

# Orange financial results

## #Q1\_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; it could have an impact on the Group's business and financial situation and may exacerbate the risks that the Group could face. 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

# Q1 2020 highlights

# Q1 20 key highlights



Revenue and EBITDAaL growth despite 2 weeks of lockdown impact



MEA, solid engine of revenue growth while France, Europe and Enterprise all growing slightly at different paces



Accelerating Retail services revenue growth in France



# 1 NPS in France

# Covid 19 update

Resilience and solid balance sheet, with a close monitoring and getting ready for a safe restart



## Successful crisis management

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High network reliability:  
significant increase in traffic  
and teleworking, and QoS  
maintained

~100k employees working  
from home, with reliable home  
office tools and increased  
digitisation

Solid Balance Sheet and  
Liquidity



## Impacts identified so far

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Commercial dynamic slowdown as  
 $\frac{3}{4}$  of shops closed in Europe

Retail roaming decrease

Churn + SAC/SRC decrease and  
some G&A cut

Clients and internal projects  
postponed

B2B : importance of network,  
collaboration, security services, but  
overall economic slowdown



## Preparing for “life after the crisis”

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Focus on Business recovery plan

Focus on digital inclusion

Digitization to accelerate

Leveraging on new ways of  
working to simplify

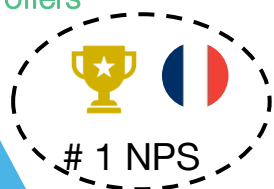
New customer behaviours to  
address accented focus on Home



# Q1 2020 key achievements

## Multi-Services

Customers & offers



## Connectivity

Customer base

## Network

Leadership

**10m**  
TV customers  
+3% yoy

2X more VOD sales in France during lockdown

**>580k**  
Customers

50% of new customers in Q1 subscribed to paying offers in France

Critical customer support excellence

Public sector (Medical sector, police)

Vital infrastructures

### Customers

<p><b>Convergence</b></p> <p><b>10.8m</b> +3% yoy</p>	<p><b>VHBB</b></p> <p><b>8.1m</b> +21% yoy</p> <p>customers, o/w 7.8m FTTH</p>
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**42m** VHBB connectable lines (+24% yoy) O/W 40m FTTH

**5G**



# Q1 20 financial 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"

Revenue

€ **10.4** bn

**+1.0%** yoy in Q1

EBITDAaL

€ **2.6** bn

**+0.5%** yoy in Q1



eCAPEX

**-3.1%** yoy in Q1



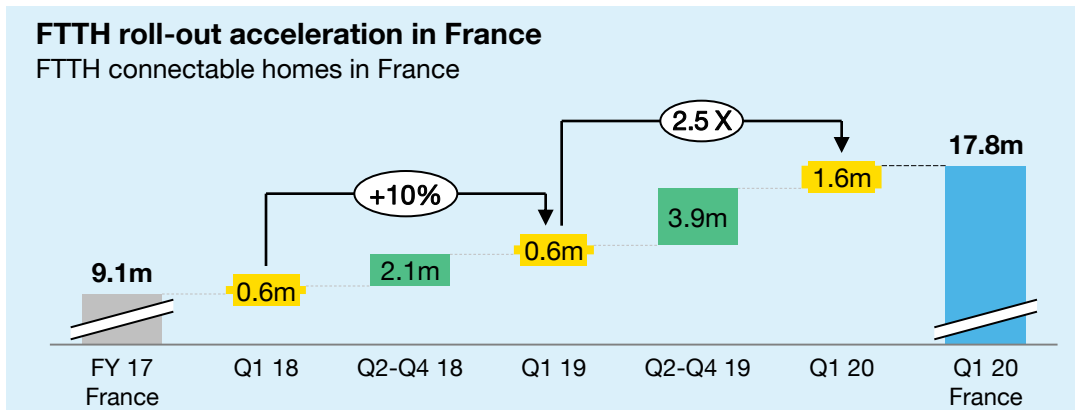
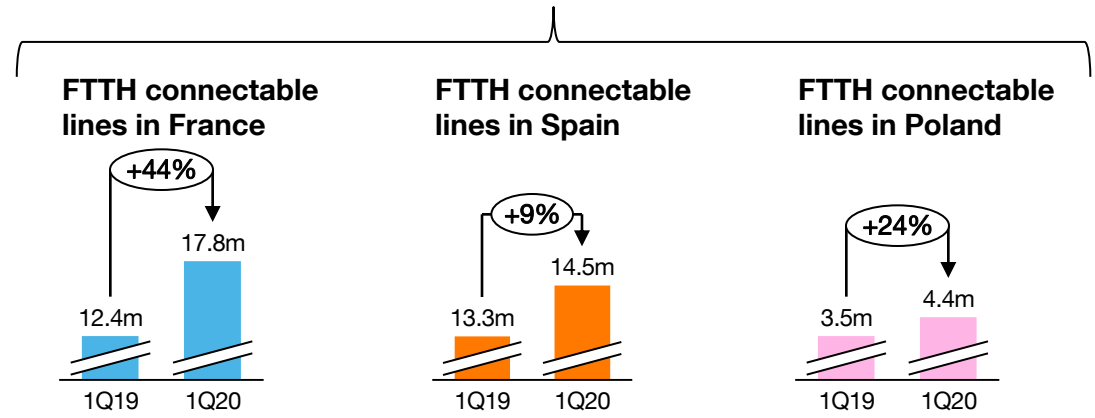
EBITDAaL- eCAPEX

**+6.8%** yoy in Q1

# Slowdown in eCAPEX driven by COVID crisis



**41.6m** VHBB\*\* connectable lines



Group	Telecom
Q1 2020 eCAPEX	- 3.0%
<b>€1.6bn</b>	- €49m yoy
- 3.1% yoy	As % of rev. <b>15.1%</b>
- €51m yoy	- 0.6 pt yoy

\*\*VHBB > 100 Mbps



# Section two

# Business review

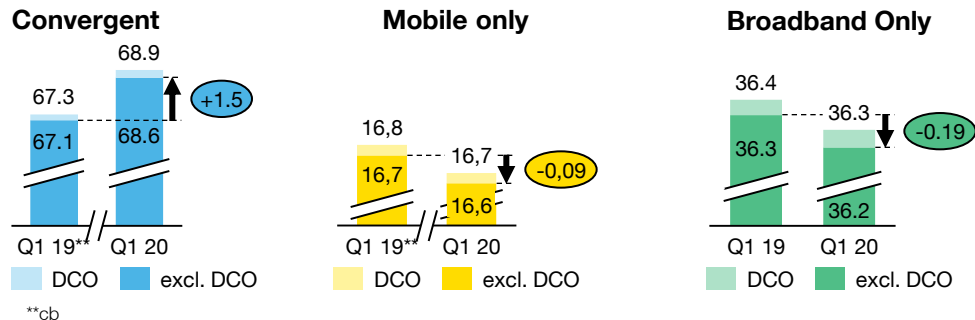
# Q1 2020 France

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

in €m	Q1 20	Q1 19cb	yoy cb
<b>Revenues</b>	<b>4,431</b>	<b>4,409</b>	<b>+0.5%</b>
Retail services	2,692	2,693	0.0%
Convergent services*	1,137	1,078	+5.4%
Mobile only services	565	580	-2.7%
Fixed only services	991	1,034	-4.2%
Fixed only broadband	676	667	+1.4%
Fixed only narrowband	315	367	-14.2%
Wholesale	1,336	1,303	+2.6%
Equipment sales	252	297	-15.2%
Other revenues	151	117	+29.3%

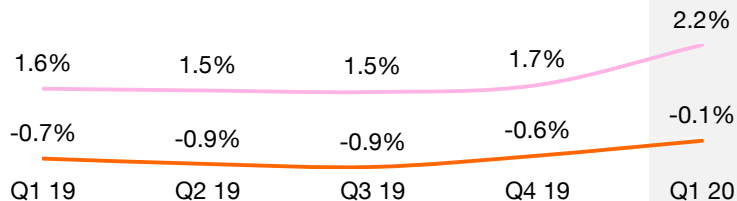
\*B2C only

## Q1 20 quarterly ARPOs (in €) and growth, yoy:



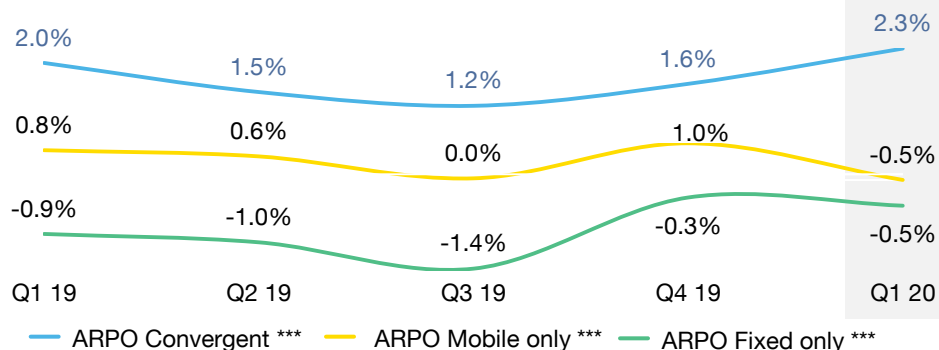
## Improvement of Retail services trend in Q1 20

Quarterly yoy growth excl. digital content offers (DCO)



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


## Better trend in Q1 20 vs FY19 of Convergent and Fixed-Only ARPOs:

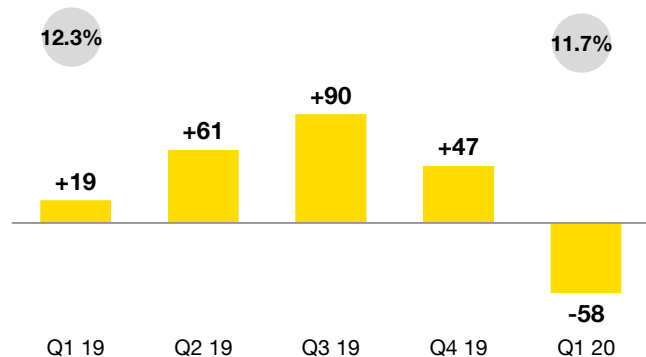


\*\*\* Growth yoy, excl. digital content offers (DCO)


# Q1 2020 France: commercial performance

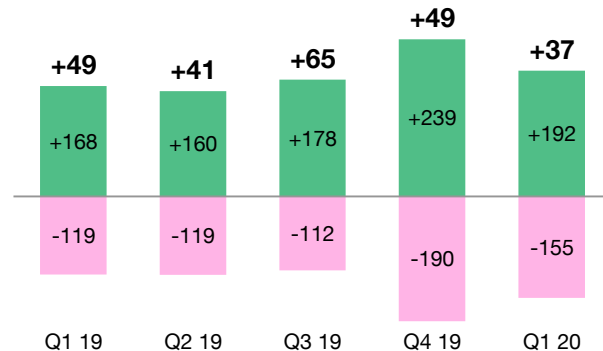
Good performance in fixed, despite Covid-19 impact with a record Q1 in fiber

 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 (+4pts yoy)

**+2.0%**

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

**17.8m**

of FTTH connectable homes (+44% yoy) o/w 3.5m FTTH customers (+28 %)

**54%**

of FTTH adds\* are new customers

**+2.7pts**

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


# Q1 2020 Spain

Value proposal strengthened on high end, potential for volume catch-up on the low-end

in €m	Q1 20	Q1 19 cb	yoy cb
<b>Revenues</b>	<b>1,287</b>	<b>1,318</b>	<b>-2.4%</b>
Retail services	910	953	-4.6%
Convergent services*	517	530	-2.4%
Mobile only services	267	296	-10.0%
Fixed only services	124	125	-1.3%
Wholesale	220	210	+4.8%
Equipment sales	145	155	-6.3%
Other revenues	11	0	+0.0%

\*B2C only


**85%** Convergence as % of broadband B2C customer base




**80%** Fiber penetration in BB customer base



**68%** 4G penetration in mobile customer base



**17%** TV penetration in BB customer base



## Value proposal strengthening on the high end

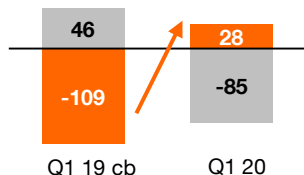
Mobile convergent net-adds on Orange Brand in '000's



Value\*\*

Entry level

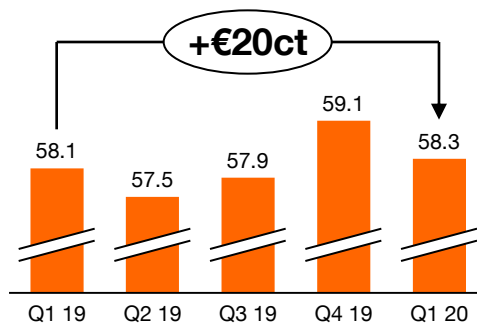
\*\* Love Intenso



Subscribers to Orange unlimited offers launched in Feb 20

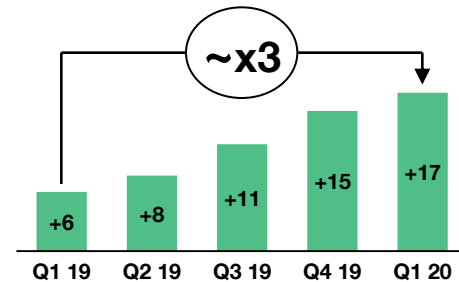
## Convergent ARPO increase

In €



## Low-cost convergent net-adds ramping up

Amena BB net-adds in '000'



All low cost brands on **Convergence** in next few months

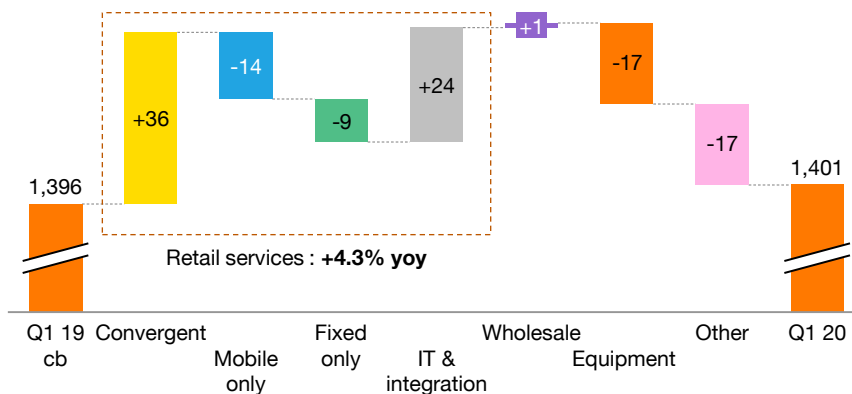
# Q1 2020 Europe

Retail services accelerating at +4.3%, driven by convergence and IT & integration, with Wholesale back to positive territory

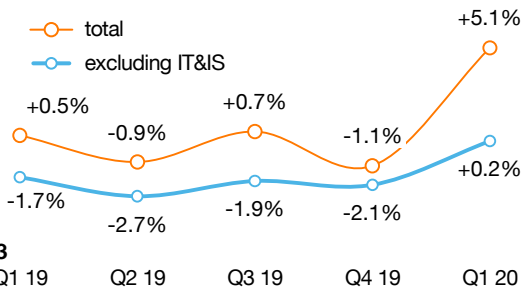
in €m	Q1 20	Q1 19 cb	yoy cb
<b>Revenues</b>	<b>1,401</b>	<b>1,396</b>	<b>+0.3%</b>
Retail services	921	883	+4.3%
Convergent services*	178	142	+25.3%
Mobile only services	515	529	-2.7%
Fixed only services	156	165	-5.2%
IT & integration services	72	48	+51.0%
Wholesale	260	259	+0.6%
Equipment sales	186	203	-8.3%
Other revenues	33	51	-34.2%

\*B2C only

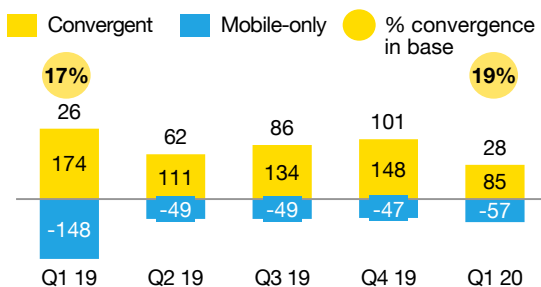
Revenue evolution (in €m)



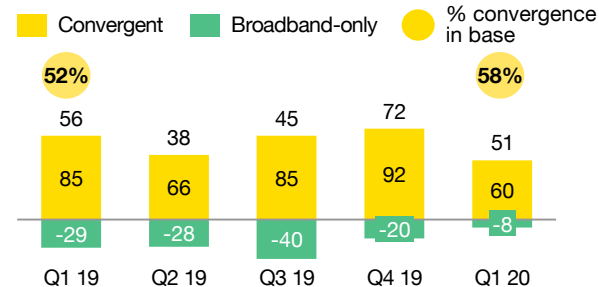
**Poland, retail services evolution**  
(cb yoy in %)



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



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



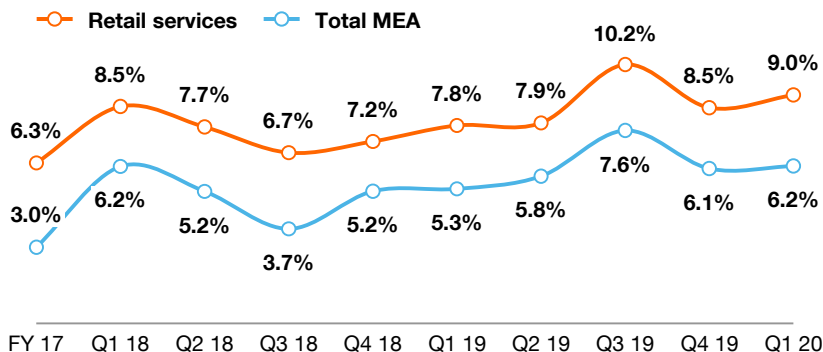
# Q1 2020 Africa & Middle East

## Ongoing strong performance

in €m	Q1 20	Q1 19 cb	yoy cb
<b>Revenues</b>	<b>1,445</b>	<b>1,360</b>	<b>+6.2%</b>
Retail services	1,233	1,131	+9.0%
Mobile only services	1,094	1,009	+8.4%
Fixed only services	133	119	+12.0%
IT & integration services	6	3	+94.2%
Wholesale	181	199	-9.5%
Equipment sales	20	22	-7.4%
Other revenues	10	7	+42.8%

### > 80% of revenue comes from sustainably solid retail services

Revenue cb yoy growth in %



> **90%** of Retail Services revenue growth in Q1 20 comes from **Data**, **Orange Money**, and **Fixed BB**



**26.5m**

**4G** customers

**+51%**  
yoy

+27% **Data** revenue growth Q1 20



**1.3m**

**FBB** customers

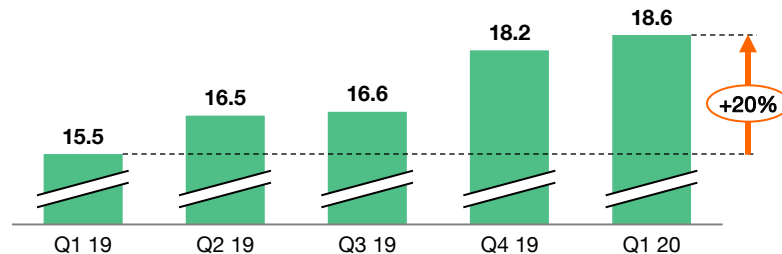
**+21%**  
yoy

+22% **FBB** revenue growth Q1 20



+22% **Orange Money** revenue growth Q1 20

> **1/3** of 47m **Orange Money** customers are active\*  
(active customers in millions, yoy growth in %)



\* At least one transaction per month

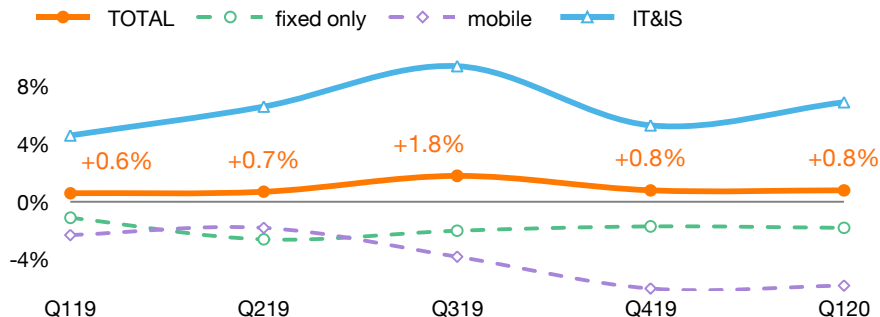
# Q1 2020 Enterprise

6<sup>th</sup> consecutive quarter of revenue growth driven by our network leadership and IT&IS

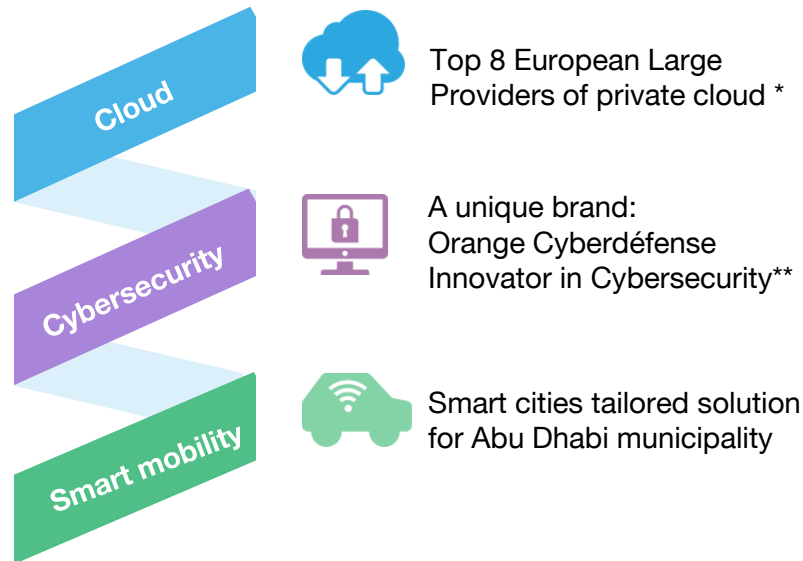
in €m	Q1 20	Q1 19 cb	yoy cb
<b>Revenues</b>	<b>1,934</b>	<b>1,918</b>	<b>+0.8%</b>
Fixed only services	974	992	-1.8%
Voice	307	328	-6.5%
Data	667	664	+0.5%
IT & integration services	737	690	+6.9%
Mobile*	223	237	-5.8%

\*Mobile = Mobile Only Services + Equipment Sales

Revenues growth fuelled by IT&IS (yoy in %)



Market recognitions in our drivers of growth :



AkzoNobel partners with Orange to drive its digital transformation

\* Forrester's Overview Of 22 Hosted Private Cloud Providers (March 6, 2020)  
 \*\* Avast's Cybersecurity Services RadarView™ Report 2020

# Conclusion



# Appendices

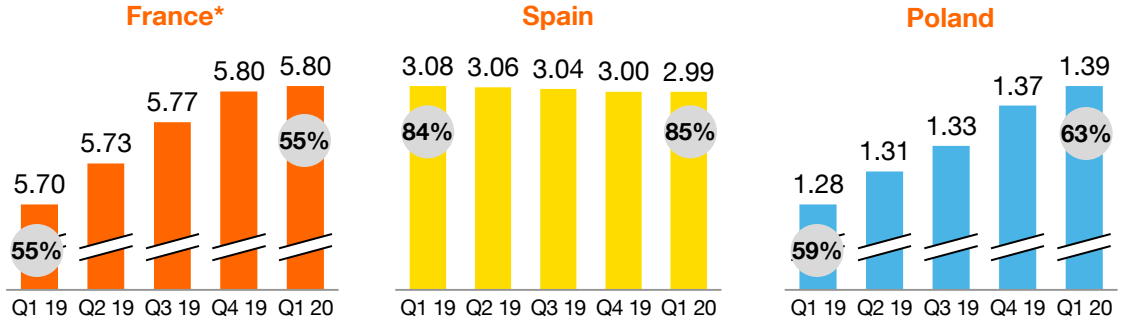
# Convergence, the bedrock of our strategy

€ **1.8bn** Convergent services  
revenues in Q1 2020  
+4.5% yoy



## Convergent B2C customer base in million

● % of broadband B2C customer base



## Churn improvement with convergence in Q1\*\*



-3pt



-4pt



>0pt

## Quarterly convergent ARPO, in €/month in Q1



€68.9

+2.9% yoy



€58.3

+0.3% yoy



€24.2

+3.3% yoy\*\*\*

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



1.68

+2.0% yoy



1.96

+3.4% yoy



1.88

-1.2% yoy

\* cb Open customers only

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

\*\*\* YoY evolution calculated in local currency