

France Telecom Orange

very-high broadband
strategy in France

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cautionary statement

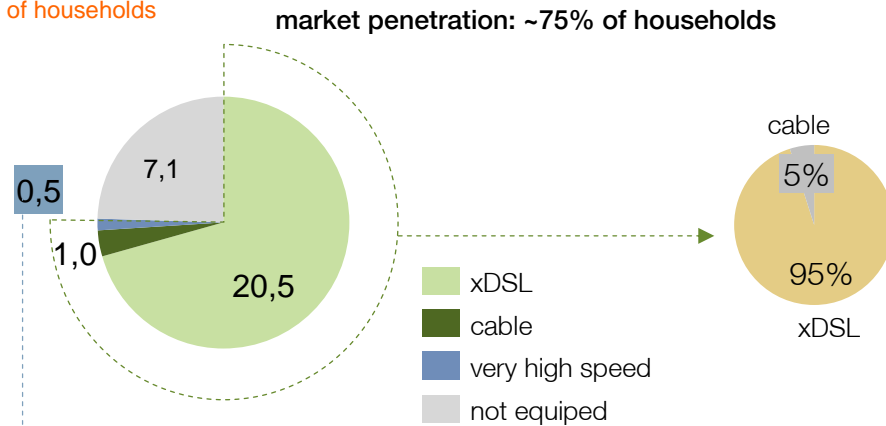
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in France, xDSL is the winning player in high-speed broadband*

high-speed broadband: highly penetrated market largely xDSL dominated...

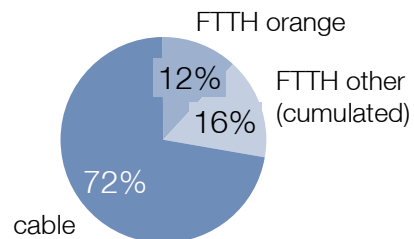
in millions
of households



- attractive wholesale regulated tariffs and strong competition since many years has led France to present one of the highest unbundling rate in Europe (~40% of ADSL customers are fully unbundled).
- over the last 10 years, ARPU was pushed up through the bundling of services : high-speed internet, TV, VoIP (~30€/month)
- since one year, beginning of segmentation of the market with basic & premium offers

...of which 550k households are equipped with very-high speed broadband

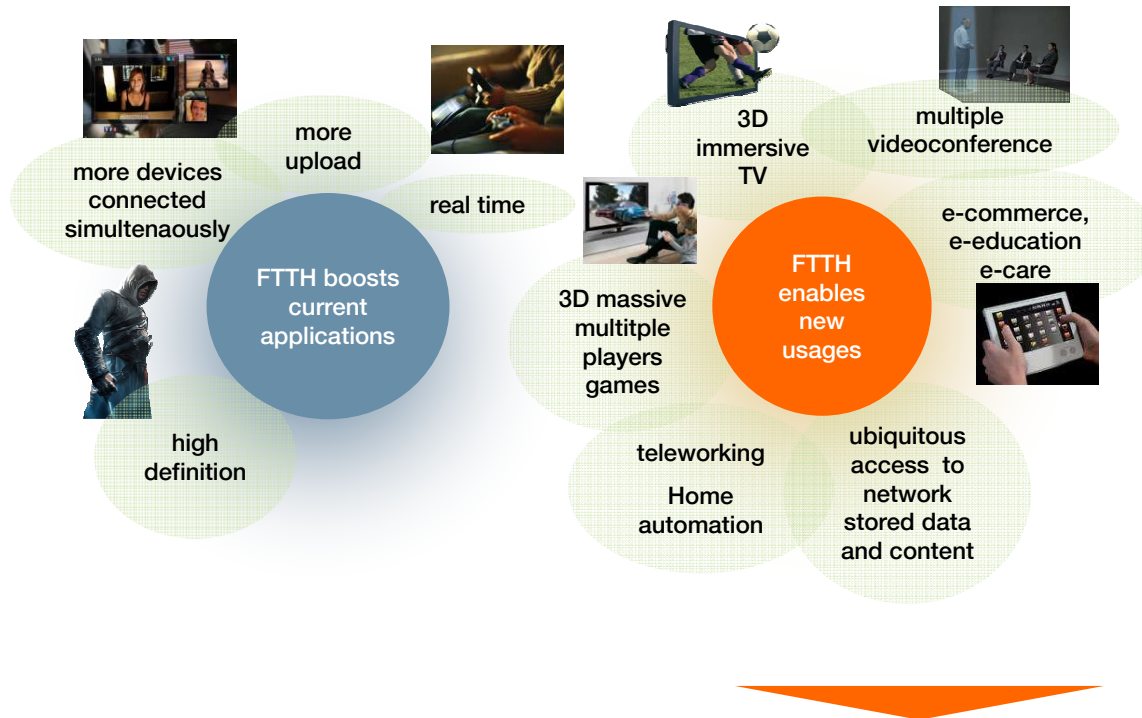
market penetration: <2% of households










- since a few months the market is seeing the beginning of the demand for higher broadband: in 2Q11, 18% of the overall broadband net adds were on very high broadband
- cable market share is reducing (from 75% at the end of 2010 to 73% at 1Q11 and 72% at the end of 2Q11)
- at the end of June 2011, 1.2m homes are FTTH connectable for 155k FTTH customers
- orange is the market leader in FTTH with a 47% market share

needs for very high speed broadband are increasing steadily, above performances of asymmetrical networks

39% of households 3D ready in 2015*

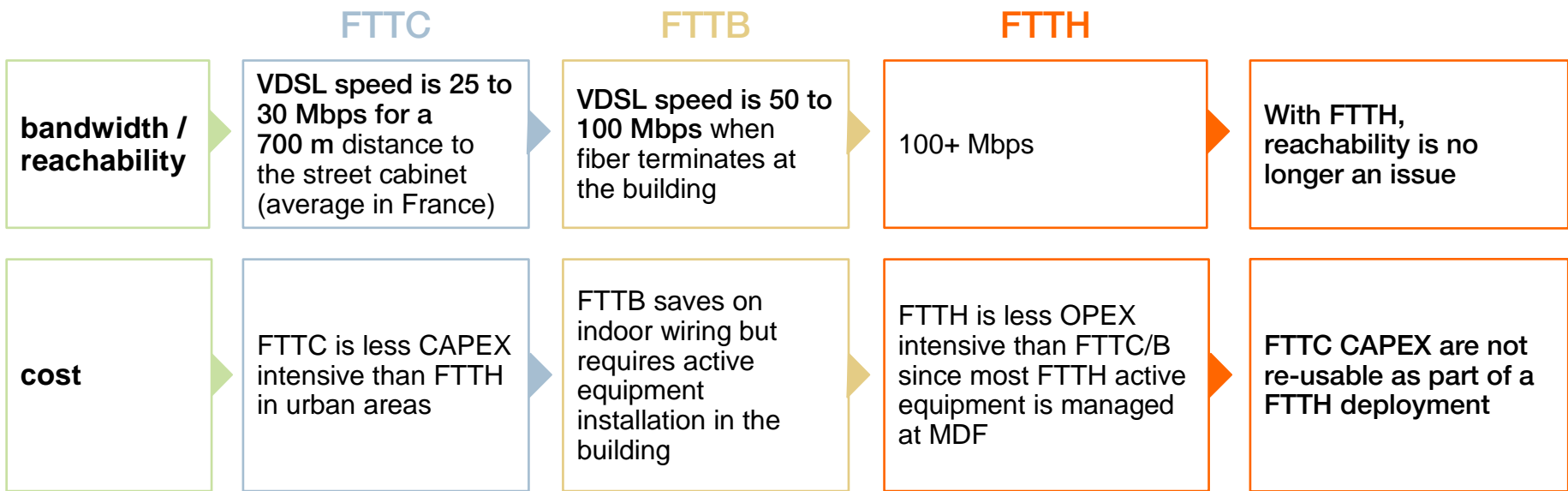
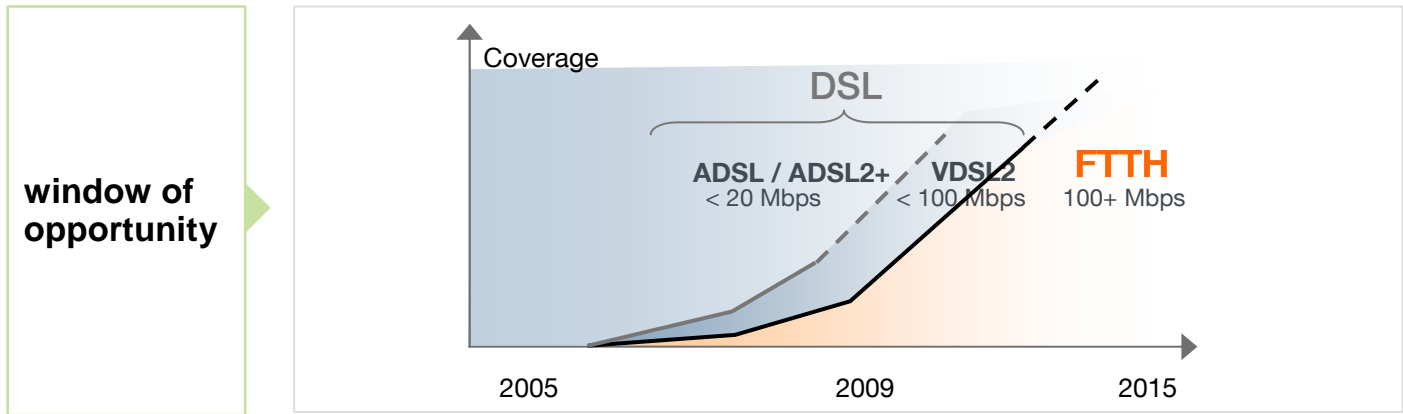


what I can do with FTTH:

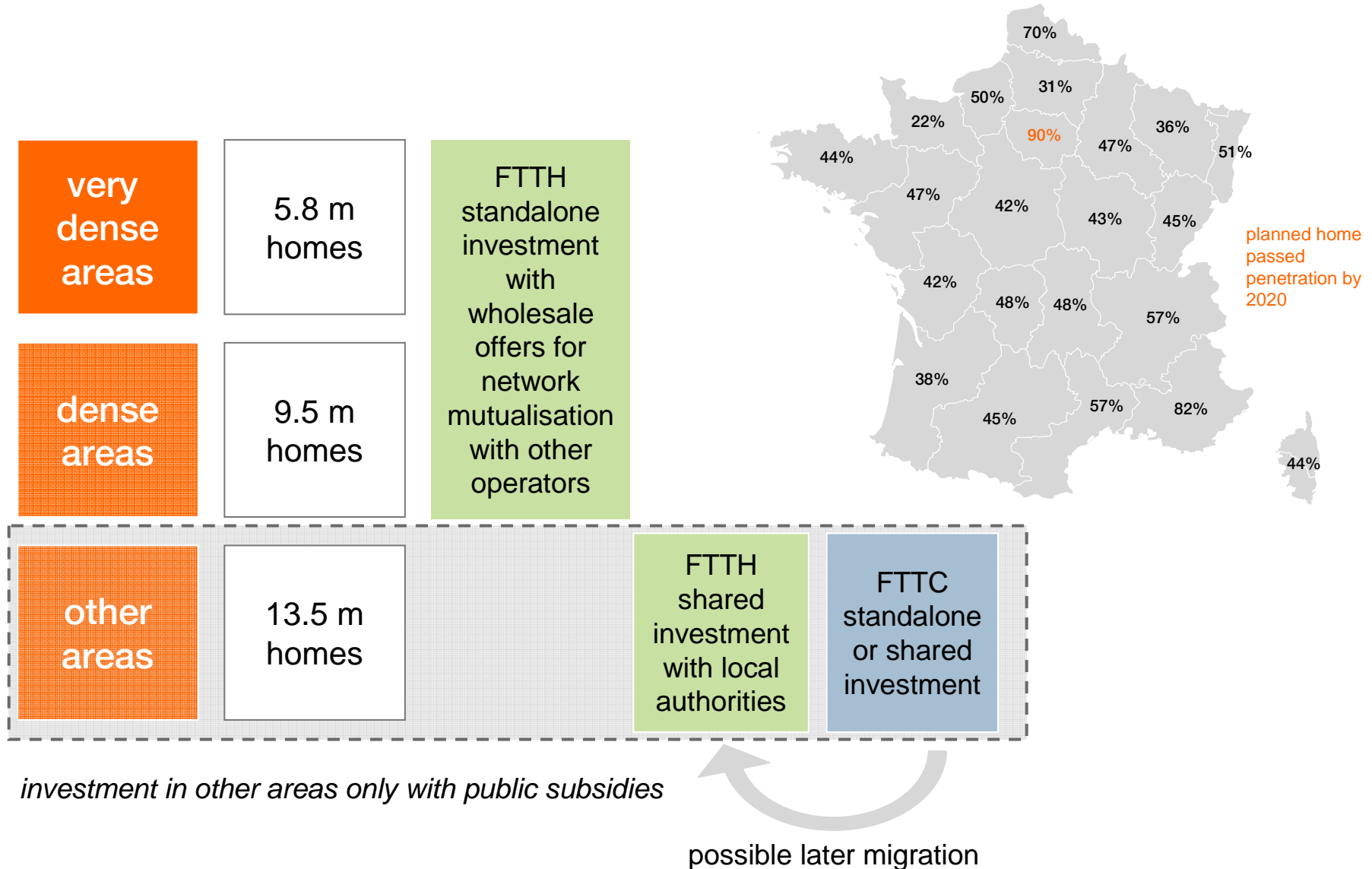
-  fast internet navigation
-  send 10 emails with 10Mo in attachment in 2 seconds
-  download 1 mp3 album (50 Mo) in 3 seconds
-  download an 200 pictures photo album (1Go) in 1 mn and 20s
-  download a movie (800 Mo) in less than a minute
-  benefits from a lower latency and a reliable connexion for online gaming
-  several HD TV stream at the same time

in a clear regulation context and in a competitive market, Orange has announced an ambitious FTTH deployment plan to serve these new customer needs

FTTH : the choice for the most efficient and future proof solution vs FTTC (and FTTB)

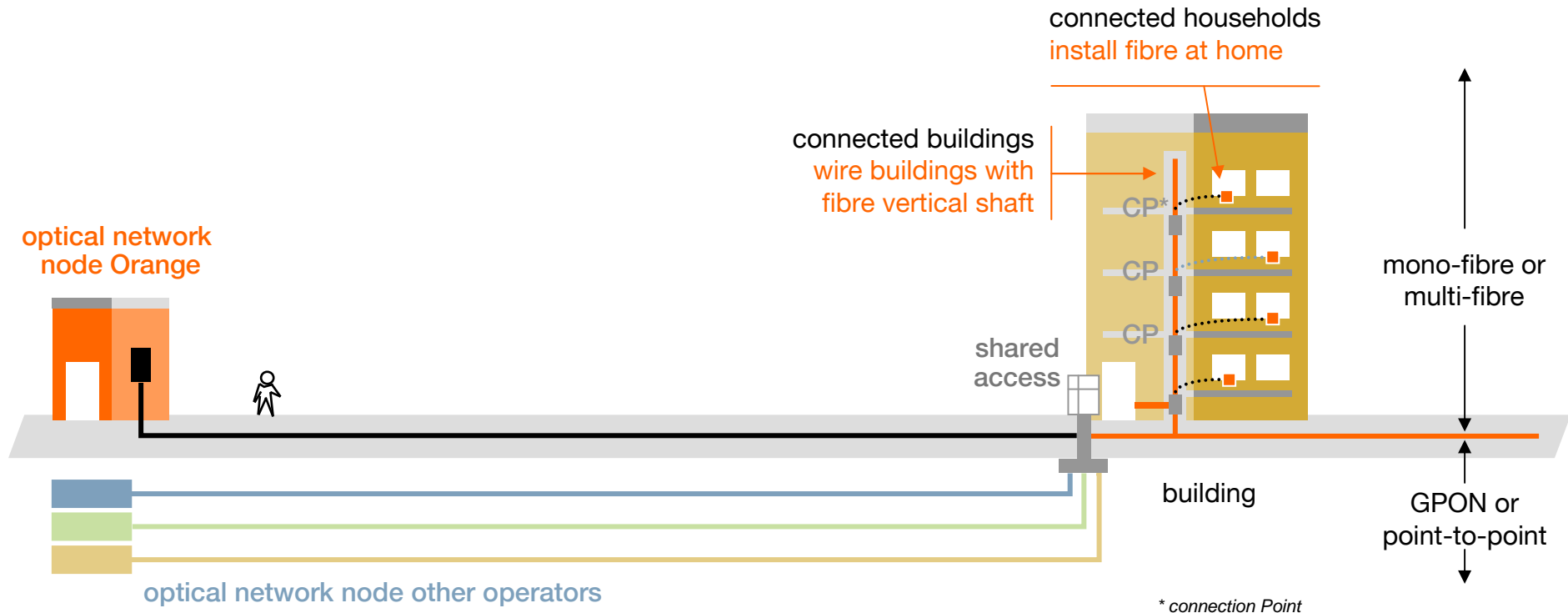


orange ambition and strategy - deployment



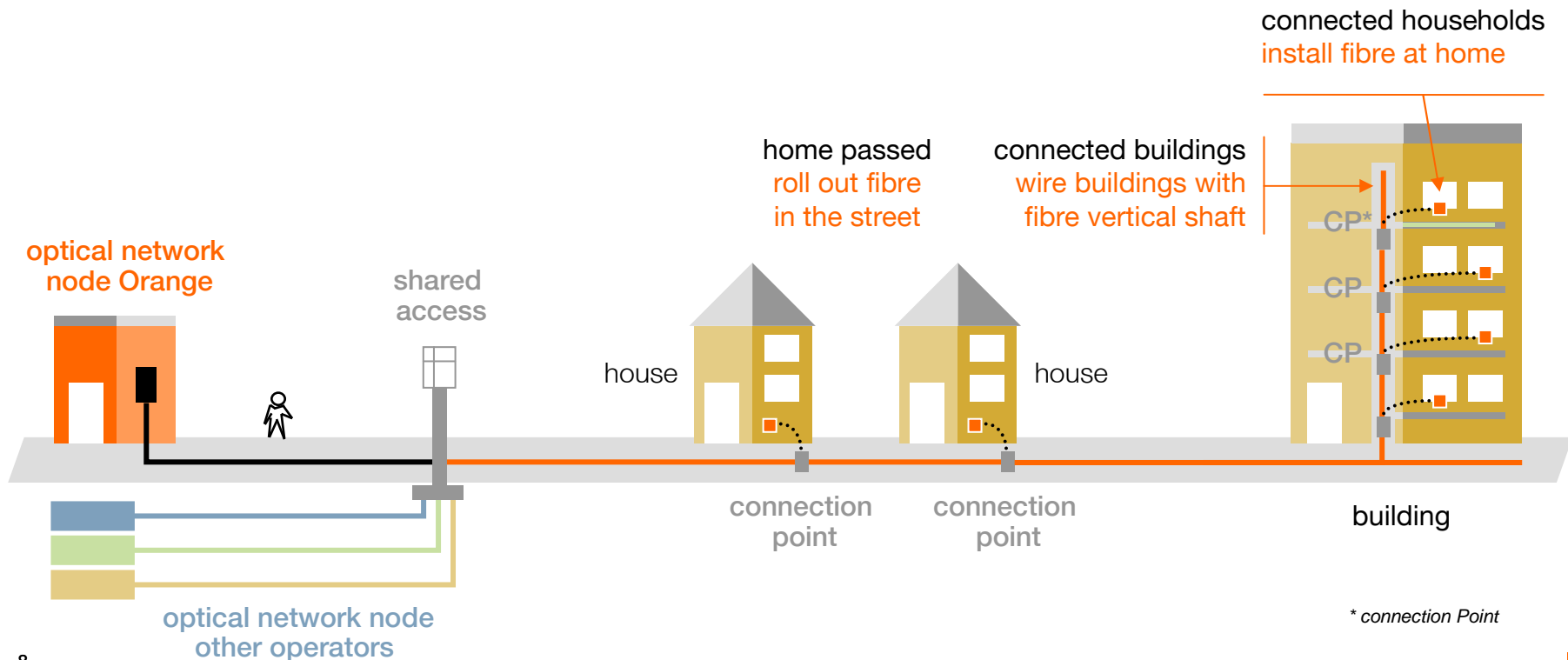
regulation in very dense areas

- each operator deploys its own network very close to households (horizontal)
- shared access/mutualisation point within buildings counting a minimum of 12 homes
- the operator chosen to build the vertical fibre has to ask other operators if they want to share the costs for subsequent access to the building
- for smaller buildings (<12 homes) or individual houses, the shared access/mutualisation point is for a maximum of 300 homes



regulation in less dense areas

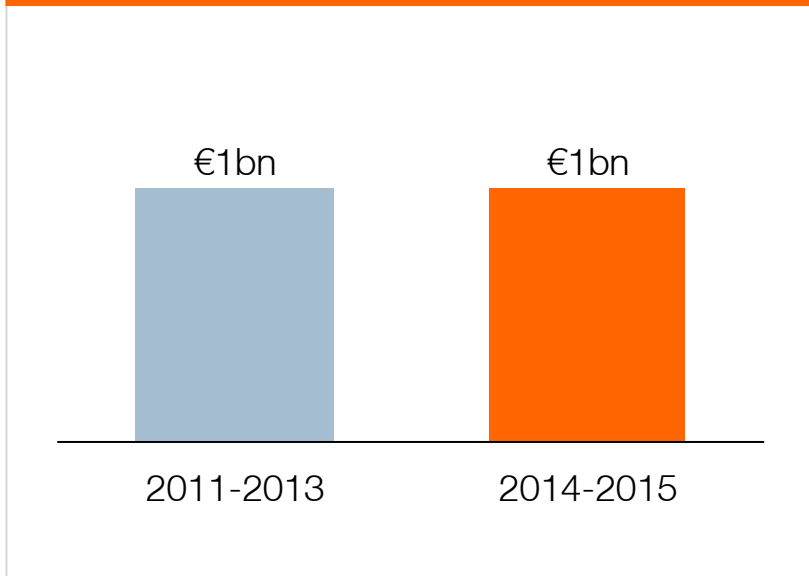
- mono-fibre only
- shared access/mutualisation point: minimum 1,000 homes
- wholesale offer from the shared access/mutualisation point to the connection point available (Orange offering): other operator can choose to either co-finance upfront (capacity shared) with a small on-going recurring fee or a full wholesale offer (price per line)
- ARCEP accepted the Orange wholesale offer and Iliad already signed a contract with Orange



ambition and objectives

- plan to invest 2 billion euros in the FTTH program over the period 2011-2015
- deployment of fibre-optic networks in 3,600 French cities by 2015. This will be spread across 220 gathering of cities (conurbation), including all large and medium-sized town or cities.
- the Group will offer network coverage for 11 million French homes by 2015 and 16 million by 2020.

phasing of fibre CAPEX



key objectives

- in very dense areas: long term investment to secure the future and gain first mover advantage with an expected return from:
 - win-back of market share
 - increase ARPU and secure wholesale revenues
 - network substitution by 2020-2025
 - #1 in fibre in 2015
- in dense areas:
 - improve Quality of Service and ARPU
 - strengthen customer loyalty
 - #1 in fibre in 2015

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Q&A

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