

France Telecom Orange

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cautionary statement

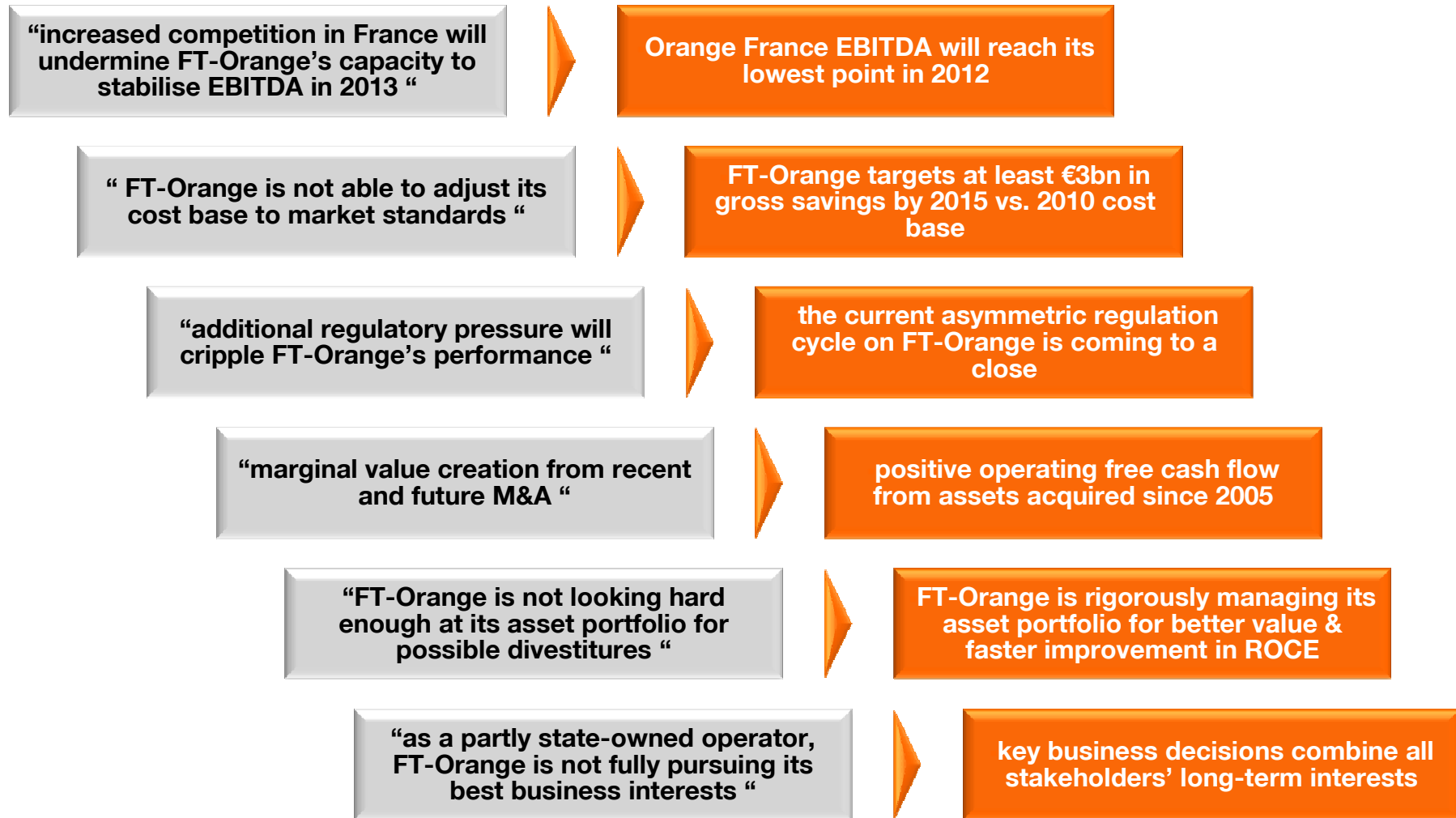
- This presentation contains forward-looking statements about France Telecom's business and its "Conquests 2015" industrial plan. Although France Telecom believes these statements are based on reasonable assumptions, the actual occurrence of the forecasted developments is subject to numerous risks and 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 materially from the results anticipated in the forward-looking statements include, among other factors, overall trends in the economy in general and in France Telecom's markets, the efficiency of the strategy incorporated in the "Conquests 2015" industrial plan and of other strategic, operational and financial plans, France Telecom's ability to adapt to the ongoing transformation of the telecommunications industry, regulatory developments and related constraints, as well as the outcome of legal proceedings and the risks and uncertainties related to international operations and exchange rate fluctuations.
- More detailed information on the potential risks that could affect France Telecom's financial results can be found in the Registration Document filed with the French *Autorité des marchés financiers* and in the annual report on Form 20-F filed with the U.S. Securities and Exchange Commission. Except to the extent required by law, in particular Articles 223-1 et seq. of the General regulation of the *Autorité des marchés financiers*, France Telecom does not undertake any obligation to update forward-looking statements.

agenda

- 1 | your concerns
- 2 | our environment is improving
- 3 | Conquests 2015 ambition
- 4 | Conquests 2015 guidance

1 | your concerns

current market valuation of FT-Orange share is driven by misperceptions regarding the group



1

Orange France EBITDA will reach its lowest point in 2012

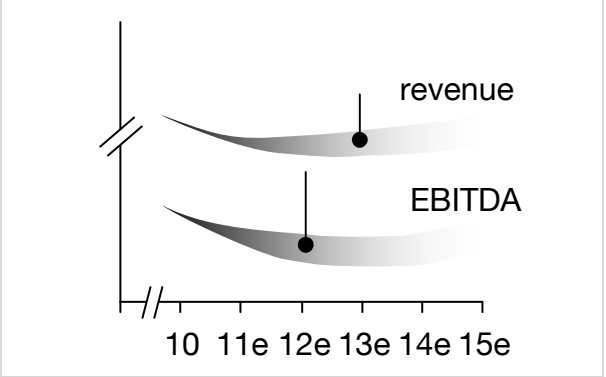
1
while competition is increasing in France, FT-Orange is best positioned to preserve value, thereby stabilising EBITDA in 2013

- capacity to react: regain momentum in broadband and stabilise mobile market share

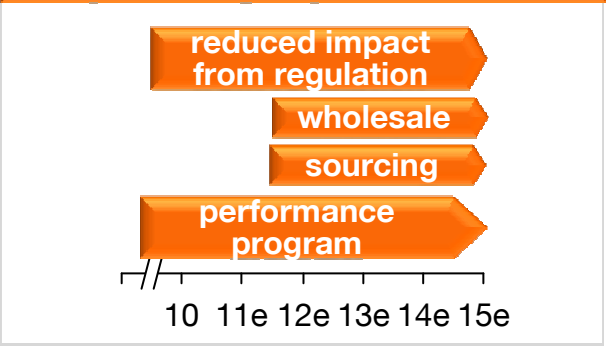
- proactive investment in 2011 and 2012 to maintain leadership and differentiation

- positive EBITDA levers
- upside from mobile data monetisation and clear market share leadership ambition

France EBITDA will reach its lowest point in 2012



structural performance drivers will positively impact EBITDA



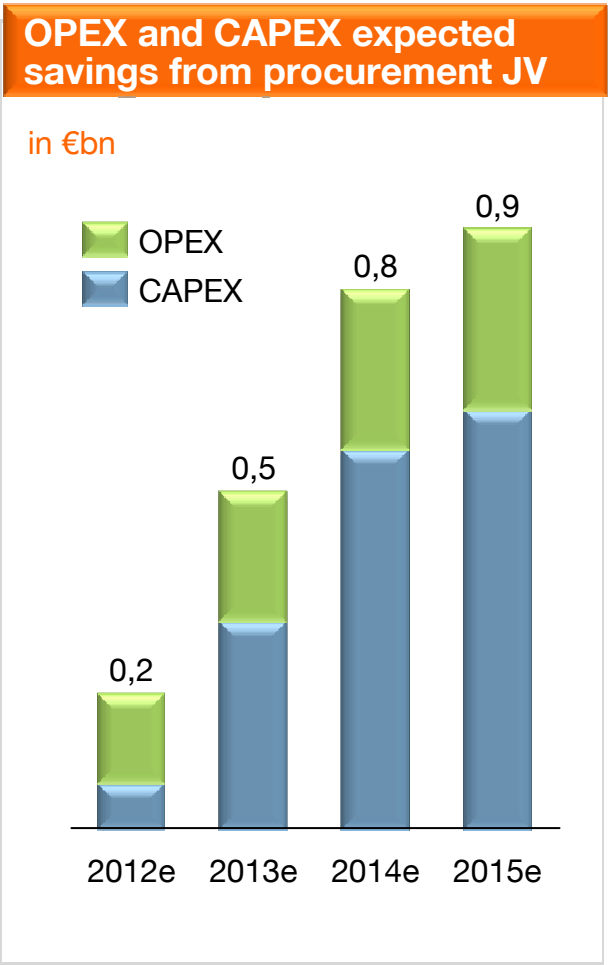
2 FT-Orange targets at least €3bn in gross savings by 2015 vs. 2010 cost base

2
building up on its 2009-2010 savings program, FT-Orange targets €3bn in gross savings by 2015 vs. 2010 cost base

- FT-Orange has experience in designing and implementing group-wide cost savings initiatives
- 2009-2010 gross savings objectives were fully achieved

- FT-Orange has redesigned and extended its performance program extending over 2011-2015

- significant OPEX and CAPEX savings from procurement JV with DT ramping up to 2015



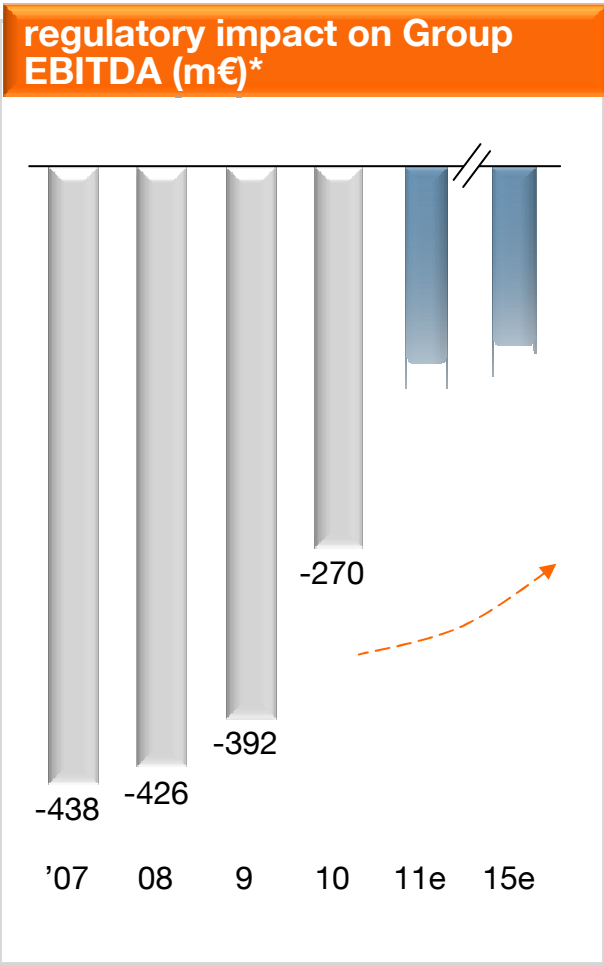
3 the current asymmetric regulation cycle on FT-Orange is coming to a close

3
the current asymmetric regulation cycle on FT-Orange is coming to a close

- clear voice & SMS MTR glide path with floor level approached in 2013
- MTR asymmetry coming to an end

- no termination rate on data
- opportunities to monetize data from large Internet players

- regulators, especially in France, are expected to better balance focus on intra-sector competition with investment incentives



4

positive operating cash flow from assets acquired since 2005

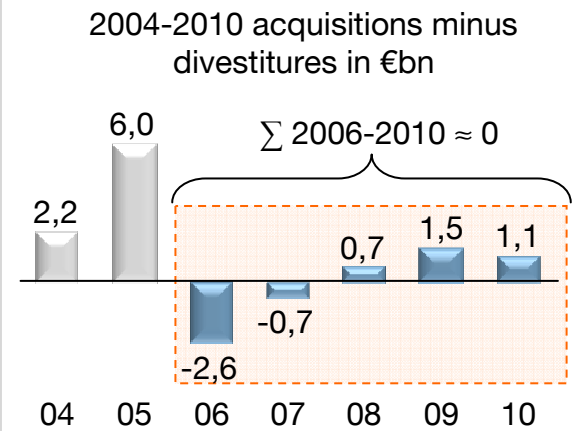
4
the operating cash flow from assets acquired since 2005 has turned positive in 2010

- post acquisition of Amena, in 2005, cumulated net acquisition balance was almost nil
- including the Korek transaction, strategic objective to double revenues in emerging countries by 2015 almost achieved

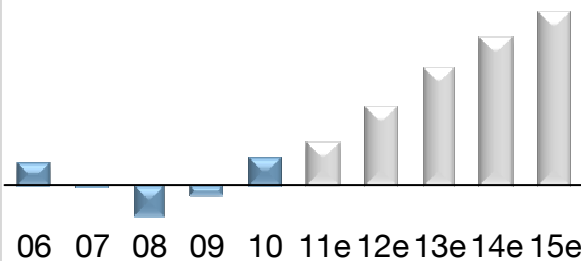
- all participations are either consolidated or on the path to consolidation
- only a few minority positions held with no operational involvement by FT-Orange

- new funds invested are a minimal fraction of yearly dividend streams to FT S.A.
- in-market consolidation operation delivering synergies

post acquisition of Amena, net acquisition was quite limited



operating cash flow from assets* acquired since 2005



* total statutory operating free cash flow from Spain, Guinea-Bissau, Guinea, Niger, Kenya, Central African Rep., Uganda, Luxembourg, Armenia



5 FT-Orange is rigorously managing its asset portfolio

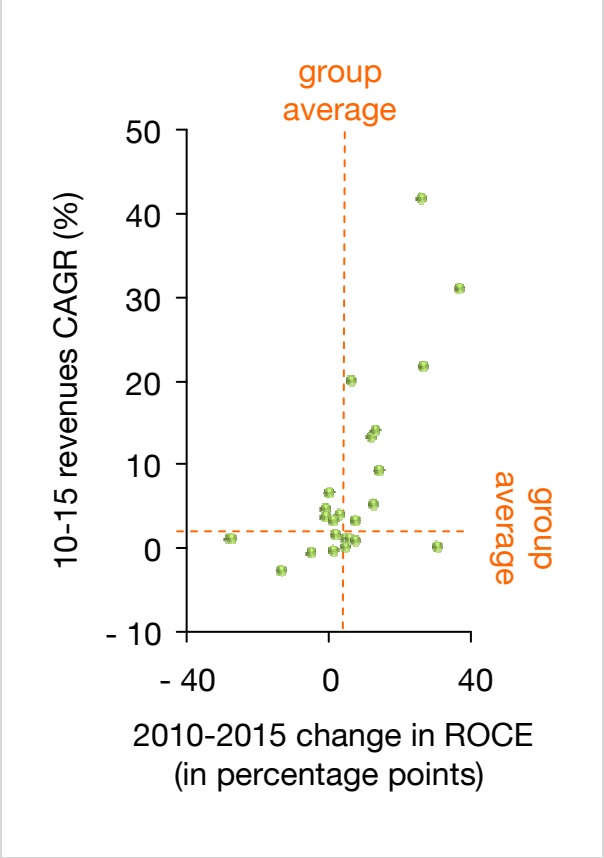
5
FT-Orange is rigorously managing its asset portfolio for better value & faster improvement in ROCE

- FT-Orange is currently assessing its foreign asset portfolio for strategic fit and financial contribution

- value creation factors:
 - intrinsic value creation from each asset (ROCE, growth)
 - synergies across the whole portfolio

- Emitel divested in 2011
- other assets in Europe and AMEA under review

ongoing assessment of value creation potential



6

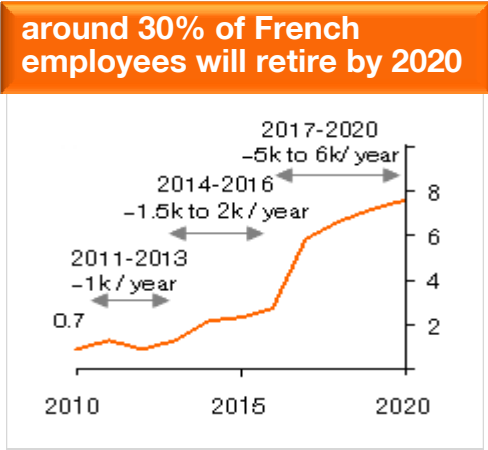
key business decisions meet all stakeholders' long-term interests

6
corporate governance ensures that key business decisions combine all stakeholders' long-term interests

- FT-Orange governance not different from its European peers'

- French State has 20% of directors corresponding to 27% of FT-Orange capital
- 2011-2012 commitment on dividend floor of €1.4 / share

- unlike other European incumbents, FT-Orange has inherited from its past in France



- our incumbent status will allow us to keep our nationwide market leadership

- best-in-class coverage everywhere we operate
- leader in future very high broadband networks
- best customer service



conversely, FT-Orange has key strengths widely acknowledged by investors

balanced mature vs. emerging country portfolio with high quality assets

superior network coverage with adequate capacity to absorb traffic

ability to “develop once, rollout many” : animals segmentation, Orange Money, IPTV, VoIP

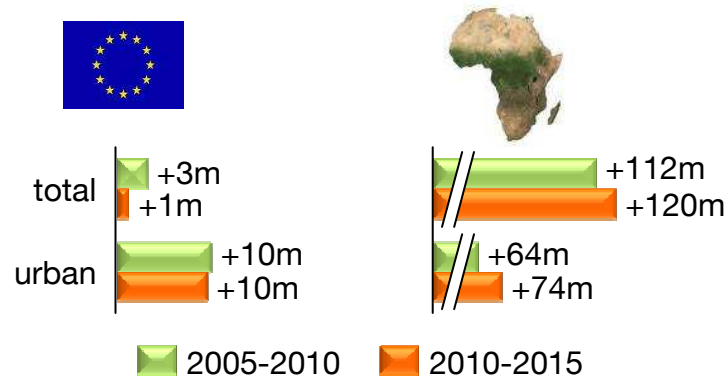
good strategic mobility as evidenced by fast repositioning in content

capacity to execute swift turnarounds such as in Spain

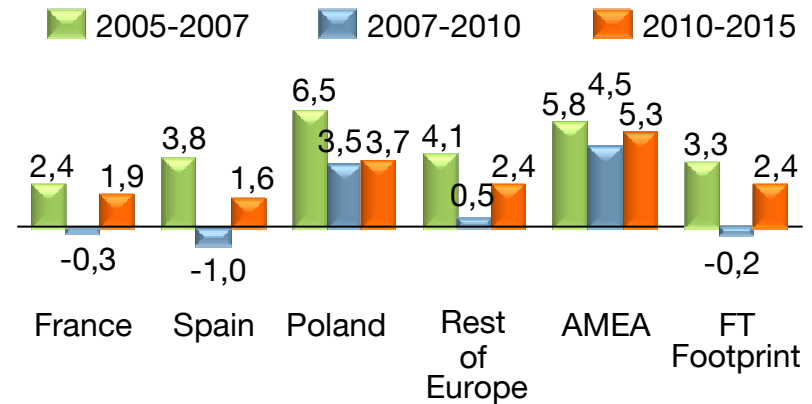
2 | our environment is improving

the economy should recover over 2011-15, with 2.4% GDP CAGR on FT-Orange footprint

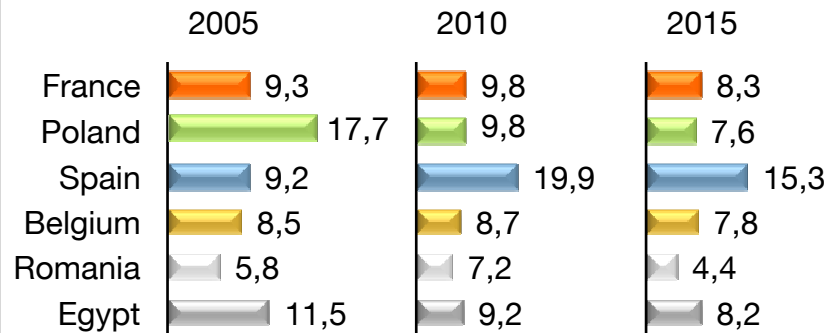
strong demographics (population increase)



recovering GDP (CAGR %)



unemployment rates (%)

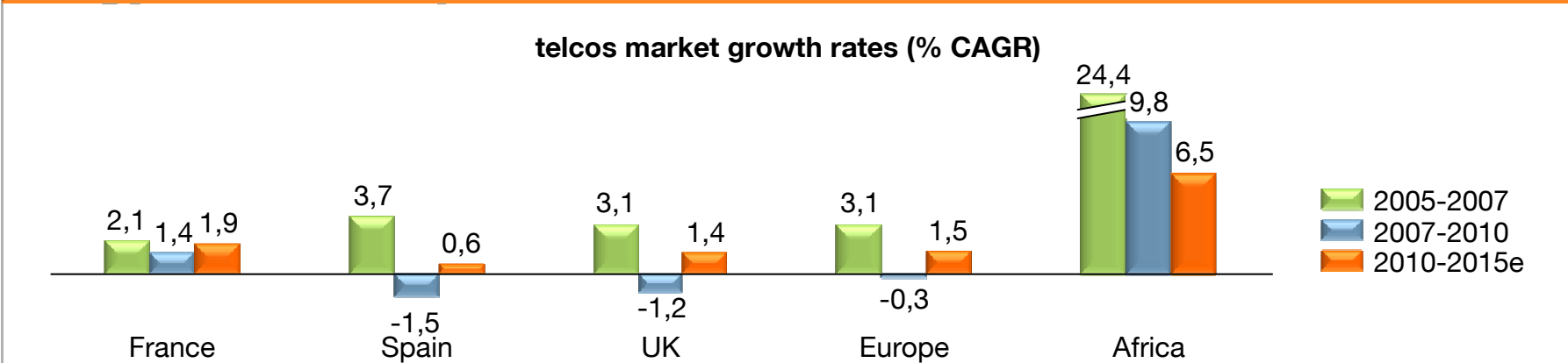


> insight

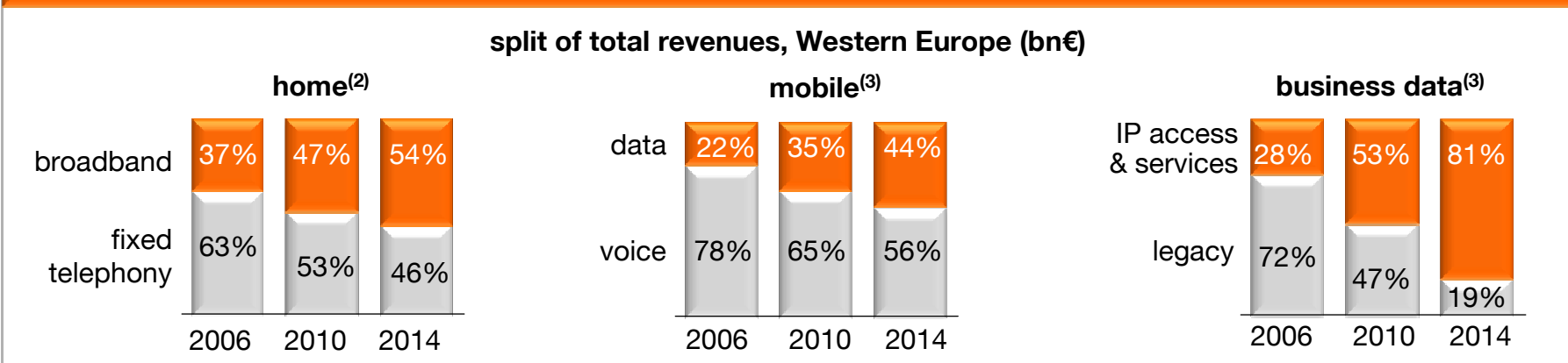
- strong demographics, especially in emerging markets
- unemployment rates are stabilizing or improving, except in Spain
- recovery on all footprint markets

telecom markets are expected to bounce back to growth over 2011-15, with a changing business mix

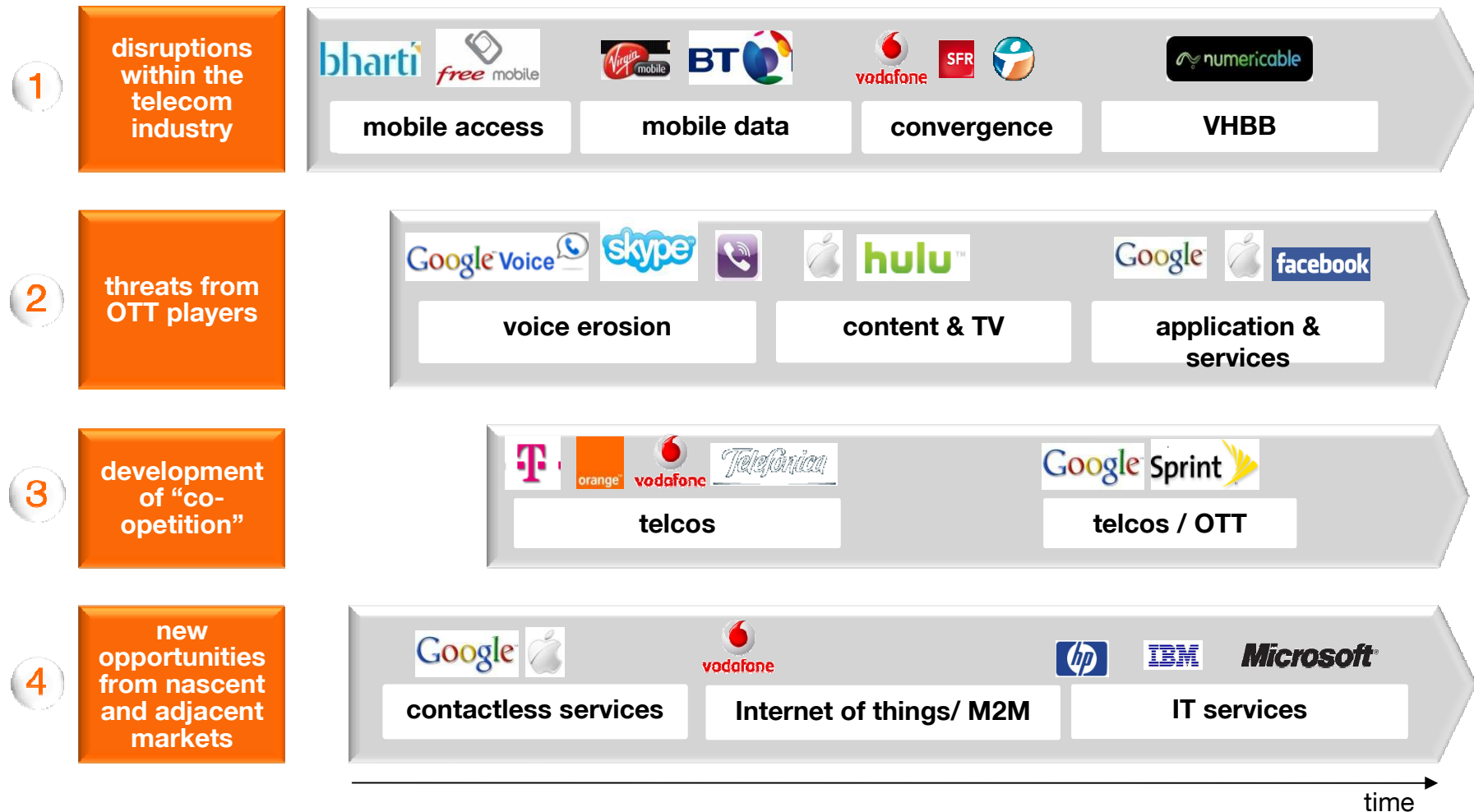
the overall telecom market is expected to bounce back in Western Europe and keep on growing strongly, albeit at a slower pace, in Africa...



...with an accentuation of previous changes in business mix



furthermore, aggressive competition and threats from OTT are requiring a revision by telcos in the way they conduct business



3

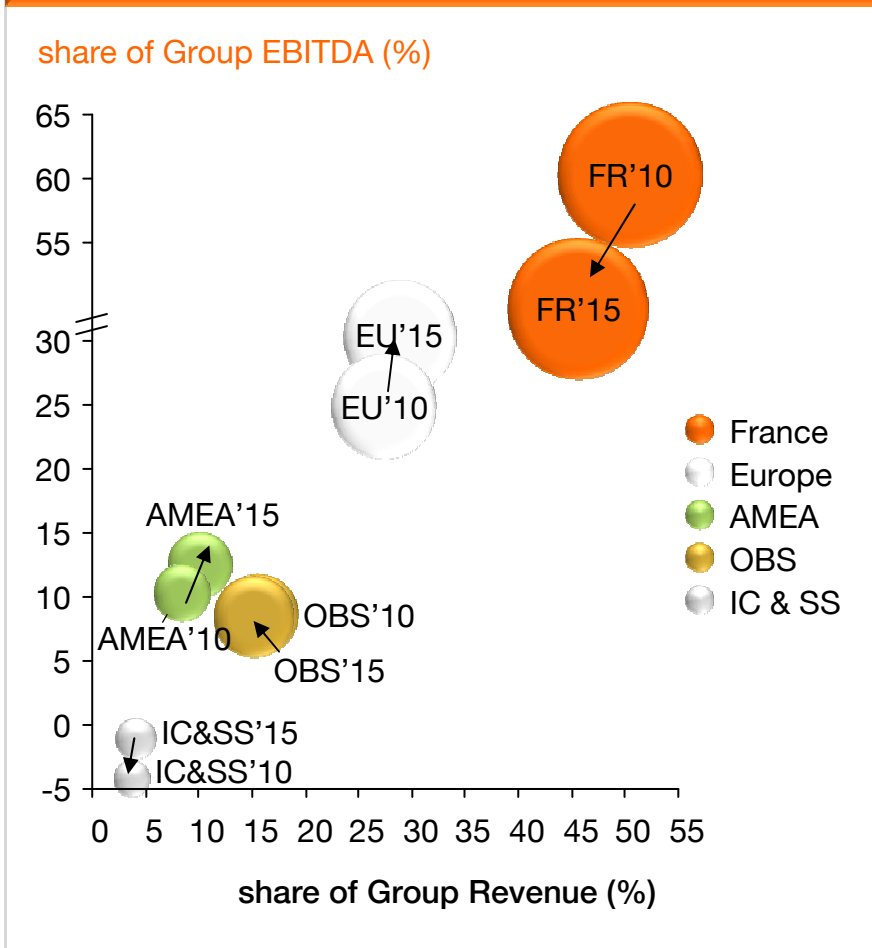
Conquests 2015 ambition

Enterprise & France are back to growth, with Europe & AMEA maintaining their solid growth contribution

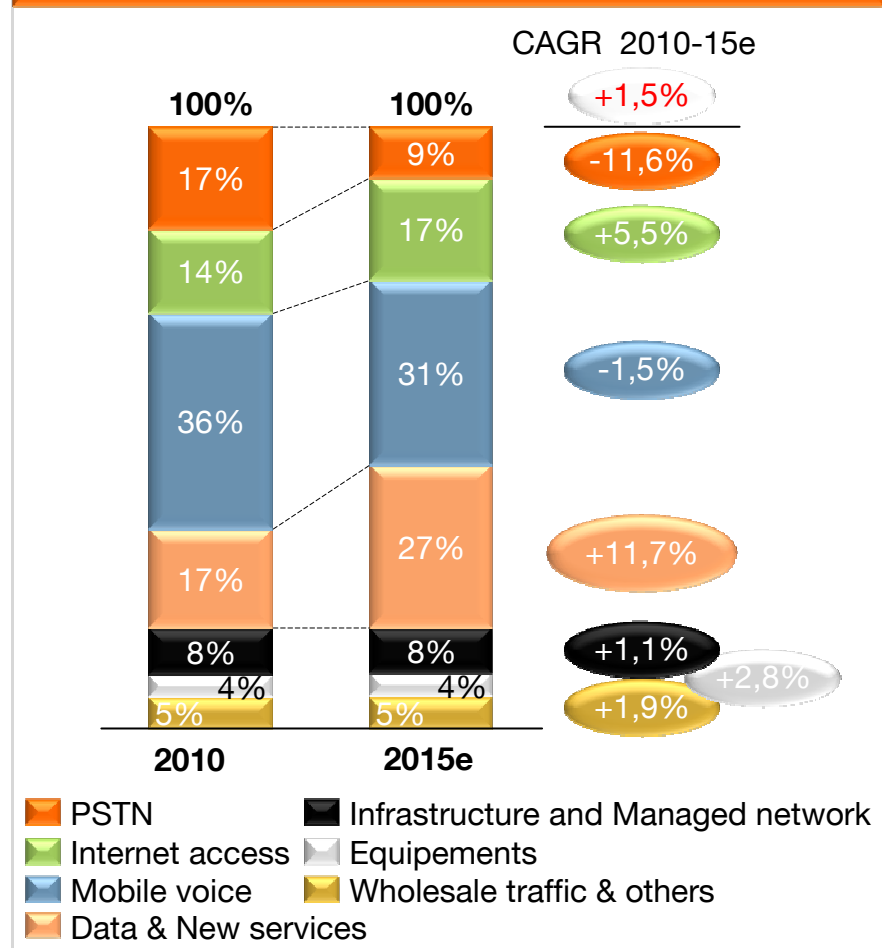
	adapt	conquer
	2010-2013 revenues CAGR	2013-2015 revenues CAGR
France	-1.3%	+0.5%
Europe	+2.0%	+3.7%
AMEA	+5.1%	+5.8%
Enterprise	-1.2%	+4.1%
Group	+0.6%	+2.7%

FT-Orange's country and business mix will be more balanced in terms of revenues and EBITDA

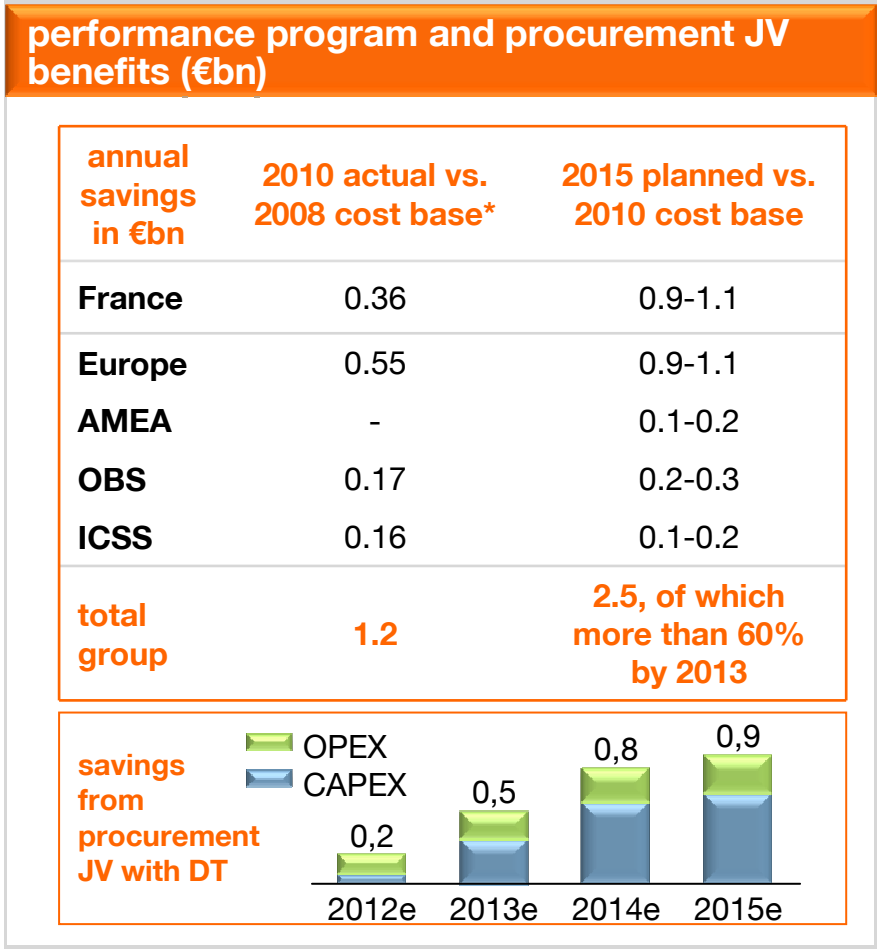
rebalancing in revenues & EBITDA mix*



changes in revenues mix parallel to market



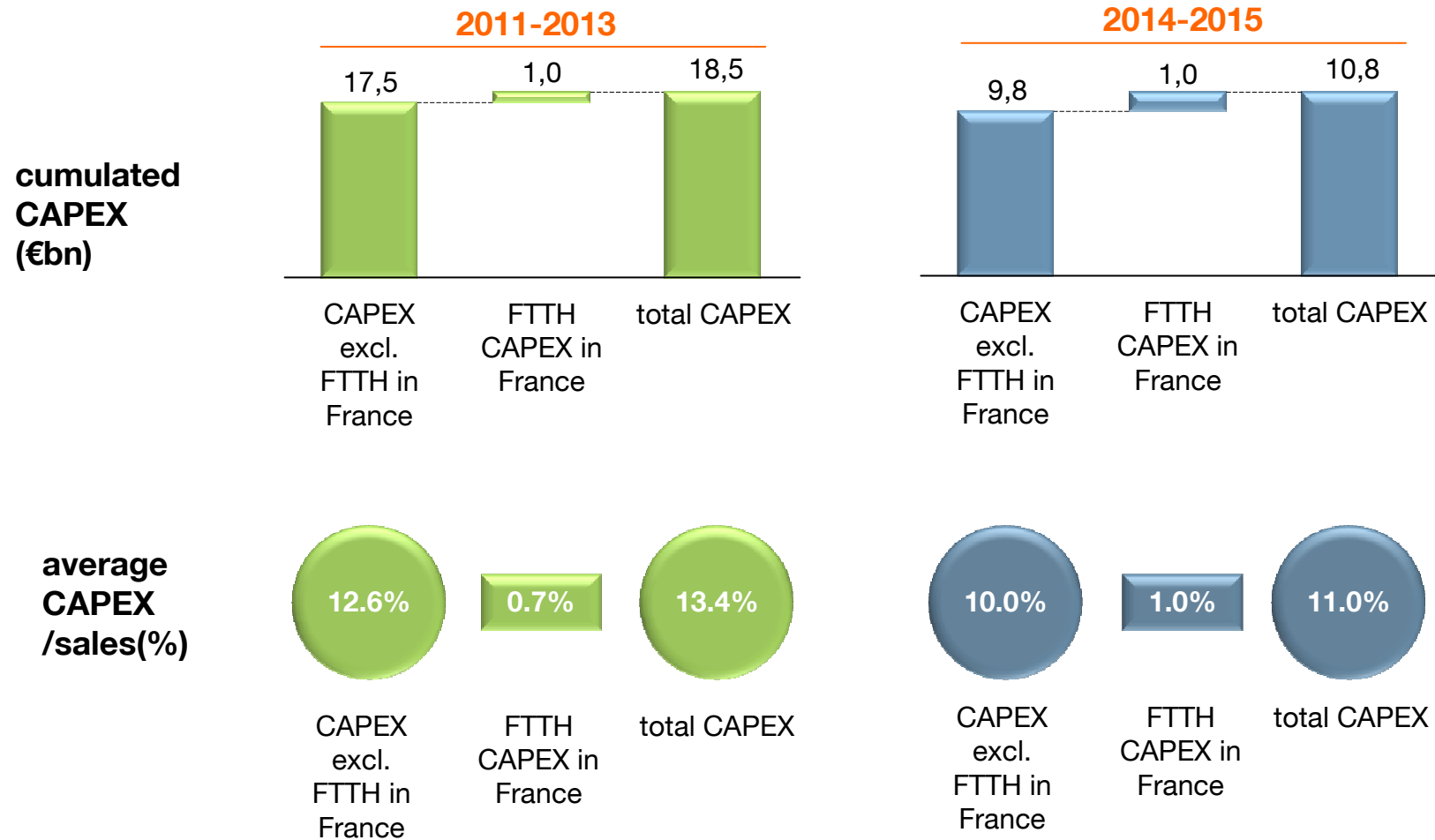
including benefits from the procurement JV, FT- Orange targets at least €3bn in annual savings by 2015



- 2011-2015 performance levers**
- France**
 - customer experience improvement
 - operational excellence
 - IT improvement
 - channels automation
 - content business model change
 - Europe**
 - RAN & network sharing
 - near-shoring
 - customer care transformation
 - IT renewal & optimisation
 - AMEA**
 - services platform mutualisation / industrialisation policy
 - synergies within the zone
 - customer journey excellence
 - OBS**
 - international network profitability
 - sales performance improvement
 - G&A improvement
 - IC & SS**
 - productivity gains on labour costs

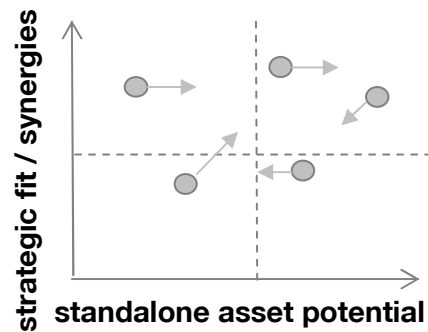


CAPEX at the core of our leadership strategy in customer experience, future networks and growth

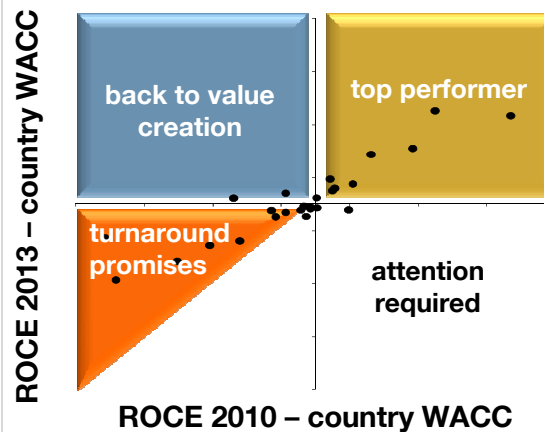


consistent strategic & financial discipline applied to portfolio management

dynamic strategic analysis



dynamic value creation



dynamic value analysis

- assess market value, as seen by investors, and asset value for other potential owners of the asset
- make own estimate for asset value, including synergies with rest of FT-Orange, and assess scenarios for change

proactive actions to country and other business assets

- operations: implement restructuring, repositioning, breakthrough synergies, etc.
- corporate : consolidation, disposal, swap, partnerships, etc

in summary, our Conquests 2015 ambition*

OpCF (EBITDA – CAPEX)	
adapt	conquer
Σ 2011-2013	2013-2015
~€27bn guidance (excl. exceptional items)	9% CAGR

revenues	
adapt	conquer
2010-2013	2013-2015
0.6% CAGR	2.7% CAGR

EBITDA	
adapt	conquer
Σ 2011-2013	2013-2015
~€45 bn	3.4% CAGR

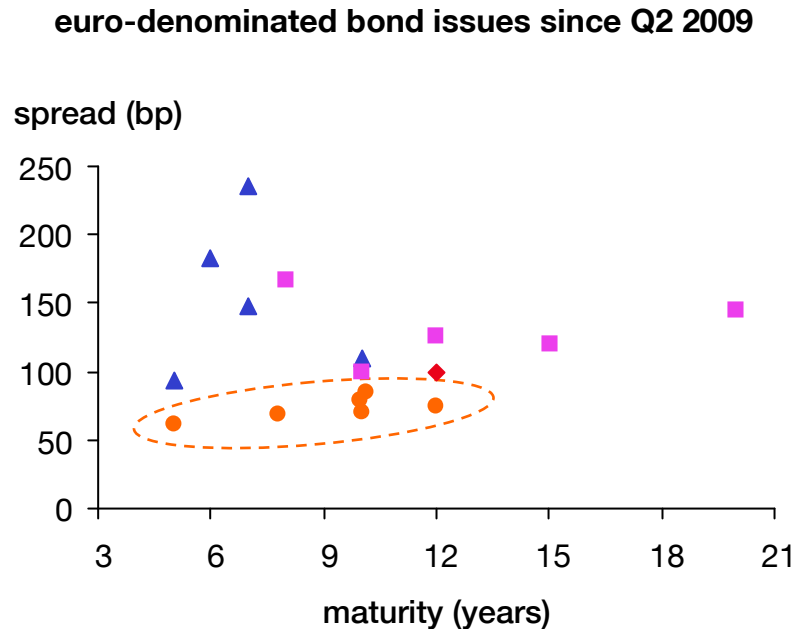
CAPEX	
adapt	conquer
Σ 2011-2013	Σ 2014-2015
~€18.5bn (12.6% excl. FTTH in France)	~€10.8 bn (10.0% excl. FTTH in France)

* only those slides entitled “guidance” comprise our formal guidance; all other figures are extracted from the Conquests 2015 operating plan which was investor day Conquests 2015 completed recently; operating plans evolve continuously and are presented as an indication, not as a further guidance



stable balance sheet policy over time, allowing best in class credit profile and financing conditions

best in class credit profile used to capture longer term maturities and better pricing than peers



> insight

- continued balance sheet policy of net debt to EBITDA at approx. 2x in the medium term
- combined with a long-term relationship with debt investors, such policy allows to capture better debt conditions

4 Conquests 2015 guidance

FT-Orange is migrating to a more operations-oriented medium-term guidance

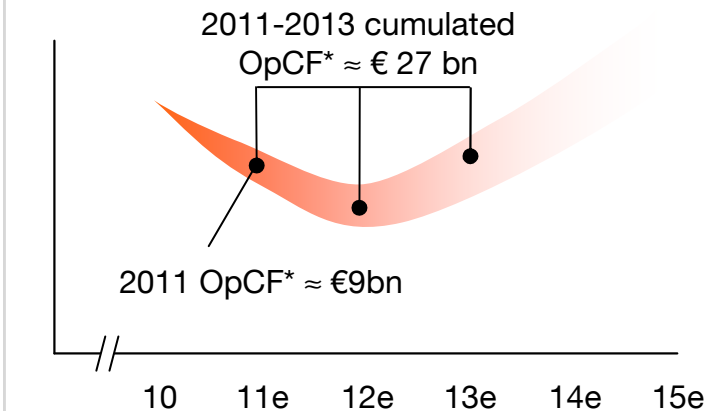
> from annual organic CF guidance to cumulated operating CF guidance

	in €bn	2009a	2010a	2011	2011-2013 cum.
previous guidance	organic cash flow	8.2	8.1	8	-
new guidance	OpCF* (EBITDA – CAPEX)	10.8	10.1	-	≈ 27

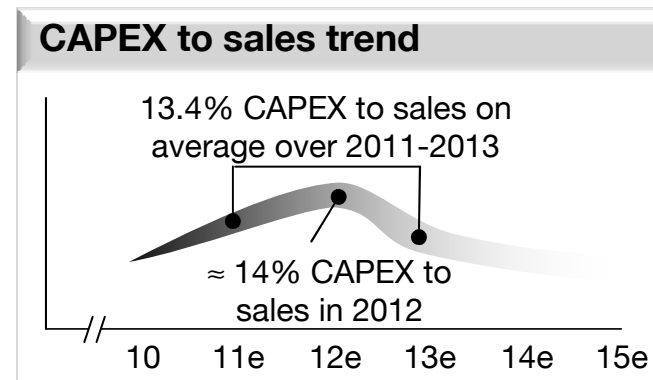
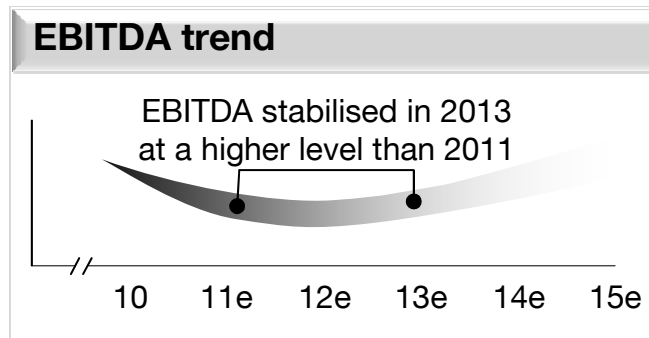
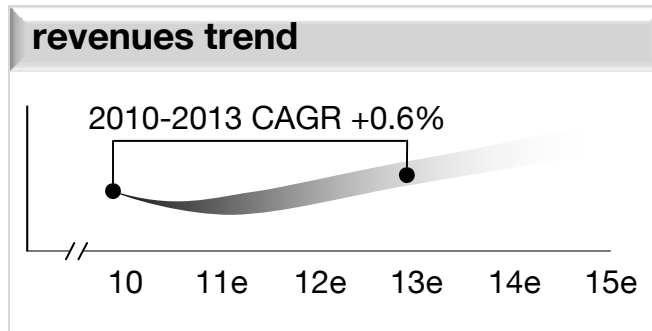
> new guidance

1. fully aligned with management scorecard and incentives
2. better adapted to transition from “adapt” to “conquer” growth business profile
3. capacity to strike the right balance between short-term competitive response and long-term company value

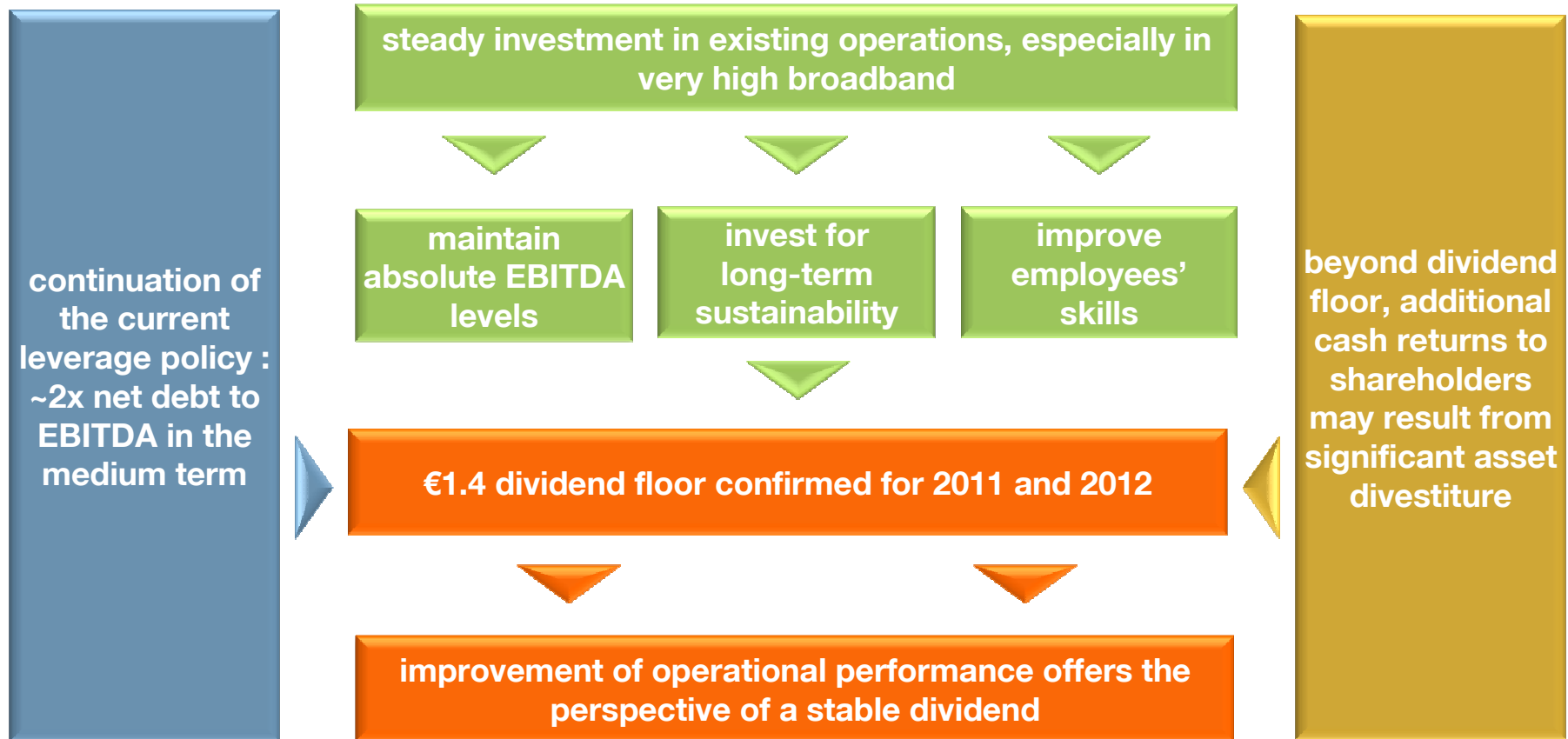
OpCF* guidance



2011-2013 cumulated OpCF guidance is supported by underlying trends



FT-Orange's use of cash policy will support the full capture of this potential



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Q&A

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