Capital Market Day 2023

Lead the future

16th February 2023

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CEO
Disclaimer

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Agenda

Part 1
Strong fundamentals
for sustainable value creation

Part 2
Lead the future through...
Monetise
Capitalise
Focus & Transform
Grow

Part 3
...a new enterprise model
Performance
Excellence
Trust

Part 4
Capital allocation policy & guidance
Value Creation & Cash Return is the rule

Monetise
Capitalise
Focus & Transform
Grow

Performance
Excellence
Trust

Value Creation & Cash Return is the rule
Agenda

Part 1
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for sustainable value creation

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...a new enterprise model
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Capital allocation policy & guidance
Value Creation & Cash Return is the rule
Confirmed network superiority
Starting with an undisputed lead in fibre roll out in Europe

VHBB deployment as at end Q3 2022, in million lines

<table>
<thead>
<tr>
<th></th>
<th>ORA</th>
<th>Peer 1</th>
<th>Peer 2</th>
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Sources: Companies reports & estimated figures
For ORA own network + Fibrecos in France and Poland
France FTTH roll-out nearly completed…
99% coverage with VHBB solutions*

FTTH deployment in France
in % and ‘000 of total premises, Q3 2022

- Orange own network (excl. O.Concessions)
- Orange wholesale accesses
- Non connectable homes

Total: 43m premises

- 76% Orange FTTH connectable homes
- 24% Non connectable homes
- 35% Orange wholesale accesses

FTTH deployment by area

Private areas:
- very dense area,
- less dense area
- and AMEL

Total: 26m premises

- 86% Orange FTTH connectable homes
- 14% Other wholesale accesses

Less dense area – PINs:
- network owned by municipalities & rolled-out through concessive-type agreements

Total: 17m premises

- 61% Orange FTTH connectable homes
- 39% Orange Concessions

Source: ARCEP for “total premises” & “Orange own network”
*VHBB, Cable, Fixed-4G (fLTE) & Satellite accesses.
...with first-mover advantage bearing fruits

**33.5m**

FTTH connectable homes

Access to almost all FTTH connectable households

**FTTH monetisation in France**

fuelling *sustainable commercial attractiveness*

- Own fibre network monetisation: 69% FY22, +9 pts vs 2019
- ARPO uplift: FTTH frontbook Price +5€ vs xDSL
- Improved customer satisfaction: NPS +11 pts 2019-2022

**BB market share**

Maintained between 2019-2022

**Fibre penetration within BB cust. base**

58% FY22 c. x2 vs 2019

NPS +11 pts 2019-2022
Optimised coverage in Europe

Opportunistic case-by-case investment models of FTTH roll out …

- **Spain**: 16.4m FTTH connectable homes
- **Poland**: 7.1m FTTH connectable homes
- **Romania**: 4.7m FTTH connectable homes
- **Slovakia**
- **Moldova**

... fuelling sustainable commercial attractiveness

- Better churn with FTTH
  - c.30% (1) thanks to convergence and high-end offers
- VHBB (2) penetration within BB cust. base
  - 69% (1) +13pts vs 2019 (3)
- ARPO uplift vs other FBB
  - -6pts (1)

(1) 2022 figures o/w average annual churn
(2) VHBB: FTTH & cable for Europe excluding France
(3) 2019 excluding TKR customer base
Outstanding mobile networks fuelling growth & ready for traffic explosion

**4G**

- **Coverage**(1) in Europe almost finalised and growing fast in MEA confirming network leadership
  - >99% coverage(1) in Europe
  - >90% in MENA and fast growth in other MEA countries

- Best mobile network in France for the 12th consecutive time
- Strong position in NPS

**5G**

- Now commercialised in 8 countries...

...with high monetisation potential

- 5G ARPO uplift in France & Spain
- Improving customer retention
- Large remaining potential
  - 78% coverage in Spain, ~50% in France
  - B2B opportunities with IoT, smart cities, Industry 4.0

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(1) Population coverage
(2) Commercialised on 4G spectrum in DSS (Dynamic Spectrum Sharing)
Increasing customer satisfaction since 2019
With Net Promoter Score and customer bases up and churn improvement

Increasing NPS since 2019
+20pts NPS in Europe
+11pts NPS in France

Customer bases increase
Europe + France
Q4 2019: 50.2m
Q4 2022: 52.8m
Mobile customers
+5.2%
Convergent customers:
10.8m
+8%

Decreasing churns
Mobile churn
2019-2022
-8pts Spain
-2pts Poland
-3pts France

#2 Most valued telco brand in Europe
Brand Finance 2023

(1) Convergent NPS in European countries (excluding France) of A brands and Jazztel NPS and including Poland since H1 2020, Belgium since H2 2021 and Slovakia in H1 2022
(2) Mass market NPS
(3) Mobile churn excluding M2M
(4) Mobile contracts excluding M2M
# Model’s resilience & agility mitigating headwinds

**Price elasticity**

- Focus on **customer satisfaction, premium networks** while preserving social offers.
- **Priority to continued price increase** in all countries

**Strict cost discipline**

- €700m cost efficiency programme achieved between 2019 and 2022

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<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Energy costs</strong></td>
<td>Reduced energy consumption</td>
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<td></td>
<td>Direct electricity needs hedged at very reasonable prices</td>
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<td><strong>Full visibility</strong></td>
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<td><strong>Labour</strong></td>
<td>Yearly and local negotiation processes</td>
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<td><strong>Under control</strong></td>
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<td><strong>Lease</strong></td>
<td>Network ownership</td>
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<td></td>
<td><strong>Limited exposure</strong></td>
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<td><strong>Net financial interests</strong></td>
<td>1.93x Net debt/EBITDAaL*</td>
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<tr>
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<td>96% fixed-rate gross debt*</td>
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<td>€17bn liquidity position*</td>
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<td><strong>CAPEX</strong></td>
<td>Most advanced FTTH roll out in Europe</td>
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<td>Long term contracts securing supplies</td>
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<td>Purchasing power via Buyin</td>
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<td>Peak passed</td>
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* FY22
A strong OCF ramp-up over 2019 – 2022

**Scale Up** indirect cost programme
€700m cumulative net savings
2022 vs 2019

**MEA double-digit EBITDAaL** growth
13.1% 2019cb*-22 CAGR

**Convergent services** revenues in Europe
+1.6% 2019cb*-22 CAGR

OCF ramp up
€3.1bn in 2022

*CAGR calculated between 2019cb published in FY2020 and 2022 Actual figures
Our call for public actions
For a more supportive policy & regulatory ecosystem for Europe’s digital ambitions

France wholesale
Tariffs enabling us to recover our costs and guarantee service quality until the end of copper switch-off.

Fair share
Big Tech platforms to contribute fairly to network costs.

Roll-out support
Subsidise complex/long/costly fibre roll out. Favour deployment commitments over price escalations in auctions.

Competition policy
Building scale inside markets as well as across markets favouring infrastructure investment and fairness between InfraCo and Telco / ServCo.
Agenda

Part 1

Strong fundamentals for sustainable value creation

Part 2

Monetise, Capitalise, Focus & Transform, Grow

Part 3

Lead the future through...

...a new enterprise model

Performance Excellence, Trust

Part 4

Capital allocation policy & guidance

Value Creation & Cash Return is the rule

Part 5
Part 2

Lead the future

A new strategic plan

Monetise
Build on leadership and excellence in our core business

2.1

Capitalise
Maintain infrastructure leadership and support cash flow growth model

2.2

Focus & transform
Rework the Enterprise segment business model & accelerate Orange Cyberdefense

2.3

Grow
Orange Middle East & Africa highlight

2.4

New enterprise model
A new strategic plan

2.1 Monetise
Build on leadership and excellence in our core business

- Refocus on core business
- Leading by excellence in customer service
- Pushing value strategy in France and Europe

Part 2

Lead the future
Service strategy supported by digital experience and AI to become the market leader in customer relations

Reinvent phygital customer experience through excellence of digital channels and expertise of customer advisors empowered by AI to:

- Safe
  - Safe networks and premium cybersecurity

- Green
  - Re-Programmes
  - Energy efficient networks

- Seamless
  - personalised, scalable, seamless connectivity

Ensure 360° customer view

Augment customer autonomy

Transform our Shops
**2.1 Inflation pass-through**

**Tailored price moves implemented across all Europe**

- **Widespread price move** from February 2023
- **LiveboxMax offer in April 2022**

**General price increase in January 2023 (as done in 2022)**

**General price increase in April 2023**

**Price increases on Orange convergent and mobile offers** in March 2023 following the reshuffling of Orange portfolio done in August 2022

**General price increase since H1 2022**

**Front book price increases** in 2021, 2022 with migration of base to new offers

**General price increase in October 2022**

- **Price adjustments throughout 2022**
- **CPI clauses added on acquisitions from May 2022**
France: growth traction coming from Retail
Pricing power and market share protection

Customer satisfaction improvement (NPS*)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2022</th>
<th>2025</th>
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<tbody>
<tr>
<td>Value</td>
<td>-</td>
<td>+11pts</td>
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<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2022</th>
<th>2025</th>
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<tbody>
<tr>
<td>Value</td>
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5G** penetration in mobile base **3 vs 2022
Up to **70% in 2025

Catalogue price premium vs 4G:
min. +€3

FTTH penetration
41m FTTH connectable HH in 2025
alternative solutions with 4G/5G & satellites to connect most complex areas

FTTH penetration in FBB base
+40% vs 2022 up to **80% in 2025

Catalogue price premium vs ADSL:
min. +€5

Retail services revenues growth
2%-4%
2022-2025 CAGR excl. PSTN

* Mass market France metropolitan
** 5G contracts with or without compatible handsets

pricing & upsell strategy tactically adapting to change in customers’ usage

CMD 2023
France: ongoing transformation of business model

Growing cash flow over 2022-2025

**Wholesale decline**

- **Wholesale revenues:** -€1bn 2022-2025...
  - 5.3
  - 4.9
  - 5.3

- **...resulting in a much more limited wholesale EBITDAaL evolution:** -€0.4bn over 2022-2025

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**Retail growth**

- +
- Cost optimisation
- +
- eCapex decrease

= **outweighing wholesale decline**

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**Cost optimisation**

- Significant **headcount reduction** linked to natural attrition and existing voluntary programmes

- FTE average, in k:
  - 54
  - 46
  - >-10%

- **Savings in IT & network costs**
- **Limitations of energy consumption**
- **Higher digitisation** of customer experience by 2025:

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**Cash flow growth**

- **2022-2025**

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(a) Copper related including +€2 unbundling tariffs and civil engineering tariffs update
(b) Interconnexion, low margin
(c) Fibre, mobile, Infras
(d) PIN construction, national roaming, non recurring cofinancing proceeds
Leadership and excellence in Europe boosting growth

**Accelerate VHBB strategy**
- to increase convergence
- notably fuelled by Romania & Belgium

**Price increases** to offset inflation with constant **customer satisfaction** monitoring
- Price increases in all European countries
- With strong customer satisfaction improvement
  - Since 2019:
    - +7 mobile NPS*
    - +20 convergent NPS*
    - -8pts mobile churn** Spain
    - -2pts mobile churn** Poland

**B2B fuelling growth** with connectivity growth & portfolio enrichment
- Mid-single-digit B2B 22-25 CAGR
- supported by:
  - network assets and increasing 5G coverage
  - & portfolio enrichment leveraging Group’s expertise and pulling

**Acceleration in EBITDAaL growth** thanks to Spain recovery
- Mid-single digit CAGR
- Spain back to EBITDAaL growth in 2023 and high single digit 22-25 EBITDAaL CAGR

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*H1 2022 vs H1 2019 of overall NPS for European countries (excluding France). Convergent NPS includes Poland since H1 2020, Belgium since H2 2021 and Slovakia in H1 2022

**Mobile churn excluding M2M**
Further consolidation and partnerships to maximise value of our European footprint

**Orange Spain & Masmovil 50-50 joint venture in Spain**
- Agreement signed in July 2022 subject to antitrust authorities and other relevant administrative authorities’ approval
- Create a sustainable player with financial capacity and scale to continue investing for the benefit of consumers and businesses

**Acquisition of VOO**
- Agreement signed in December 2021 subject to European Commission approval
- Drive Orange Belgium’s convergent strategy & increase investment & competition for the benefit of customers in Walloon and Brussels regions

**Wholesale agreements between Orange Belgium & Telenet**
- Signed in January 2023 subject to completion of VOO’s acquisition
- Access each other’s fixed networks for a 15-year period

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(1) Future operations not embedded in our financial trajectories
(2) 75% minus one share in VOO SA
Lead
The future

Part 2

A new strategic plan

2.1
Monetise
Build on leadership and excellence in our core business

2.2
Capitalise
Maintain infrastructure leadership and support cash flow growth model

New enterprise model

- Technological leadership to maximise network quality and customer satisfaction
- Network management to optimise our investments
- Agile infraco model to create value
2.2 New Group industrial model for networks based on our expertise in technological breakthroughs

**Ambition:** become the telecom reference for network agility, resilience and performance

1. Network integration factories
   - **New on demand** delivery of new services (NaaS, slicing)
   - Fast complete recovery plans
   - Continuous security updates

2. Automated & shared operation centres in Europe and MEA
   - Predictive **Network Maintenance**
   - Close to real-time incident management

3. Optimised Capex & Opex
   - AI advanced cellular planning
   - Optimised **field operations**
   - Reduced networks **power consumption**

**New Group industrial model** thanks to networks softwarisation, automation & AI translating into

**30x to 300x faster**

**Leverage AI@scale**

- Migration to public cloud for Data & IA with common data governance
- Global hub for use cases replication
- Common methodology to track value creation and prioritise resources
Orange 2030 ambitions for network
Modernise our networks at the right pace to adapt to customers’ needs

Switch off
Legacy technologies
2G/3G in Europe
& copper in France
by 2030

Optimise
Network maintenance
disaggregation, virtualisation,
automation, securitisation

Improve
Energy efficiency
energy savings,
sites solarisation,
Long-term hedging via PPA

Opportunities
Pursue sharing
RAN Sharing, TowerCos,
FibreCos

Coverage & capacity
mostly 4G/5G & FTTH
completed with FWA & satellites
for more isolated areas

Extension
Long-term hedging via PPA

Developing infrastructure to capture sustainable value

Creation of efficient vehicles when relevant

45m FTTH connectable homes by Orange as an infrastructure operator
70k mobile sites across the Group

Orange Concessions

- 50/50 Joint venture with high profile financial partners
- To deploy 4.5m FTTH plugs in 24 PIN (30% market share in PIN networks)

Polish FibreCo

- 50/50 Joint venture with a financial partner
- To roll-out c.1.7m households in low and mid competition areas

Totem

- c.27k sites in France & Spain
- 1.37x tenancy ratio in 2022 to reach 1.5x in 2026
- 16% hosting revenues from external customers in FY22
- Commercial success demonstrated by the signing of 2 major contracts signed in 2022 in France & Spain
A new strategic plan

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Focus & transform
Rework the Enterprise segment business model & accelerate Orange Cyberdefense

New enterprise model
OBS becoming Orange Business is a network and digital integrator and must transform its operating model as a consequence.

**Orange Business Services today**
half of a telco business (56%) and half of a digital business (44%)

**Market vision**
networks and digital convergence

**Orange Business tomorrow**
leading network and digital integrator

**The journey**
ambitious transformation plan toward a full-fledged integrator operating model

**The endgame**
bring Orange Business back to market standards and profitable growth
2.3 Transformation of the operational model relying on 4 levers

**Simplify**
- Efficient operational execution
- Tighter P&L management
- Adapt cost structure

**Focus**
- Pruning of products portfolio
- Focus on next-gen connectivity and cybersecurity
- 4 value propositions

**Transform & Digitalize**
- Transform & digitalize the core business
- Next-gen connectivity leader
- Virtualised networks (SD-WAN, SASE), Fibre, 5G
- Develop a modular platform of services

**Accelerate**
- Activate synergies
- Consolidate Orange Business digital services capabilities
- Accelerate in Cybersecurity
Enterprise EBITDAaL rebound in 2025
necessary cost cutting program

- Transform & digitalise
  - Fixed & Mobile*
- Accelerate IT&IS
  - 22-25 CAGR +8%
- Simplify SG&A

Change in gross margin contribution between 2022 and 2025

* Including unallocated gross margins
At the heart of our products, "Security by Design" principle for our products.

At the heart of our organisation, making Orange a role model for internal cybersecurity.

At the heart of our services for our customers, offering state-of-the-art B2B cybersecurity services to all our clients, from MNCs to micro-businesses, but also accelerating on B2C.

Cybersecurity market is expected to strongly grow annually within coming years.

Orange Cyberdefense will gain shares in growing market through:
- **accelerated organic growth** with entrance in SOHO/SMEs and mass markets
- ... and targeted bolt on acquisitions (e.g. SCRT & Telsys acquisition in 2022)
A new strategic plan

Lead the future

Part 2

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2.4 Grow
Orange Middle East & Africa highlight

New enterprise model
OMEA achieved strong performances...

**Growth**

- **Revenue (€m)**
  - FY19cb: 5,543
  - FY22: 6,918
  - **CAGR +7.7%**

- **EBITDAa$L (€m)**
  - FY19cb: 1,785
  - FY22: 2,584
  - **CAGR +13.1%**

- FY2022 ROCE > WACC

**Inclusion**

- 1/10 African is an Orange customer:
  - 143m mobile customers
  - 53m 4G customer in 17 countries
  - 29m active O-Money cust. in 16 countries
  - 15 Orange Digital centres

- We have rolled out a Pan-African infrastructure:
  - 1st pan-African backbone (Djoliba 10K km)
  - 3.2m HH connectable to VHBB
  - 4G pop coverage average 66%

**Resilience**

- Revenue growth +5%** from 2009 to 2022 > GDP*** growth in our footprint

- **Effective response plan** to competition enabling us to be back to growth in mobile money

- **Balanced contribution** of each cluster to our results Increasingly energy independent thanks to **solar solutions**

**Anchorage**

- Orange is a **PanAfrican Company** since more than 20 years

- Strong **local partnerships**

- Head offices are in **Morocco**

- Shared Services centres are all in Africa (3 hubs)

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* CAGR calculated between 2019cb published in FY2020 and 2022 actual figures
** average yearly proforma growth rate
*** constant without inflation
...and will pursue strong growth path

Strong growth drivers 2022-2025

- Data
- FBB
- Orange Money

Balanced footprint

4 growth engines

4 geographic clusters contributing more equally to performance

cost efficiencies

- Reduction of sales commission
- Further mutualisation through Shared Service Centres
- Alternative energy models

eCapex disciplined increase

Revenues growth

EBITDAaL growth

>7% CAGR 22-25

high single digit CAGR 22-25
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A New Enterprise Model
to serve efficiency and rigorous execution

- Redesign roles
- Intensify pooling and synergy
- Improve operational efficiency
- Chase cost of non quality
- Automation

- New way of working
- Empowered management
- Customer focus

- New culture with Trust at the centre

- Invest in required competencies
- Upskill and reskill
- Reinforce mobility
- More diversity

- Provider and guardian of trusted data
- Driver of the environmental transition
- Leader in digital inclusion and empowerment
ESG by design
transforming ourselves and helping, as a trusted partner, our customers to transform

1. **Driver of the environmental transition**
   - Net Zero 2040
   - Circular Economy
   - CO₂ emissions all scopes -45% vs 2020

2. **Provider and guardian of trusted data**
   - Customer data protection
   - Leader in Cyber in Europe
   - Trusted data with B2B, B2C cyber offers in all our countries

3. **Leader in digital inclusion & empowerment**
   - Network deployment in MEA
   - Empowering people through digital
   - 6m beneficiaries of digital training

**Strong scoring**
- Moody’s ESG solutions: «advanced»
- CDP: «A-»
- Sustainalytics: «prime B-»
- ISS ESG: «low risk»
- MSCI ESG rating: «AA»
# ESG by design

## 2025 milestones

### Digital inclusion
Develop connectivity and inclusive services

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<tr>
<th>Metric</th>
<th>Progress as at end 2022</th>
<th>Ambitions</th>
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<tbody>
<tr>
<td>FTTH connectable homes</td>
<td>64.9 m</td>
<td>69m / 2023</td>
</tr>
<tr>
<td>Orange Digital Centers</td>
<td>18</td>
<td>25 / 2025</td>
</tr>
<tr>
<td>Beneficiaries of digital skills training</td>
<td>1m</td>
<td>2.5m / 2025</td>
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### Environment
Reduce our CO\textsubscript{2} eq. emissions and implement circular economy to achieve Net Zero Carbon by 2040

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<tr>
<td>CO\textsubscript{2} emissions reduction vs 2015 bc (scope 1&amp;2)</td>
<td>- 20.8%</td>
<td>-30% / 2025</td>
</tr>
<tr>
<td>Collected mobile - Europe</td>
<td>23.1%</td>
<td>30% / 2025</td>
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### Diversity
Align gender representation in management with employee representation

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<td>Women in management network (%)</td>
<td>33.1%</td>
<td>35% / 2025</td>
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Further €600m nets costs savings

**New efficiency plan**

- Acceleration of *existing initiatives*...
- ... and a *new Enterprise model*

**Contribution per segment:**
- **France** >60%
- **Entreprise** c.30%

*New efficiency programme costs base of €11.8bn targeting indirect costs (exc. energy) in France, Europe, Enterprise SG&A + direct costs linked to sales commissions in Europe*
~15% eCapex/sales reached from 2023 mainly thanks to FTTH peak passed in France

Decrease of Group’s eCapex/ sales over 2022-2025

Double digit decline of FTTH gross Capex over 2022-2025

Evolution of the share of reporting segments in Group’s eCapex over 2022-2025

Graph are not at scale
Capital allocation policy

Focus on sustainable value creation
- ROCE improvement & cash return for all decisions
- Regular portfolio reviews resulting in:
  - exiting or restructuring underperforming assets
  - arbitrage
  - partnerships to boost value creation

Asset management with no taboo

Efficient capital structure
- ROCE improvement 100-150 bp by 2025
- Capex decrease to ~15% sales from 2023
- Disciplined M&A policy
- Opportunistic use of third-party capital
- Solid balance sheet

Return to shareholders
- Dividend increase thanks to OCF growth
## Guidance 2023

**Cash flow ramp-up confirmed**

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</tr>
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<tbody>
<tr>
<td><strong>EBITDAaL yoy, cb</strong></td>
<td>Slight growth</td>
</tr>
<tr>
<td><strong>eCAPEX yoy, cb</strong></td>
<td>Strong decrease</td>
</tr>
<tr>
<td><strong>Organic Cash Flow (telecom)</strong></td>
<td>≥ €3.5bn</td>
</tr>
<tr>
<td><strong>Net debt / EBITDAaL (telecom)</strong></td>
<td>Around 2x in the medium term</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td>€0.72 payable in 2024</td>
</tr>
</tbody>
</table>

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

* Independent from any scope evolution. Subject to AGM’s approval.
Guidance 2025
Value creation and cash return, is the rule

- EBITDAaL: low single digit growth, 2022-25 CAGR
- OCF\(^{(1)}\): continuous growth, €4bn in 2025
- Net Debt: c.2x EBITDAaL telecom in the medium term
- eCapex: discipline
- ROCE\(^{(2)}\): improvement
- Dividend\(^{(4)}\): new floor of €0.75 for 2024\(^{(3)}\)

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

1. Telecom activities.
2. ROCE\((n)\) Telecom = adj.NOPAT \((n)\) / Net Operating Assets \((n-1)\)
3. Paid in 2025 on the basis of 2024 results
4. Independent from scope evolution. Subject to shareholders' approval.
Solid trend of Organic Cash Flow growth towards €4bn in 2025

(in €bn)

Guidance achieved:
- >2
- >2.3
- >2.2
- ≥ 2.9

Organic Cash Flow weight on Executive Team remuneration scheme: 50%

2.3 (2019) → 2.5 (2020) → 2.7* (2021) → 3.1 (2022) → ≥ 3.5 (2023) → ≥ 4.0 (2024) → 4.0 (2025)

*Before allocation of the tax refund received in 2020