenues	15	20	-23.8%

*B2C only



2.7m

FTTH connectable homes

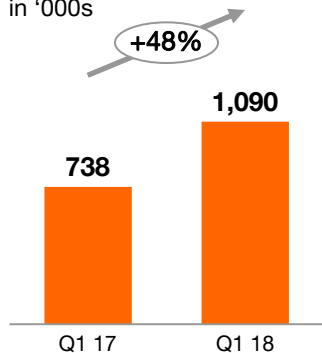


52%

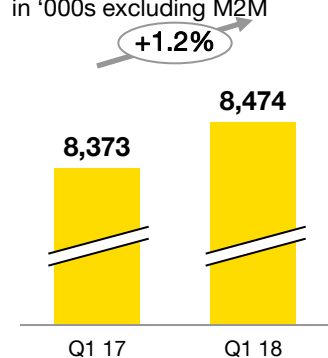
% of broadband B2C convergent customers



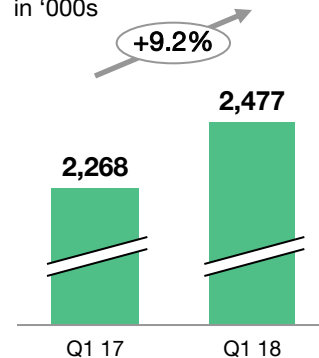
B2C convergent customers in '000s



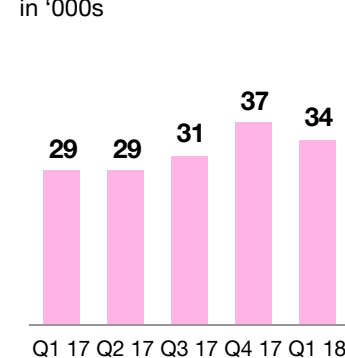
Mobile contract customer base in '000s excluding M2M



Fixed broadband customer base in '000s



FTTH net-adds in '000s



Q1 2018 Belgium & Luxembourg

Solid customer net adds driven by convergence and unlimited offers

in €m	Q1 18	Q1 17 cb	yoy cb
Revenues	307	304	+0.9%
Retail services (B2C+B2B)	181	171	+6.2%
Convergent services*	21	8	+158.4%
Mobile only services	150	151	-1.0%
Fixed only services	10	10	-6.2%
IT & integration services	1	1	+5.4%
Wholesale	77	90	-14.2%
Equipment sales	32	29	+9.9%
Other revenues	16	14	+15.3%

*B2C only



2.4m

Mobile contract customers in excl. M2M

+3.8%

yoy

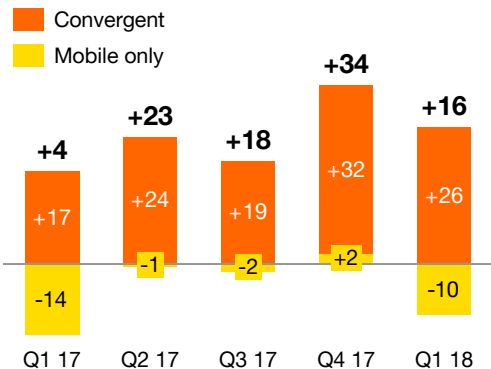


126k

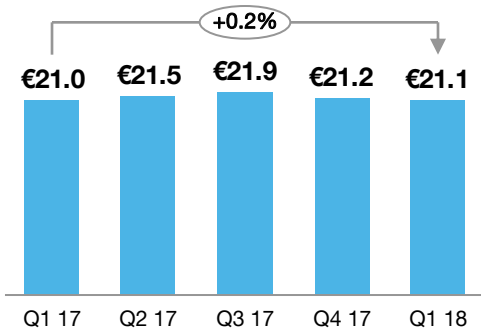
TV customers

x2

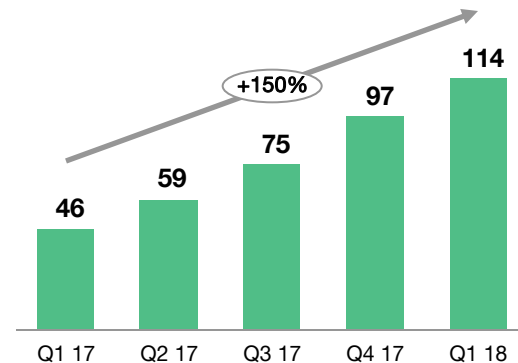
Mobile contract net adds
in '000s excluding M2M



Belgium mobile only contract ARPO



Convergent B2C customer base
in '000s, yoy growth in %



Q1 2018 Central European countries

Strong level of revenues growth maintained thanks to 4G penetration and wholesale

<i>in €m</i>	Q1 18	Q1 17 cb	yoy cb
Revenues	435	405	+7.3%
Retail services (B2C+B2B)	263	260	+1.2%
Convergent services*	11	7	+67.6%
Mobile only services	229	232	-1.3%
Fixed only services	20	19	+1.3%
IT & integration services	3	2	+59.1%
Wholesale	73	65	+12.8%
Equipment sales	91	74	+24.0%
Other revenues	7	7	+8.5%

*B2C only



4.8m

4G customers

+36%

yoy



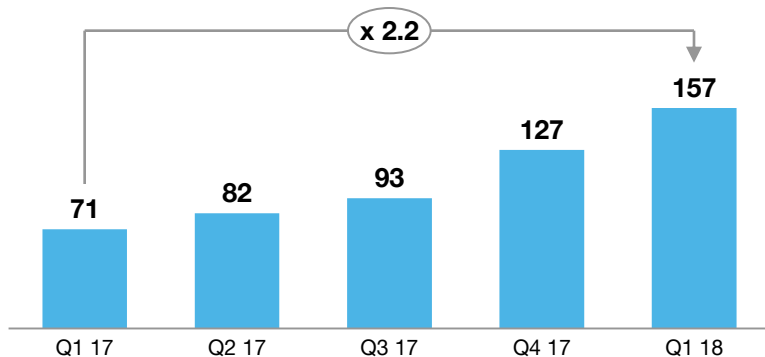
179k

Fixed VHBB** customers

+37%

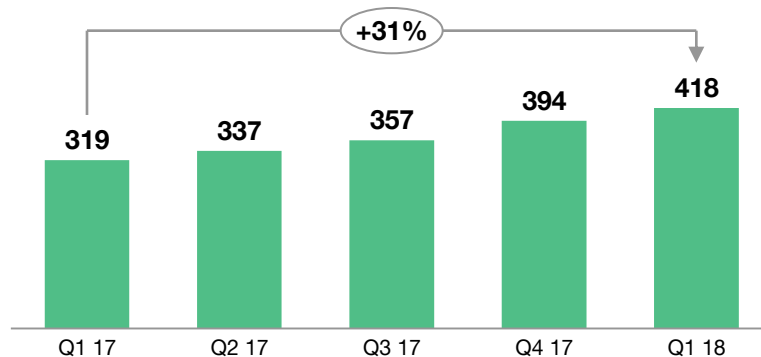
Broadband convergence customer base

in '000s



Central Europe Fixed broadband customer base

in '000s



Q1 2018 Africa & Middle East

Revenues accelerated growth at +6.2% driven by Data, Orange Money, and B2B

in €m	Q1 18	Q1 17 cb	yoy cb
Revenues	1,245	1,173	+6.2%
Retail services (B2C+B2B)	1,016	936	+8.5%
Mobile only services	910	832	+9.4%
Fixed only services	103	102	+1.1%
IT & integration services	3	2	+39.5%
Wholesale	200	215	-6.9%
Equipment sales	20	14	+43.7%
Other revenues	10	8	+16.2%



11.7m*
4G customers

x3
yoy

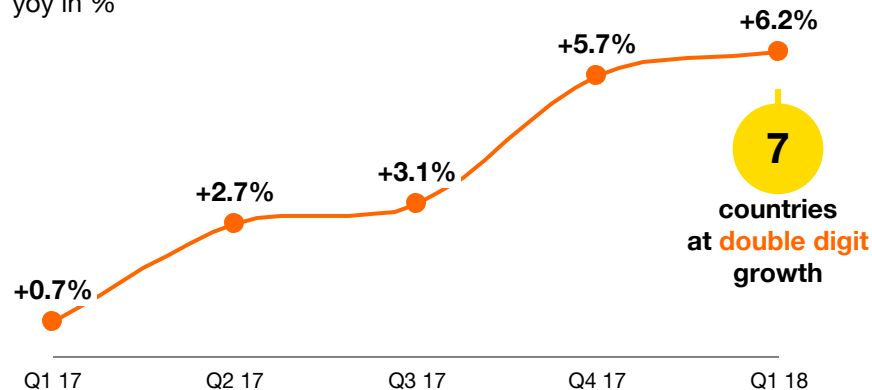


~2/3
of revenue growth coming from Data

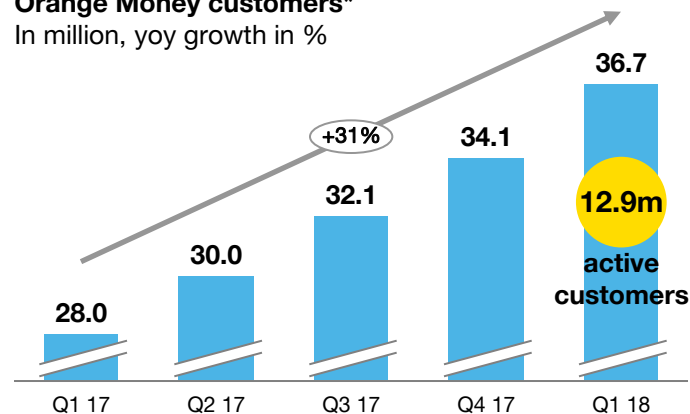


+9.8%
B2B revenue growth yoy in Q1

Revenues growth
yoy in %



Orange Money customers*
In million, yoy growth in %



* Incl. the changes in customer base accounting

Q1 2018 Enterprise

Good resilience of revenues, supported by mobile equipment and IT growth levers

in €m	Q1 18	Q1 17 cb	yoy cb
Revenues	1,726	1,748	-1.3%
Fixed only services	989	1,017	-2.7%
Voice	349	355	-1.6%
Data	640	662	-3.4%
IT & integration services	494	492	+0.4%
Mobile*	242	238	+1.8%

*Mobile = Mobile Only Services + Equipment sales + Wholesale



Cyberdefense
Q1 revenue growth

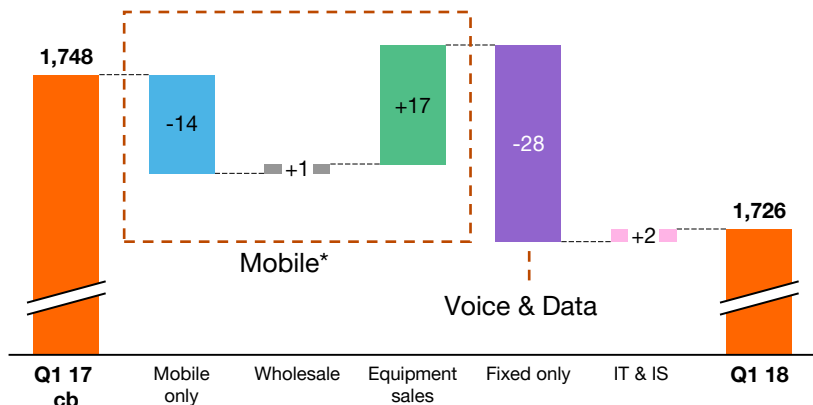
+20% yoy



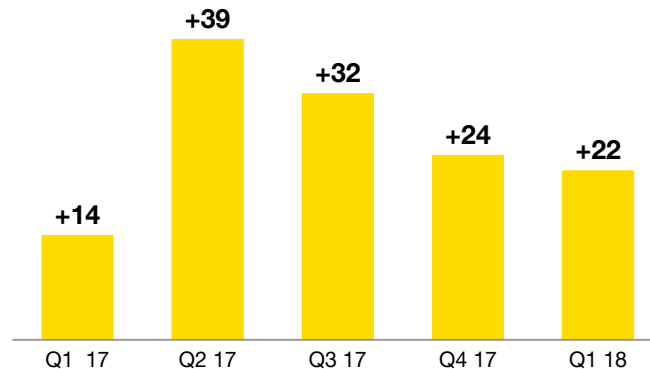
Cloud
Q1 revenue growth

+17% yoy

Revenue evolution (in €m)



Mobile contract net adds excl.M2M (mostly in France) in '000s



Section three

2018 guidance

Short and mid-term guidance

	2018	2019-2020
Adjusted EBITDA	Higher growth rate vs 2017	Growth
CAPEX	€7.4bn (peak)	Decrease
Operating Cash Flow *	Higher growth rate vs 2017	Growth
Net debt / Adjusted EBITDA (telecom)	Around 2x in the medium term	
Dividend	€70 cent (↕ +€5 cent)	New floor of €70 cent

Appendices

Appendix: B2C + B2B Orange customers in France

Mobile KPIs (in thousands)	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Mobile customers (excl. MVNOs)	28,612	28,966	29,508	30,033	30,489	31,150	31,624	31,777	32,012
Contract	24,581	25,069	25,759	26,486	27,090	27,842	28,433	28,821	29,184
M2M	4,277	4,611	5,115	5,711	6,228	6,829	7,068	7,220	7,506
Excluding M2M	20,305	20,457	20,644	20,775	20,862	21,012	21,365	21,601	21,678
Prepaid	4,030	3,897	3,748	3,547	3,398	3,308	3,191	2,956	2,827
Mobile volume market share (in %)*	35.1%	35.3%	35.4%	35.5%	35.6%	35.8%	35.8%	35.6%	35.4%

Fixed KPIs (in thousands)	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Broadband customers	10,830	10,923	11,056	11,151	11,220	11,290	11,402	11,485	11,537
o/w FTTH customers	1,075	1,181	1,308	1,452	1,579	1,690	1,835	1,999	2,129
o/w xDSL	9,698	9,686	9,693	9,643	9,587	9,548	9,517	9,438	9,362
Broadband market share (in %)*	40.0%	40.1%	40.3%	40.2%	40.2%	40.2%	40.4%	40.4%	40.3%
Net adds broadband market share (in %)*	45.3%	64.2%	58.1%	36.8%	30.3%	49.5%	60.6%	42.1%	28.0%

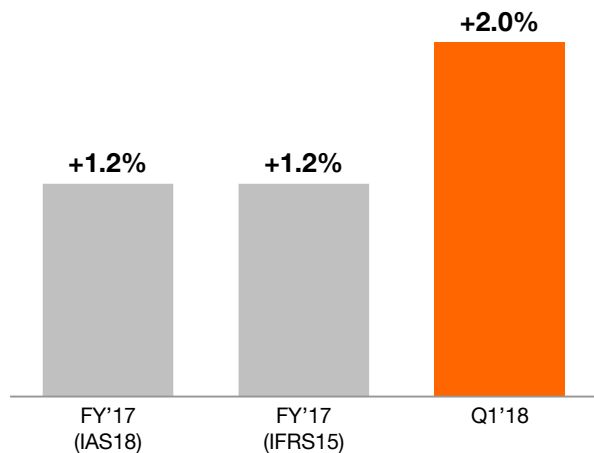
* Numbers for the latest quarter are company estimates.

EBITDA adjustments

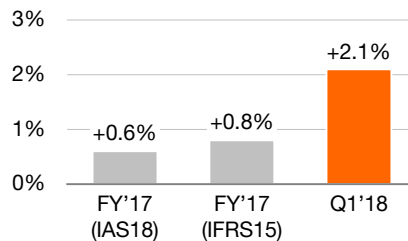
in €m	Q1'17 actual	Q1'17 cb	Q1'18
Adjusted EBITDA	2,530	2,510	2,605
restructuring and integration	-5	-5	-16
litigations	15	15	2
labour related	-24	-24	-13
portfolio review and others	-6	0	0
Reported EBITDA	2,510	2,496	2,578

Revenues yo evolution

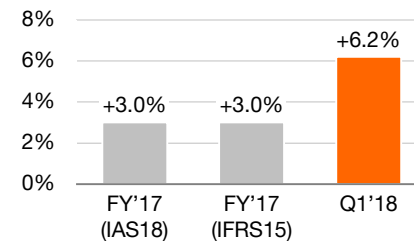
Group



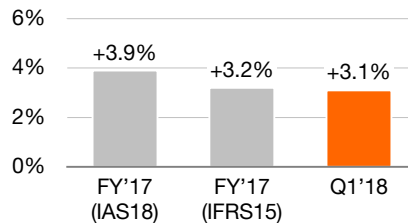
France



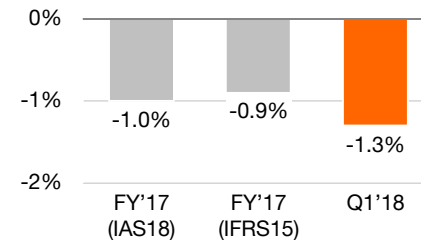
Africa & the Middle-East



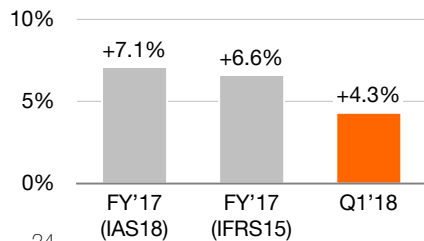
Europe



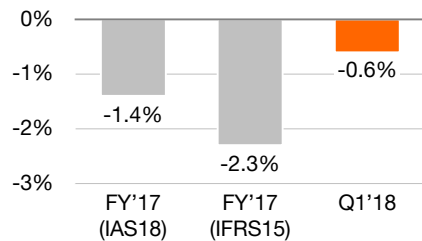
Enterprise



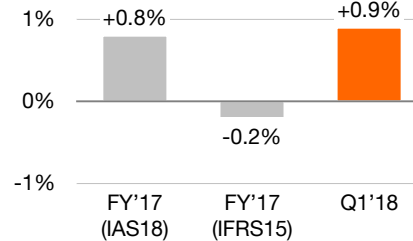
Spain



Poland



Belgium & Luxemburg



Central European countries

