

# Orange financial results

## #H1\_2022



28th July 2022

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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. More detailed information on the potential risks that could affect our financial results is included in the Universal Registration Document filed on 31 March 2022 with the French Financial Markets Authority (AMF) and in the annual report on Form 20-F filed on 1 April 2022 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**  
**Q2 2022 highlights**

# Key highlights



Second consecutive  
quarter of telecom  
**EBITDAaL margin  
increase**

+31bp yoy in Q2  
+17bp yoy in H1



**Strong growth of  
Organic Cash Flow\***  
reaching €1.4bn in H1 22  
+€605m yoy



**Signing with MásMóvil**  
to create a stronger  
integrated market player  
in Spain

\* Telecom activities. See details on slide 28

# Orange and Masmovil combine their operations in Spain to become a sustainable integrated player with high growth potential

A 50/50 co-controlled newco with equal governance rights and a secured financing...

...to create a solid integrated player to serve the needs of all market segments...

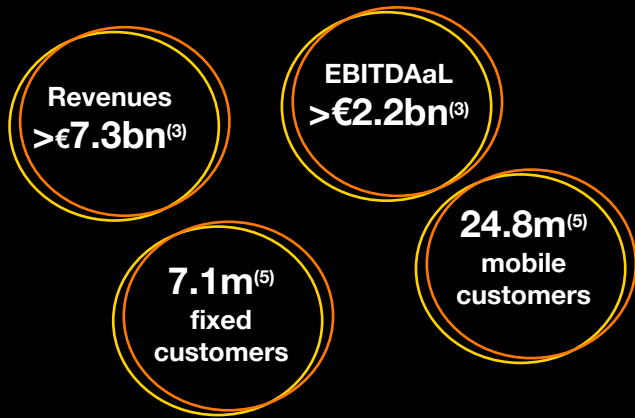
...thanks to significant synergies o/w 60% are contractual/mechanical in nature

Orange Spain  
EV €7.8bn  
7.2x 2022e EBITDAaL<sup>(1)</sup>

**Cash in**  
c.€4.20bn<sup>(2)</sup>

Masmovil  
EV €10.9bn  
8.7x 2022e EBITDAaL<sup>(1)</sup>

**Cash in**  
c.€1.65bn<sup>(2)</sup>



...with complementary assets to be further developed...



Network synergies  >€230m

Sales, marketing & customer care  >€160m

Others  >€60m

**Total synergies** >€450m  
run rate in year 4 after closing

(1) Orange multiples are proforma and after TOTEM carve-out. MASMOVIL multiples are proforma with the acquisition of EUSKALTEL (based on annualised synergies of EUSKALTEL)

(2) Subject to final adjustments at closing

(3) FY2022e (4) Q1 2022 figures of own network; total FTTH coverage of >27m HH (5) Q1 2022 figures

# H1 & Q2 22 financial achievements

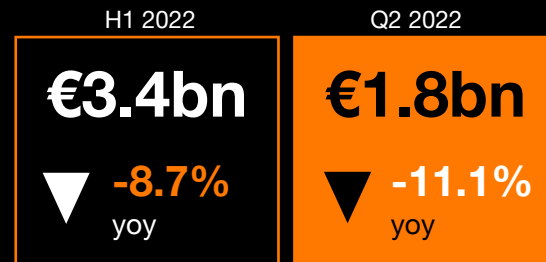
## Revenues



## EBITDAaL



## eCapex



+0.7% •-----•+0.7%

+3.0% •-----•+4.5%

excl. cofinancing proceeds

## Organic Cash Flow



## Net debt / EBITDAaL



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"

# Our commitments for environment, digital inclusion and diversity




## Digital inclusion

develop connectivity and inclusive services

Ambitions

FTTH connectable homes  60.6m → 69m / 2023

Orange Digital Centers  13 → 26 / 2025

## Environment

reduce our CO<sub>2</sub> eq. emissions and implement circular economy to achieve Net Zero Carbon by 2040

CO<sub>2</sub> emissions reduction (scope 1&2, vs 2015)  -12.4% → -30% / 2025

Collected mobile in Europe  21.5% → 30% / 2025

## Diversity

align gender representation in management with employee representation

Women in management network  31.9% → 35% / 2025

A professional office setting where several business people are gathered around a large monitor. One man in a white shirt is pointing at a line graph on the screen, while others, including a man with a beard in a dark shirt, look on attentively. The scene is brightly lit, suggesting a modern office environment.

## **Section Two**

# **Financial results overview**

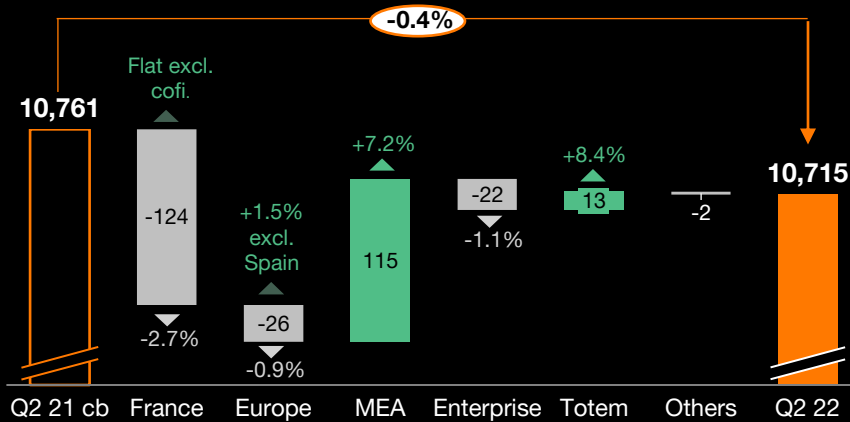


# H1 revenues **stable**

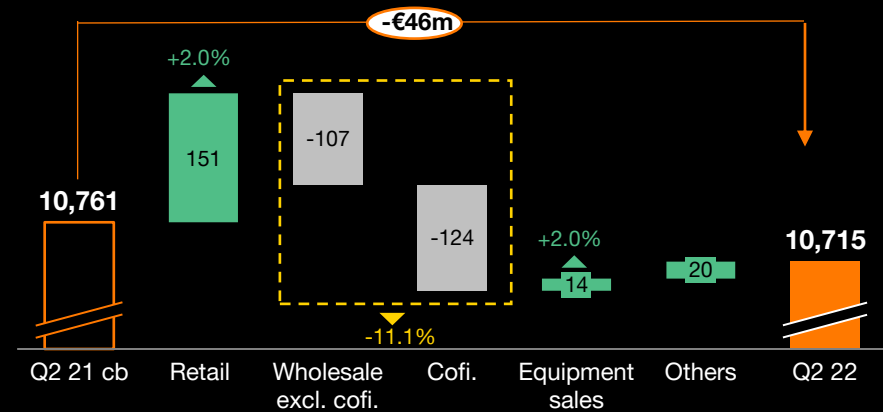
Q2 slightly down  
due to cofinancing base effect

	H1 2022	Q2 2022
H1 2022 revenue*		
	yoy +0.1% +€25m	yoy -0.4% -€46m
	<b>€21.3bn</b>	

Q2 2022 revenue evolution per segment (yoy in €m)



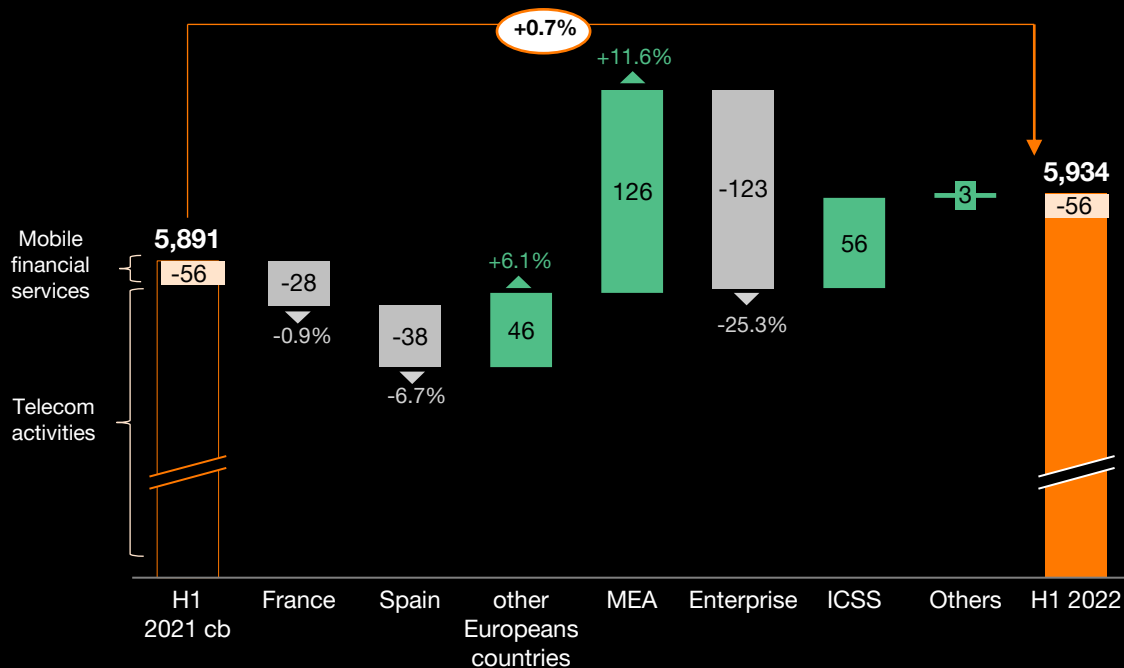
Q2 2022 revenue evolution per activity (yoy in €m)



# H1 EBITDAaL margin increase

H1 22 Group EBITDaAL evolution per segment  
yoy, in €m

	Q2 2022	H1 2022
Group EBITDAaL	yoy +0.5% +€18m	yoy +0.7% +€42m
Group EBITDAaL margin	30.92% +30bp yoy	27.86% +17bp yoy
EBITDAaL Telecom	yoy +0.6% +€19m	yoy +0.7% +€42m
EBITDAaL margin Telecom	31.19% +31bp yoy	28.12% +17bp yoy

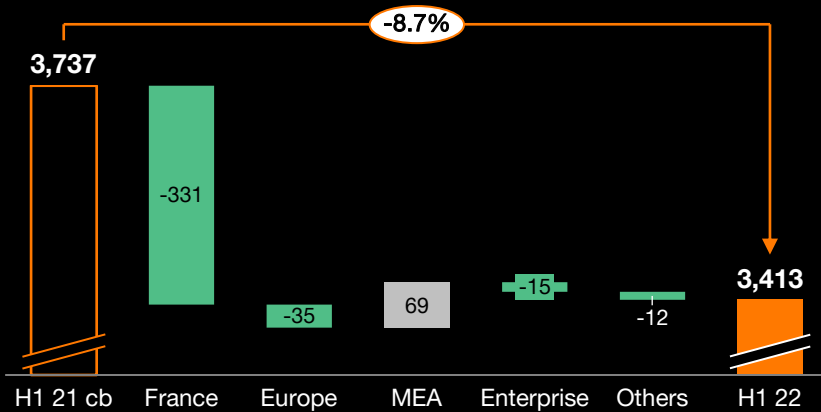


# eCapex significant decrease

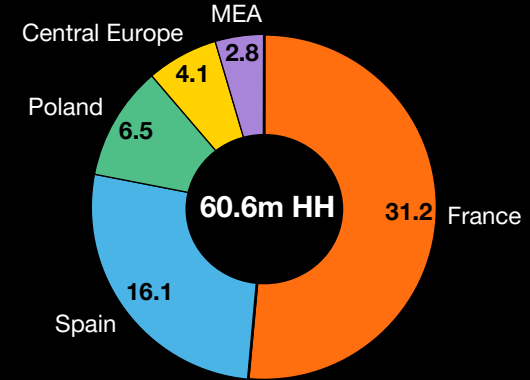
## FTTH deployment peak passed

	H1 2022	Q2 2022
H1 2022 eCapex	€3.4bn	
yoy	-8.7%	-11.1%
	-€324m	-€226m

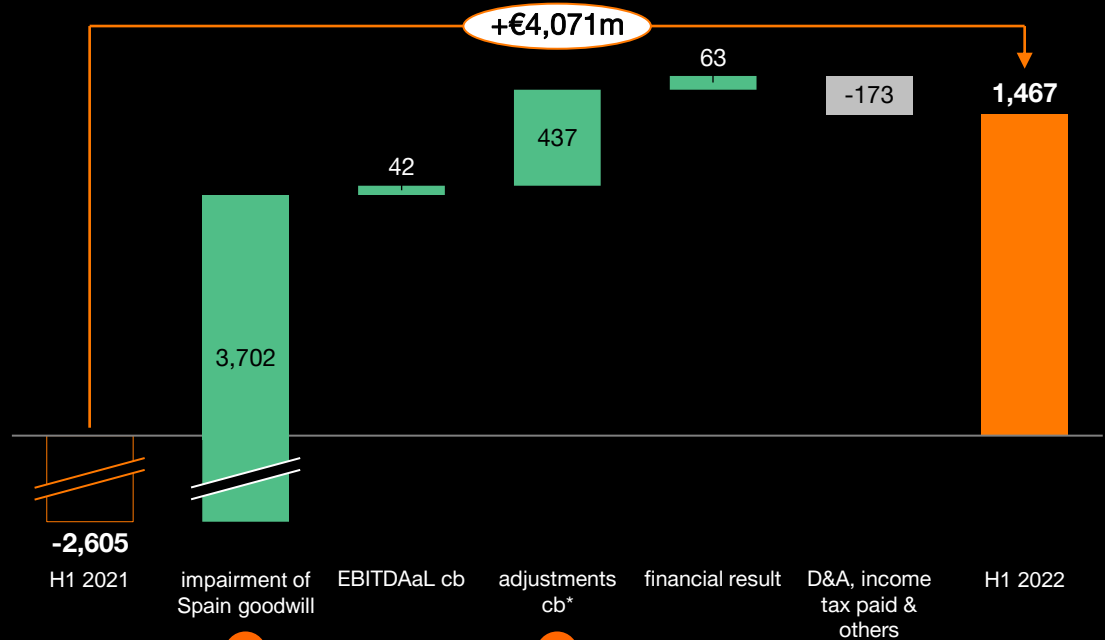
H1 2022 eCapex evolution per segment (yoy in €m)



H1 2022 FTTH connectable homes per segment (in m HH)



# Net income significant increase after H1 2021 impairment on Spain



H1 2022  
Net income

**€1.5bn**  
+€4.1bn yoy

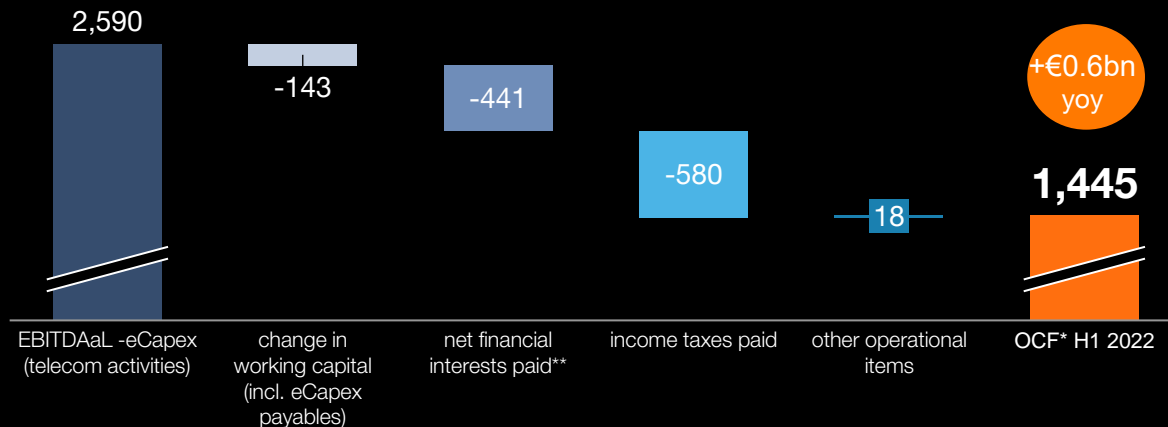
- 1 Comparable basis counter effect of the impairment of Spain goodwill in H1 2021
- 2 Includes restructuring programmes (€266m)\*

\* See details on slide 26

# Organic Cash Flow\* strong growth

Very solid  
balance sheet

## Organic Cash Flow (OCF)\* reaching €1.4bn in H1 2022 (in €m)



Net debt\* (telecom activities)

Average maturity of OSA bonds (years)

Average cost of gross debt

Net debt /EBITDAaL (telecom activities)

2021

24,269

8.9

2.66%

1.91x

H1 2022

24,377

8.9

2.54%

1.91x

Strong liquidity position  
(telecom activities)

€17.0\*\*\*

\*Telecom activities. See details on slide 28

\*\*excluding €0.1bn in interest disbursed on lease liabilities

\*\*\*o/w €10.8bn in cash and €6.1bn available undrawn amount of credit facilities

A close-up photograph of a person's hands holding a red smartphone. The phone's screen displays a smiling woman with long brown hair and white earbuds. The person holding the phone is wearing a grey shirt and blue jeans. The background is blurred, showing another person in a blue shirt.

## **Section Three**

## **Business Review**

# Q2 2022 France

## EBITDAaL margin increase

in €m	Q2 22	yoy cb	H1 22	yoy cb
<b>Revenues</b>	<b>4,440</b>	<b>-2.7%</b>	<b>8,827</b>	<b>-1.7%</b>
Retail services	2,733	+1.4%	5,466	+1.6%
Wholesale	1,260	-11.9%	2,455	-9.4%
Equipment sales	267	+2.1%	552	+2.7%
<b>EBITDAaL</b>			<b>3,035</b>	<b>-0.9%</b>
eCAPEX			<b>1,673</b>	<b>-16.5%</b>

- ▷ Q2 revenues stabilisation excl. cofinancing proceeds : retail growth excl. PSTN +3.4%
- ▷ H1 EBITDAaL margin improvement: +28bp yoy at 34.4%
- ▷ H1 eCapex significant decrease: 90% fulfilment of owned FTTH deployment by 2023



ARPOs up



All churns improved



NPS increase

Fixed only ARPO +€0.31



+263k  
FTTH net adds

26k FBB net adds



-237k  
xDSL net adds

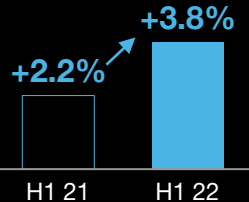
55% FTTH adds\* are new customers

Convergence

Convergent ARPO +€1.41

70.6€

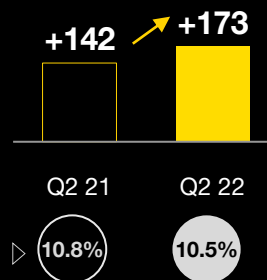
Convergent services revenues growth



Mobile

Mobile only ARPO +€0.15

Mobile contracts net adds excl. M2M ('000)



Churn improvement ▷



■ FTTH net adds in '000 ■ ADSL and other BB net adds in '000

● Quarterly mobile churn rate \*gross adds + migration

# Q2 2022 Europe

Continued solid retail trend fuelling EBITDAaL growth

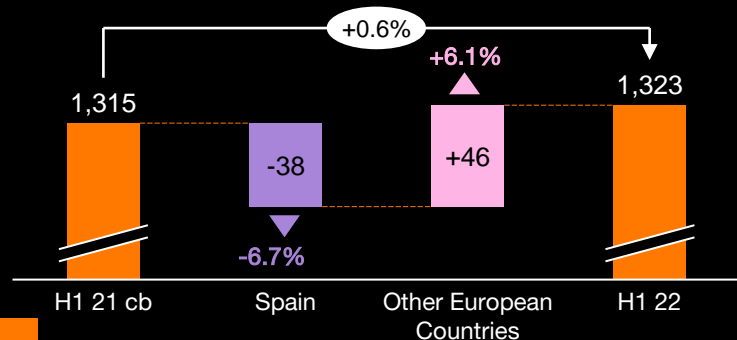
in €m	Q2 22	yoy cb	H1 22	yoy cb
<b>Revenues</b>	<b>2,677</b>	<b>-0.9%</b>	<b>5,325</b>	<b>-1.5%</b>
Retail services	1,832	+1.3%	3,642	+0.6%
Wholesale	445	-11.9%	877	-11.4%
Equipment sales	355	0.7%	719	-1.0%
<b>EBITDAaL</b>			<b>1,323</b>	<b>+0.6%</b>
eCAPEX			835	-4.0%

Mobile contract net adds\* +75k

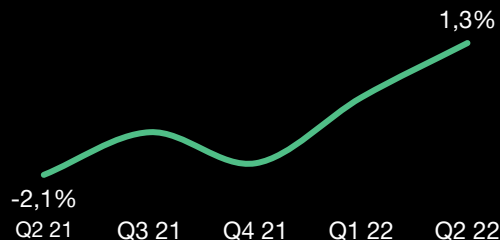
FBB net adds +14k o/w FTTH net adds +99k

\* excl. M2M

## H1 2022 EBITDAaL growth (in €m)



## Retail services back to growth yoy...



... thanks to

**Convergent services**



**+3.1%** yoy

**IT&IS**



**+17.7%** yoy

**Customer roaming recovery**



**+52.7%** yoy



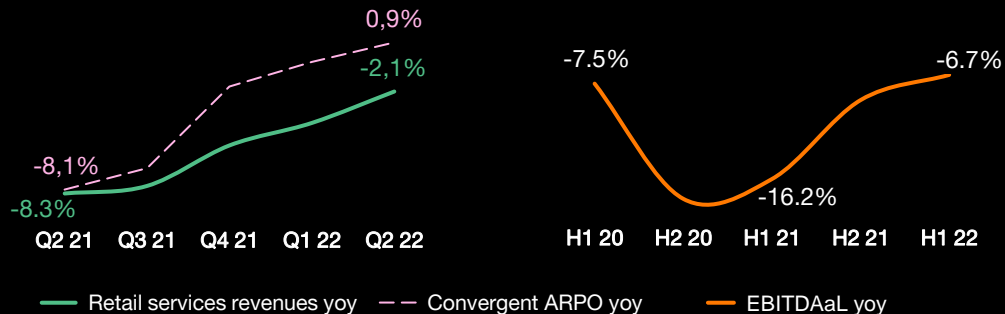
# Q2 2022 Spain

## Improving EBITDAaL trend

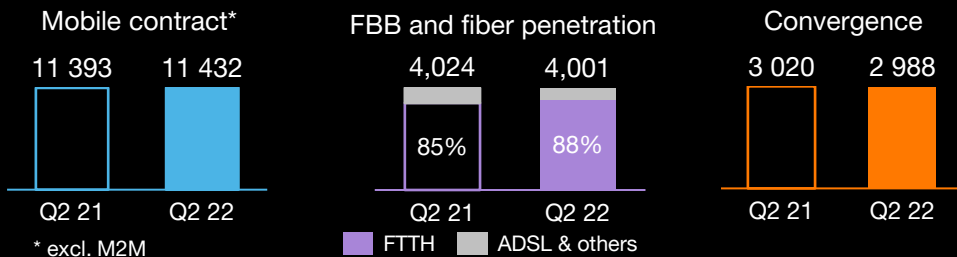
in €m	Q2 22	yoy cb	H1 22	yoy cb
<b>Revenues</b>	<b>1,133</b>	<b>-4.0%</b>	<b>2,265</b>	<b>-4.3%</b>
Retail services	780	-2.1%	1,565	-3.1%
Wholesale	209	-8.3%	406	-8.2%
Equipment sales	143	-7.8%	293	-5.4%
<b>EBITDAaL</b>			<b>524</b>	<b>-6.7%</b>
eCAPEX			<b>465</b>	<b>+4.1%</b>

Convergence net adds 📉 -21k    FBB net adds 📉 -21k  
 Mobile contract net adds\* 📈 +10k    FTTH net adds 📈 +5k

### Retail services fuelling improving EBITDAaL trend (yoy)...



### Customer base resilience ...



### ...with churn improvement yoy

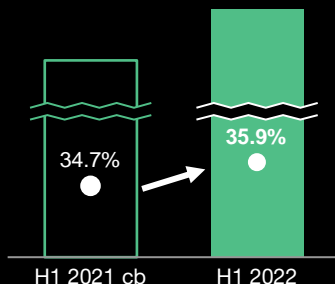
- 📉 -1.6pp Convergence churn
- 📉 -2.4pp FBB churn
- 📉 -2.8pp Mobile contract \* churn

# Q2 2022 Africa & Middle East

## Sustained EBITDAaL margin improvement

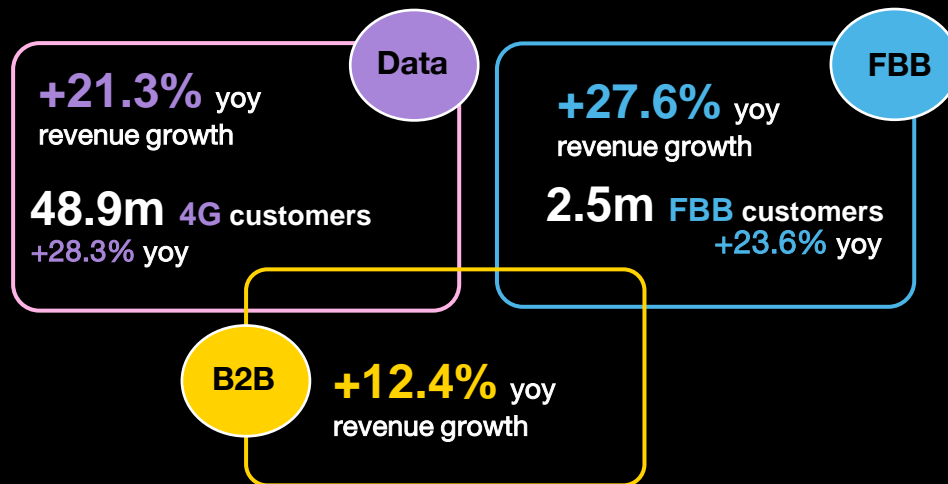
<i>in €m</i>	Q2 22	yoy cb	H1 22	yoy cb
<b>Revenues</b>	<b>1,713</b>	<b>+7.2%</b>	<b>3,381</b>	<b>+7.9%</b>
Retail services	1,521	+8.6%	2,984	+8.9%
Wholesale	158	-0.8%	324	+1.9%
Equipment sales	24	-17.0%	55	-0.8%
<b>EBITDAaL</b>			<b>1,214</b>	<b>+11.6%</b>
eCAPEX			609	+12.7%

+1.2 pts EBITDAaL margin yoy



■ EBITDAaL ● EBITDAaL margin

### 3 solid growth engines

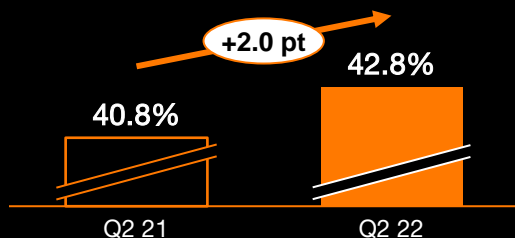


# Q2 2022 Enterprise

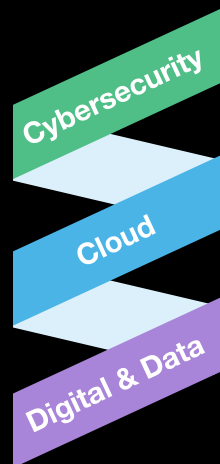
EBITDAaL deteriorating substantially. Action plan initiated

<i>in €m</i>	Q2 22	yoy cb	H1 22	yoy cb
<b>Revenues</b>	<b>1,943</b>	<b>-1.1%</b>	<b>3,888</b>	<b>-0.2%</b>
Fixed only services	862	-7.6%	1,738	-6.8%
IT & integration services	845	+4.1%	1,663	+4.6%
Mobile	236	+7.0%	487	+10.6%
<b>EBITDAaL</b>			<b>364</b>	<b>-25.3%</b>
eCAPEX			144	-9.6%

## Increasing IT&IS share in total Enterprise revenues



## Sustained IT&IS revenue growth



**+13% yoy in H1 22**



**+15% yoy in H1 22**



**+8% yoy in H1 22**



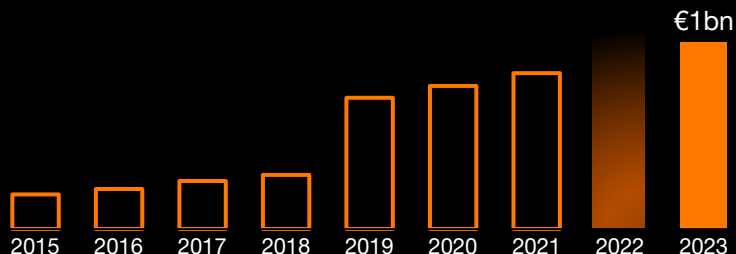
**OBS #3 French IT services provider**

Source: Pierre Audoin Consultants – July, 7<sup>th</sup> 2022

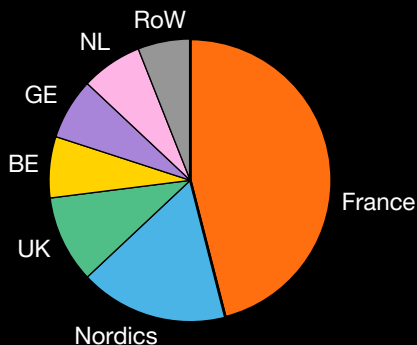
# Q2 2022 Cyberdefense

## Double-digit growth in revenues

in €m	Q2 22	yoy cb	H1 22	yoy cb
Revenues	235	+19%	463	+13%

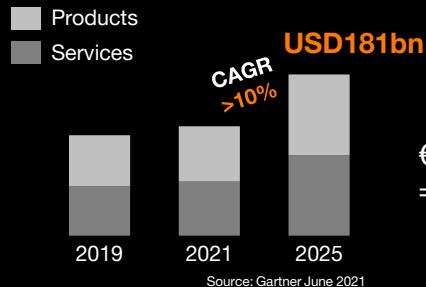


### Revenue by region in H1 2022



Growth driven by  
 France +18%  
 Nordics +20%  
 Germany +20%

## A flourishing cyber market especially growing in Managed Services



€1 invested by a client in a product  
 = €1 in a service

### A proven track record...



Growth acceleration in Q2 2022. On track to reach € 1bn revenues in 2023

Successful acquisition integration

Carve out achieved  
 1<sup>st</sup> of May  
 while strengthening synergies with OBS



Structural NPS far above benchmark



>600 talents recruited in 2021

Expert management team dedicated to the project success

### ... with strong ambitions

- 2021: #1 in France, Belgium, Sweden
- Our goal: from top 5 to #1 in Europe within 5 years

# Q2 2022 TOTEM

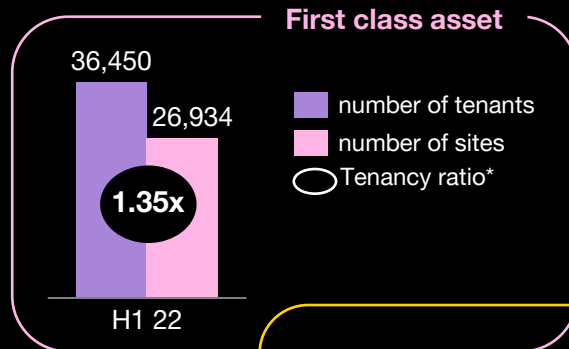
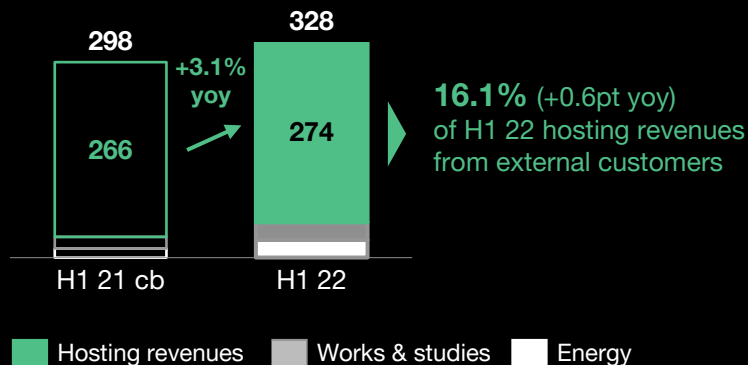
## Robust growth of external hosting revenues

in €m	Q2 22	yoy cb	H1 22	yoy cb
<b>Revenues</b>	<b>167</b>	<b>+8.4%</b>	<b>328</b>	<b>+10.2%</b>
Wholesale	167	+8.4%	328	+10.2%
<b>EBITDAaL</b>			<b>180</b>	<b>+1.8%</b>
eCAPEX			<b>44</b>	<b>+7.0%</b>



**Commercial successes:** Line 15 South of Grand Paris metro bid and services to major MNOs in France and Spain

External hosting revenues growth : +6.7% yoy in H1 22



### Forward metrics

Tenancy ratio\* From 1.34x in Q4 2021 to **1.5x by 2026**

New sites Up to 3 000 new macro sites to be built over the next 8 years **o/w 400 sites in 2022**

\* Tenancy ratio defined as total number of active tenants divided by total number of sites. Ran sharing accounts for multiple tenants.

# Section Four Guidance



# Guidance 2022

## Ramp up towards 2023 confirmed

	<b>2022</b> <b>confirmed</b>
EBITDAaL, yoy	Growth between +2.5 to +3%
eCAPEX	≤ €7.4bn
Organic Cash Flow (telecom)	≥ €2.9bn
Net debt / EBITDAaL (telecom)	Around 2x in the medium term
Dividend	€0.70

The guidance does not include any M&A transaction that has not yet been finalized.

# Annexes



# Convergence, the bedrock of our strategy

€ 1.9bn

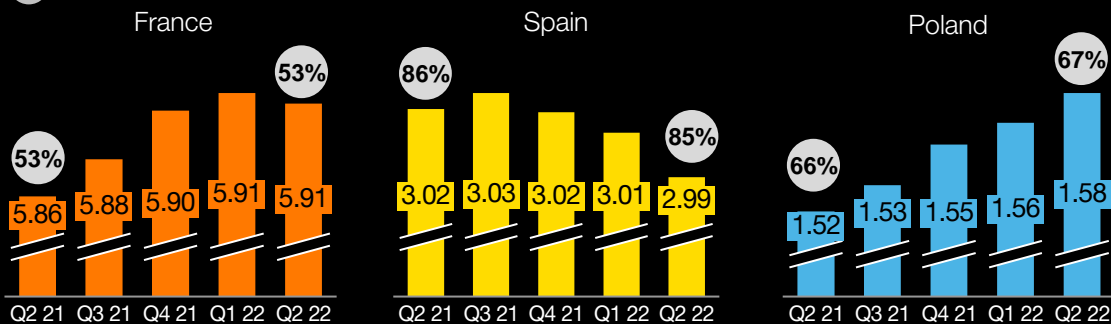
Convergent services  
revenues in Q2 2022

+3.2% yoy



Convergent B2C customer base in million

● % of broadband B2C customer base



Churn improvement with convergence in Q2\*



-4pts



-4pts



0pt

Quarterly convergent ARPO, in €/month in Q2



€70.6  
+2.0% yoy



€53.3  
+0.9% yoy



€24.5  
+2.1% yoy\*\*

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



1.69  
+0.6% yoy



2.12  
+4.4% yoy



1.86  
-0.9% yoy

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

\*\* YoY change calculated in local currency

# Change in net income

(in millions euros)	H1 2021 historical	H1 2021 cb	H1 2022 actual
<b>EBITDAaL</b>	<b>5,837</b>	<b>5,891</b>	<b>5,934</b>
Adjustments*	(443)		7
Depreciation & amortization of fixed assets	(3,499)		(3,585)
Impairment of goodwill & fixed assets	(3,702)		-
Other income / (charge)	55		64
<b>Operating income</b>	<b>(1,752)</b>		<b>2,420</b>
Financial result	(436)		(373)
Tax	(417)		(580)
<b>Net income from continuing activities</b>	<b>(2,605)</b>		<b>1,467</b>
<b>Net income from consolidated Group</b>	<b>(2,605)</b>		<b>1,467</b>
Minority interests	165		249
<b>Net income Group share</b>	<b>(2,769)</b>		<b>1,218</b>

\* See details on slide 27

# Adjustments

in €m	H1 2021 Historical	H1 2022 Actual
Restructuring programs costs	(305)	(41)
Acquisitions and integration costs	(20)	(21)
Significant litigations	(89)	(2)
Specific labour expenses	(41)	35
<i>o/w Senior Part Time</i>	<i>(29)</i>	<i>40</i>
Fixed assets, investments and businesses portfolio review	12	36

# Change in net debt

(in millions of euros)

	H1 2021 Historic	FY 2021 Historic	H1 2022 actual
<b>EBITDAaL - eCAPEX (telecom activities)</b>	<b>2,060</b>	<b>5,060</b>	<b>2,590</b>
Change in eCAPEX payables	(284)	(205)	(179)
Change in working capital requirements	382	120	37
Net interest paid (including dividends received) <sup>1</sup>	(582)	(997)	(441)
Income taxes paid	(500)	(955)	(580)
Other operational items <sup>2</sup>	(236)	(622)	18
<b>Organic Cash Flow (telecom activities)</b>	<b>840</b>	<b>2,401</b>	<b>1,445</b>
Licences and spectrum paid	(129)	(717)	(302)
Main litigations paid/received	(354)	(306)	(13)
Net impact of changes in the scope <sup>3</sup>	(291)	986	(33)
Subordinated notes issuances (purchases), other related fees and coupons <sup>4</sup>	(475)	(550)	(121)
Dividends paid to owners of parent company	(1,330)	(2,127)	(1,063)
Dividends paid to non-controlling interests	(190)	(218)	(177)
Other financial items <sup>3</sup>	74	(250)	157
<b>Change in net debt</b>	<b>(1,855)</b>	<b>(780)</b>	<b>(108)</b>
<b>Net financial debt</b>	<b>(25,344)</b>	<b>(24,269)</b>	<b>(24,377)</b>
<b>Ratio of net financial debt / EBITDAaL of telecom activities</b>	<b>1.99x</b>	<b>1.91x</b>	<b>1.91x</b>

<sup>1</sup> Excluding €61m of interest expenses on IFRS 16 leases and financed assets in H1 2022, €121m in FY 2021 and €60m in H1 2021.

<sup>2</sup> 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.

<sup>3</sup> Non-cash effects on net debt related to changes in the scope of consolidation previously presented under “other financial items” are now presented under “Net impacts of changes in the scope of consolidation” for €29m in FY 2021 and €5m in H1 2021.

<sup>4</sup> Of which: in FY 2021 coupons for €(238)m and issuances (purchases) and other related fees for €(311)m and H1 2021 coupons for €(163)m and issuances (purchases) and other related fees for €(311)m

<sup>5</sup> Mainly related to (i) disposal of 50% of Orange Concessions (€758m for shares sold net of cash and €663m of repayment of loans granted to Orange Concessions and its subsidiaries) and disposal of 50% of Światłowód Inwestycje (FiberCo in Poland, including €132m for shares sold net of cash), (ii) partly offset by the acquisition of 54% of Telekom Romania Communications (TKR) for €206m, the conditional voluntary takeover bid for Orange Belgium for €316m and the purchase of Groupama's minority interests in Orange Bank

# Finance table details by segment

## France

## Europe

## Spain

<i>in €m</i>	Q2 22	yoy cb	H1 22	yoy cb	<i>in €m</i>	Q2 22	yoy cb	H1 22	yoy cb	<i>in €m</i>	Q2 22	yoy cb	H1 22	yoy cb
<b>Revenues</b>	<b>4,440</b>	<b>-2.7%</b>	<b>8,827</b>	<b>-1.7%</b>	<b>Revenues</b>	<b>2,677</b>	<b>-0.9%</b>	<b>5,325</b>	<b>-1.5%</b>	<b>Revenues</b>	<b>1,133</b>	<b>-4.0%</b>	<b>2,265</b>	<b>-4.3%</b>
Retail services	2,733	+1.4%	5,466	+1.6%	Retail services	1,832	+1.3%	3,642	+0.6%	Retail services	780	-2.1%	1,565	-3.1%
Convergent services	1,202	+3.3%	2,406	+3.8%	Convergent services	701	+3.1%	1,400	+3.4%	Convergent services	465	+0.0%	931	-0.2%
Mobile only services	583	+3.5%	1,154	+2.8%	Mobile only services	714	-0.6%	1,414	-1.7%	Mobile only services	198	-8.3%	399	-10.0%
Fixed only services	948	-2.1%	1,907	-1.9%	Fixed only services	305	-3.4%	614	-4.3%	Fixed only services	108	-0.9%	217	-3.2%
Fixed only broadband	737	+3.3%	1,473	+3.8%	IT & integration services	112	+17.7%	214	+15.4%	IT & integration services	9	+31.3%	18	+34.1%
Fixed only narrowband	211	-17.3%	434	-17.4%	Wholesale	445	-11.9%	877	-11.4%	Wholesale	209	-8.3%	406	-8.2%
Wholesale	1,260	-11.9%	2,455	-9.4%	Equipment sales	355	0.7%	719	-1.0%	Equipment sales	143	-7.8%	293	-5.4%
Equipment sales	267	+2.1%	552	+2.7%	Other revenues	45	+23.6%	87	+23.7%	Other revenues	0	+0.0%	0	-5.6%
<b>EBITDAaL</b>			<b>3,035</b>	<b>-0.9%</b>	<b>EBITDAaL</b>			<b>1,323</b>	<b>+0.6%</b>	<b>EBITDAaL</b>			<b>524</b>	<b>-6.7%</b>
EBITDAaL margin		34.4%		+0.3pt	EBITDAaL margin		24.8%		+0.5pt	EBITDAaL margin			23.1%	-0.6pt
<b>eCAPEX</b>			<b>1,673</b>	<b>-16.5%</b>	<b>eCAPEX</b>			<b>835</b>	<b>-4.0%</b>	<b>eCAPEX</b>			<b>465</b>	<b>+4.1%</b>
eCAPEX/revenues			19.0%	-3.4pt	eCAPEX/revenues			15.7%	-0.4pt	eCAPEX/revenues			20.5%	+1.7pt

## Africa & Middle East

## Enterprise

<i>in €m</i>	Q2 22	yoy cb	H1 22	yoy cb
<b>Revenues</b>	<b>1,713</b>	<b>+7.2%</b>	<b>3,381</b>	<b>+7.9%</b>
Retail services	1,521	+8.6%	2,984	+8.9%
Mobile only services	1,313	+7.4%	2,578	+7.9%
Fixed only services	196	+14.1%	384	+12.9%
IT & integration services	12	+70.5%	21	+96.5%
Wholesale	158	-0.8%	324	+1.9%
Equipment sales	24	-17.0%	55	-0.8%
Other revenues	10	+8.3%	18	-1.4%
<b>EBITDAaL</b>			<b>1,214</b>	<b>+11.6%</b>
EBITDAaL margin		35.9%		+1.2pt
<b>eCAPEX</b>			<b>609</b>	<b>+12.7%</b>
eCAPEX/revenues			18.0%	+0.8pt

<i>in €m</i>	Q2 22	yoy cb	H1 22	yoy cb
<b>Revenues</b>	<b>1,943</b>	<b>-1.1%</b>	<b>3,888</b>	<b>-0.2%</b>
Fixed only services	862	-7.6%	1,738	-6.8%
Voice	252	-11.0%	514	-10.3%
Data	611	-6.1%	1,224	-5.2%
IT & integration services	845	+4.1%	1,663	+4.6%
Mobile	236	+7.0%	487	+10.6%
<b>EBITDAaL</b>			<b>364</b>	<b>-25.3%</b>
EBITDAaL margin		9.4%		-3.1pt
<b>eCAPEX</b>			<b>144</b>	<b>-9.6%</b>
eCAPEX/revenues			3.7%	-0.4pt