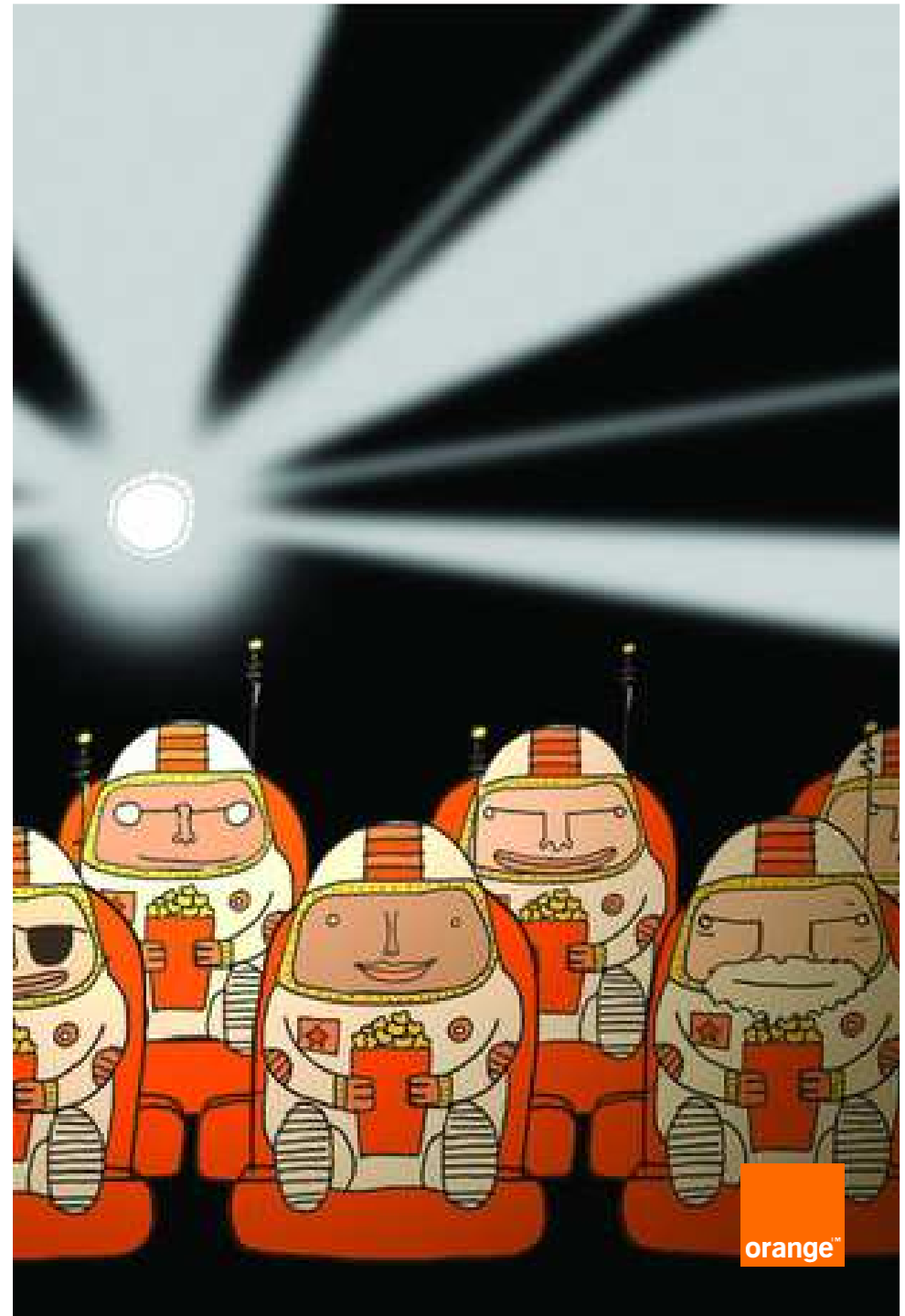


Orange content strategy

Raoul Roverato

executive vice president,
new growth lines of business

October 7th, 2008



orange™

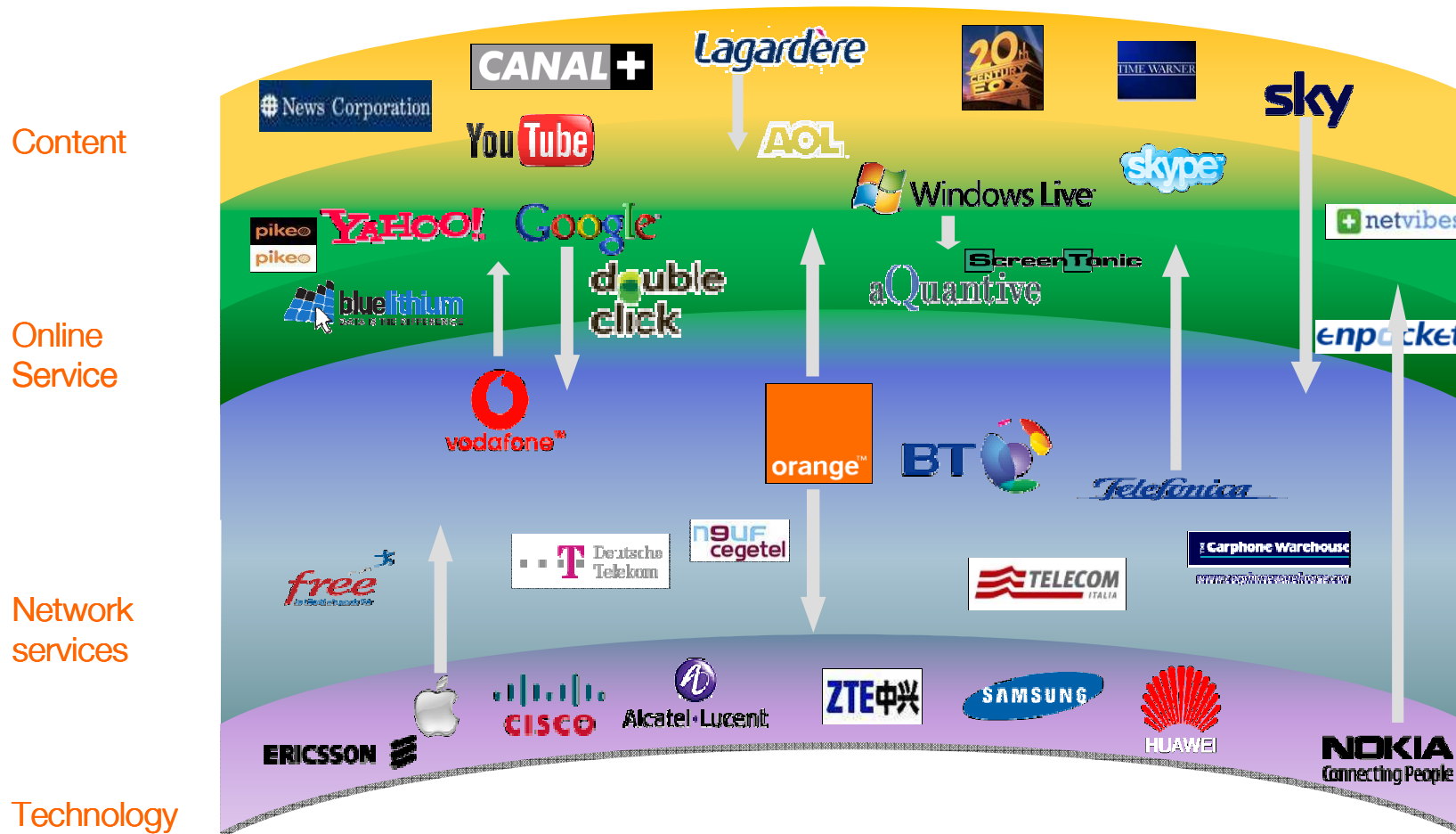
agenda

1. Orange strategy : content everywhere
2. focus on TV
3. Conclusion

appendix 1 : reference data on content development

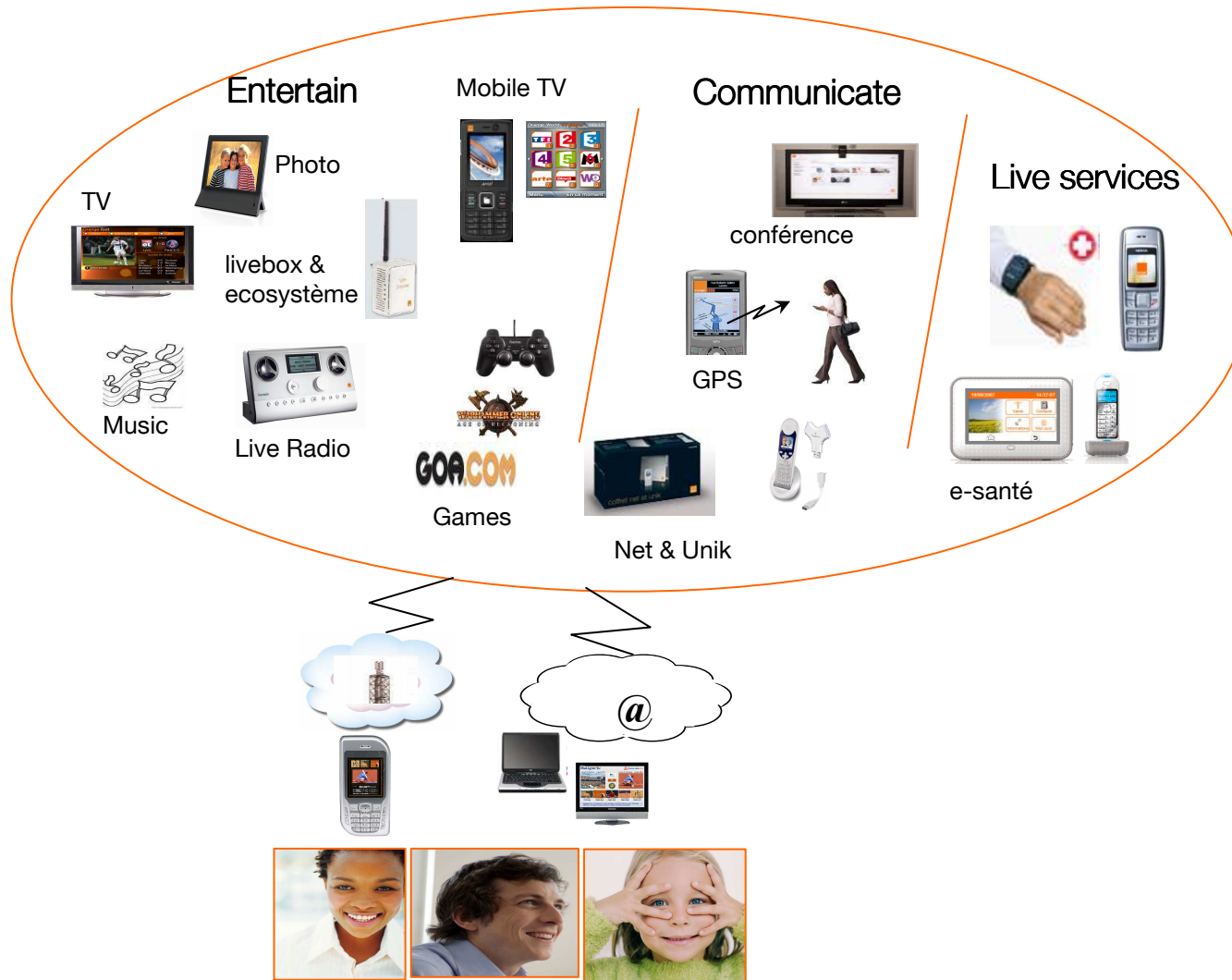
appendix 2 : reference data on audience

all industry players are moving out their core business to capture new source of value.



→ Orange is expanding cross layers to reinforce its position in the telco industry, and to generate new revenues

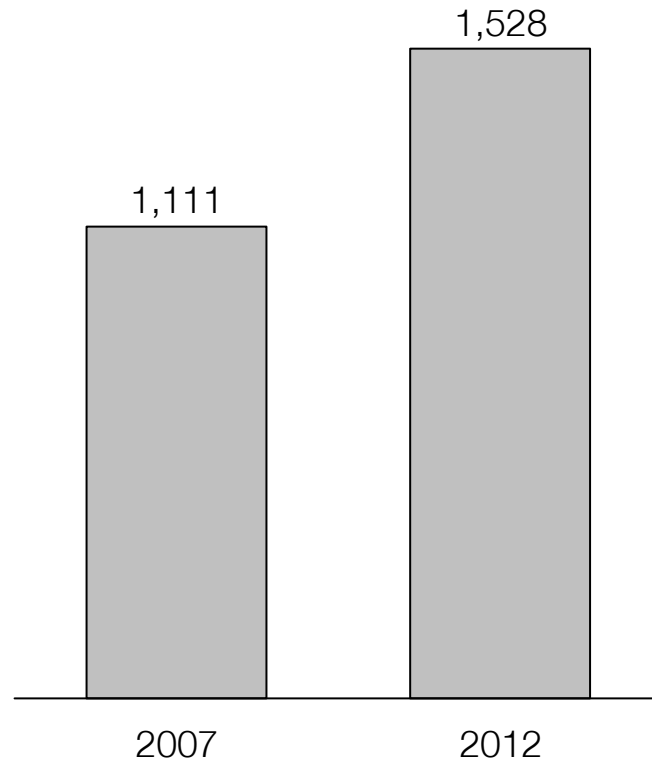
customers are ultimately looking for digital services beyond the access layer



→ Orange can offer an enhanced experience to its customers thanks to its network
4 and services

the worldwide media and leisure industry should exceed the GDP growth between 2007 and 2012

Worldwide media and leisure (€bn)



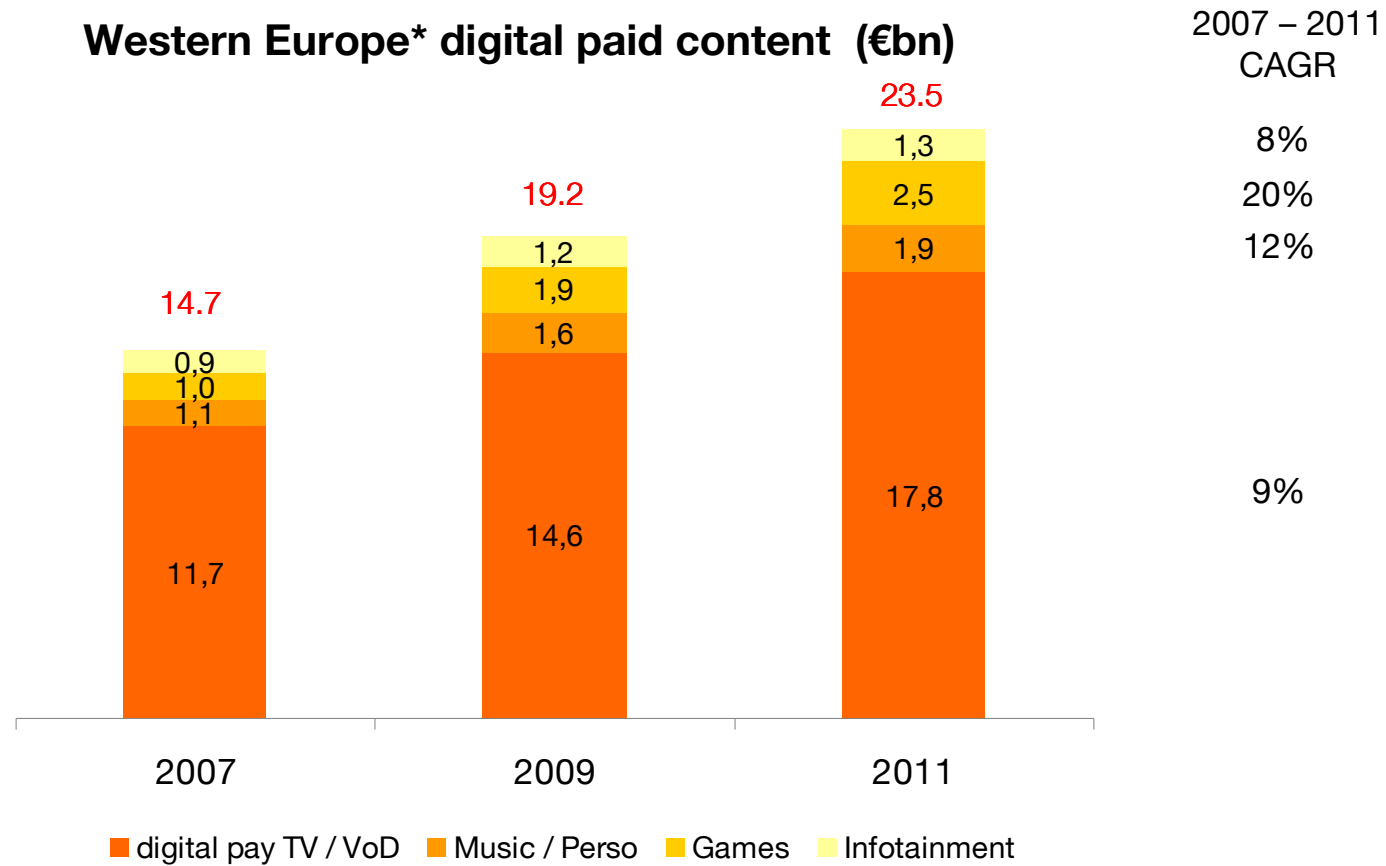
The media and leisure industry will grow 6.6% on an annual basis between 2007 and 2012, versus 5.7% for the GDP

The growth is essentially driven by digital/online services, ie :

- Internet Services
- DSL Pay TV
- Digital advertising
- Online Games

The media and leisure industry includes advertising and subscriptions/premium on internet, TV, Music, Movies, games, press & newspaper, radio, display, books, sports, casino, leisure resort

there is an opportunity for Orange in the fast growing digital paid content market, notably in TV and games



→ the overall content market is expected to grow ~170% over the next 4 years on FT footprint

*Source : Ovum, Screen Digest, Strategy Analytics (2007-2008) France, UK, Spain, Poland for fixed content; France, UK, Spain, Poland, Switzerland, Belgium for mobile content; excludes Romania and Slovakia. Direct paid content, including overall Pay TV market; and excluding traffic revenues & advertising.

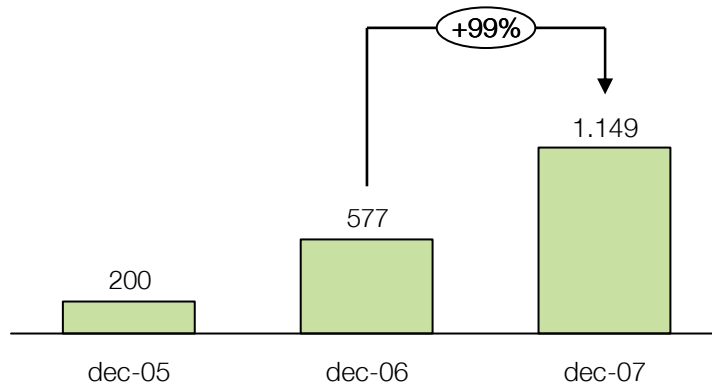
See appendices p 24,25,26

in France, content & usage are taking off

TV over ADSL

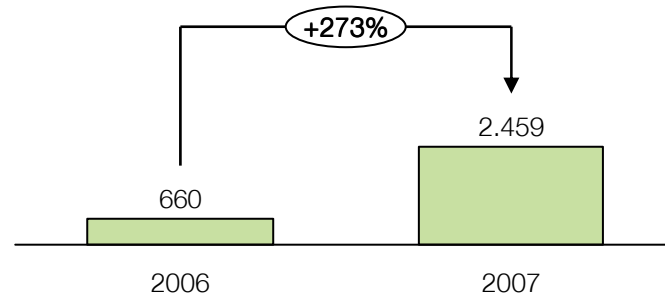
fixed

IPTV customers (000s)



- > 430,000 pay TV customers, end of 2007

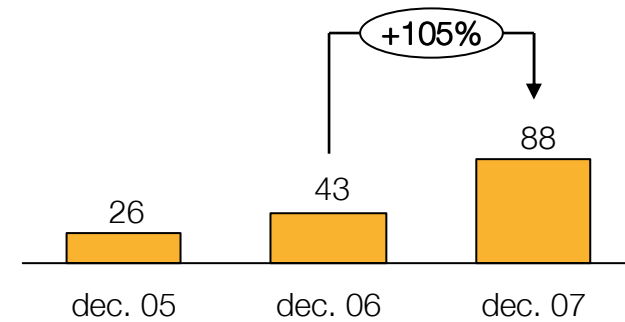
VOD sales (000s)



TV on mobile

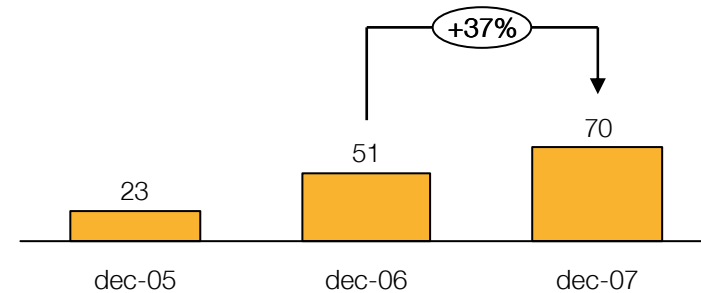
mobile

average TV usage per active user in France (mn / month)

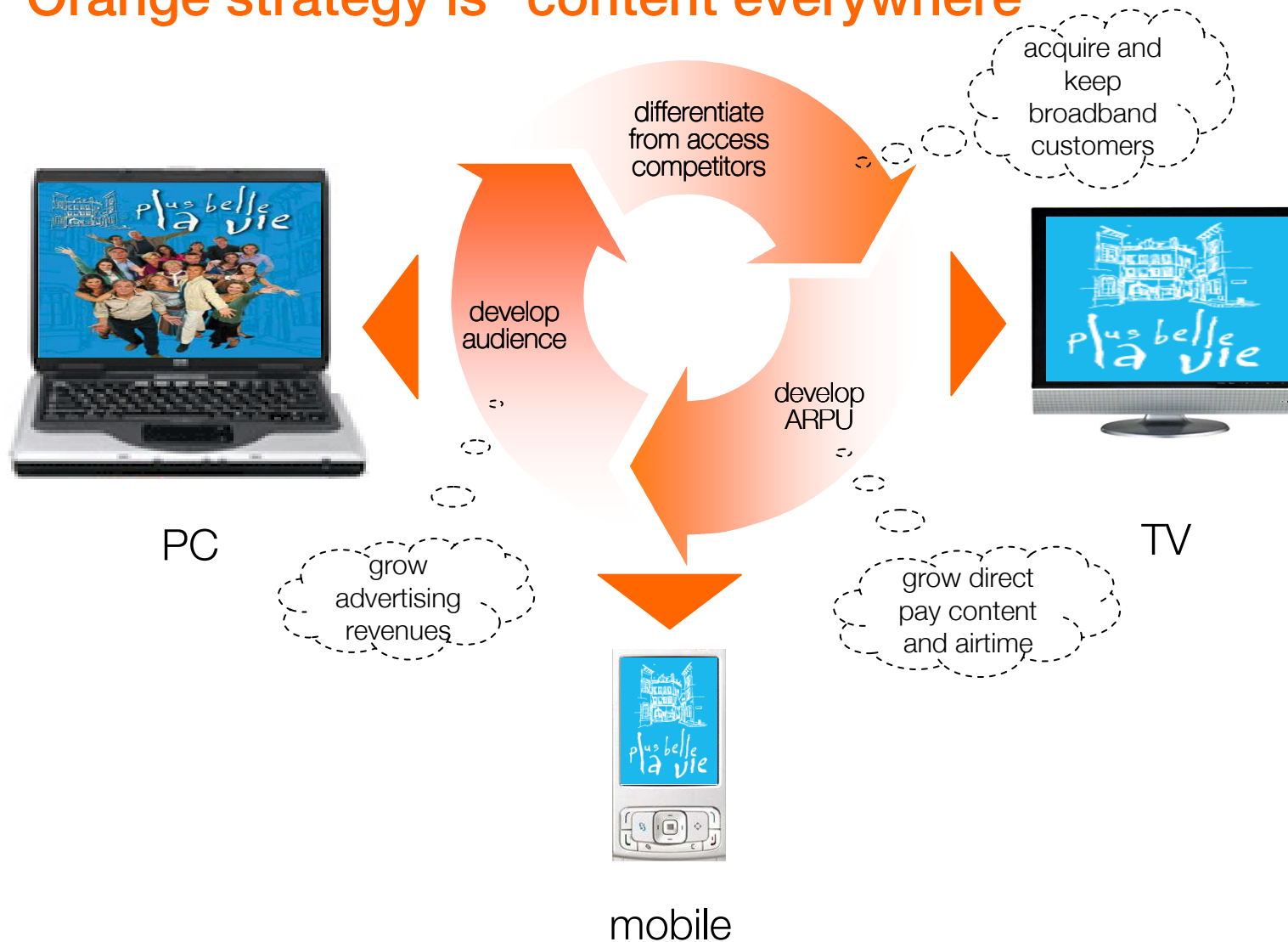


standard definition TV users HD TV users

number of TV/VOD sessions (M)

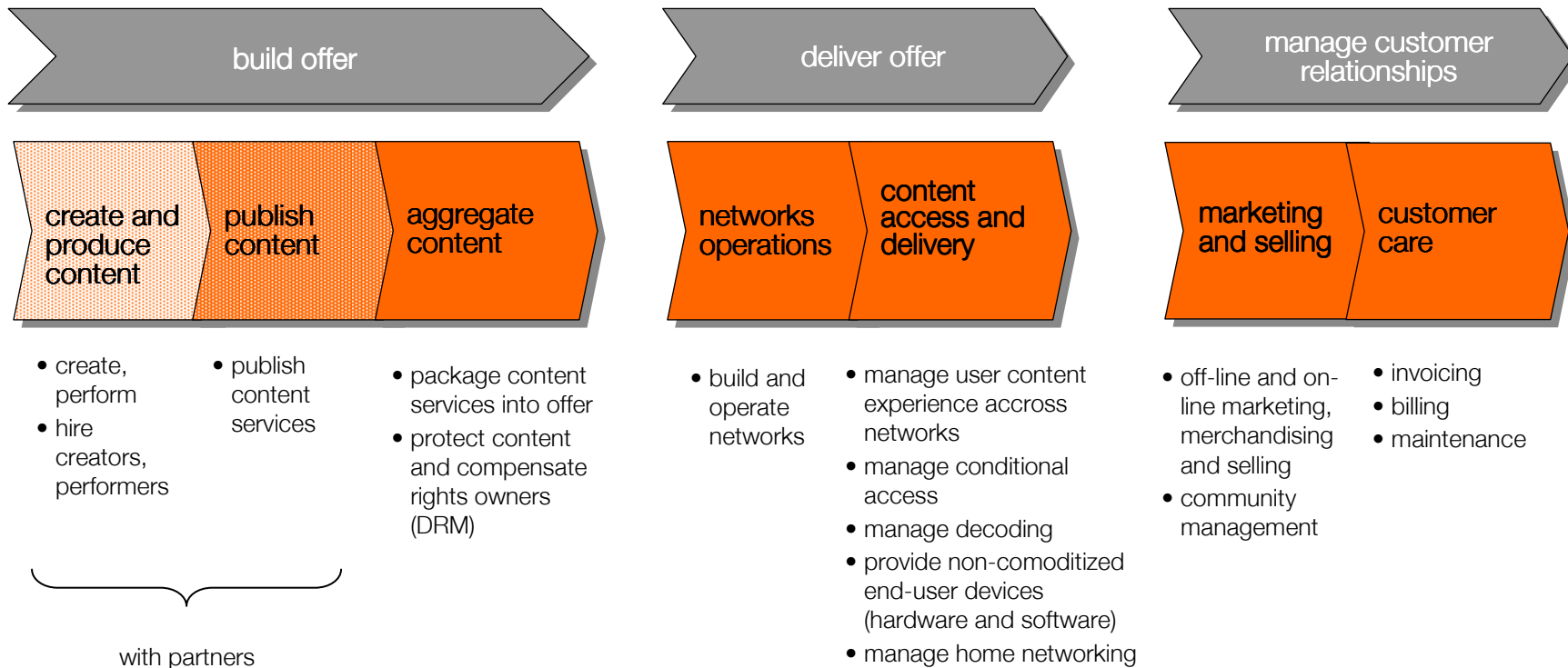


Orange strategy is “content everywhere”



➔ in Europe, 11% of Orange ADSL customer base is triple play end of 2007, compared to 2.7% end of 2005

our position in the value chain



➔ we are leveraging existing assets (retail, brand, network, customer management) and developing new skills in content partnerships and content management to offer our customers innovative services


agenda

1. Orange strategy : content everywhere
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the development of the online TV market is driving a shift from traditional linear broadcasting to multiscreen interactive services

Since 1950....

Linear monoscreen broadcasting




TV




Tomorrow


Interactive mutil screen digital services






TV



Mobile



Internet



example : DirecTV offers a comprehensive line up of interactive sports channels



- DirecTV offers interactive and HD features for each of its exclusive sports package (Golf, Football...)
- Typical features include :
 - live stats and analysis are available with exclusive sports packages
 - “game mix” that allows user to watch up to 3 or 4 live games broadcast on different networks at a time
 - Players bios, tournament history, etc....



→ “interactive application received 500 million impressions across all sports, news and advertising” DirecTV CEO, AR 2007



example : Sky offers a wide range of interactive services



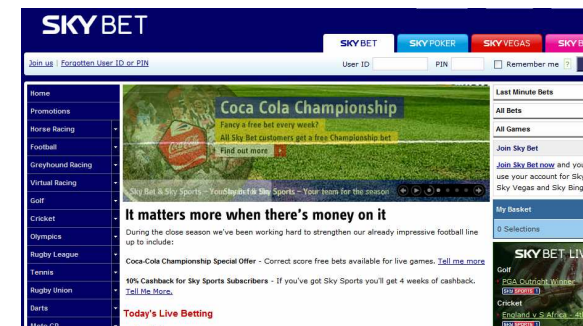
- Sky Sports Active : accessible from the red button on the remote
- Alternative cameras, replay, live stat and score,....
- most popular sports : foot, rugby, cricket, golf.



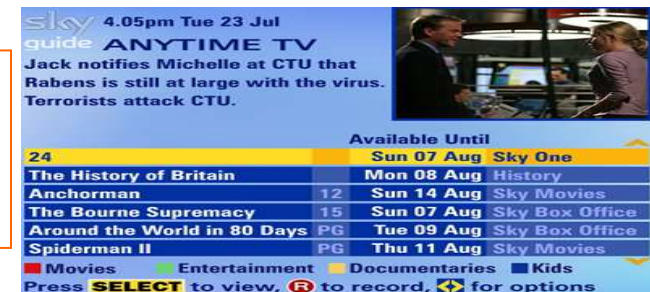
- Sky Box Office : pay-per-view service
- dedicated channel to pay per view, a few sport events are also available.



- Sky Bet
- Sport betting on multiple disciplines (football, horse racing, golf, cricket, tennis, rugby, speedway...), accessible either thru remote control, internet, or tel



- Sky Anytime on TV
- VOD on TV, storing the best 40hours of programming (sports, etc...), available during 7 days



Orange is proposing interactive TV services on the 3 screens

Definition

24/24

- 24/24 TV is a TV service allowing Orange end users on TV-Mobile-PC to browse back for free on channels' timeline, up to 30 days back, once a show has been broadcasted
- An exclusive partnership has been agreed between **France Télévisions** and Orange in July 2007 to develop a cutting edge service of television on demand, first of his kind worldwide, on all Orange TV connected devices



Customer benefits

- A friend tells me at work I missed a really good show on France2 yesterday. No problem, I can still catch up with it tonight
- look back in the past weeks the programs I have missed
- I missed the beginning of the current program, but I can start it over
- missed my favorite show yesterday evening. I watch it the next day while commuting in the tube



Orange is proposing interactive TV services on the 3 screens

Example 2/3 : Orange sport



➔ illustrating diversity of usage (linear TV *and* on-demand TV) and diversity of context (collective viewing *and* personal viewing)

Orange is proposing interactive TV services on the 3 screens Exemple 3/3: Orange foot

- live : the Saturday evening football match at 9pm
- VoD magazines of the best moments of the day



Orange TV

- VoD magazines of the best moments of the day
- live : the Saturday evening football match at 9pm (to be launched next)



Orange.fr



- 8 matches in live
- quasi-direct modules (summaries, best actions) on the 10 matches
- Video "alert goals" via SMS

Orange Mobile



The best of football on Saturday night

All the Ligue 1 on every Orange's screens

Orange cinema series: the 1st unique premium TV service

« Orange cinéma séries »: a unique offer

- to access a set of exclusive contents

Orange has just signed long-term exclusive contracts with :

Warner Bros

New films + catalogue



HBO

New series: *True Blood*,
Generation Kill, *John Adams*,
in Treatment... + catalogue



Fidélité Films

New films:
De l'autre côté du lit with Dany
Boon and Sophie Marceau, *Le
Petit Nicolas* with Valérie
Lemercier and Kad Merad...



Gaumont

Large selection of
films from the
catalogue



- 6 cinema and TV series channels, incl. one in High Definition
- Live and on-demand broadcast on Orange TV

- on every screens

TV
via ADSL or satellite



PC



mobile



side-loading

- a unique in world service of **downloading and transfer of programmes on any kind of portable devices** (mobile phone, digital music player, PMP...)

in France, Orange TV is included in an attractive triple play offer



▪ € 29,90 / month

– 8 Mbps internet access

or

▪ € 34,90 /month

– 18 Mbps internet access

all included

- free TV set top box
- Orange free bouquet (around 60 TV channels and services)
- access to premium content (Canalsat/TPS or Orange TV)
- access to VoD
- unlimited calls to fixed mainland France
- including anti-spam option and parental option
- including Musiline (streaming)

– Orange Sport

options

- time control : € 5 / month incl. PVR and HD set-top box
- multi room TV : € 7 / month

access-related

- VOD : from € 1 to 3,90 per program
- SVOD : € 4,90 per subscription (24/24 Jeunesse, 24/24 Musique, 24/24 Séries)

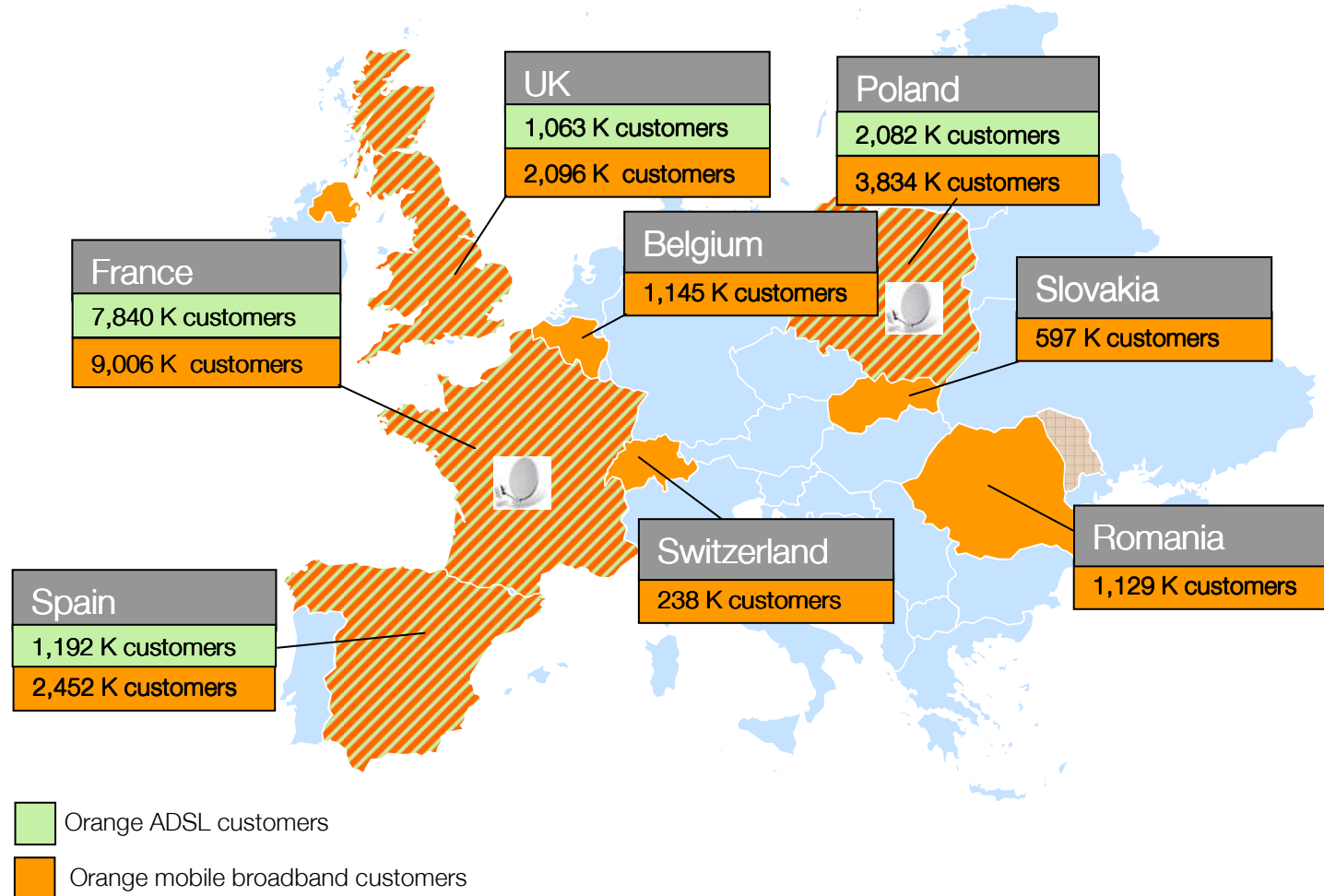
on-demand

- mes chaînes thématiques : €9,90 / month
- mes chaînes ciné : €9,90 / month
- mes chaînes jeunesse : €4,90 / month
- mes chaînes chinoises : €6,90 / month
- mes chaînes arabes : €4,90 / month
- mes chaînes adultes : €8,90 / month
- Nat Géó HD : €4,90 / month
- Canal+ Le Bouquet : €31.9 € / month
- CanalSat : €20.9 to 34.9 / month

pay TV

– Orange Foot : €6 / month

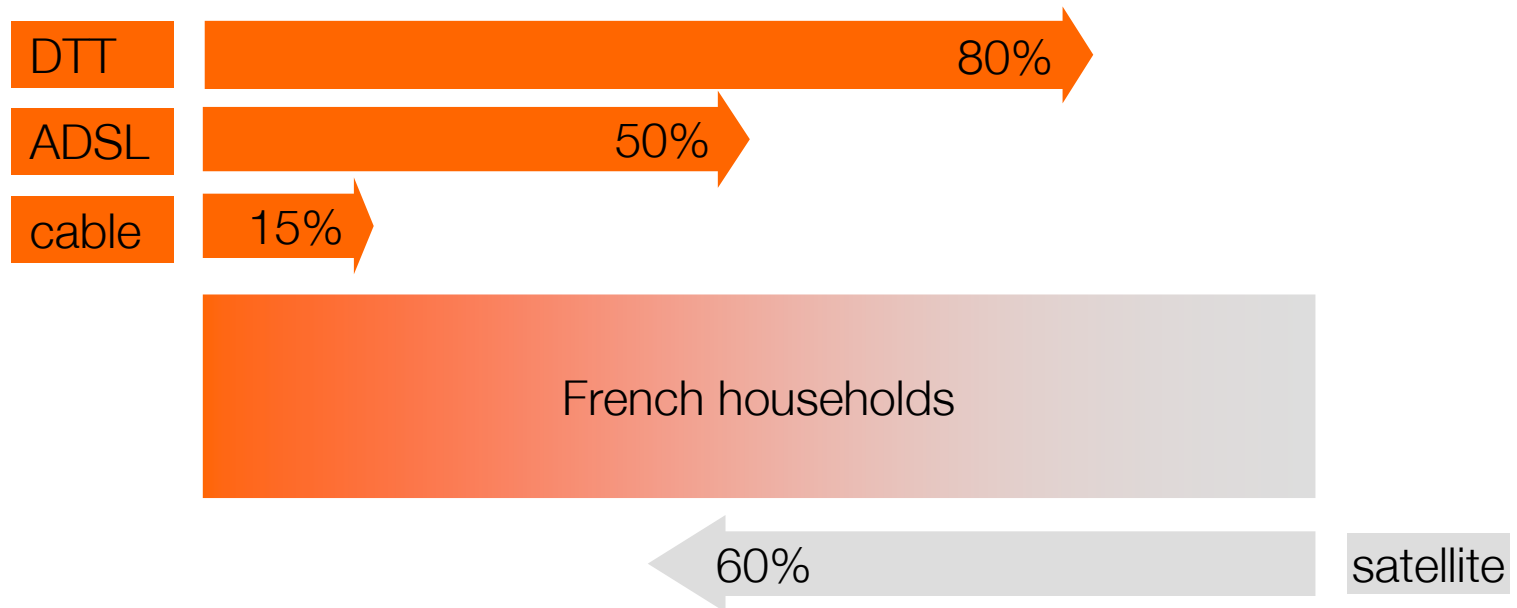
leveraging our experience in France and benefiting from scale effects across our footprint



Note : data as of end of June 2008

➔ 12.2 million Orange ADSL customers and 21 million Orange mobile broadband customers

coverage of French households by TV platforms



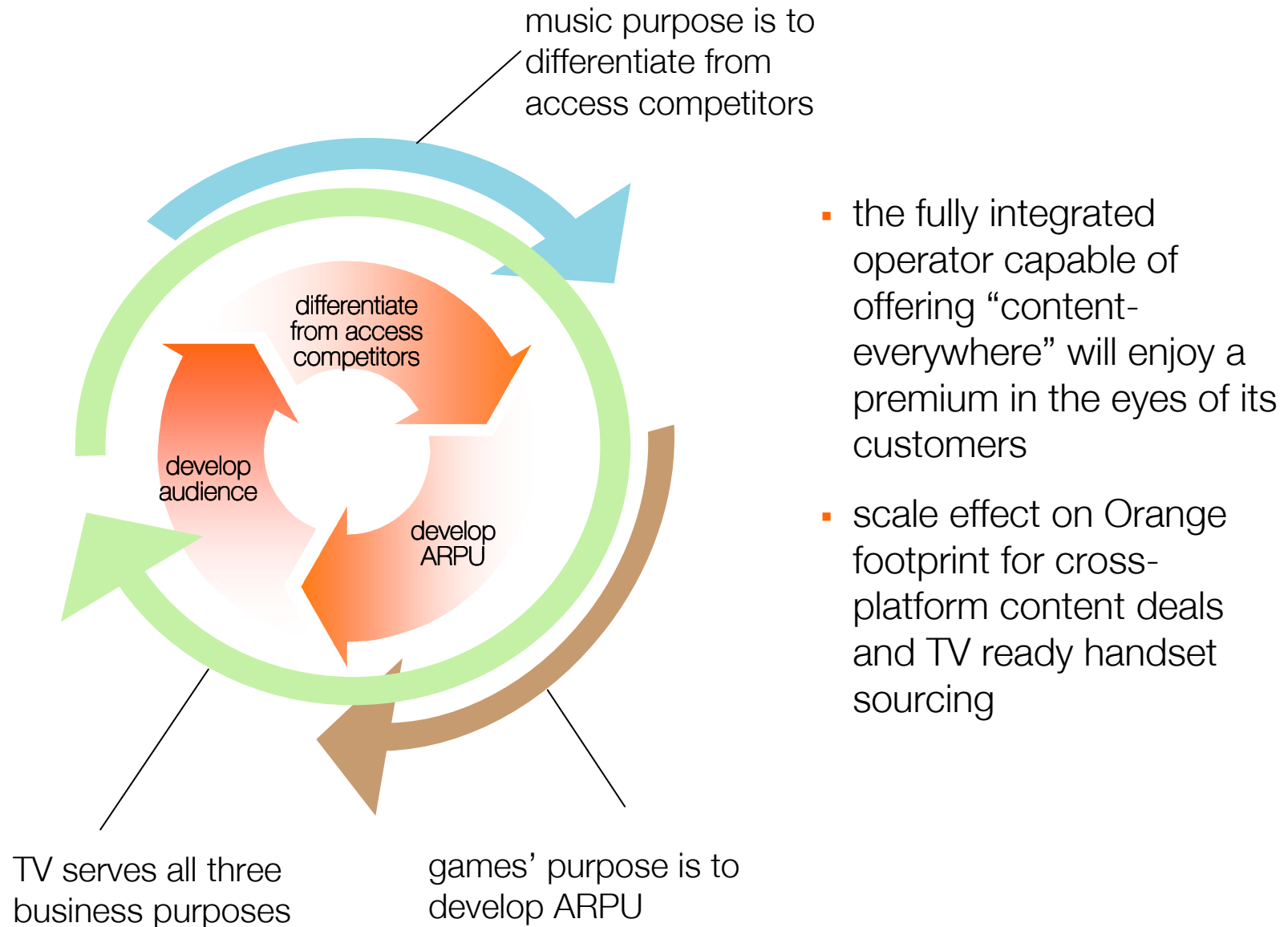
source : France Telecom estimates

see also appendices p 27,28,29

agenda

1. Orange strategy : content everywhere
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3. conclusion

marketing of network- and terminal-agnostic “content everywhere” usage



appendix 1

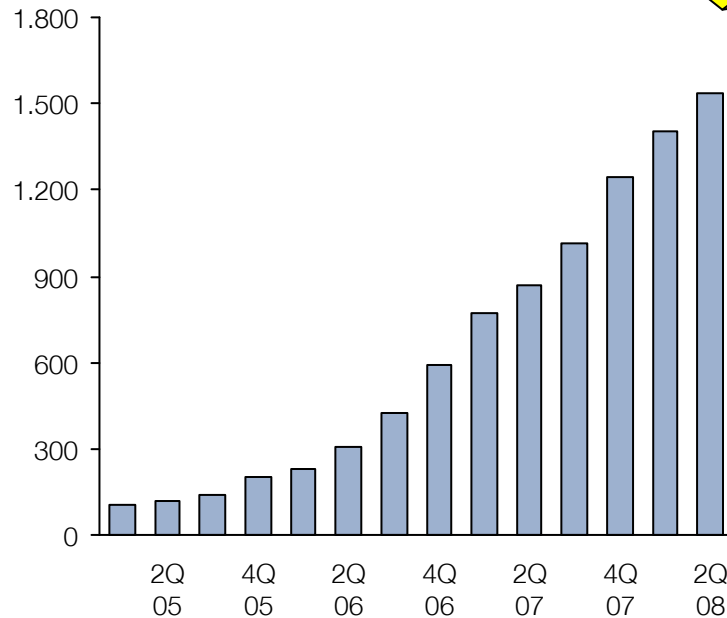
reference figures for content development

TV is key in acquiring & keeping broadband customers

FT group IPTV subscribers (in 000's)

Δ Q2/07 – Q2/08 : +76%

fixed

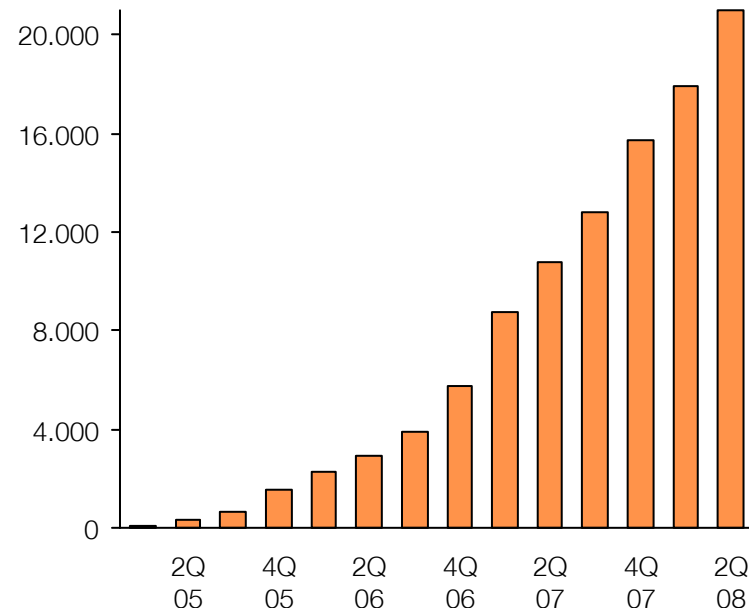


- TV has become a “must have” for broadband ADSL offers
- exclusive TV content (soccer, sport events) is attracting new subscribers to Orange triple play
- 42% of Orange new ADSL subscribers choose Orange because of TV

FT group mobile broadband* subscribers (in 000's)

Δ Q2/07 – Q2/08 : +95%

mobile

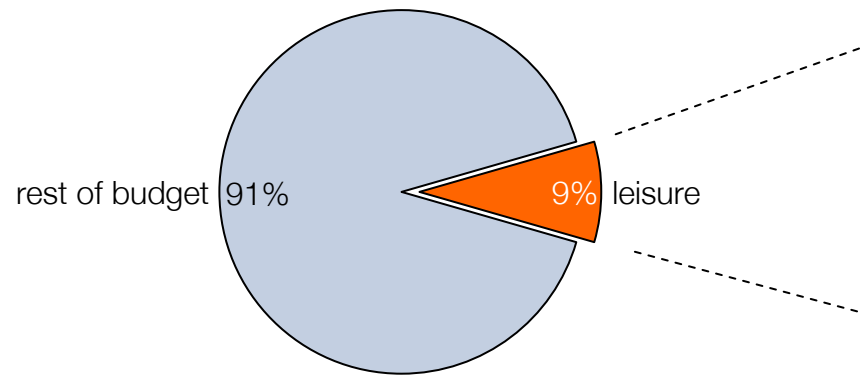


- TV is also a key driver for the adoption of 3G and new services
- soccer rights accelerate customer migration to 3G

* Edge + 3G

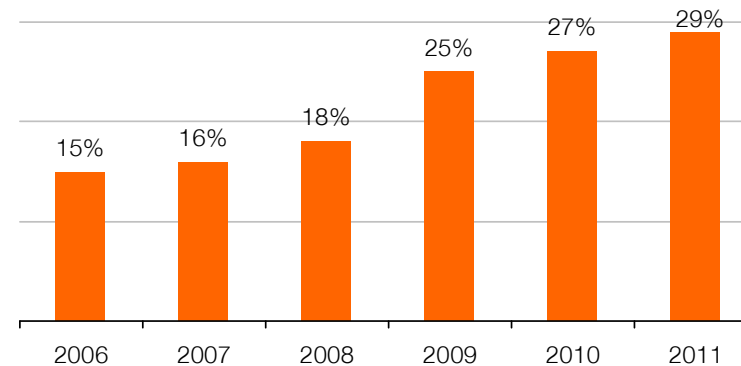
outside TV and VOD, leisure budget allocated to online is expected to grow steadily

average leisure expenses (Western Europe)



UK Statistics Institute (2007)

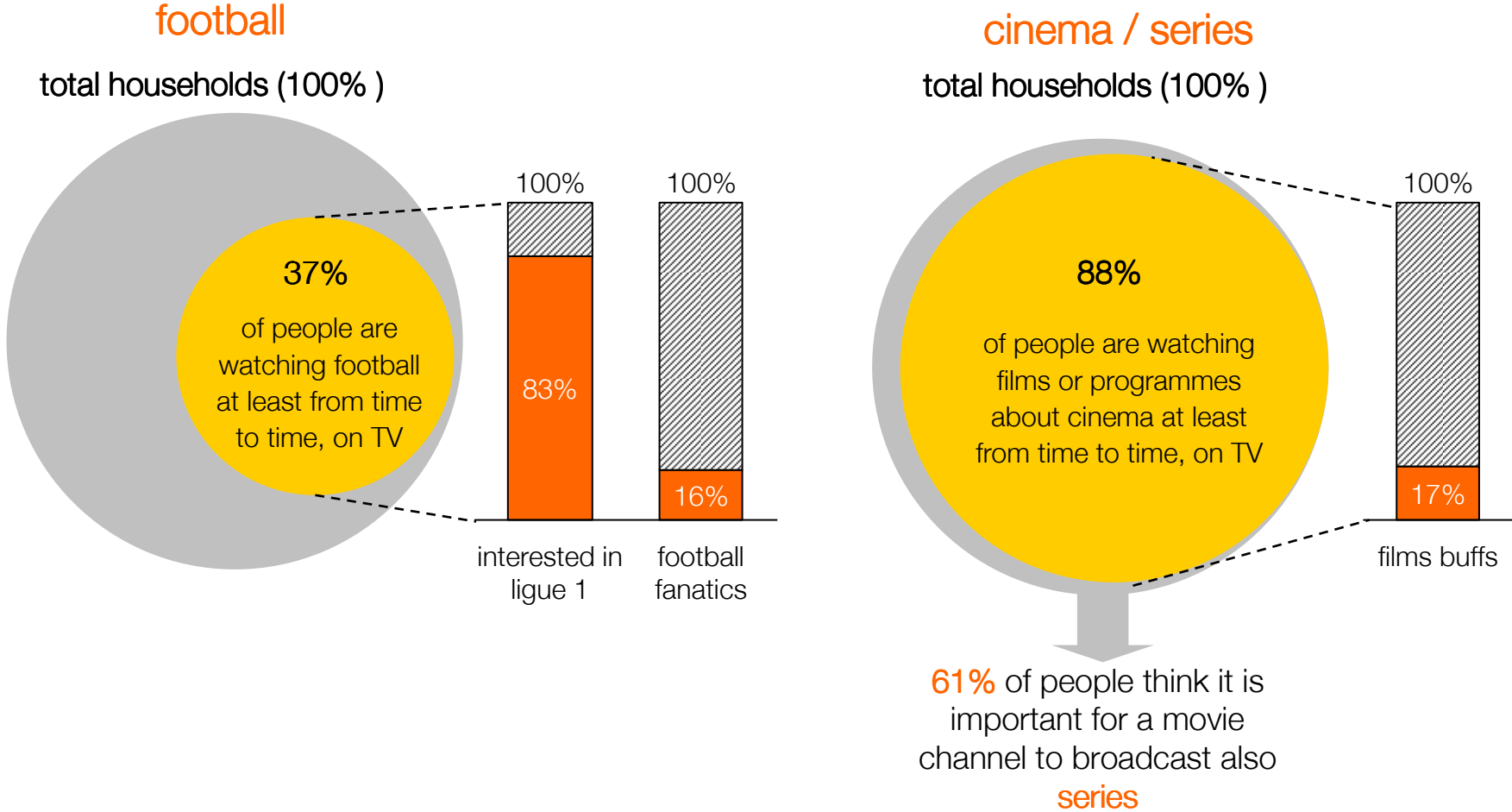
% of online leisure / total leisure budget (Western Europe)



UK Statistics Institute (2007)

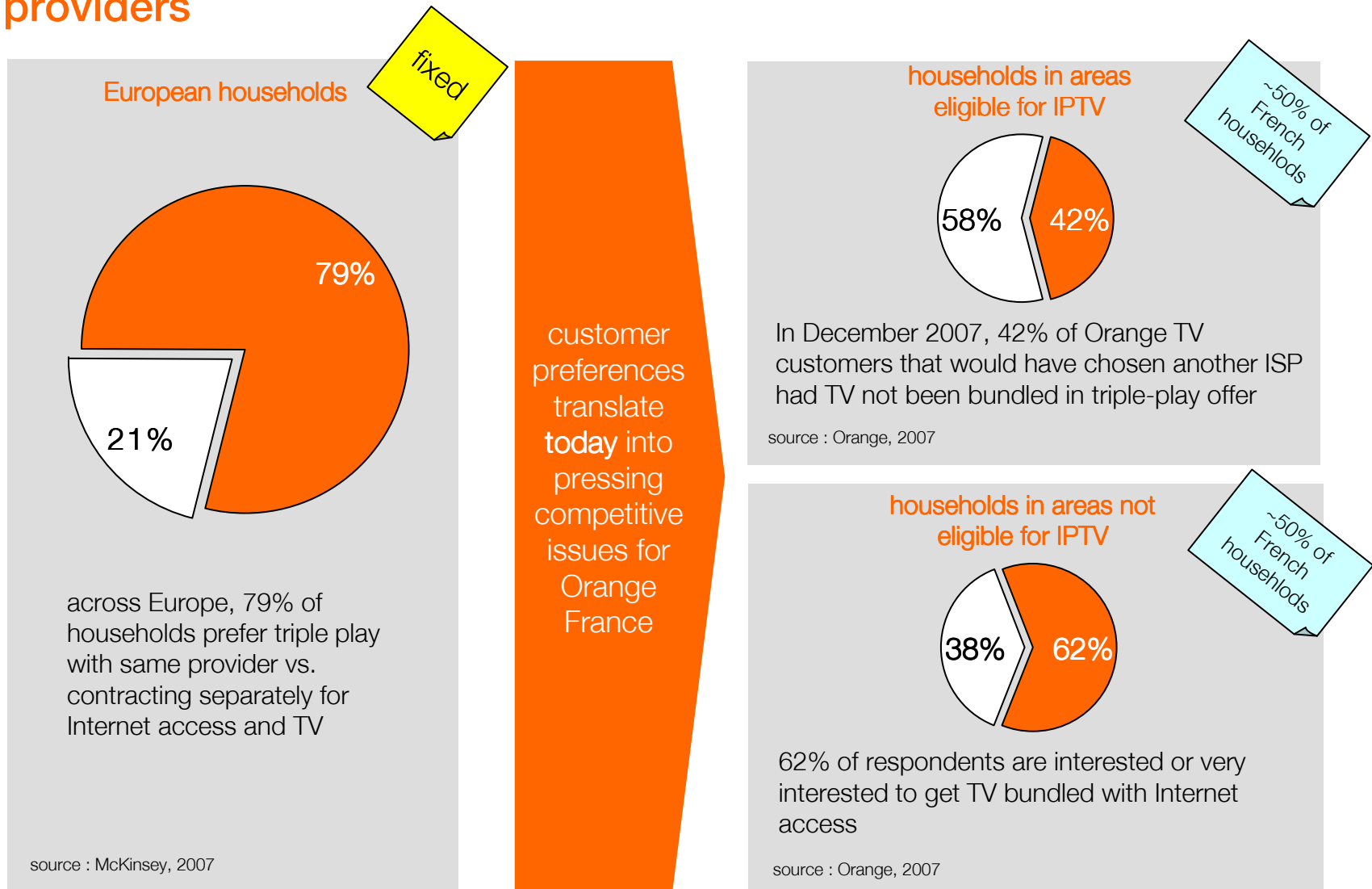
- leisure activities (reading, cinema, sports) weight around 9 % of Western Europe households budgets, which represents an average of 2.5k€ over 27.7k€ net income.
- major online content services are expected to be
 - games
 - music
 - infotainment

moreover, content categories are not equal in the eyes of the customer



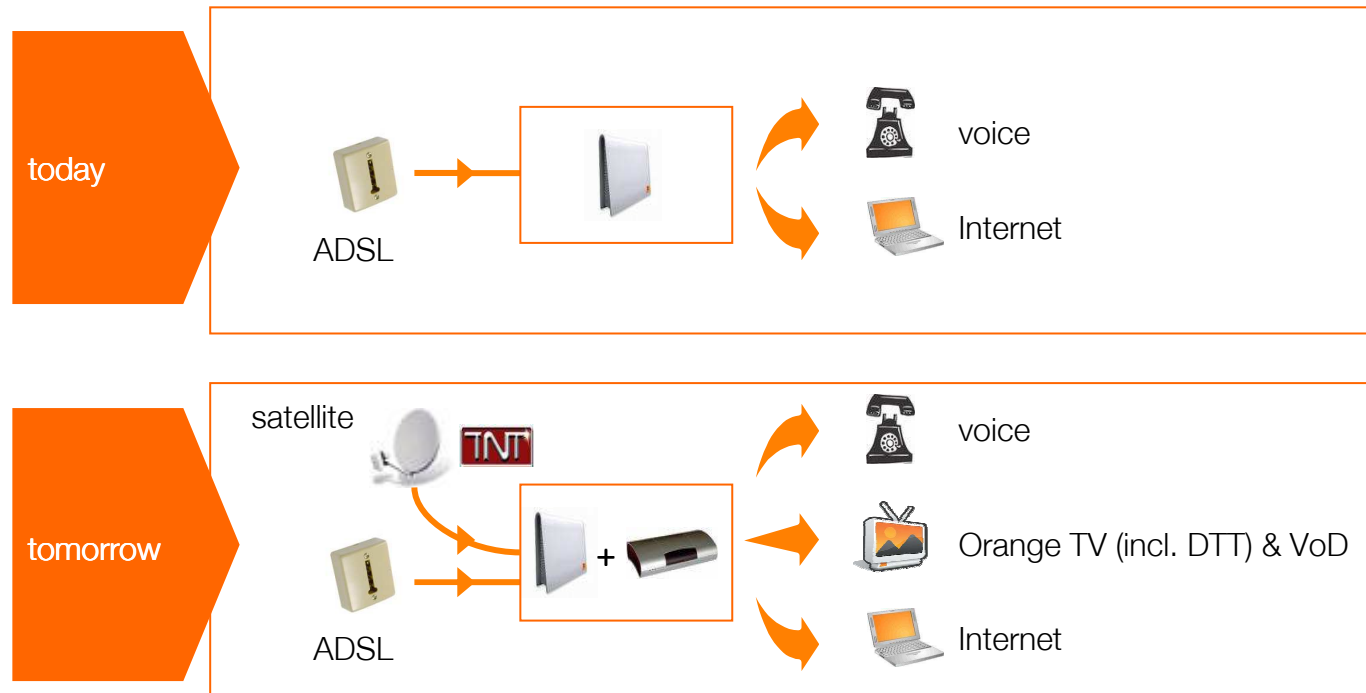
→ football and cinema are top two content categories

customers are shifting preferences when choosing access providers

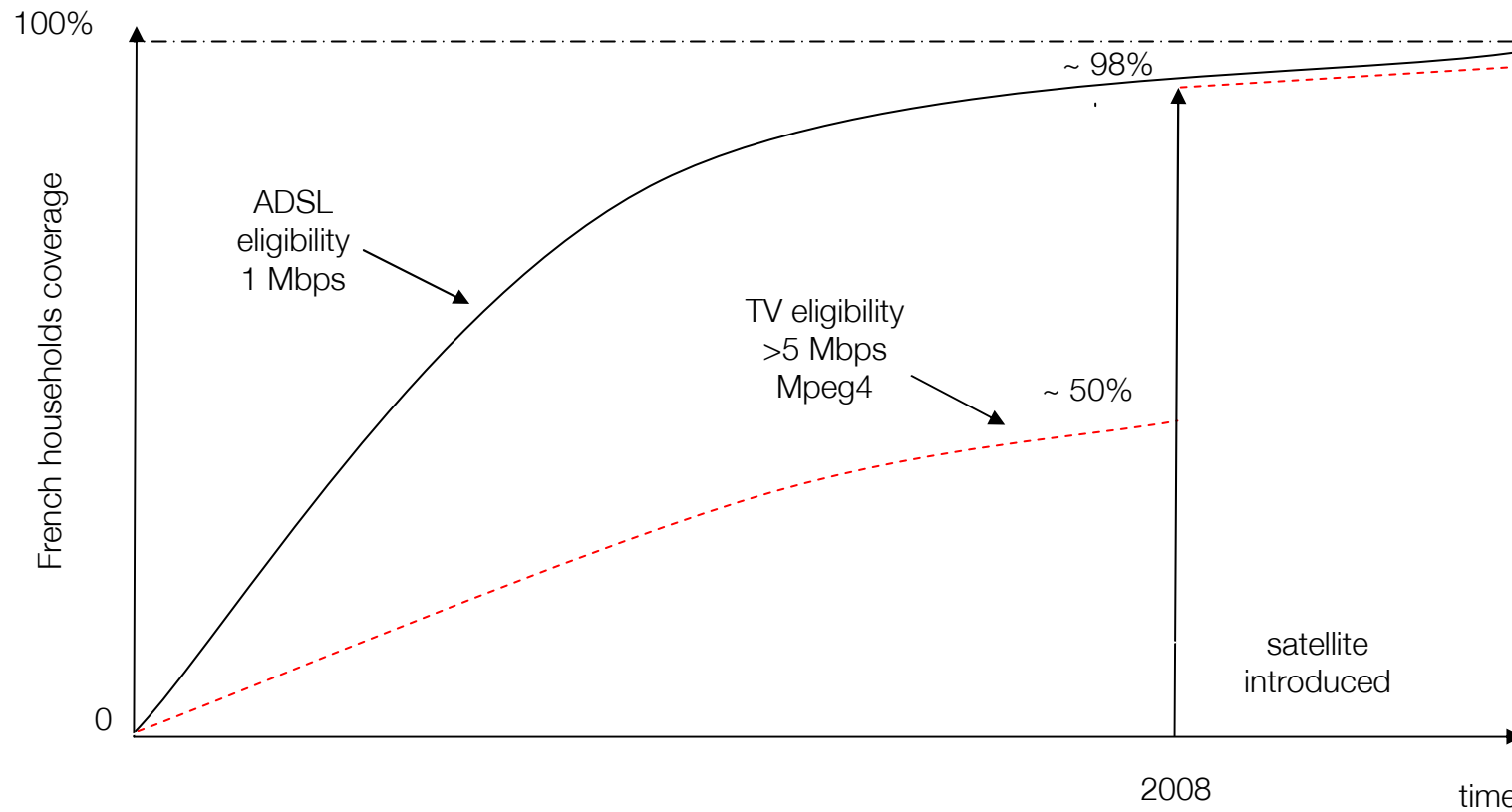


→ although triple play penetration was only 15% with Orange customers, TV is now key for acquiring and retaining fixed broadband customers

extending TV functionality to IPTV non eligible zones in France, Spain and Poland



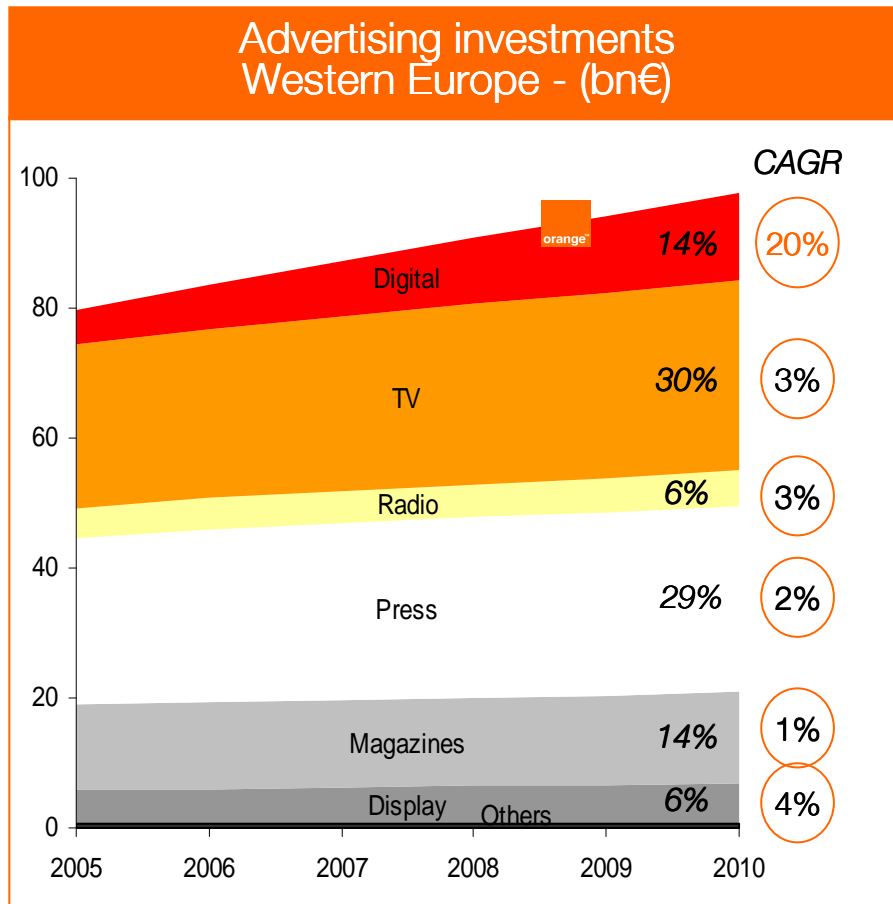
Orange's move into DTH in France is to extend its triple play coverage to areas not reachable by Orange TV over DSL



appendix 2

reference figures for audience

similarly, digital advertising is expected to grow very rapidly over the period



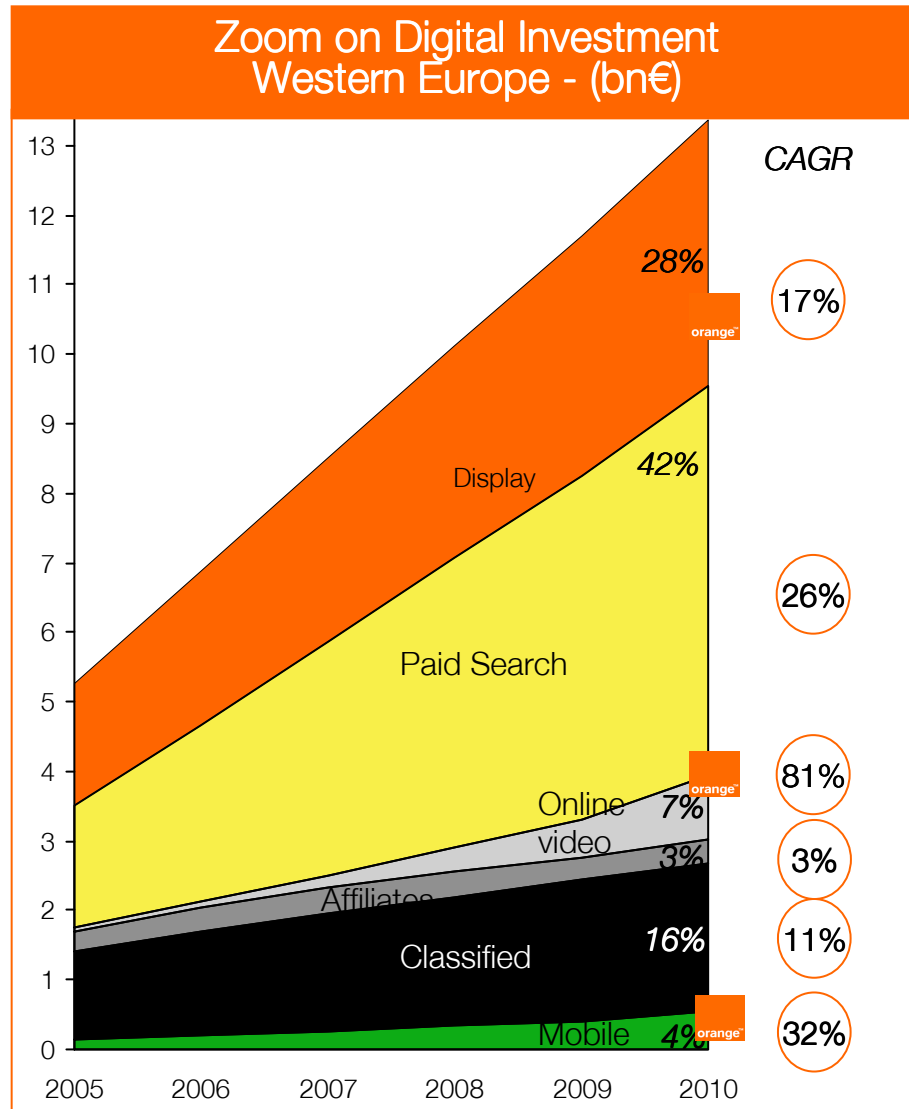
Internet has become the **1st media** among 16-24 years old in time spent, before TV.

The digital advertising market shall develop **5 times faster** than global advertising market

Advertising displays on digital medias **exceed** those of **radio or display**

Source: Zenith Optimedia; Yankee Group; Jupiter Research; ABI Research

in the digital advertising space, Orange has strong assets to address the growing new markets (mobile, online video..)



The Display is relatively fragmented, with Orange holding a strong position..

...while the Search market is now largely dominated by Google

There is an emerging opportunity in new ad support (mobile, video...), for which Orange is well placed

Orange has built its own ad network with a pan European scale

“best in class” advertising

Local Ad network for ad display

#1 in France (revenues)

Orange Ad network with **AD Europe**

#1 online European ad network before MSN and Yahoo! (reach)

160m unique visitors in Europe through Ad Europe ⁽²⁾

worldwide advertising

- AD Europe partners are all top portals in their national markets



- with a strong presence as well in America, Africa an Asia:



Orange has leading positions in digital audience, being in Top 5 ranking in its main countries

1st European player, 1st Telco in web audience worldwide ranking

France 

- 1 - google
- 2 - microsoft
- 3 - orange
- 4 - pages jaunes
- 5 - iliad

Orange sites : orange.fr, 118712.fr, voila.fr, GOA.com, cityvox.fr...

Spain 

- 1 - google
- 2 - microsoft
- 3 - telefonica
- 4 - yahoo!
- 5 - orange

Orange sites : orange.es, Ya.com, Rincon del Vago, Autocity.com,...



Poland 

- 1 - google
- 2 - orange (wirtualna polska)
- 3 - onet.pl
- 4 - nasza-klasa.pl
- 5 - allegro.pl

Orange sites : wp.pl (WirtualnaPolska) and orange.pl...

Source: Nielsen/Netratings as for FR, SP, orange analysis as for PL - July 08,

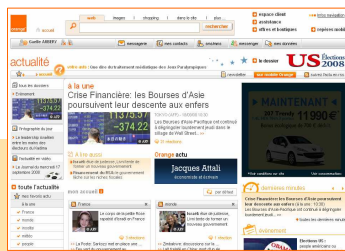
Orange has a strong know-how to generate audience by leveraging synergies from content partnerships, services and customer care & shop

Services

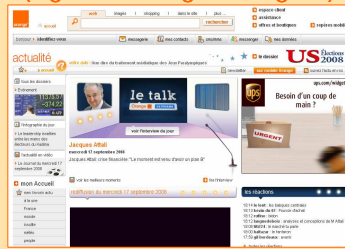
Communication services
(e.g.: Mail)

Publishing & Community services
(e.g.: Mes Données)

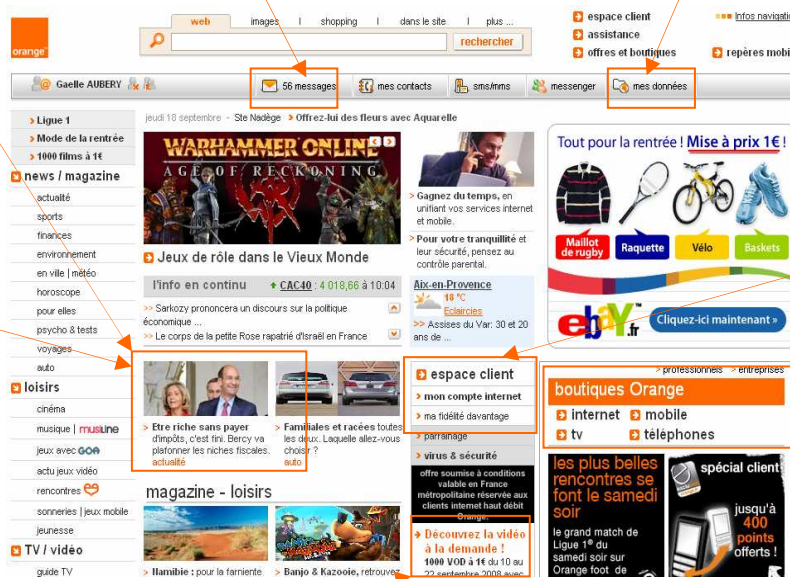
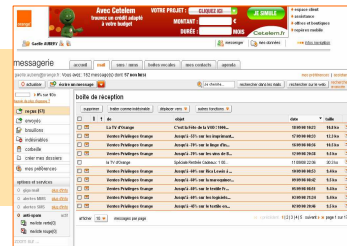
Media content
(e.g.: News in partnerships with AFP)



Interactive channels
(e.g.: Talk Orange – Le Figaro)



Premium content
(e.g.: VoD)



Customer care & shop

Content