

# #Essentiels2020

Orange strategic plan



17 mars 2015



## disclaimer

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: the success of Orange's strategy, particularly with respect to customer relation when facing competition with OTT players, Orange's ability to withstand intense competition in mature markets, its ability to capture growth opportunities in new markets and the risks specific to those markets, the poor economic conditions prevailing in particular in France and in Europe and in certain other markets in which Orange operates, the effectiveness of Orange's action plans for human resources, and the success of Orange's other strategic, operational and financial initiatives, risks related to information and communications technology systems generally, in particular technical failures of networks, fiscal and regulatory constraints and changes, and the results of litigation regarding regulations, competition and other matters, the success of Orange's French and international investments, joint ventures and strategic partnerships in situations in which it may or may not have control of the enterprise, and in countries presenting additional risk, Orange's credit ratings, its ability to access capital markets and the state of capital markets in general, exchange rate or interest rate fluctuations, and asset impairments. More detailed information on the potential risks that could affect our financial results will be found in the Registration Document filed with the French Autorité des Marchés Financiers (AMF) on April 29, 2014 and in the annual report on Form 20-F to be filed with the U.S. Securities and Exchange Commission on April 30, 2014. Forward-looking statements speak only as of the date they are made. Other than as required by law (in particular pursuant to sections 223-1 and seq. of the General Regulations of the AMF), Orange does not undertake any obligation to update them in light of new information or future developments.

# New customer expectations



Secured  
Connectivity



Customisation

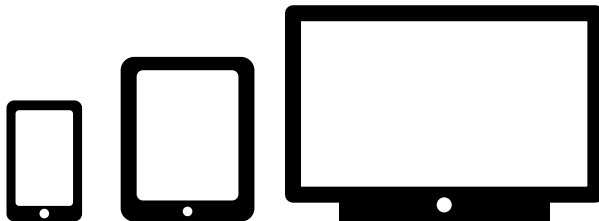


Value for money



**+50%**

annual mobile  
data traffic




**13**

screens per  
households in  
2022



**> 25 billion**

connected objects  
in 2020

cable operators **OTT**  
regulation consolidation  
competition  convergence  
changing technologies  
partnerships



Committed employees  
and  
strong local presence



Powerful and  
reliable networks



Innovative  
mindset



Recognized  
brand

# Essentials2020

Always in touch to connect what's essential in your life



World class  
quality of service



Customisation



Innovative usages

**An unmatched customer  
experience**





Europe



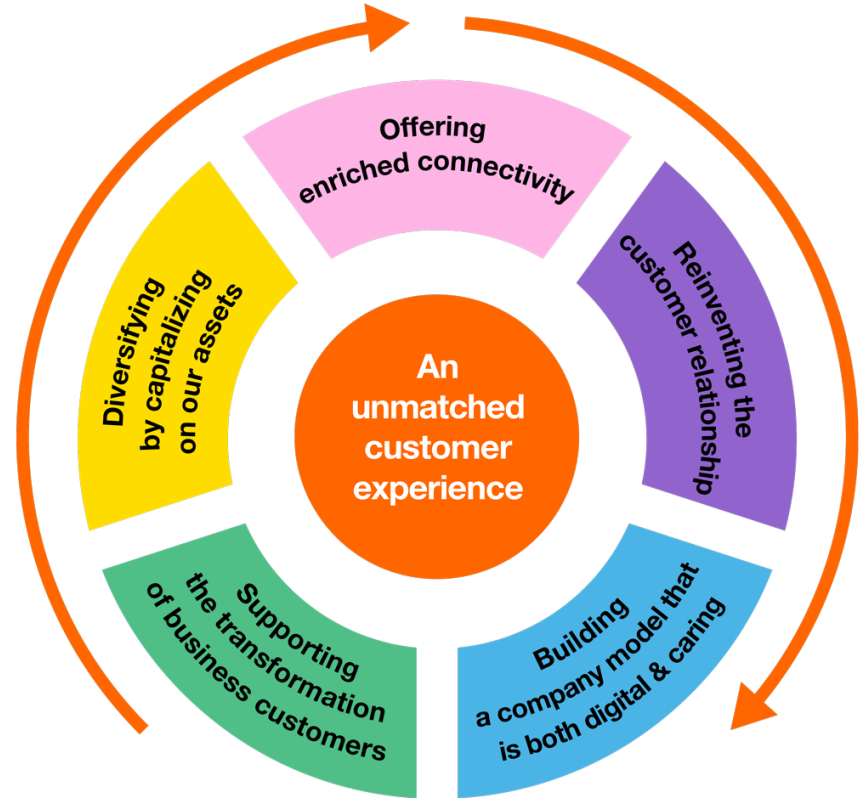
Africa and the  
Middle East



Everywhere  
with OBS

**In all our geographies**

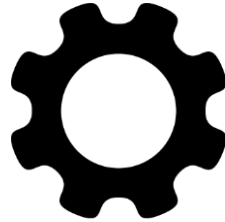
# Essentials2020



**A digital, efficient  
and responsible company**



Digital



Efficient



Responsible

**A digital, efficient and  
responsible company**



# Offering enriched connectivity

**€15 billion**

invested in our networks

2015 - 2018



**CEM**  
Customer  
Experience Management



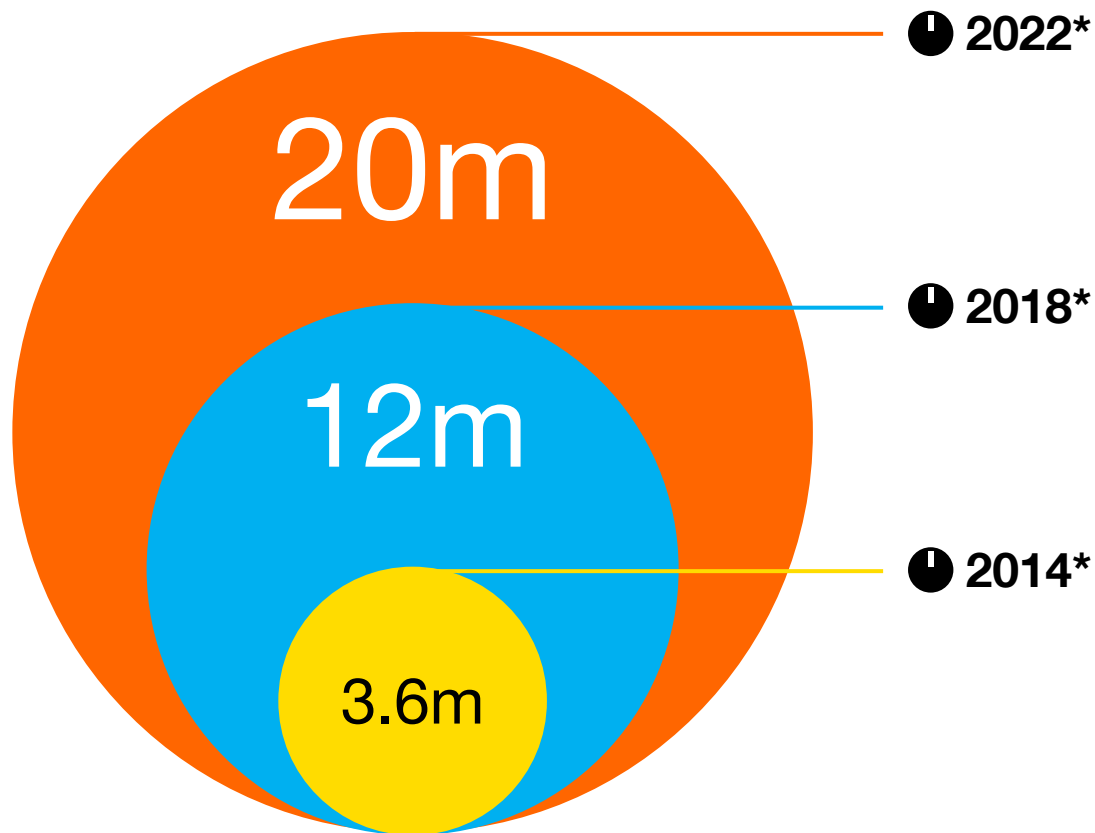
**My network**  
App



**x3 the average data throughput  
on all our networks**

by 2018

# FTTH connectable homes in France





Indoor coverage



**Voice over WiFi  
in 2015**

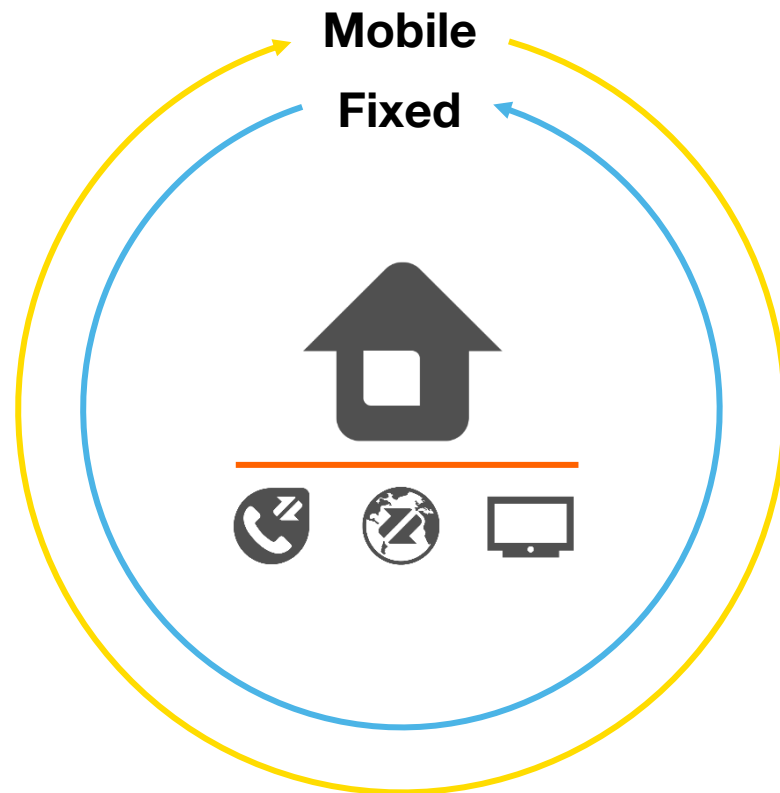
and on the move



**Towards  
zero drop call**

**Investing where it is essential  
for our customers**

# Conquering European households through convergence





# 4G



Available to over 95%  
of our European footprint by 2018



Launched in 4 AMEA countries in 2015  
Available in most of our countries in 2018



All-IP



Virtualization



Cloud



API



5G

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**= agile networks**



<h1>TV</h1>  OCS City Game of Thrones Saison 4, Épisode 2	 programme TV	 chaînes TV	 télécommande TV
	 TV à la demande	 enregistreur TV	 





# Reinventing the customer relationship

**recognition**

connection

**digitalization**

adaptation

**simplicity**

anticipation

availability

**Our commitments to all our customers**

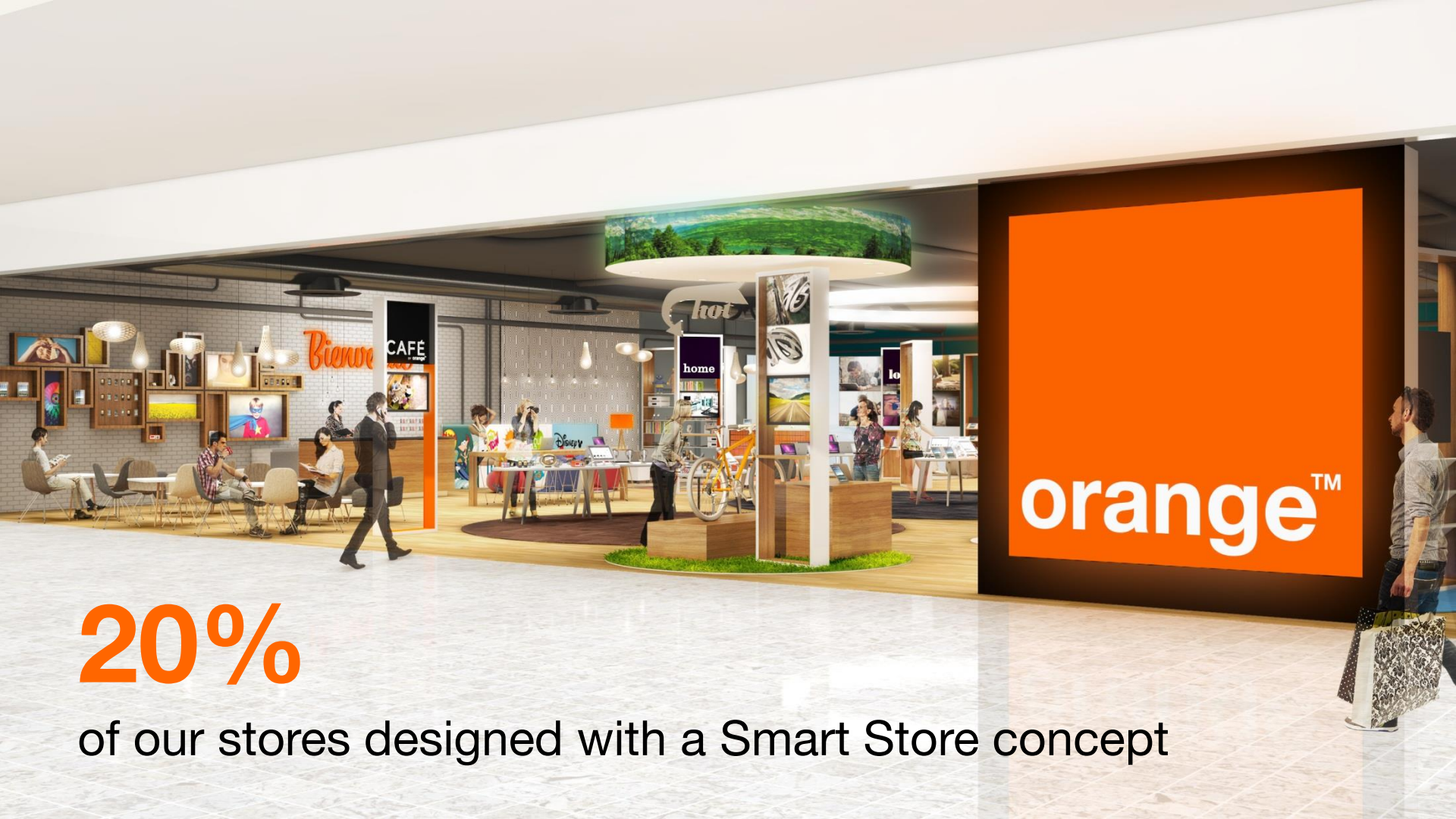
**BIG**  
data



# 50%

of interactions in Europe  
via digital by 2018

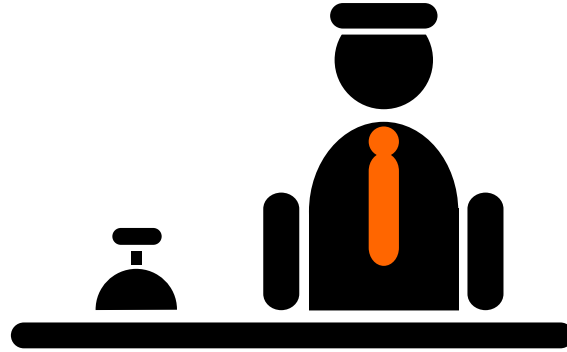




20%

of our stores designed with a Smart Store concept

# **“First” services**





# Building a company model that is both digital & caring

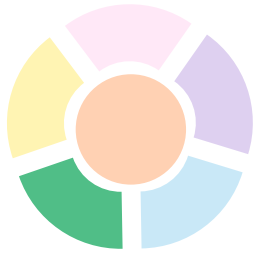
50%

e-learning in 2018

10%

employee ownership





# **Supporting the transformation of business customers**



**+10pt share of IT & integration  
services in OBS revenues mix**

between 2014 and 2020

- Develop collaborative, flexible and mobile working environments
- Be a leader of Internet of Things solutions and accompany our customers on their journey towards new work processes
- Be a leader in private and hybrid cloud services for multinational companies
- A world-class player in corporate security services for multinational companies and the leader in cyber-defense in France







# **Diversifying by capitalizing on our assets**



**€1bn**

Revenues from new services by 2018



**30 million**

Orange Money customers in 2018



**500**

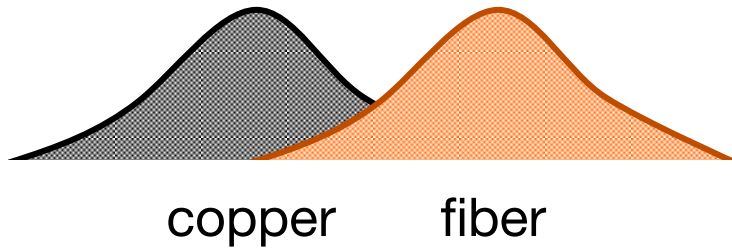
Start-ups supported through open innovation

# Hello.

orange™



# Different technology lifetimes





Network quality



Portfolio of offers

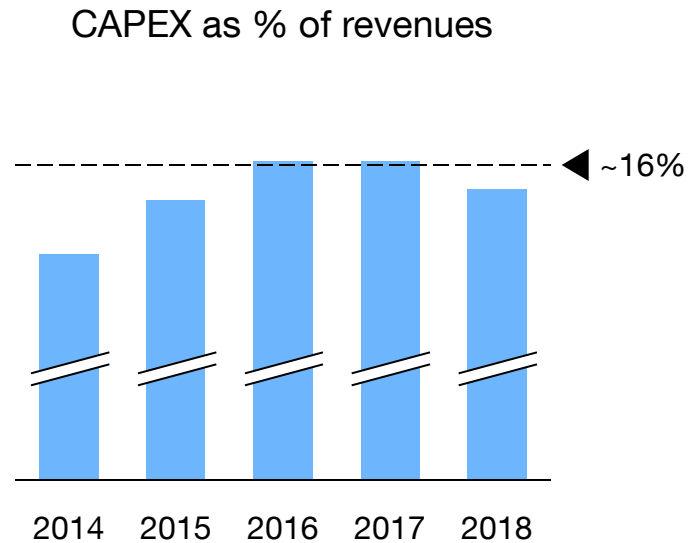
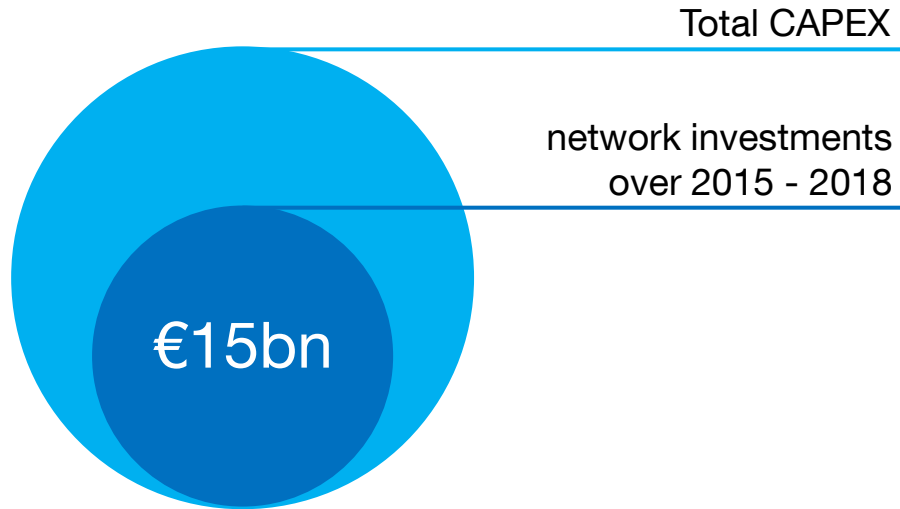


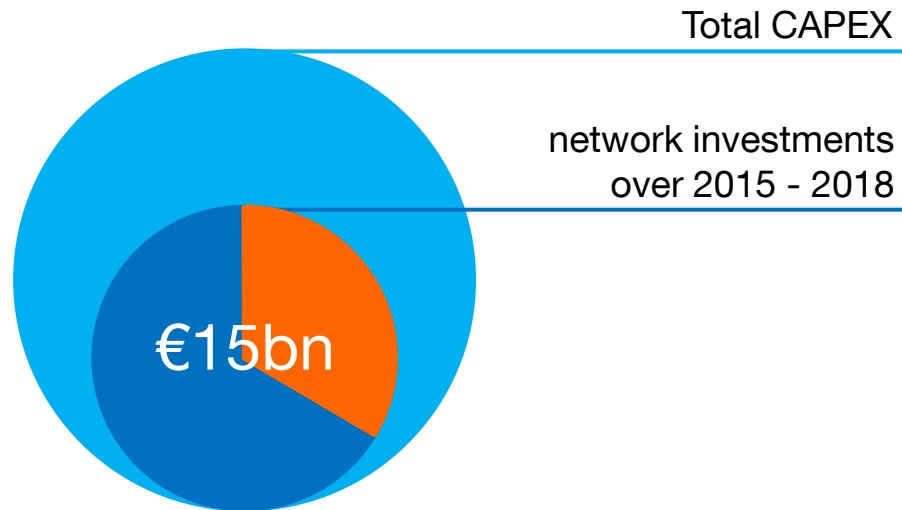
Markets segments



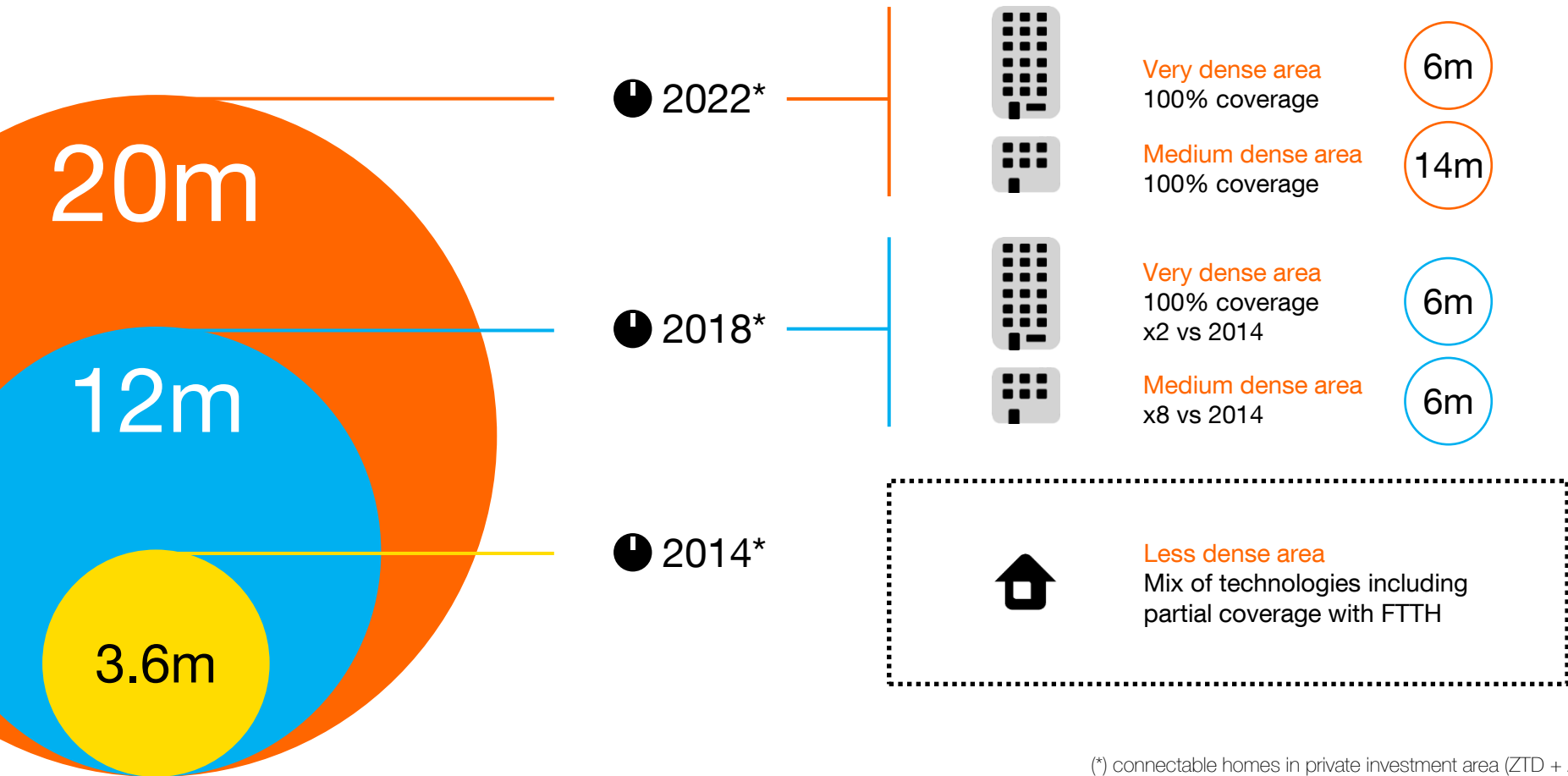
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An unmatched customer experience





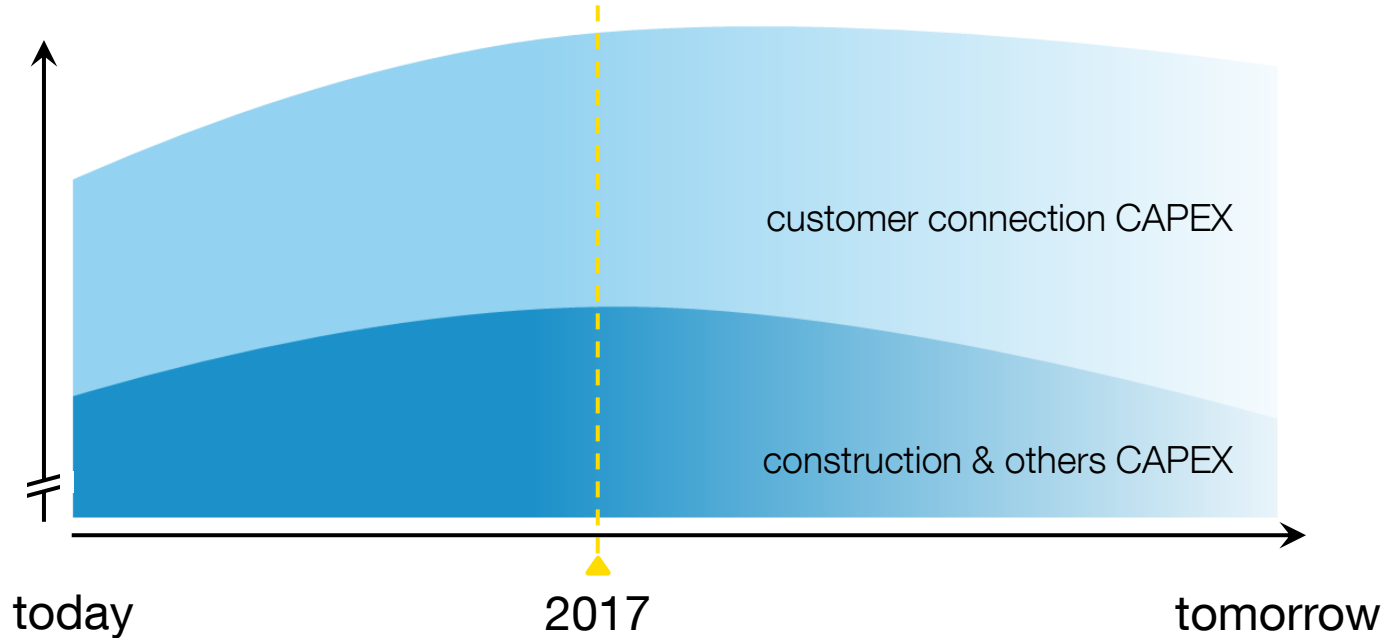
€4.5bn  
in FTTH

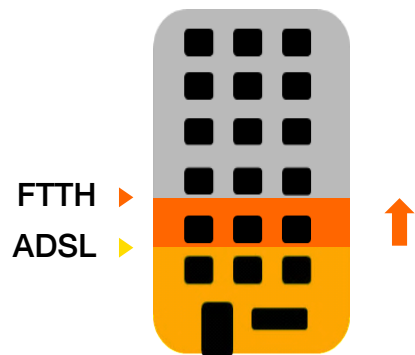


(\*) connectable homes in private investment area (ZTD + AMII)



## Increasing share of customer connection capex starting 2017

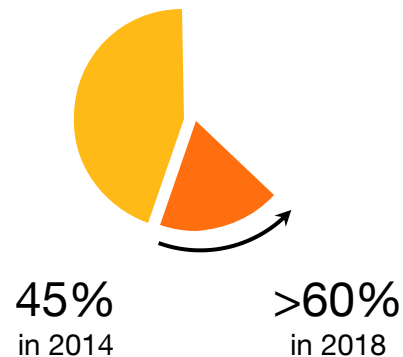




Market share win-back in  
very dense areas thanks to  
fiber

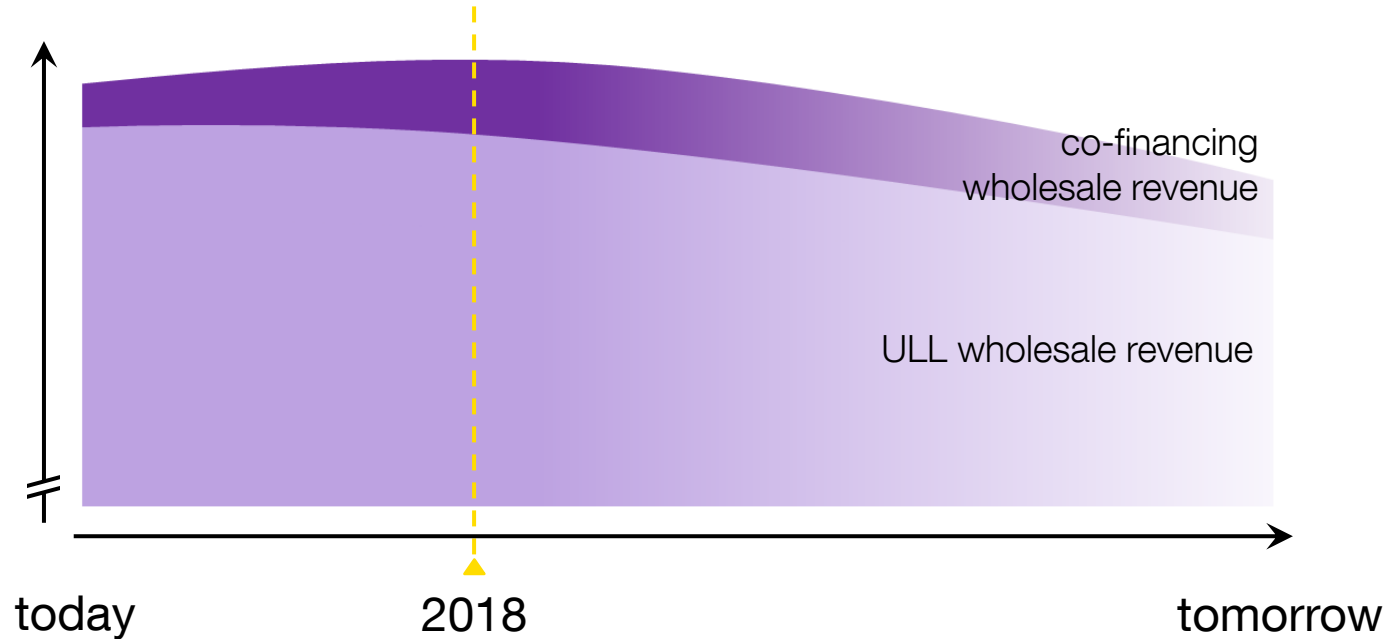


ARPU uplift of FTTH vs.  
ADSL customers

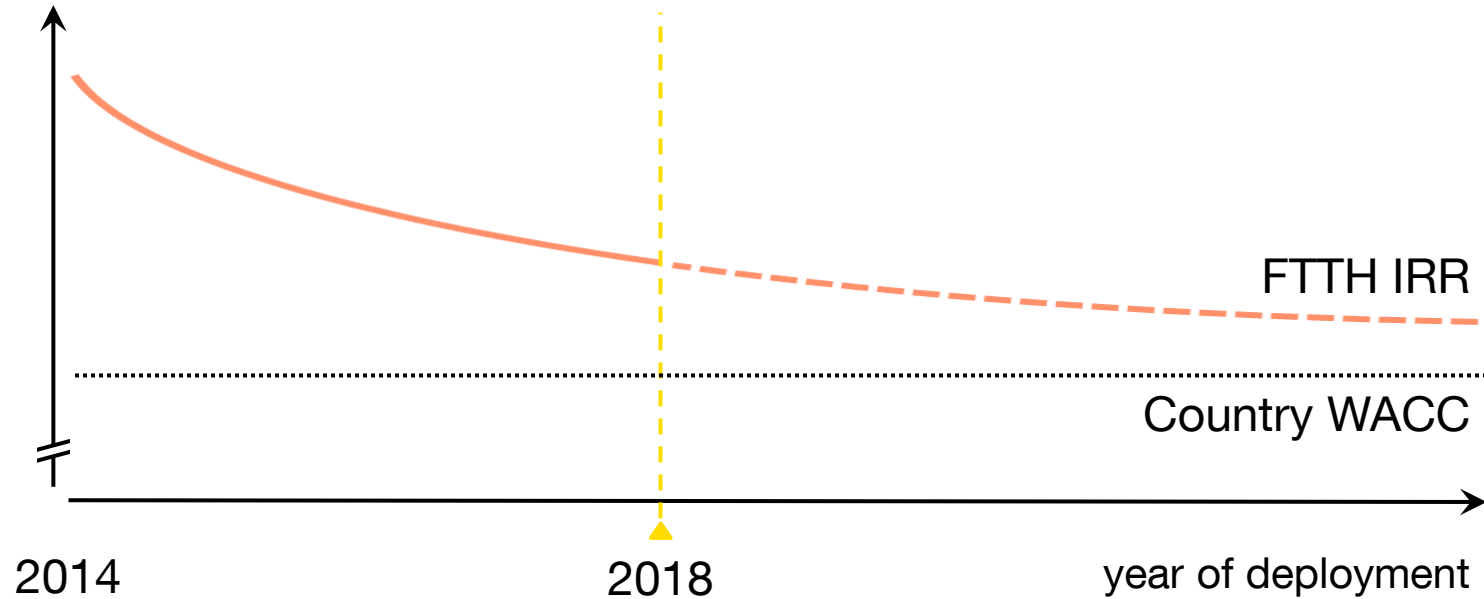


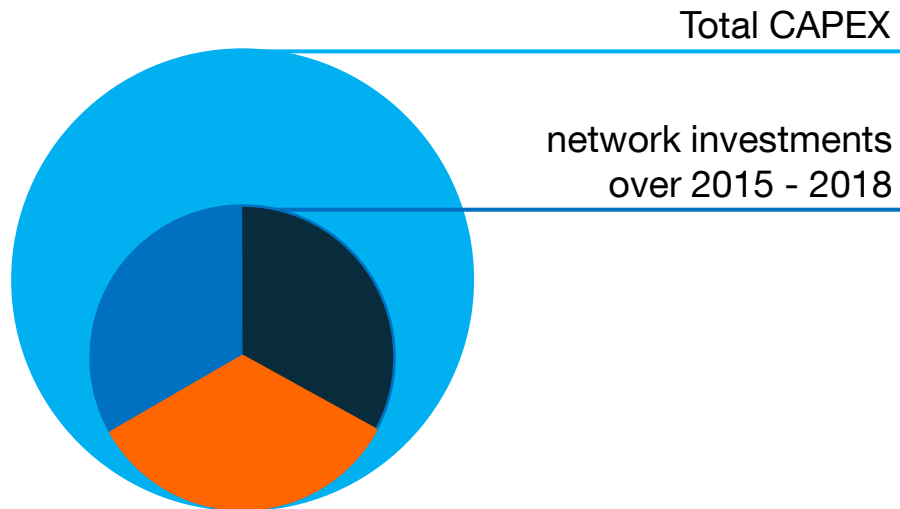
Share of convergent  
BB customers

## Increasing wholesale revenues by 2018 supported by fiber roll-out



**Expected IRR of FTTH  
Capex per year of  
deployment always  
above WACC**





€5bn  
in mobile  
access



**100%**

4G coverage in  
high speed trains



**100%**

3G/4G coverage in  
Paris subway



**Top 10**

motorways

# business dynamics





**244 million customers**





growing  
ARPU



churn  
reduction



unique  
products



distribution  
savings

# €400 million

mobile banking revenues in 2018



x10

vs. 2014

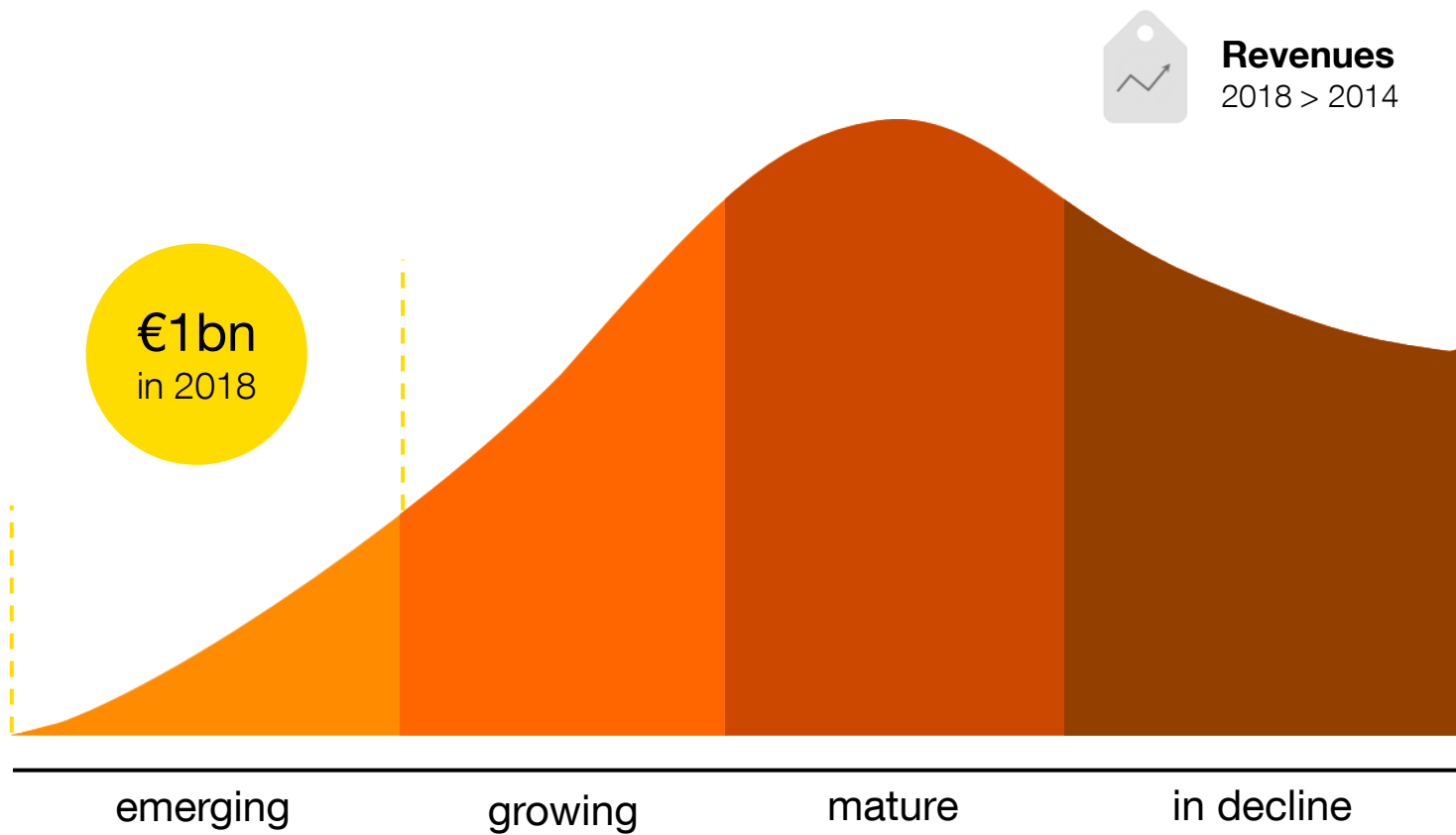
# €600 million

Internet of Things & M2M  
revenues in 2018



x6

vs. 2014



# Chrysalid

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## €3 billion

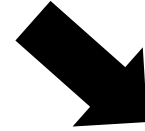
additionnal gross savings

2015 - 2018



**direct costs**

under control



**indirect costs**

decreasing



leaving employees  
in France over  
2015 - 2020

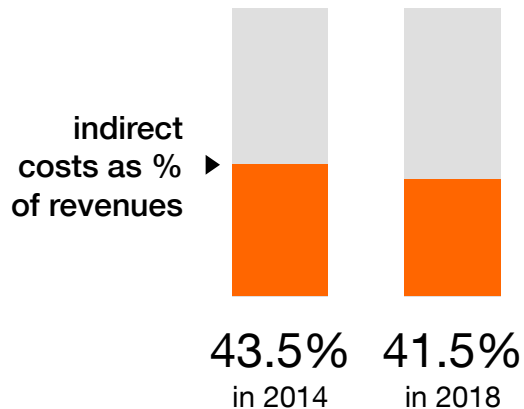


+1.9k recruitments per  
year in 2015 and 2016

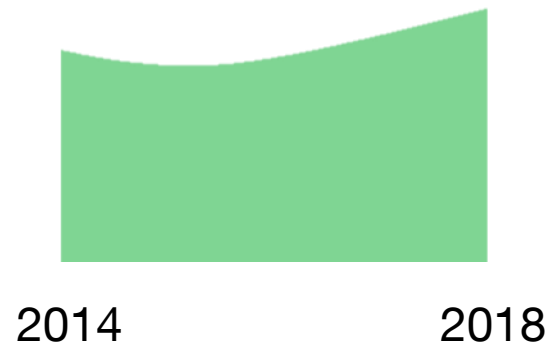




Indirect costs in France decreasing by 10% over the period, excluding labor costs



Group indirect costs as % of revenues will decrease by 2 points over the period



Restated EBITDA  
2018 > 2014  
with low point in 2015



## France

Revenues stabilized from 2017

EBITDA\* margin rate higher than 2014 over the period



## Europe

Revenues & EBITDA\* growth from 2016

2018 EBITDA\* above 2014 level



## AMEA

Over 20% revenue growth over the period

EBITDA\* growing even more



## OBS

Revenues stabilized from 2016

EBITDA\* stabilized from 2017

\* EBITDA stands for restated EBITDA





Leadership in NPS  
with 3 clients out of 4



Brand Power Index  
improvement



Network leadership  
x3 the average data throughput on all our networks



Digital transformation  
50% of interactions in Europe via digital by 2018



digital & caring company  
9 out of 10 recommending Orange as an employer



share of IT services  
+10pt in OBS revenues mix by 2020



New services  
1bn€ revenues by 2018



Revenues  
2018 > 2014



Restated EBITDA  
2018 > 2014 with a minimum in 2015



Dividend  
≥€0.60



Net Debt / Restated EBITDA  
around 2x in the medium term