

Orange home UK: delivering our strategy

Eric Abensur

VP, Home

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agenda

1 market

2 performance

3 strategy

4 outlook

new players entered the market in 2006

new competition

- strengths in other sectors
- need to grab market share at high cost
- incumbent keen to maintain market share

a direct result of LLU opening up

- a phenomenon observed in many other markets



we expect competition to rationalize in 2007/2008

our priorities for 2006

- deploy LLU
 - better economics than bitstream
 - platform for future service delivery
- migrate existing bitstream customers to LLU
- build a shared broadband and mobile customer base

we executed successfully against our objectives

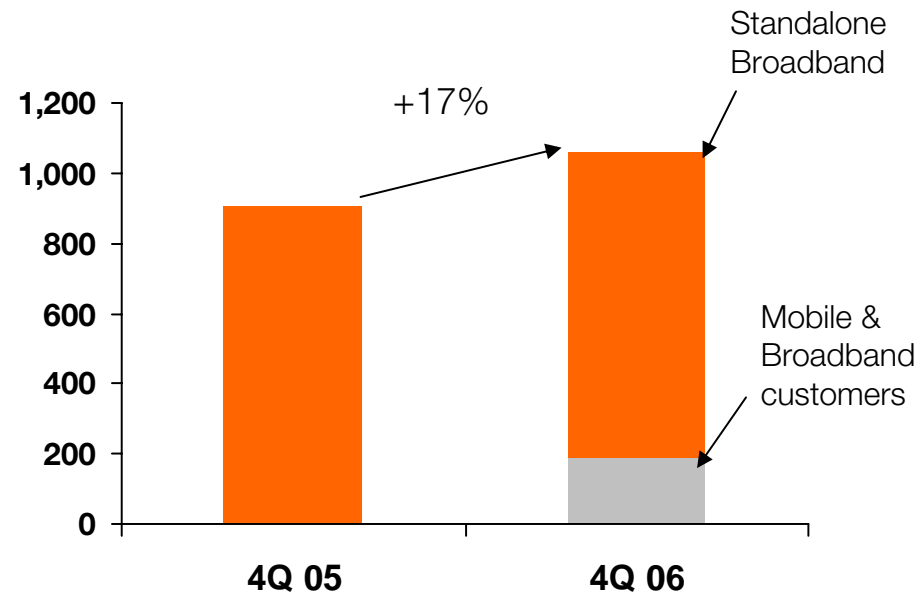
home revenues grew despite tough market

- broadband revenues grew 27%, despite falling market prices
- ended 2006 with a broadband base of 1+ million in total (+17% over 2005)
- growth in VOIP
 - with outbound chargeable minutes growing four-fold during 2006

shared broadband & mobile base

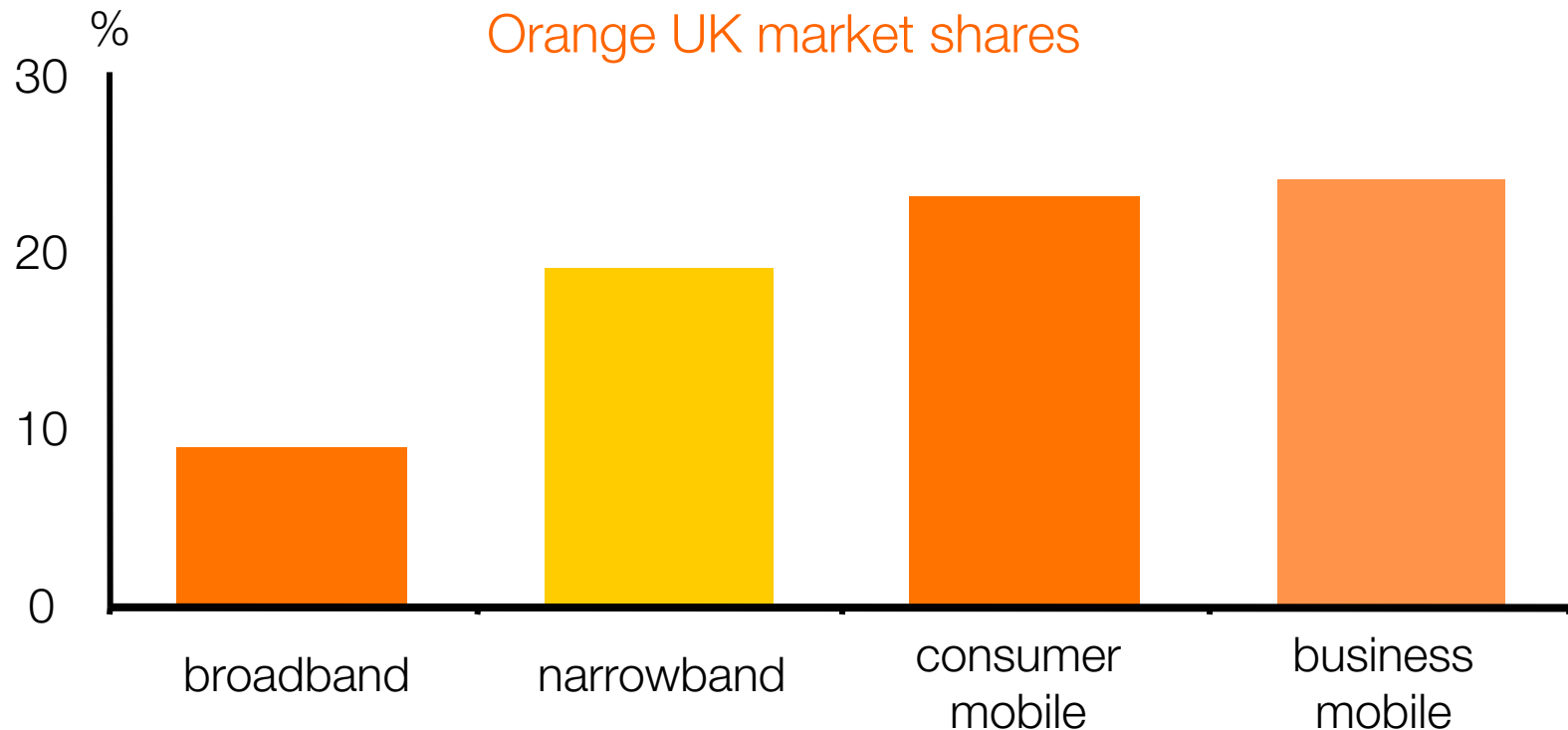
- >250k shared broadband & mobile customers
- greater value benefits
 - higher ARPU
 - 50% taking paid option
- higher tenure
 - indicative lower churn
 - 18 month contracts
- improved CVA score
- basis for future growth
 - up-sell future converged services

Orange UK broadband subscriber base (k)



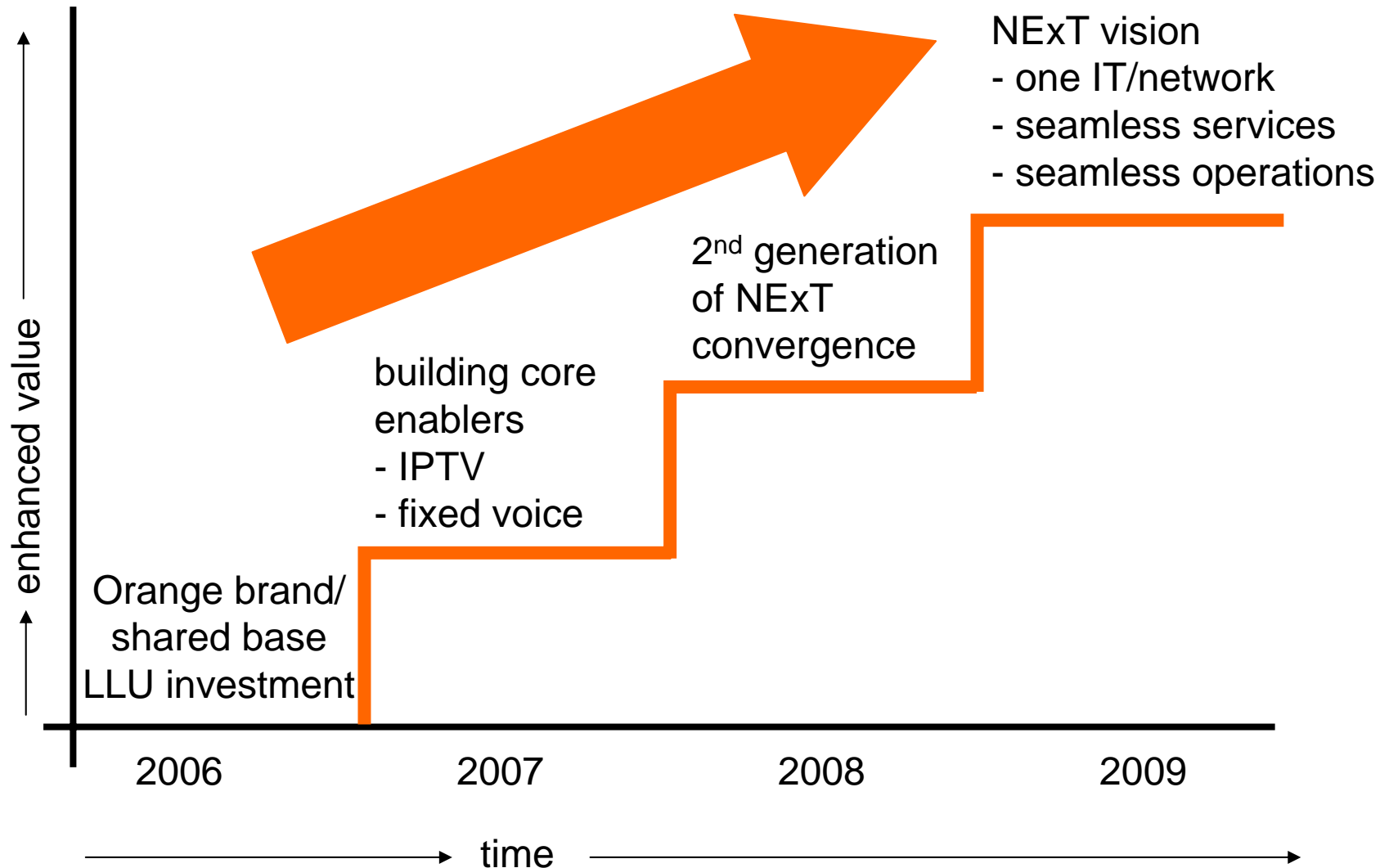
shared customers are platform for future growth

Orange UK has substantial presence in individual market sectors



we serve >15m consumers & businesses in the UK
(1/4 households has a relationship with Orange)

NExT convergence strategy

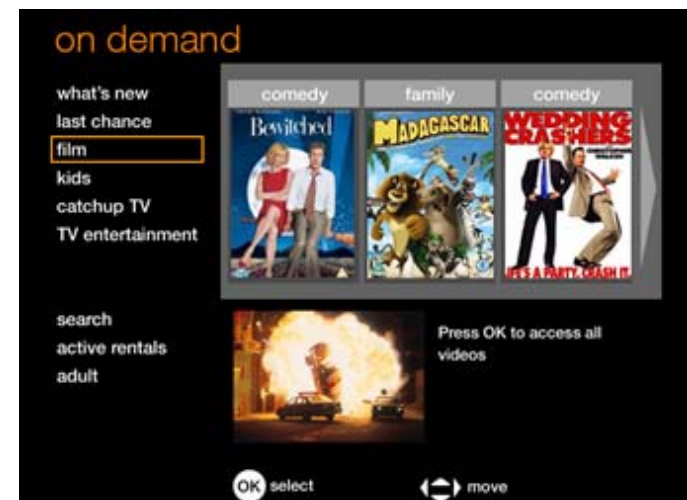
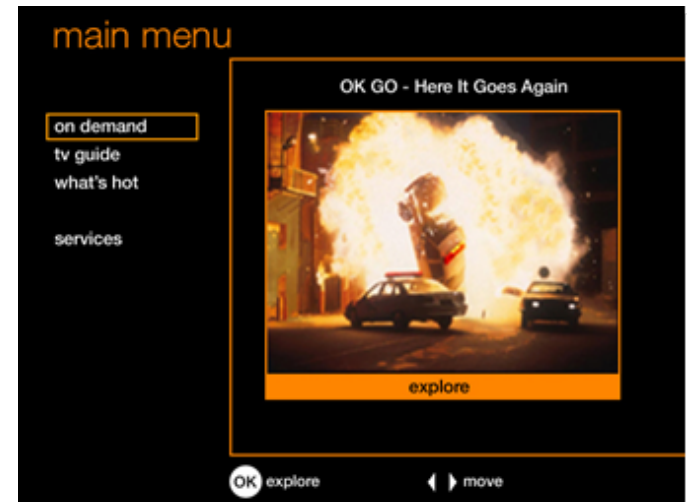


priorities and action plan 2007

1. complete delivery of core enablers & 1st generation of converged services to realise new revenue streams
2. build on success made to date on LLU, branding and growing shared customer base
3. continue success to transform business, drive business efficiency & improve underlying network economics

complete delivery of core enablers

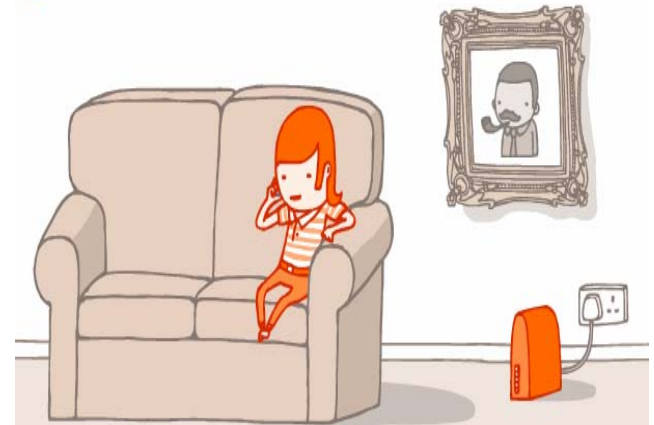
- launch primary line voice
- launch IPTV
- our credentials in IPTV
 - launched in 2004 and now in five countries
 - no. 2 worldwide IPTV provider, with 590,000 customers end of 2006
 - established global content provider agreements
 - association with film in UK



more than mobile

1st generation of converged services

- launch compelling new converged services, which build on our scale in broadband & mobile
- Unique: dual WiFi/GSM handset, switches to best network
- OnePortal: across mobile & web
- Orange WindowsLive: web/mobile contacts, IM & messaging
- Orange Photos: «Buff or Rough»
- Content portability: download and content transfer to mobile devices



...and working with Technocentre to launch much more...

maximising broadband acquisition


key activities in direct channels

- 47 new stores – increased focus on multi-play
- 120 residential sales team in LLU areas
- maximising traffic through portal

also...

- new dealer programme
- key multiples signed up



broadband packages

**talk and talk and talk**
Unlimited UK and international landline calls included with **Broadband Unlimited** [find out more](#)

Broadband Unlimited
get it all for one great price
£19.99 a month

- up to 8 Meg speed*
- unlimited downloads (fair use policy applies)
- **unlimited UK and international landline calls included**
- Livebox to connect up to six computers wirelessly


[find out more](#)

**unlimited landline calls** 

Broadband Starter
perfect if you're new to broadband
£14.99 a month

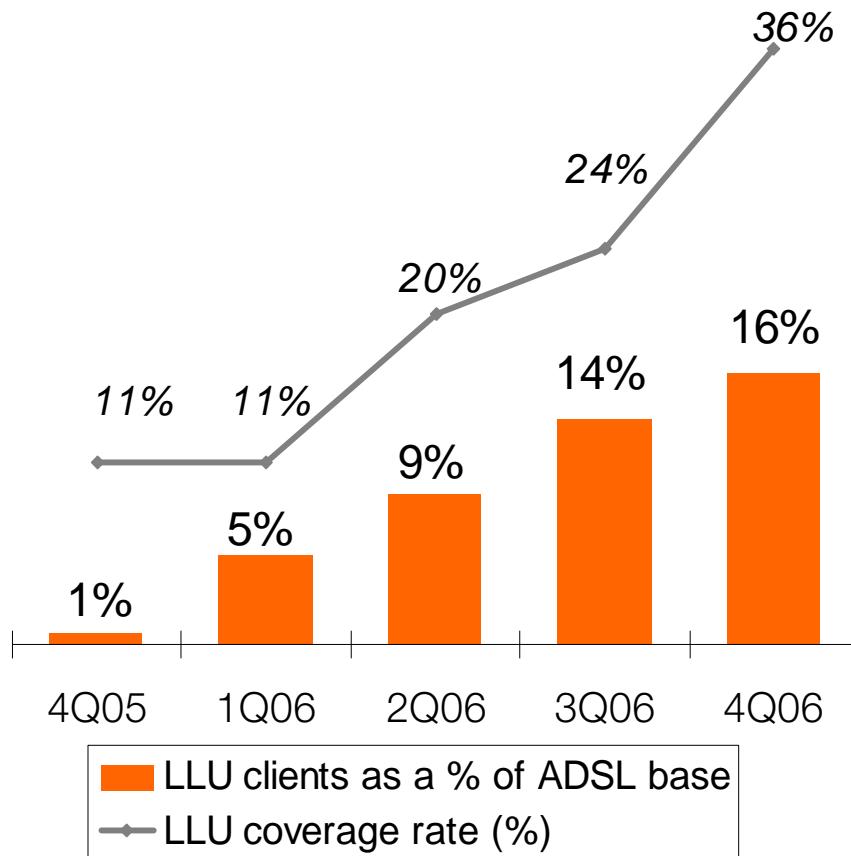
- up to 2Meg speed
- 2GB download allowance
- free modem to connect your computer
- 30 day money back guarantee

[find out more](#)

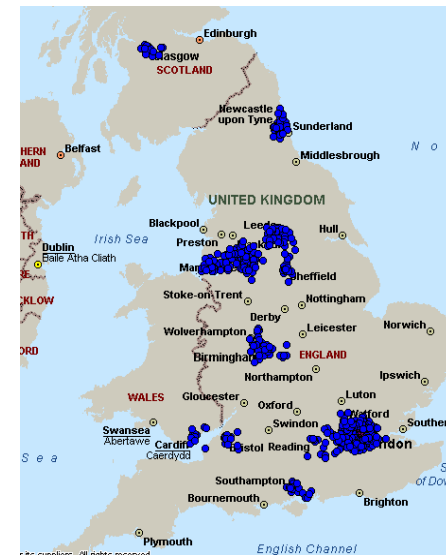


improve underlying network economics

LLU customers as a % of ADSL base



- unbundled 506 exchanges
- 36% population coverage



Orange UK LLU exchanges

deployment in line with FY objective

drive business efficiency in all areas

- network
 - sharing network backhaul across mobile & broadband
- platforms
 - rationalising platforms across mobile & fixed activities
 - world Class CRM programme underway
 - strategic “One Bill” capability
- cost efficiency
 - focused on maximising headcount efficiency
 - commonly sourced marketing creative & campaigns
 - shared service organisation
 - customer service agents handling both mobile & BB

summary and outlook

priorities for Orange home in 2007/2008

1. complete delivery of core enablers & 1st generation of converged services to realise new revenue streams
2. build on success made to date on LLU, branding and shared customer base
3. continue success to transform business, improve underlying network economics & drive business efficiency



mid-term objectives

1. leader in converged services
2. leader in LLU based competition
3. delivery of transformation into a fully integrated operator (network, customer facing, etc.)

questions