

# Orange financial results

## #Q3\_2020



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## Disclaimer

This presentation contains forward-looking statements about Orange's financial situation, results of operations and strategy. 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 Universal 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

# Q3 2020 highlights



# Q3 2020 key achievements

**Multi Services & Connectivity**  
Customers & offers

**Network Leadership**


  
Excellent commercial performance






  
5G auction 90 Mhz



### France



-  Record FTTH net adds
-  Best mobile net adds since Q218
- 5G** More for more offers



### Europe/MEA

-  **Poland**  
Record FTTH net adds
-  **Spain**  
Back to positive net adds FBB, mobile, TV
-  **Orange Money**  
20m active customers



**1.1m** customers  
Record sales of premium card  
~60% new customers in France subscribed to paying offers

<h3>Convergence</h3> <p> <b>10.9m</b> <span>+2% yoy</span> customers</p>	<h3>VHBB</h3> <p> <b>9.0m</b> <span>+22% yoy</span> customers, o/w 8.6m FTTH</p>
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 **46m** VHBB connectable lines (+23% yoy) o/w 45m FTTH  **5G**

 **Sustainable bond issuance for €500m**  
coupon +0.125% with 9 year maturity

# Q3 2020 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"

Q320

Revenue

€10.6bn

+0.8% yoy in Q3

EBITDAaL

€3.6bn

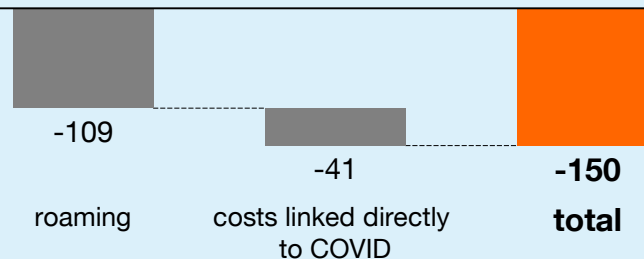
-0.4% yoy in Q3

eCapex

€1.7bn

+0.9% yoy in Q3

Negative Q3 EBITDAaL impact related to crisis (€m)



9m20

Revenue

€31.4bn

+0.5% yoy

EBITDAaL

€9.5bn

-0.6% yoy

eCapex

€4.9bn

-6.3% yoy

EBITDAaL-  
eCapex

€4.6bn

+6.3% yoy

# Section two

# Business review

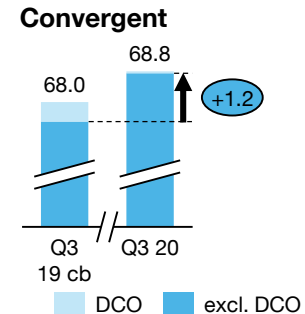
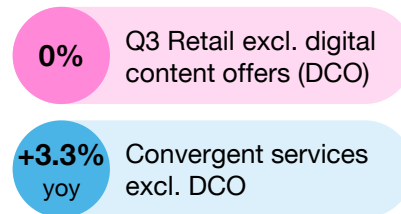
# Q3 2020 France

Resilience of our retail services and a strong growth of wholesale revenues

in €m	Q3 20	yoy cb	9M 20	yoy cb
<b>Revenues</b>	<b>4,693</b>	<b>+3,1%</b>	<b>13,717</b>	<b>+2.1%</b>
Retail services	2,691	-0,4%	8,068	-0.1%
Convergent services*	1,137	+2,5%	3,405	+4.0%
Mobile only services	564	-2,7%	1,687	-2.8%
Fixed only services	990	-2,4%	2,976	-3.0%
Fixed only broadband	689	+2,2%	2,052	+2.0%
Fixed only narrowband	301	-11,5%	924	-12.6%
Wholesale	1,543	+10,5%	4,414	+8.4%
Equipment sales	302	-9,8%	759	-16.8%
Other revenues	157	+33,3%	475	+29.8%

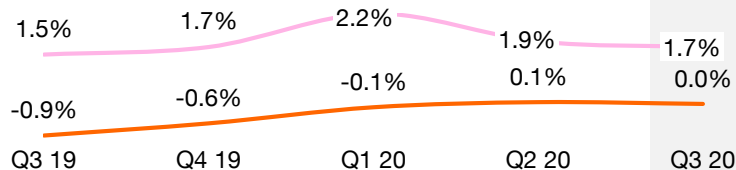
\*B2C only

## Q3 20 quarterly ARPOs (in €) and growth, yoy:



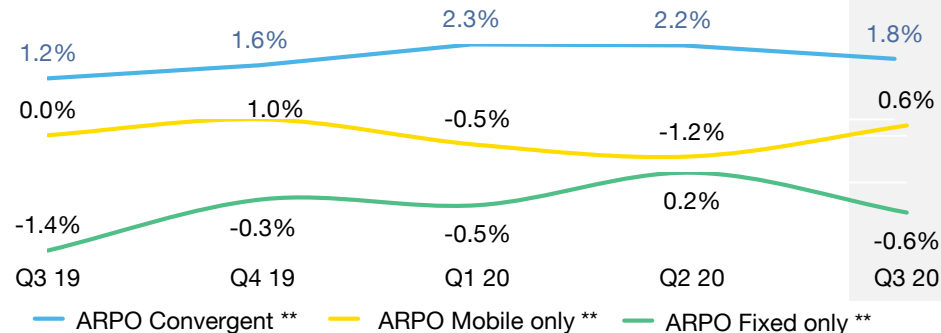
## Solid retail services trend

Quarterly yoy growth excl. digital content offers (DCO)



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


## Resilience in convergent and mobile only ARPOs despite roaming impact

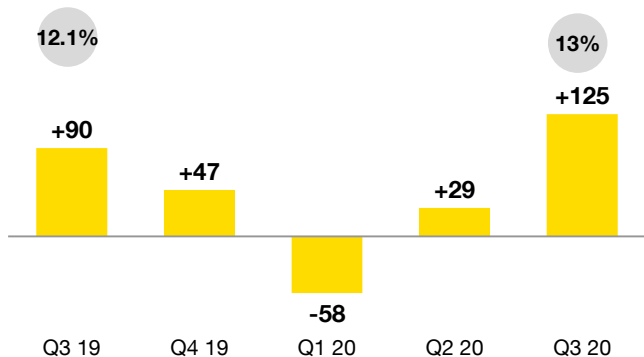


\*\* Growth yoy, excl. digital content offers (DCO)


# Q3 2020 France: commercial performance

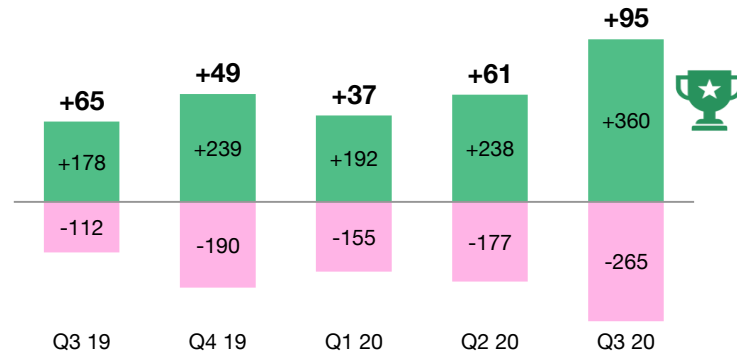
## Excellent performance in FTTH and mobile

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



**54%**  
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)

**+1.0%**

Number of mobile lines per convergent offer (Q3 yoy growth)

**20.9m**

of FTTH connectable homes (+43% yoy) o/w 4,1m FTTH customers (+33.2 %)

**53%**

of FTTH adds\* are new customers

**+1.0pt**

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

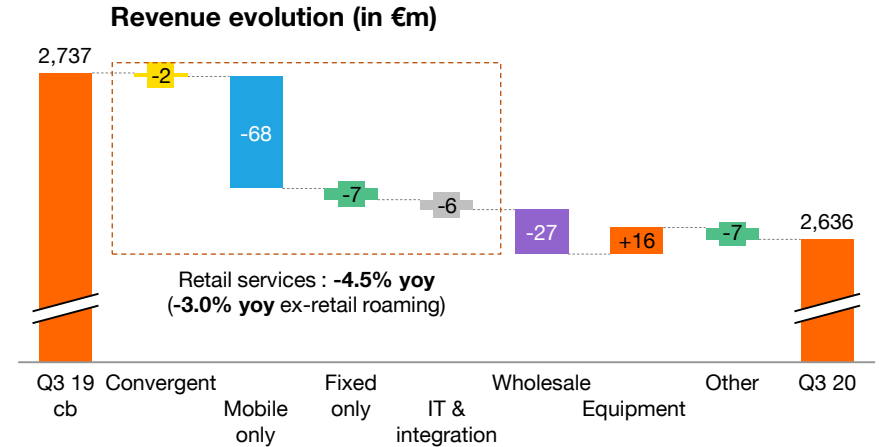


# Q3 2020 Europe

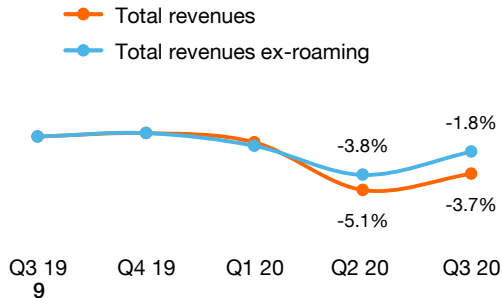
Effective marketing refresh driving commercial turnaround; total revenues trend improving QoQ, despite greater impact from roaming and after-effect of stronger IT&S in earlier quarters

in €m	Q3 20	yoy cb	9m 20	yoy cb
<b>Revenues</b>	<b>2,636</b>	<b>-3.7%</b>	<b>7,864</b>	<b>-3.3%</b>
Retail services	1,771	-4.5%	5,366	-2.6%
Convergent services*	673	-0.2%	2,050	+1.9%
Mobile only services	766	-8.2%	2,291	-7.5%
Fixed only services	270	-2.7%	816	-4.2%
IT & integration services	61	-9.5%	209	+23.3%
Wholesale	480	-5.3%	1,431	-0.7%
Equipment sales	355	+4.8%	966	-8.2%
Other revenues	30	-18.8%	101	-20.4%

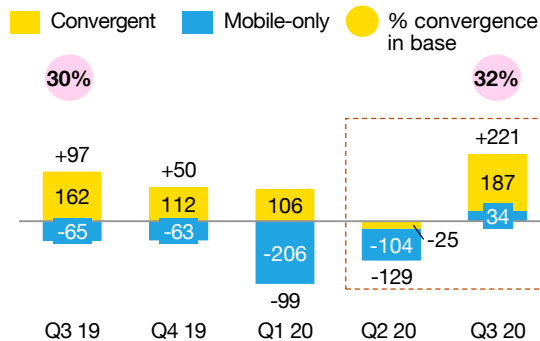
\*B2C only



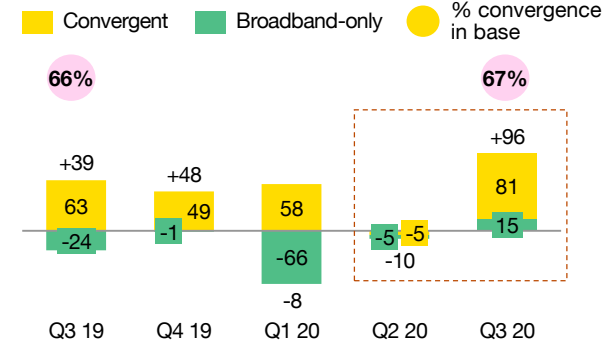
## Europe, total revenues evolution (cb yoy in %)



## Mobile contract net adds ex-M2M (in '000s)



## Fixed Broadband net adds (in '000s)



# Q3 2020 Spain

Back to positive net adds paving the way to better financials in the medium term

in €m	Q3 20	yoy cb	9m 20	yoy cb
<b>Revenues</b>	<b>1,237</b>	<b>-5.6%</b>	<b>3,739</b>	<b>-5.0%</b>
Retail services	860	-7.7%	2,639	-6.5%
Convergent services*	488	-5.8%	1,508	-3.8%
Mobile only services	252	-13.8%	769	-12.3%
Fixed only services	118	-2.3%	356	-4.9%
Wholesale	231	-4.6%	680	+3.1%
Equipment sales	145	+7.0%	408	-9.8%
Other revenues	0	-	12	+0.0%

\*B2C only

**85%** Convergence as % of broadband B2C customer base **+1pt yoy**



**82%** Fiber penetration in BB customer base **+5pt yoy**



**66%** 4G penetration in mobile customer base **+0pt yoy**

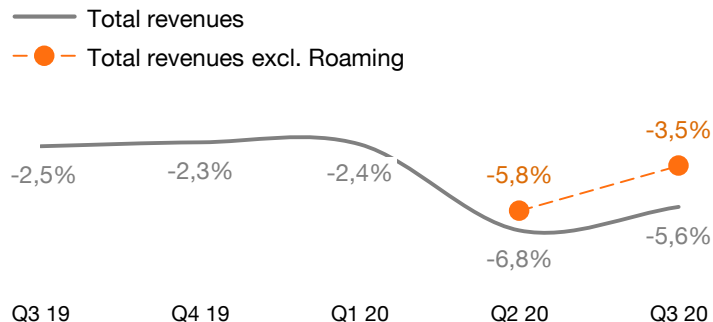


**18%** TV penetration in BB customer base **+1pt yoy**



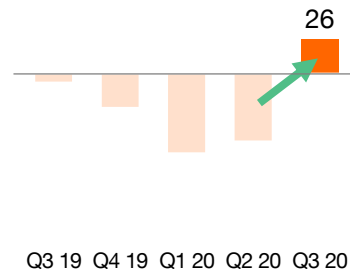
## Improving revenue trend compared to Q2

(cb yoy in %)

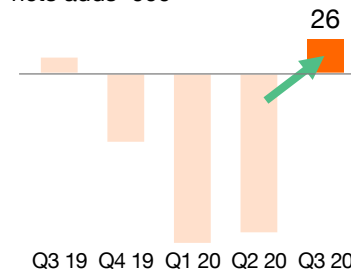


## New marketing strategy is bearing fruit with a significant turnaround in Q3 net adds

FBB nets adds '000



Mobile contract excl. M2M nets adds '000



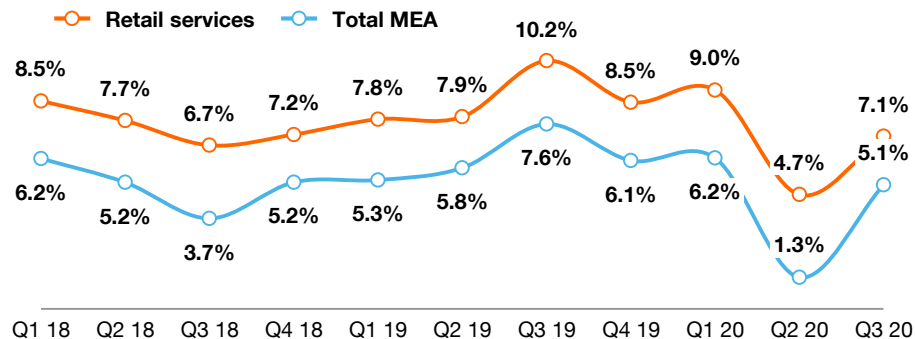
# Q3 2020 Africa & Middle East

## Back to revenue growth target

in €m	Q3 20	yoy cb	9m 20	yoy cb
<b>Revenues</b>	<b>1,474</b>	<b>+5.1%</b>	<b>4,320</b>	<b>+4.2%</b>
Retail services	1,263	+7.1%	3,707	+6.9%
Mobile only services	1,116	+6.0%	3,280	+6.1%
Fixed only services	140	+15.3%	410	+12.7%
IT & integration services	6	+35.8%	16	+58.0%
Wholesale	176	-8.7%	518	-11.3%
Equipment sales	22	+3.4%	62	-8.0%
Other revenues	14	+48.3%	33	+25.7%

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

Revenue cb yoy growth in %



**30.9 m**

4G customers

**+37%**  
yoy

+19% Data revenue growth Q3 20



**1.6m**

FBB customers

**+38%**  
yoy

+26% FBB revenue growth Q3 20

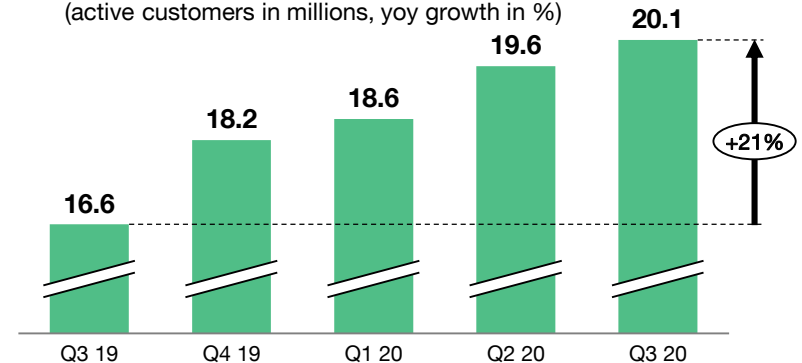


+27% Orange Money revenue growth Q3 20

Orange Money

> 40% of 47m Orange Money customers are active\*

(active customers in millions, yoy growth in %)



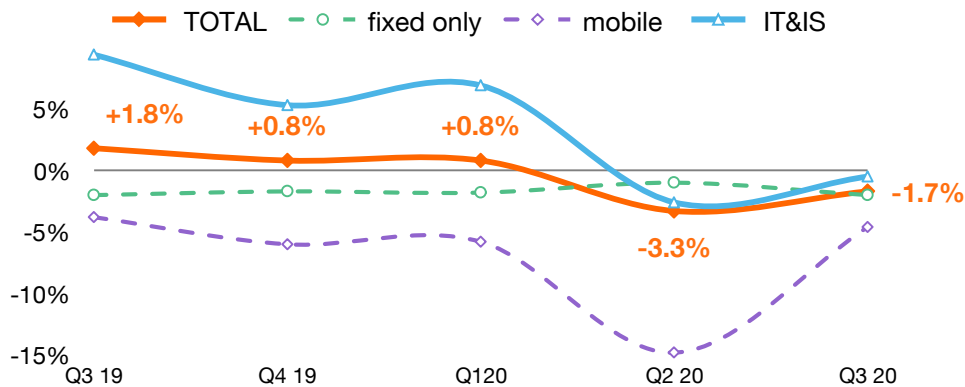
\* At least one transaction per month

# Q3 2020 Enterprise

Improved quarterly trend in an environment still challenged by Covid

in €m	Q3 20	yoy cb	9m 20	yoy cb
<b>Revenues</b>	<b>1,898</b>	<b>-1.7%</b>	<b>5,757</b>	<b>-1.4%</b>
Fixed only services	952	-2.0%	2,910	-1.6%
Voice	303	-3.4%	935	-3.0%
Data	649	-1.3%	1,975	-0.9%
IT & integration services	734	-0.5%	2,209	+1.1%
Mobile*	213	-4.6%	638	-8.5%

\*Mobile = Mobile Only Services + Equipment Sales



+5% yoy growth in 9m20



+8% yoy growth in 9m20



KDDI and Orange Business Services partner to equip more than 1 million vehicles in 63 EMEA countries with connected IoT services

Life Is On



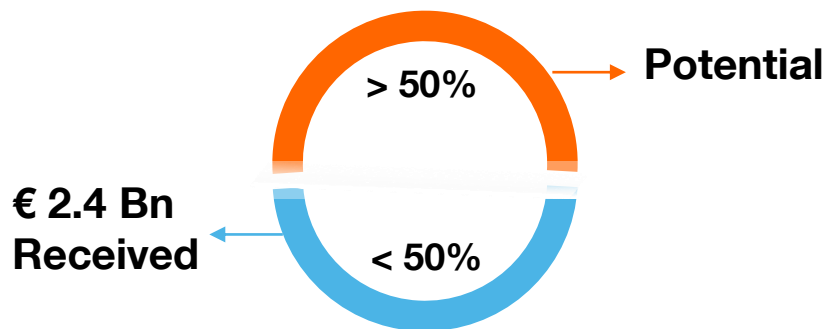
Orange and Schneider Electric 5G Industry 4.0 co-innovation in French Factory

# Specific Topics

- **Focus on FTTH monetisation in France**
- **Infrastructure strategy execution update**

# Cumulated Co-financing proceeds\* received as of Q3 20 amounts to € 2.4 Bn in private areas, slightly less than 50% of total long-term estimated potential \*\*

Total Co-financing potential in Private areas (very dense and medium dense areas):



- Estimated potential remaining to be Cofinanced \*\*
- Cumulated amount received as of Q3 20

\* Co-financing proceeds received since 2009 and booked as revenues and reduction in eCapex

\*\* Based on the assumption that all our competitors co-finance our network at the level of their current Broadband market share

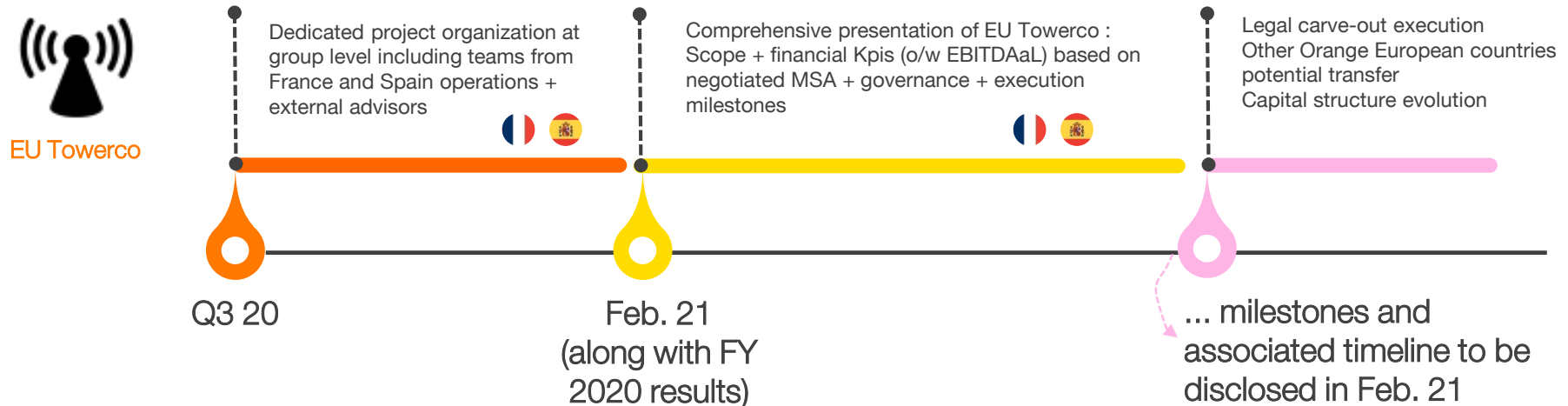
- Co-financing proceeds accelerated thanks to the setting up of funding vehicles
- The current co-financing level matches with competitors current retail FTTH market share and penetration rate in very dense and medium dense areas
- Future co-financing proceeds still represent more than 50% of the total estimated potential in very dense and medium dense areas:
  - Co-financing pace will depend on ISPs' funding vehicles purchasing strategies
  - As of today 2 out of 3 competitors have decided to engage significantly in co-financing

# Delivering on the creation of a European tower company

## Managing mobile passive infrastructure as an independent business to capture market growth

- Carved-out entity under Orange ownership with dedicated management accountable for performance
- Appropriate governance and contractual relationships with MNOs to secure independence and commercial neutrality
- Flexibility on capital structure to fund growth



### Communication calendar



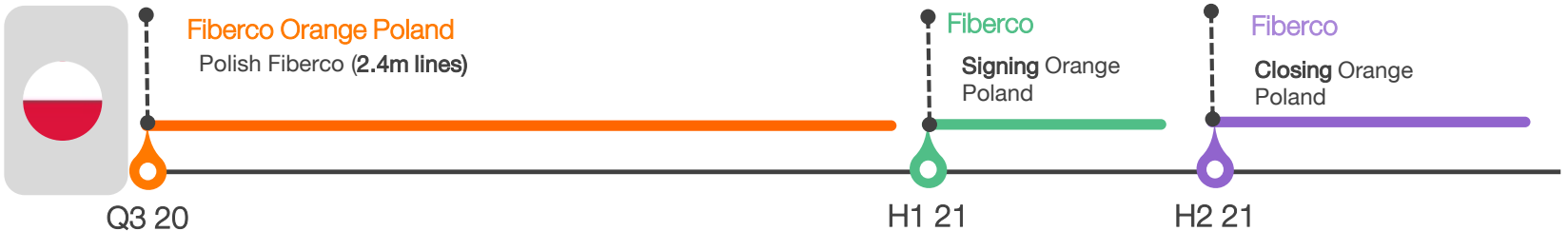
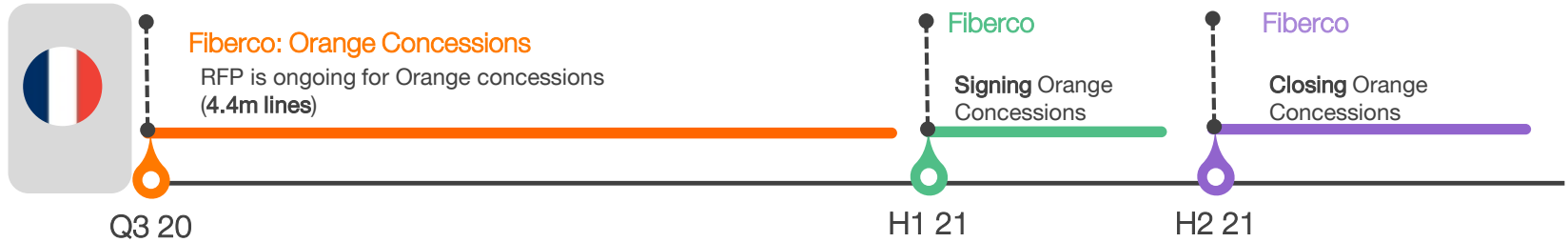
# European Fiberco: creating leading FTTH wholesaler entities

Execution on track : signing target in H1 21 for both French and Polish entities

## Key principles:

-  Orange Concessions : 4.4 m lines in PIN (rural) areas . Sale of a co-controlling stake
-  Orange Poland : 2.4 m lines in low and mid dense areas. Sale of a co-controlling stake

Calendar:



Fiberco



# Conclusion

# Guidance 2020

**2020**

<b>EBITDAaL, yoy</b>	Around -1%
<b>eCAPEX incl. RAN sharing deals, yoy</b>	decrease
<b>Organic Cash Flow (telecom)</b>	> €2.3bn
<b>Net debt / EBITDAaL (telecom)</b>	Around 2x in the medium term
<b>Dividend*</b>	€ 0.70, out of which € 0.40 interim dividend to be paid on Dec. 9 <sup>th</sup> .

Guidance  
update

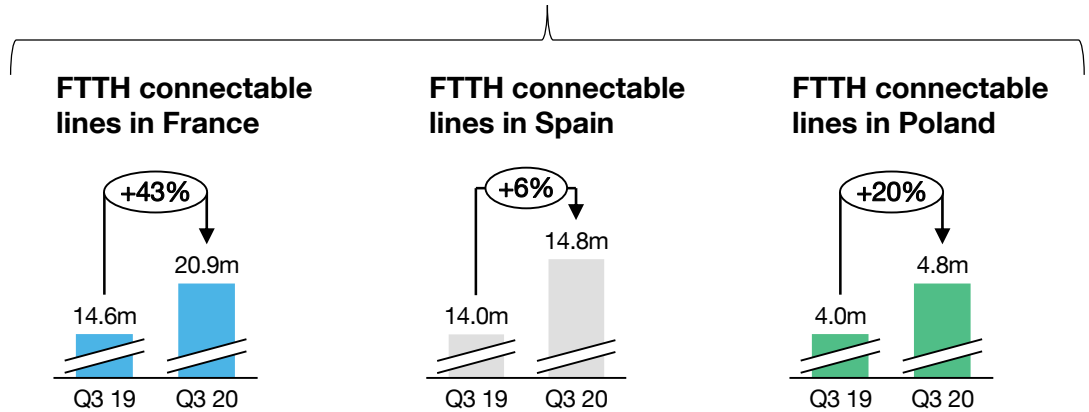
\*Subject to shareholders' approval.

# Appendices

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

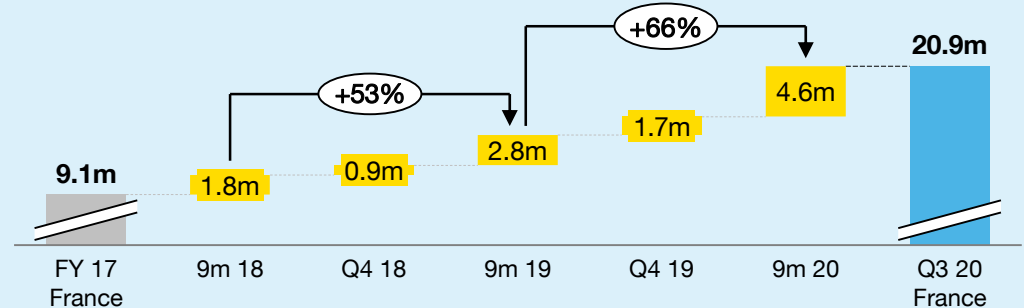


**45.7m** VHBB\*\* connectable lines



## FTTH roll-out acceleration in France

FTTH connectable homes in France



Group	Telecom
9m 2020 eCAPEX	- 6.3%
<b>€4.9bn</b>	- €330m yoy
- 6.3% yoy	As % of rev. <b>15.5%</b>
- €331m yoy	- 1.1 pt yoy

\*\*VHBB > 100 Mbps

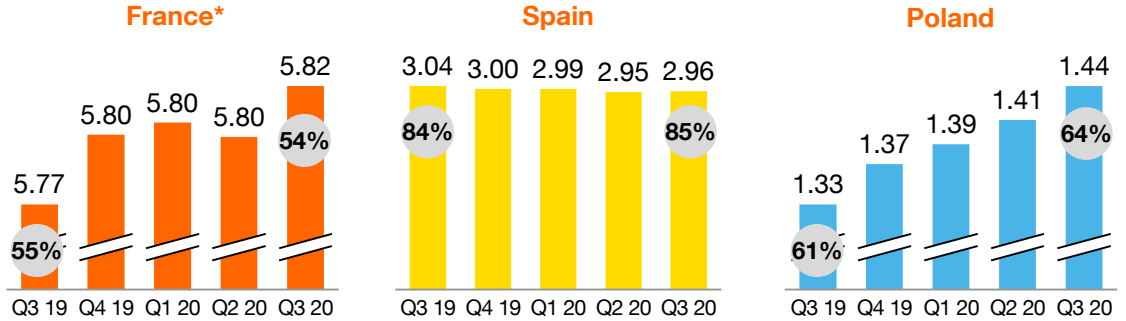
# Convergence, the bedrock of our strategy

€ **1.8bn** Convergent services  
revenues in Q3 2020  
+1.5% yoy



## Convergent B2C customer base in million

● % of broadband B2C customer base



## Churn improvement with convergence in Q3\*\*

👍 -5pt

👍 -4pt

👍 -1pt

## Quarterly convergent ARPO, in €/month in Q3

€ **€68.8**  
+1.2% yoy

€ **€56.6**  
-2.4% yoy

€ **€23.8**  
+2.0% yoy\*\*\*

## Number of mobile lines per convergent offer (Q3 yoy growth)

📱 **1.68**  
+1.0% yoy

📱 **1.97**  
+2.0% yoy

📱 **1.88**  
-0.9% yoy

\* Open customers only

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

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