

transformation

operational effectiveness

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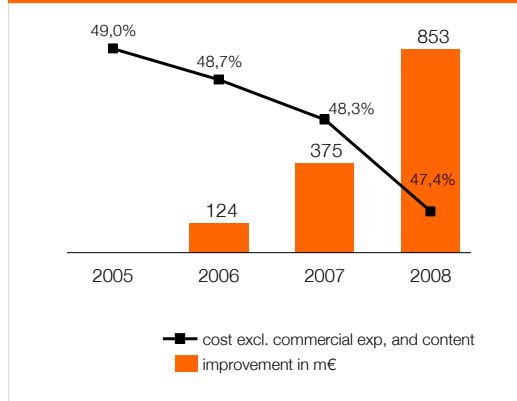


agenda

- 1 we have built a track record to deliver transformation
- 2 we are now accelerating transformation with a balanced mix of bottom up and top down programs
- 3 in 2009-2011 transformation will be more disruptive with a shift to partnerships
- 4 2009-2011 will be the years of simplicity, agility and sustainability, leading to a lean company

1 | in 2006-2008, we have built a track record to deliver a sustainable improvement of the Group cost structure

non-commercial & content costs evolution



insight

- with the launch of NEXt the transformation program has been set-up, professionalized and secured
- programs covering the whole organization
 - optimization customer care
 - general expenses
 - rationalization interconnect
 - rebranding
 - process improvements

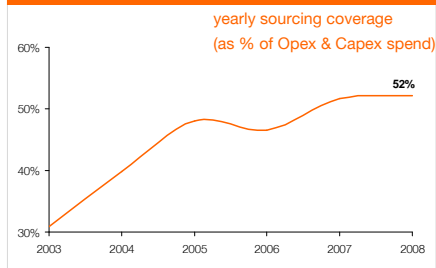
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1 | we will keep the pace of smarter sourcing...

2006-2008 main achievements sourcing

- ~3,4bn€ cumulated savings* versus 05
- 52% of scope renegotiated in 2008
- early involved in time to market process
- supplier relationship management

coverage of sourcing is increasing in time



2009-2011 sourcing ambitions

- annual savings* of 0,4bn – 0,6bn€
- focus on partnerships & exclusivities
- specific actions for fast growth countries
- support sustainable development

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* sourcing scope includes CapEx and OpEx, savings include recurring cost reductions and cost avoidances

1 | ..and operational excellence is rolled out over the whole organization, including top management

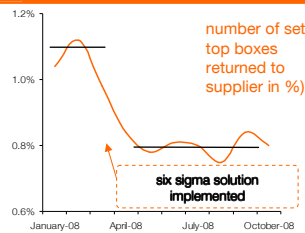
community centrally nourished

- small central team as knowledge center
- six sigma, lean management, kaizen
- pragmatic usage of methods with a focus on improvement of effectiveness

network and results are growing

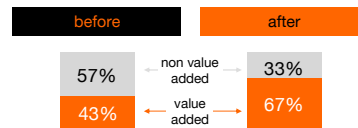
- projects deliver yearly savings >80 m€
- >1,500 project managers trained
- active community > 250 people, 14 countries
- >300 top managers trained by Orange University

examples: return rate set-top boxes... ..or order processing improvement



a six sigma project in France...

% of time spent on value added or non value added activities



...a Kaizen project in Katowice, Poland

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2 | we continue to accelerate transformation with a balanced mix of bottom up and top down programs

Group

top down:
international leverage

- vision
- management committee member responsible
- central team to help organize transformation locally
- monitor contribution to the realization of the Group strategy

- process improvements
- outsourcing
- partnerships

country

top down:
national leverage

bottom up:
unleash the power from the base

- share and instill Group values
- central vision, local adaptation
- high commitment & involvement of country managers
- full commitment of operational managers
- utilization of communities,
- detecting best practices

- customer centric processes and organization
- enforcing bottom up improvement projects
- site optimization

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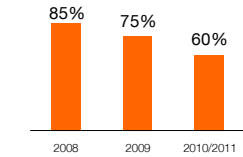
3 | numerous local projects will continue to generate significant gains



country programs initiated top down..

Voyage program to transform BtB customer care to be customer centric

- >400 improvements identified early 2008; implementation planned over 2008-2010



■ BtB customer care OPEX evolution as a % of 2007 base

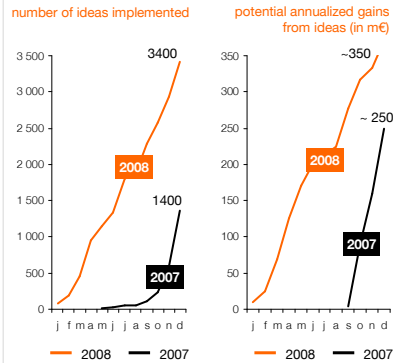
already delivering in 2008

- first call resolution SME +17%
- call reduction of 33% in Corporate call center
- customer satisfaction +1.2 (ten points scale)



...as well as bottom up

idClic as a sustainable dynamic...



outlook

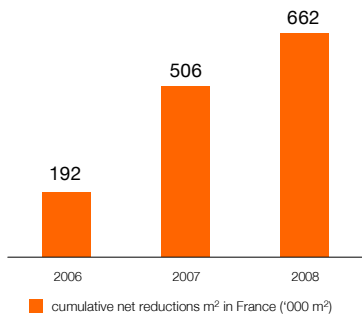
- roll out similar approach to other departments and countries planned
- sustainable gains between 0.3bn and 0.5bn€ annualized from local projects

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3 | ..enforced by local real estate programs...



square meter reductions since 05



■ cumulative net reductions m² in France ('000 m²)

large m²-reductions in France

- Orange Village campus: 24 leases cancelled
- consolidation of sites in 20 biggest cities (-10% of the total m² occupied in France)

achievement & outlook

programs all over the Group

- France
 - refurbishing/sale of technical buildings
 - investigation of new premises / campus for the enterprise segment in Ile-de-France
- UK
 - sites consolidation started in 2008
- Spain
 - increase of office site consolidation: La Finca campus
- Poland
 - sale of major office buildings, Warsaw
 - creation Miasteczko campus, Warsaw
- Belgium
 - creation of Sirius campus
 - consolidation IT&N sites

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3 | ..working in parallel with Group programs like the continuous roll out of best practices on supply chain...



2006-2008 instant availability program

- already deployed for **own shops..**
 - 700 shops; +8% sales
 - 350 shops; +4% sales
 - 287 shops; +10% sales
- ...extended to **dealers**
 - 1,020 dealer shops; +17% sales
 - 250 Photo Service / Photo Station
- inventory controlled with **Demand & Supply** process

example: average mobile inventory

in days of sales	2004	2007	2008
total	48	43	35
points of sales	13	17	17
central warehouse	35	26	18

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2009-2011 supply chain ambition

- 'Availability' now a scalable 'On Demand Process' with a back office in Mauritius supported by Group IT tooling
- roll out planned in other geographies
Switzerland, Belgium, Romania...
- to be deployed in more channels
Carrefour shops in Spain, France...
exclusive channels (Mobistore...)
- 'collaborative planning, forecasting and replenishment' with customer equipment suppliers to further reduce inventories
- support to sustainable development
(sea shipments, eco-packaging...)
- network supply chain optimization according to network 'make or buy'

3 | ..domestic network outsourcing...



scope

- domestic network outsourcing
 - build and run (1st line maintenance, central operations) can be outsourced
 - design activities and end to end service management are kept in-house

achievement

- implemented in 2 countries
 - 2006/2007: Belgium
 - 2007/2008: Switzerland

- >25% OPEX+CAPEX savings realized**
- improved quality of service**



outlook

- roll out similar approach is in progress for other countries (UK planned for 2009)

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3 | ..and RAN sharing: Spain is already delivering, which experience will be leveraged by other countries



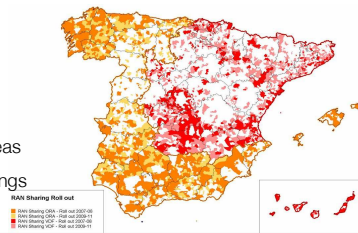
target

- share deployment of 5,000 nodes B with Vodafone
- accelerating UMTS coverage in areas below 25,000 inhabitants
- allowing mobile access to broadband in small cities
- reducing number of sites and environmental impact

achievement

roll out 50% complete, end of 2008

- 2,600 nodes B deployed for both operators
- 27% of 3G traffic originated in RAN sharing areas
- approx. 75m€ cumulated OPEX + CAPEX savings



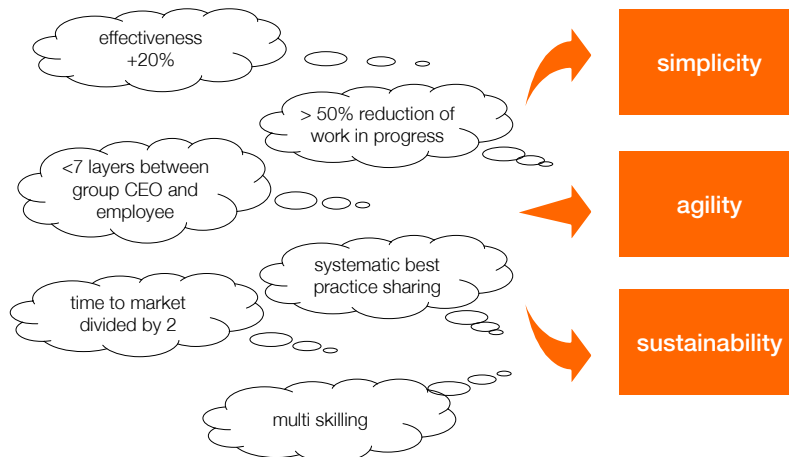
outlook

extension to other countries under investigation

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4 | 2009-2011 will be the years of simplicity, agility and sustainability, leading to a lean company

sample of domain objectives



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