

Orange Mobile Finance Services

Our strategy going forward

Ramon Fernandez

Deputy CEO, Finance, Performance and Europe

Paul de Leusse

Deputy CEO, Mobile Finance Services

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#Orange Mobile Banking 2018

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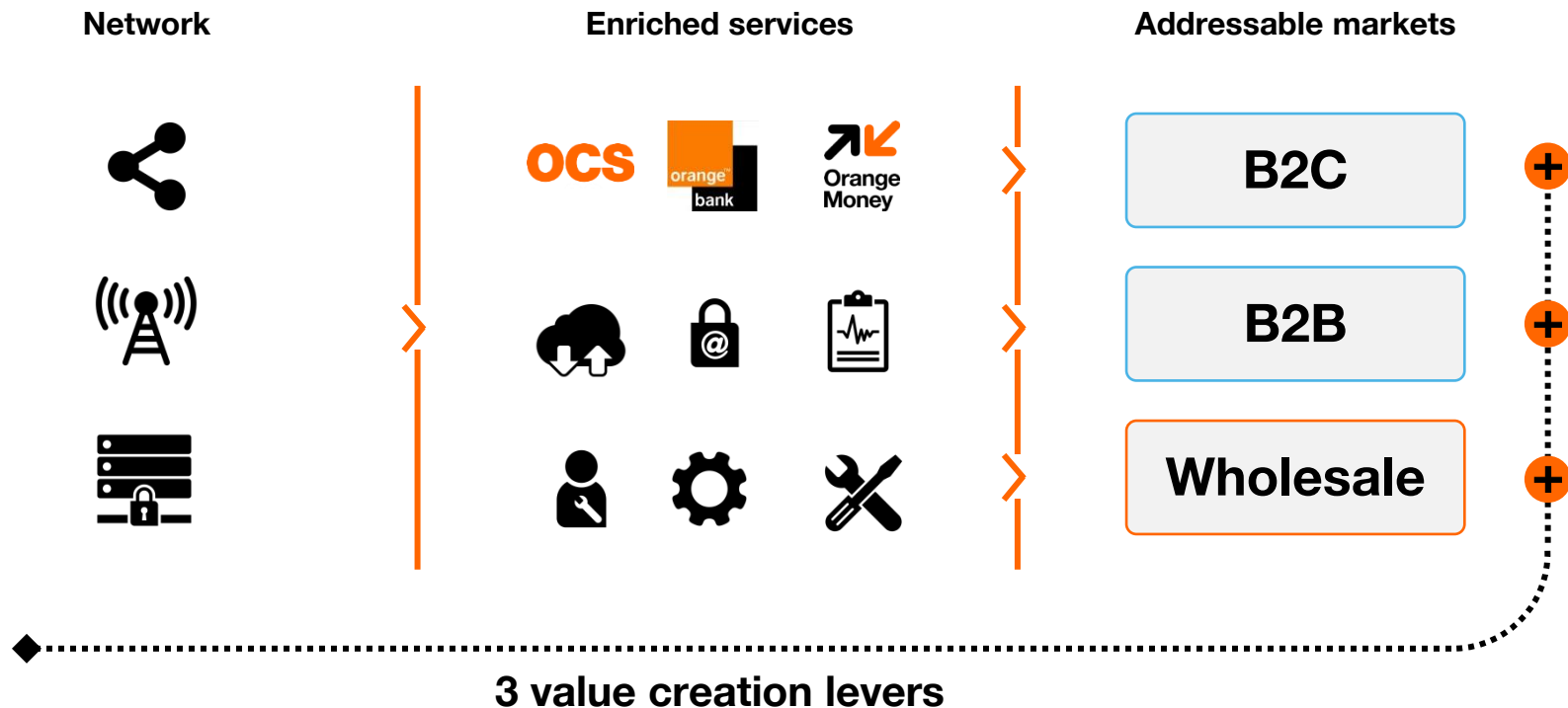
Section one

Strategy



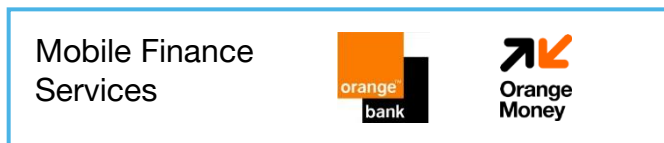
#Orange Mobile Banking 2018

Orange is a fully integrated network and service provider with Mobile Finance Services as a key pillar of diversification

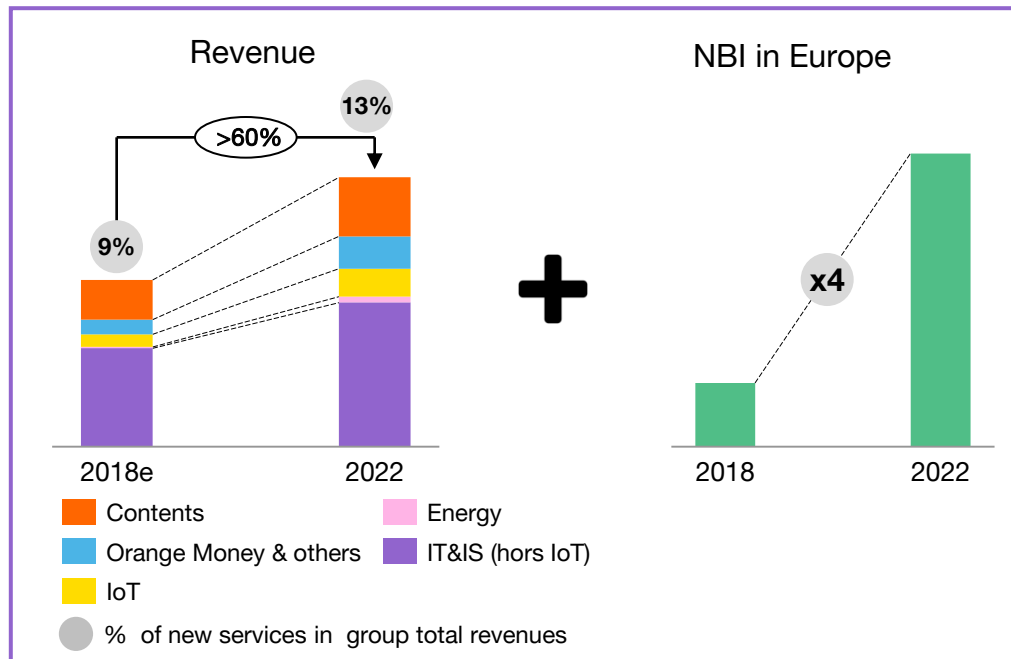


Enriched services is a key driver of future growth...

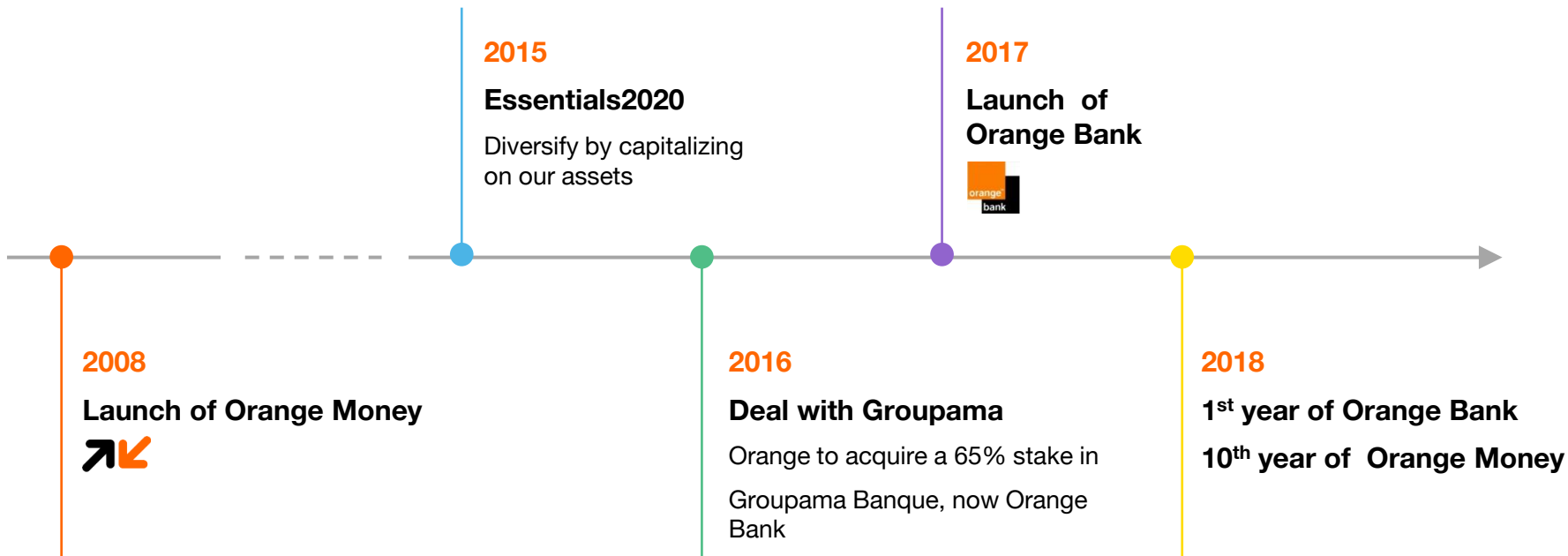
The key pillars of service growth



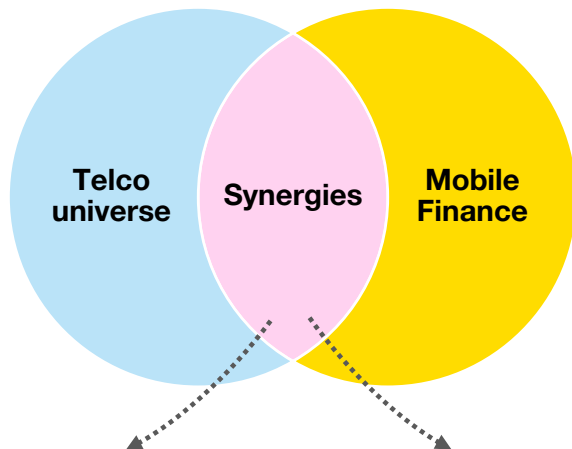
New services revenues & Net Banking Income[NBI]* evolution



...leveraging a longstanding experience in mobile finance services...



... a hybrid DNA of Telco and financial service provider



- Reduce churn
- Improve client satisfaction
- Upselling opportunities: higher Telco ARPU
- Scale up financing for handsets



- Trusted brand
- Innovation strengths
- Customer data to improve customer experience and simplify processes
- Enhanced risk management
- Shared resources: distribution channels, customer care, debt collection

Section two

Execution



#Orange Mobile Banking 2018

Our unique positioning allows us to compete with both traditional banks and OTT/Fintech players

Traditional banks

Advisor-based relationship

Large offering with little customers' autonomy

Full network distribution



Digital Banks / Fintechs

High-end Banking App for niche customers

Sophisticated offering featuring high risk / return products

100% digital client acquisition, without pre-existing fishing pool

1

Easy-to-use Banking App democratizing user experience innovation

2

Simple but **complete offering** giving customers control of their personal finance

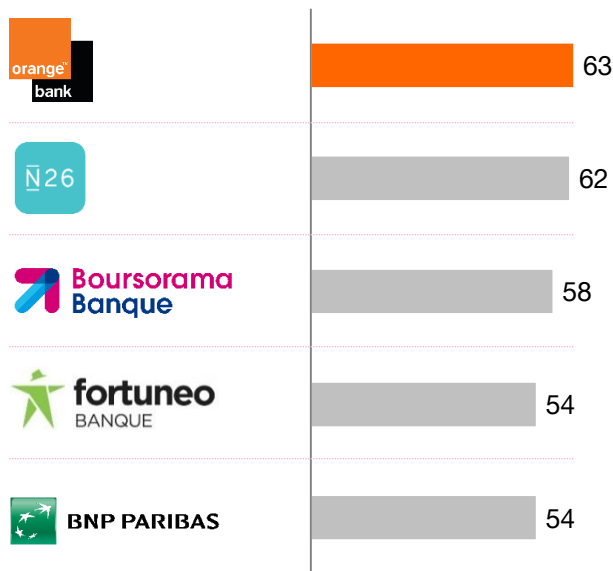
3

Phygital model, embedded in a telco leveraging its **data and network**

1 Easy-to-use Banking App democratizing user experience innovation...

In France, Orange Bank #1 D rating score,
Digital customer offers and journeys*, Compounded score, 2018

In Africa, Orange money a customer centric ecosystem
Customer base at the end of Q3 18

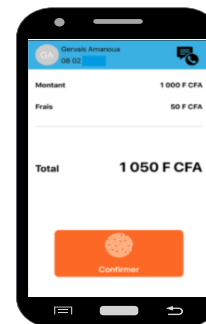
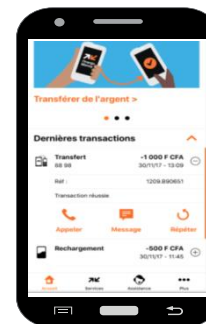



Orange
Money



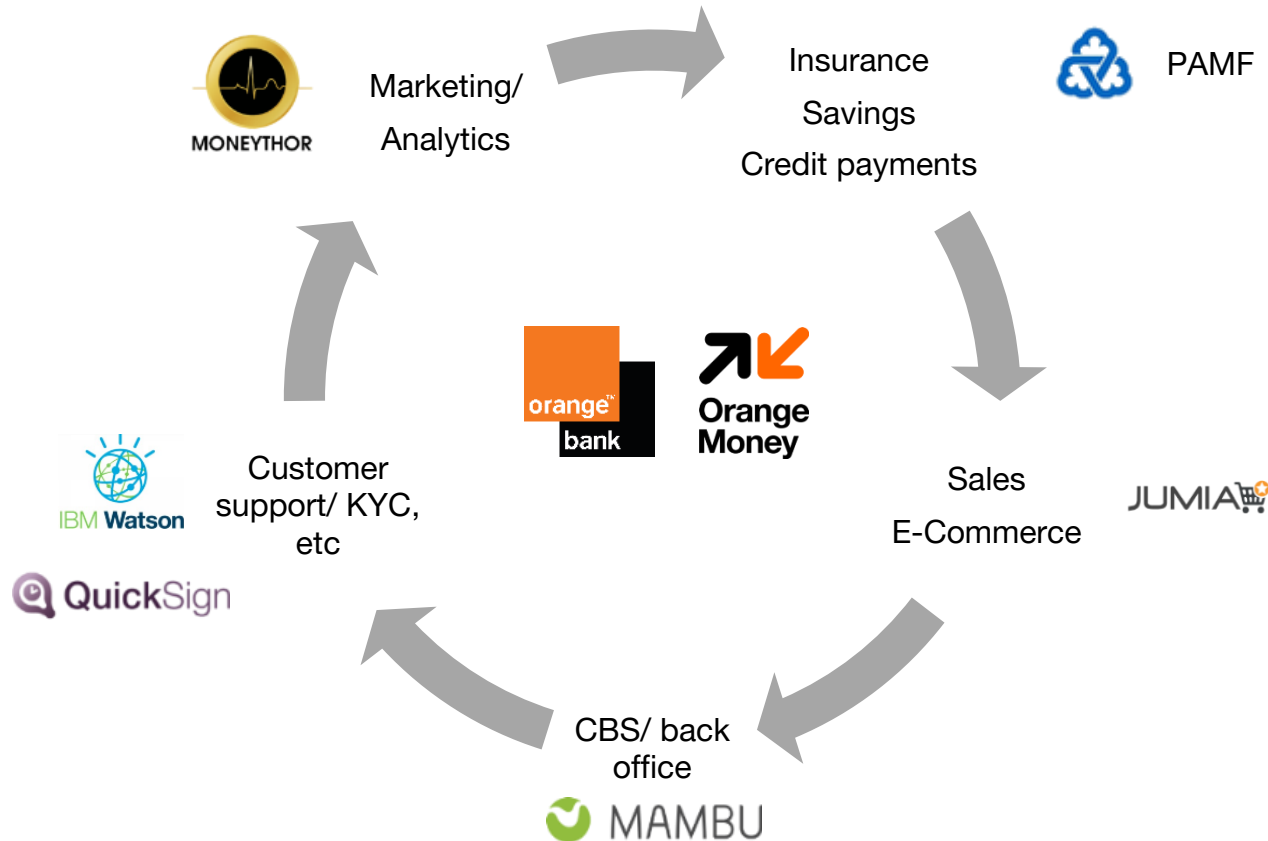
40m
customers

14m
active customers



1 ...fueled with several Fintech partnerships in Europe and MEA

Our solution offers the best in class and is nurtured by partnerships with Fintechs



2 Simple but complete offering giving customers control on their personal finance



Innovative payment

- Mobile & credit card payment
- Instantaneous account balance
- SMS transfer and bill payment
- Temporary lock/unlock credit card



Credit & Savings

- Flexible amount borrowed
- Optimised withdrawing period
- Funds release decided by clients
- Instalment postponing at client's will



Virtual customer care

- Digitalisation of our customer care supported by Artificial Intelligence



3 Customer acquisition through data management & branch network

Banking services embedded in Telco to bring innovation to mass market...



Fishing pool

France:

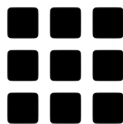
Orange 25m* and Groupama 6m

Europe excl. France:

Orange 45m* and Groupama 12m

MEA:

Orange >100m*



Customer data

Optimised customer segmentation

Thanks to solid experience in telecom

Risk assessment

Data

Customer data to improve customer experience and simplify processes



Distribution channels

160 000

Point of sales in MEA







> 600

Point of sales in France

> 1 000

Point of sales Spain including franchised stores O/W some should be eligible for Orange bank sales

One single strategy with a differentiated go-to-market approach based on market maturity...

Banking penetration rate	▶ 10-20% 	40-80% 	80-100% 
Countries	▶ Sub-Saharan countries ²	Romania, Moldova, Middle east ¹ , Maghreb	France, Spain, Belgium, Poland and Slovakia
Adaptive Value proposition	▶ Finance services developed on top of Orange Money	Focus on payment and consumer credit	Full digital bank allowing 'cherry picking' on services
Our solution factories	▶  + Partners & Orange Bank Africa ³	 + Consumer finance factory	

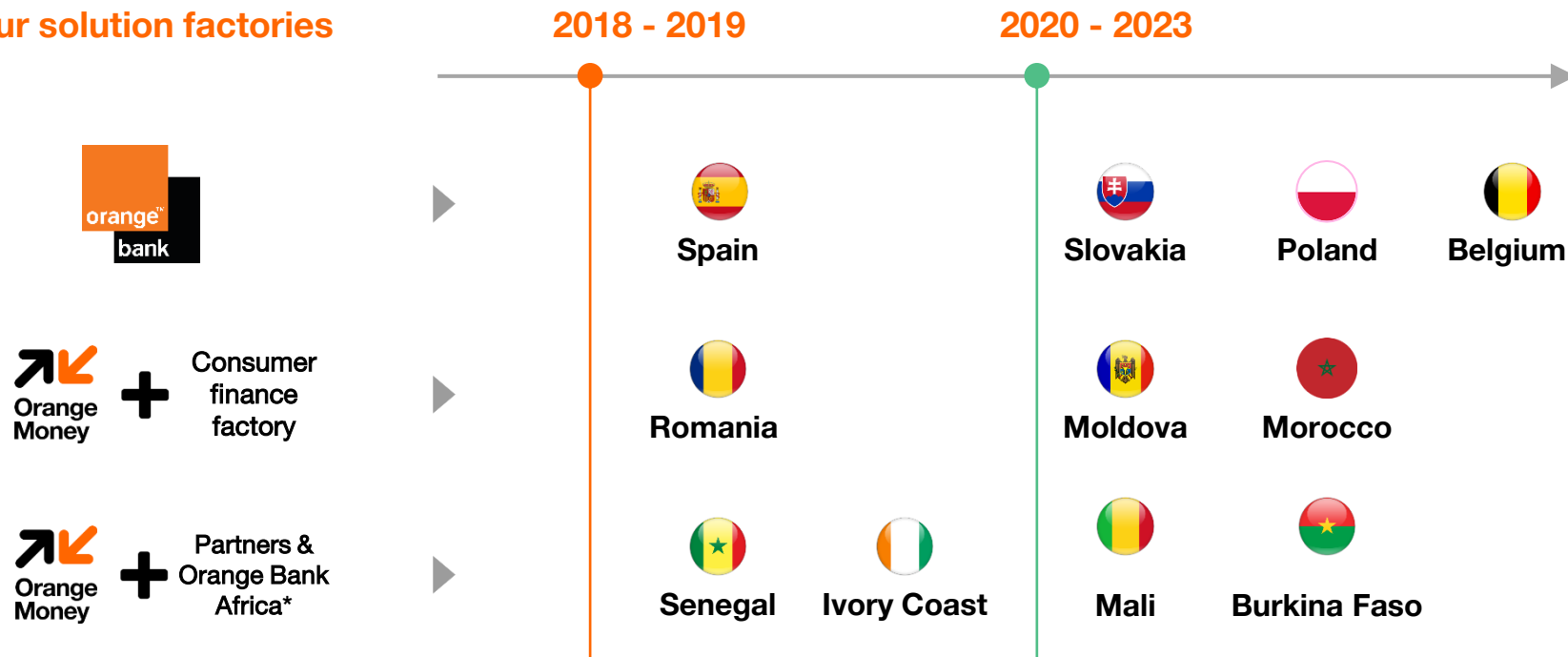
¹ Jordan, Egypt

² Ivory Coast, Mali, Burkina Faso, Senegal, Guinea-Bissau, Niger, Sierra Leone, Democratic Rep. of Congo, Liberia, Central African Rep., Madagascar, Cameroon, Guinea, Botswana

14 ³ Ivory Coast, Mali, Burkina Faso, Senegal. File submitted to Central Bank of Western African States (BCEAO), review ongoing and subject to final approval from BCEAO

... and an ambitious expansion roadmap with 2-3 new countries per year

Our solution factories



A strong and reliable management team leveraging diversified skills



CEO

Ex Indosuez CEO, Bain Partner



Controls and Operations, Deputy CEO

Ex French Treasury Assistant Secretary for financial services, Prime Minister EcFin advisor



European Development, Deputy CEO

CA Payment Services Deputy CEO



Middle East Africa Development, Deputy CEO

Ex Orange Commercial and Distribution Executive Director



Strategy executive director

Ex McKinsey Partner



General affairs executive director

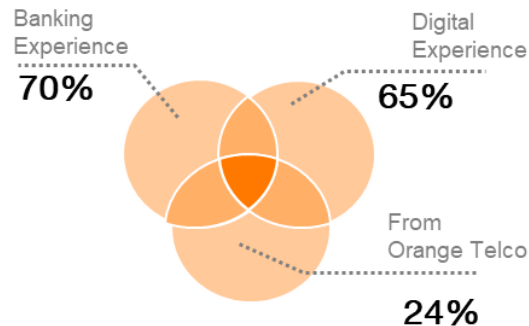
Ex Orange R&D HR

Spanish team mixed experience



Executive Director of OB Spain

ex Bankinter CFO and Head of digital transformation, Executive chairman of Eurobits



Orange Bank celebrates its birthday

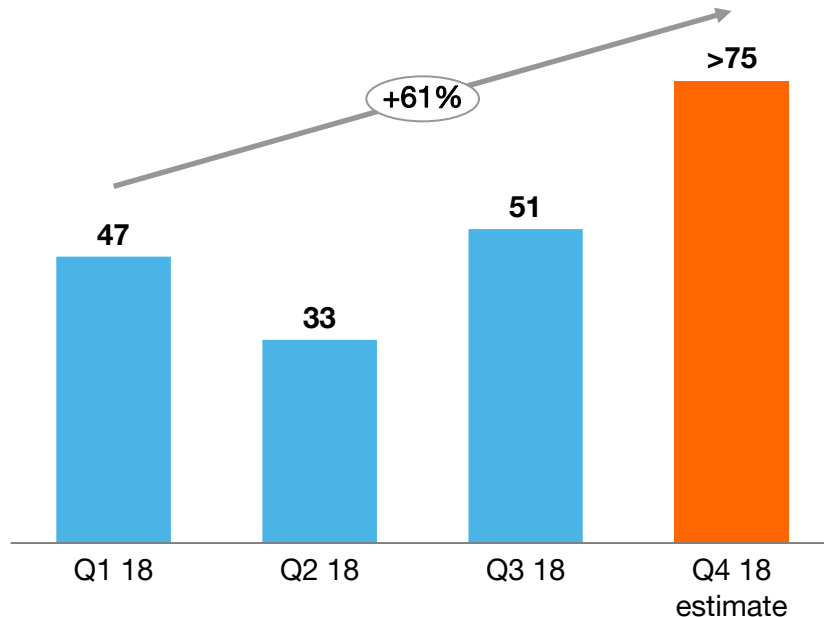


#Orange Mobile Banking 2018



One year after launch in France, solid growth and innovation track record

Orange bank new account openings per quarter
in thousands



200K customers in 1 year
o/w 30-40% active



60%
Account opening in-store

N°1
in France

2.8m
Mobile NFC payments 9m 18



50%
Of customer care interactions were
fully handled by AI

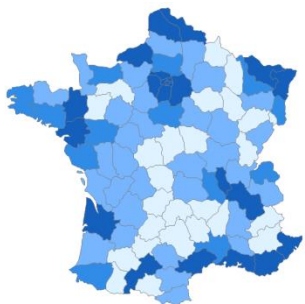


45% Brand awareness
In only 1 year after launch, a much
quicker pace than peers

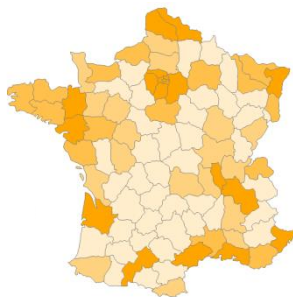
Orange Bank addresses all segments contrary to Neo banks...



Population density



Orange Bank customer base density



Contrary to Neo-banks that target only young and urban segments, Orange Bank addresses all segments of the French market thanks to dense physical distribution channels



60%

Account openings in-store



42 years median age

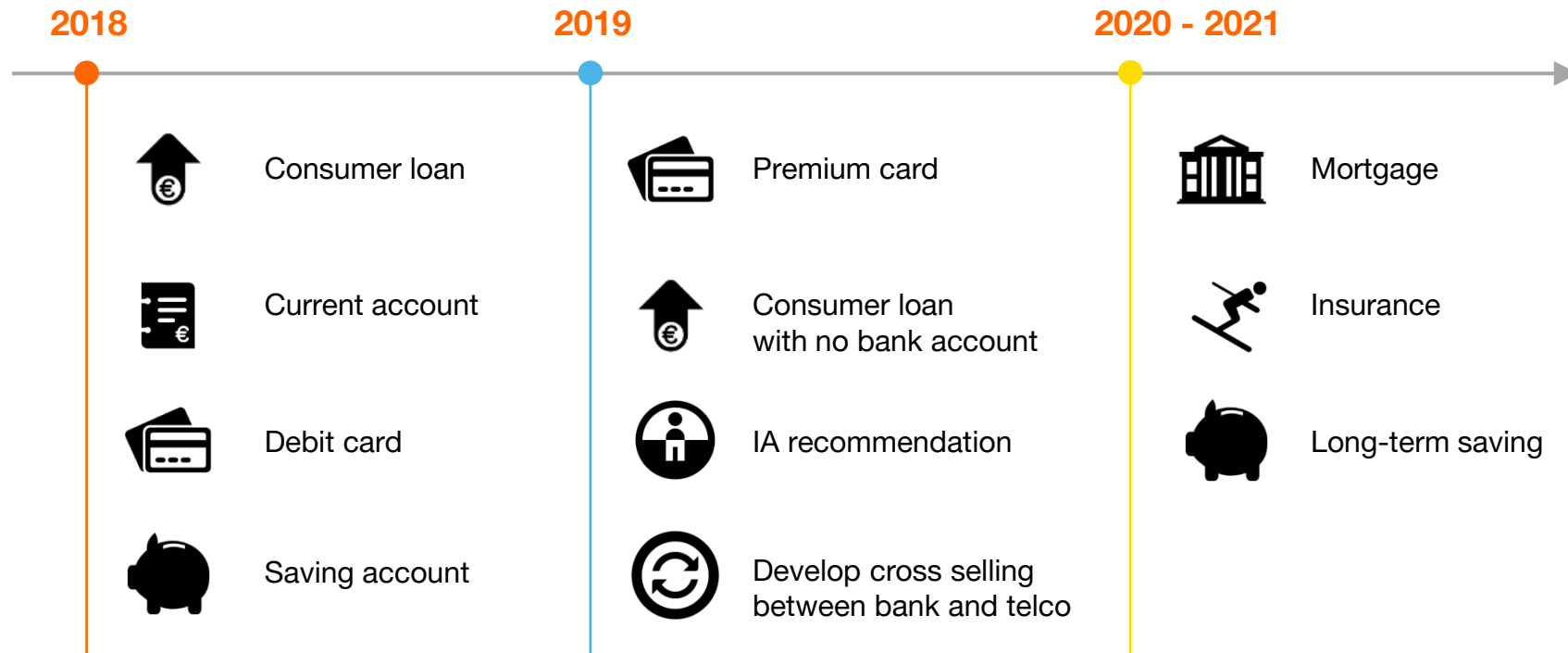
6 yrs younger than median French population



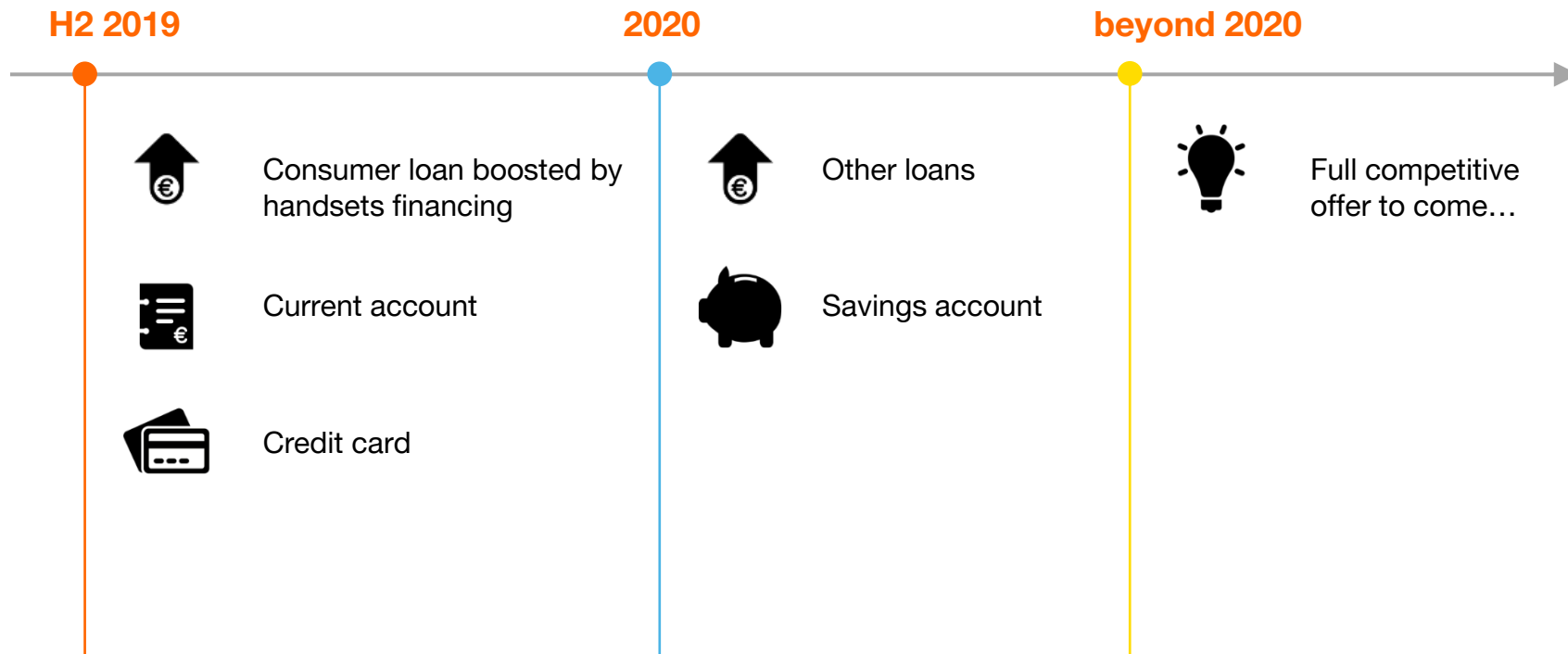
39%

Of our base is at the upper socio-professional category

...enriching portfolio roadmap to deliver net banking income* growth



Spain offers a new territory of growth for mobile finance services

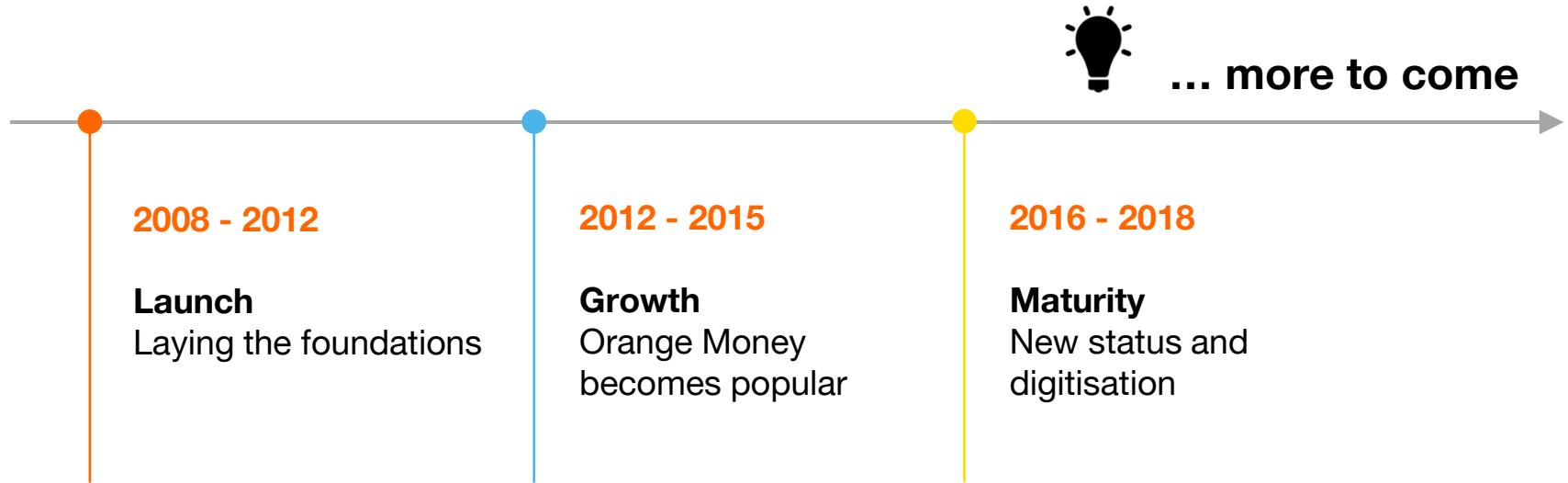


Orange Money celebrates a decade of financial innovation



#Orange Mobile Banking 2018

Orange's Mobile Finance Services in Middle-East Africa



Orange Money 10 years after launch in Middle-East Africa...



17 countries*



40 million

customers end of Q3 18



14 million

active customers



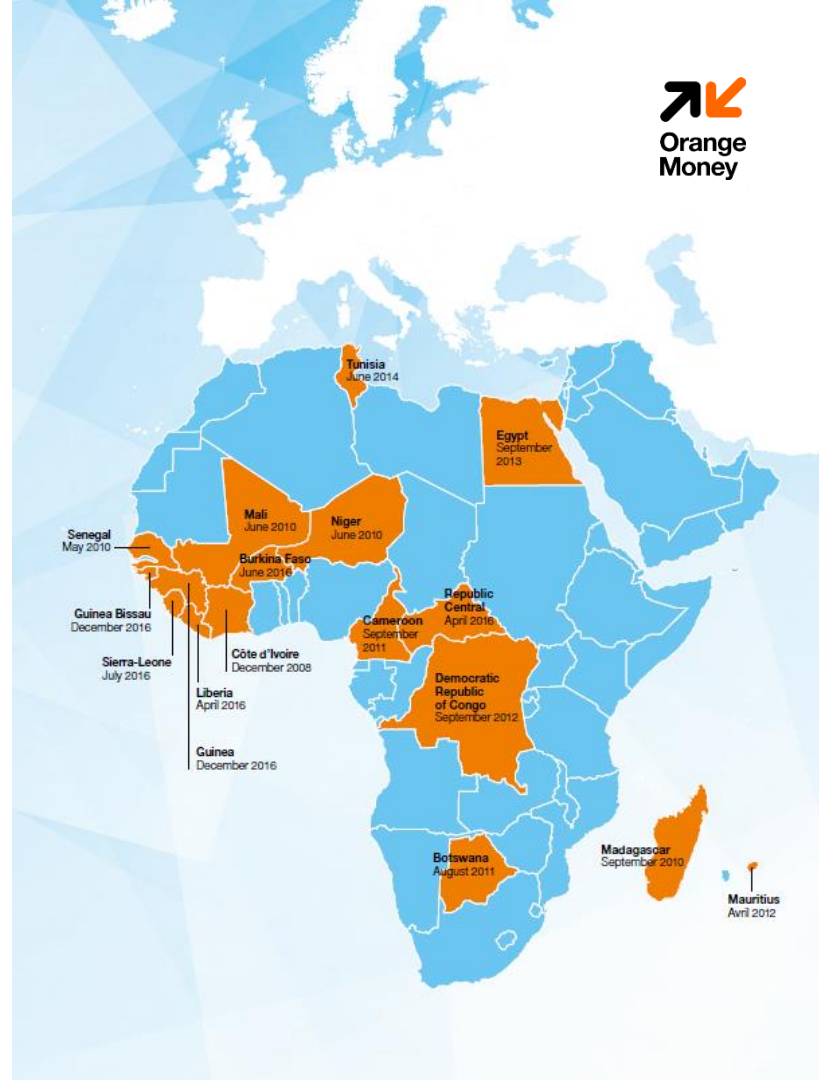
260K Consumer loans

in Madagascar 7 months after launch



>6%

Share of Orange Money in MEA revenue



...now ready for a interoperability in Africa

Mowali is available to any mobile money provider in Africa

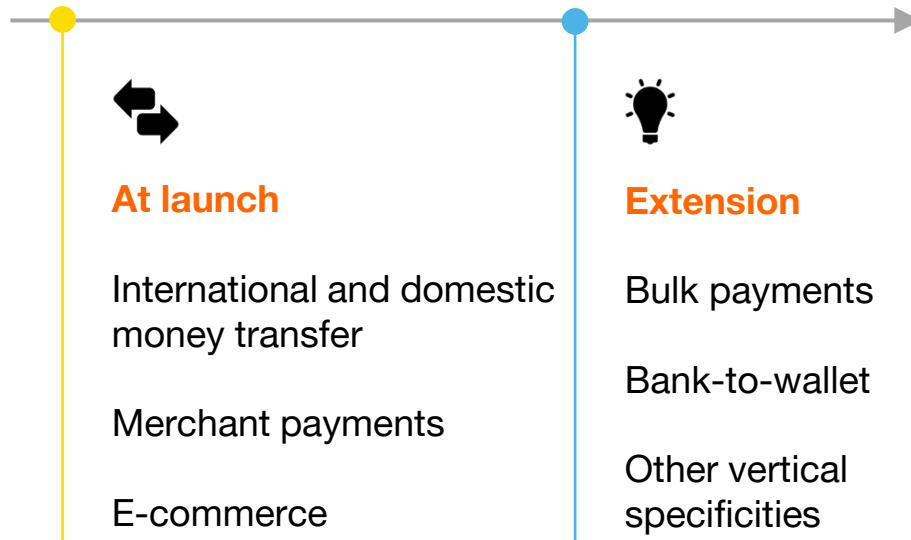


Universal money transfer

- Whatever the operator
- Locally or internationally

Facilitate payments with a consistent cross operator acceptance network

- Banks, money transfer operators and other financial service providers are also encouraged to join Mowali



Orange Money paved the way to a full fledged bank

Product portfolio built in-house or thanks to partnerships



Product portfolio



Credit/loans

Pico <100€ / Micro [100-500€]



Savings account



Insurance



Partners/Providers



Orange Bank Africa *

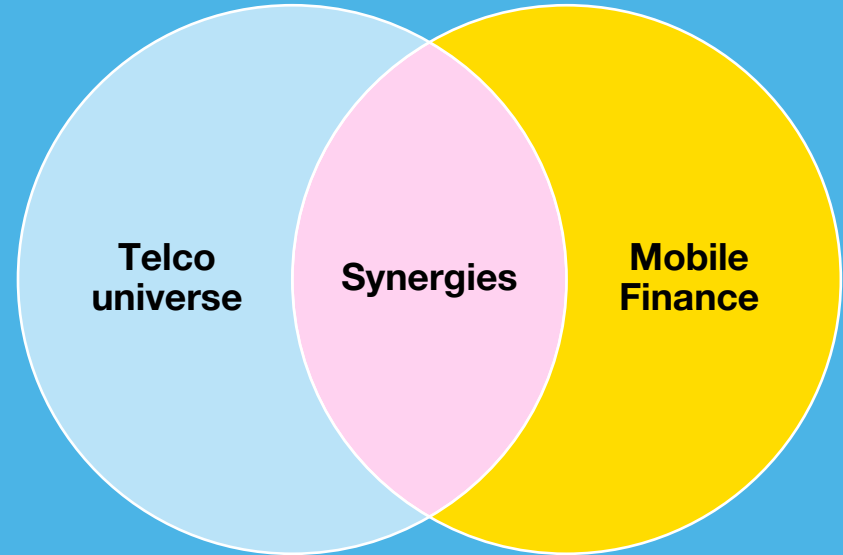
NSIA Full-fledged bank



PAMF

Insurance, savings, credit, payments

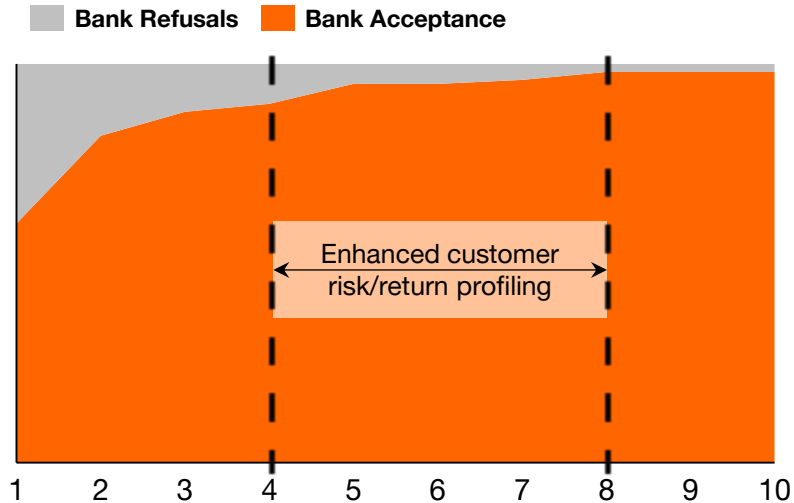
Track record of synergies between Telco and Mobile Finance...



Telecoms knowledge enables better customer segmentation.

Orange now at the crossroad of telco data and banking data...

Telco based segmentation vs enrollment acceptance



... secured by reliable banking Back-testing



Customers satisfaction

Simple and fluid bank account openings



Customers score

Our approval policy proves to be relevant and effective

... with improved customer satisfaction in France...

number and productivity of certified advisors* are increasing



Client satisfaction
after store visit

+15%

New Orange bank
customers surveyed by
SMS after store visit are
more satisfied than other
new telco customers

Number of advisors

1100

In October 2018
vs 700 in April 2018
(+57%)

Number of account monthly
openings / advisor

11

In October 2018
vs 8 in April 2018

... and improved NPS, customer acquisition and retention in Poland



Acquisition tool

10%

of new banking
customers were also new
telco customer

Higher satisfaction

3x

Customers with banking
services showed a 3x
higher NPS than other
telco customers*

Lower churn

-18%

Customers with banking
services were 18% less
likely to cancel their
telecom contract**

*NPS study, In Poland in 2016

** Study done on a sample cohort

Track record of Orange Money impact in Africa



Higher ARPU

+20%

ARPU cohort analysis in
Ivory Coast and Mali
between 2013 and 2014

Lower churn rate

-40%

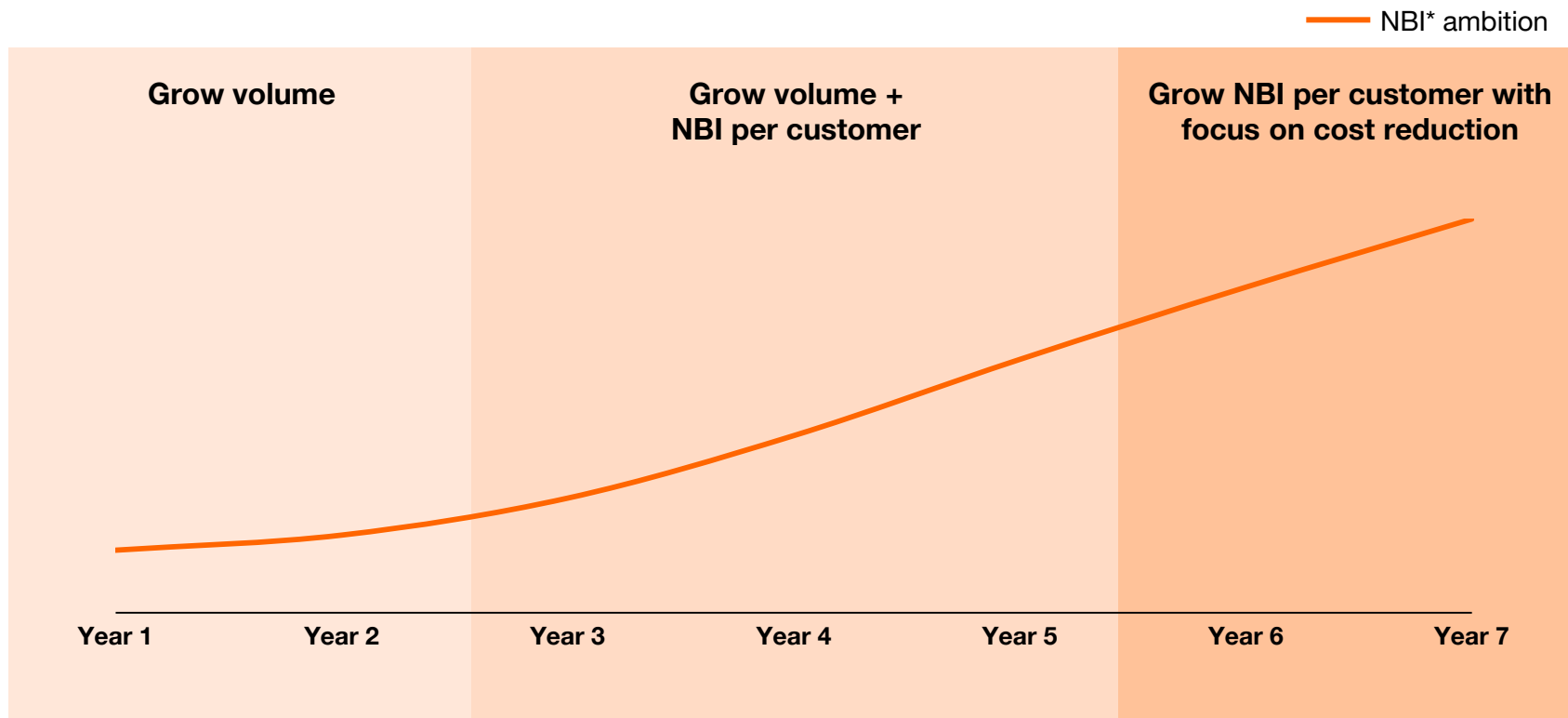
Churn cohort analysis
in Ivory Coast and
Mali in 2016

Section three

Ambitions and Financials









3 major phases towards profitability in the long run (>6 years)



Orange 2023 ambition in Europe



2023

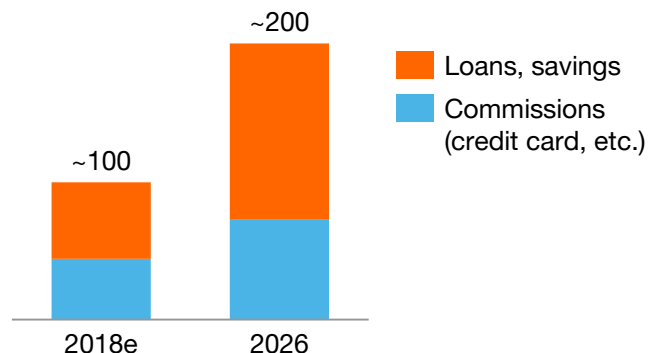
		Net banking Income*	€ 500 million
		Customers	4 million
	#	Countries	5 countries
 Orange Money & Consumer finance factory	#	Countries	2 countries

P&L drivers



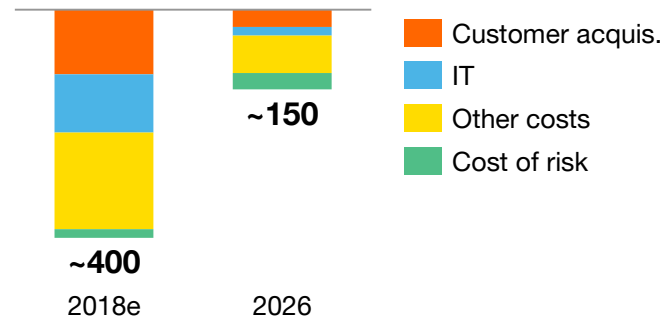
NBI*

Net banking income per customer per year (€)



Costs

Per customer per year (€)



Drivers

- Grow customer base to 2M
- Increase outstanding loans (consumer + mortgage)
- Take-up rate of Premium card
- Cross sell: insurances, long-term savings

Drivers

- Less acquisition costs after ramp-up phase
- IT reductions costs after launch phase
- Stable labour thanks to automation and digitisation

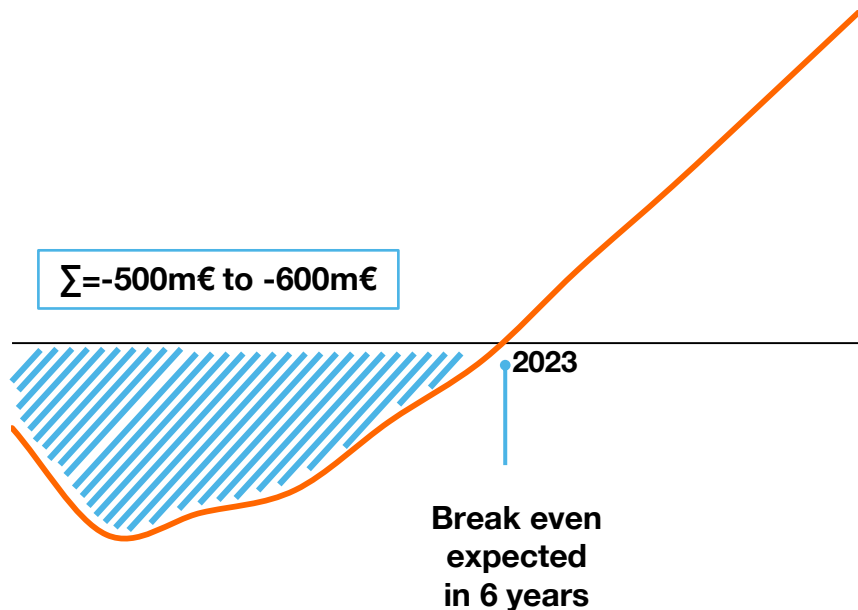


Value creation with an adj. EBITDA break-even in 2023

Group adj. EBITDA impact for France and Spain



Adj. EBITDA at group level









Expected adj. EBITDA to break-even within 6 years

The cumulated adj. EBITDA impact is estimated between -500M€ to -600M€ at group level

Initial cash outlay is mostly on customer acquisition (variable costs) and IT.




Valuation metrics for France and Spain



Ambitions for 2026		France	Spain
	Net banking Income* per customer	~€ 200	~€ 150
	Cost/Income	~50%	<50%
	ROE	>15%	>15%
	# of customers	2 million	1 million
	Consumer loans outstanding	>3bn€	>1bn€
	Adj. EBITDA break-even	2023	2023

Orange Money 2023 ambition in Africa



	Orange Money revenue	>€ 800 million
	# of customers monthly active users with full fledged banking services	>30million
	# of countries	19

Group adj. EBITDA impact for Orange Bank Africa*



Adj. EBITDA at group level

Break even
expected
in 3 years

$\Sigma \approx -20\text{m€}$

Expected adj. EBITDA to break-even within 3 years

The cumulated adj. EBITDA impact is estimated around -20M€ at group level

Reduce cost of risk in the long term

Increase profitability



Senegal



Ivory
Coast



Burkina
Faso



Mali

In a nutshell...



Leverage our unique
assets



Capitalise on a proven
track-record in mobile
payments



Scale up with a strict
risk policy



Execute with
experienced
management team



Extract substantial synergies
between Telco and Mobile
Finance services



Leverage agility as a
challenger with a lean
cost base

Q&A



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