

# France Telecom Orange

## investor day conquests 2015

healthy assets and  
profitable growth  
driven by “new”  
territories

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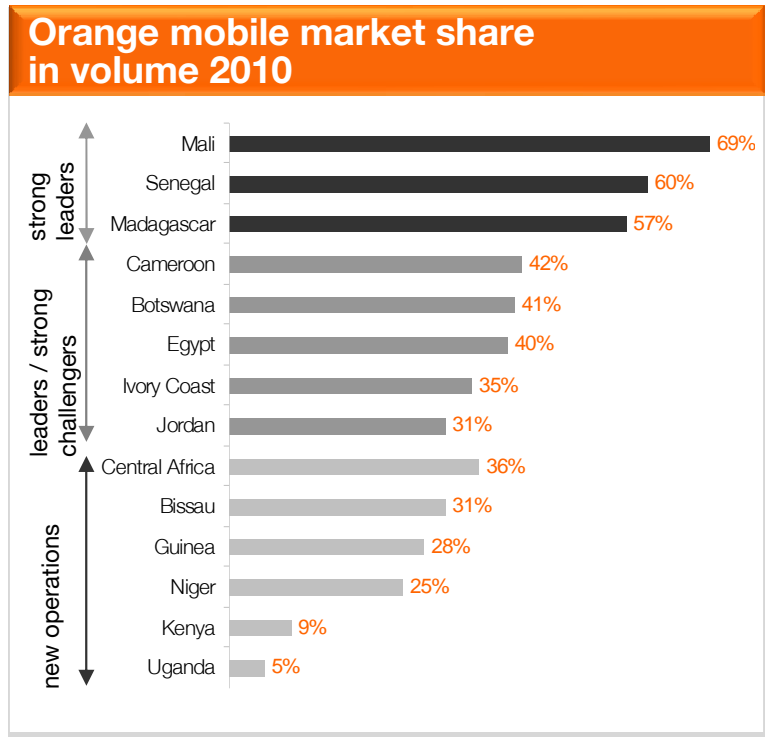
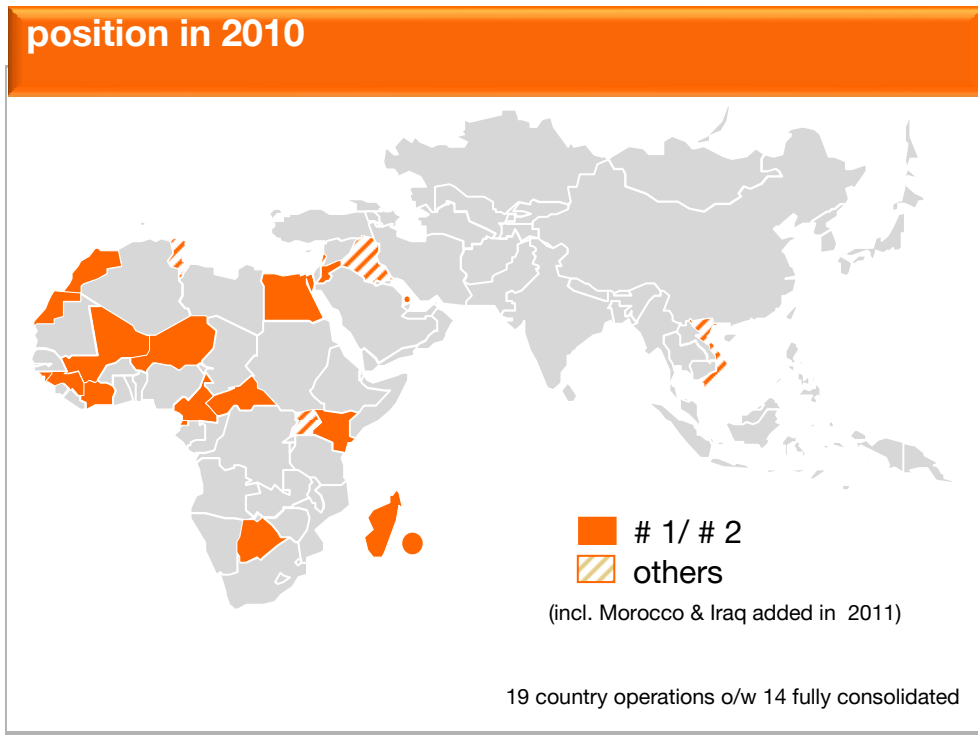
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## key messages

- 1 | solid businesses relying on a diversified portfolio and strong market positions**
- 2 | +50% additional contribution to the Group's operating cash flow by 2013**
- 3 | achieve our ambitions by stimulating growth and driving operational efficiencies**

# 1 | Orange is well established in Africa and Middle East



- **new operations:** Kenya (mobile), Uganda, Niger, Guinea, Central African Republic, Guinea Bissau

- **mobile players:** Cameroon, Mali, Egypt, Madagascar, Botswana, Tunisia, Morocco (2011), Iraq (2011)

- **incumbents:** Senegal, Ivory Coast, Jordan, Mauritius, Kenya, Equatorial Guinea

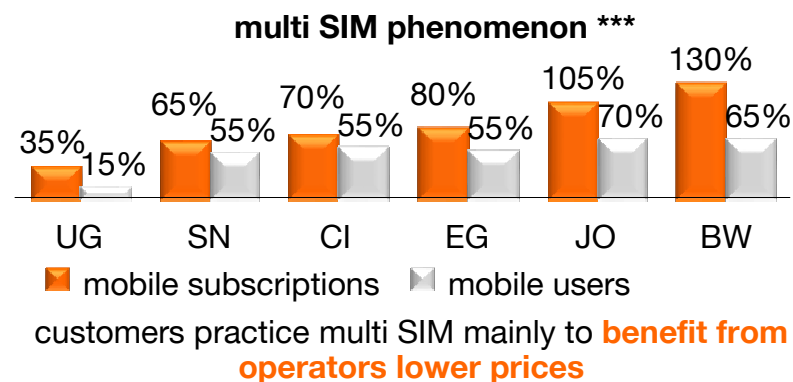


# 1 | strong growth potential in a region characterized by low ARPU and the dominance of prepaid customers practicing multi-SIM

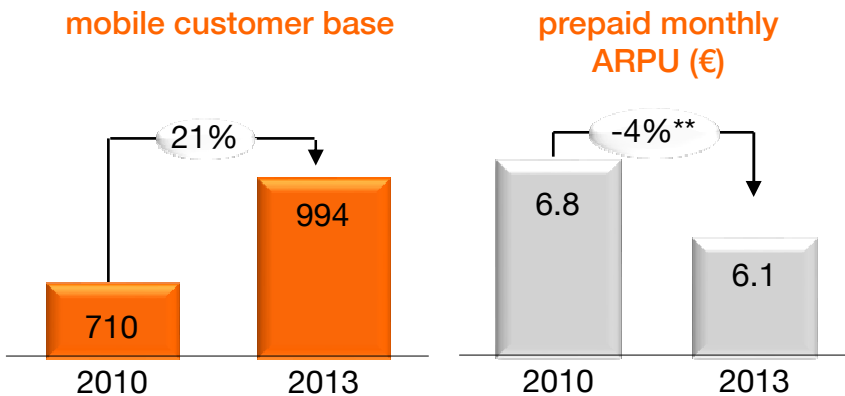
## strong reservoir of growth

- the telecommunications market in the region is expected grow in excess of 6%\* by 2015
- mobile penetration is expected to grow from 62% in 2010 to 90% in 2015\* through the expansion of mobile coverage and continued growth in population
- dominance of prepaid customers in the region due to low incomes and high price sensitivity (> 95% in most of our footprint)

## growing of multi SIM practice



## declining ARPU counter-balanced by customer base growth \*



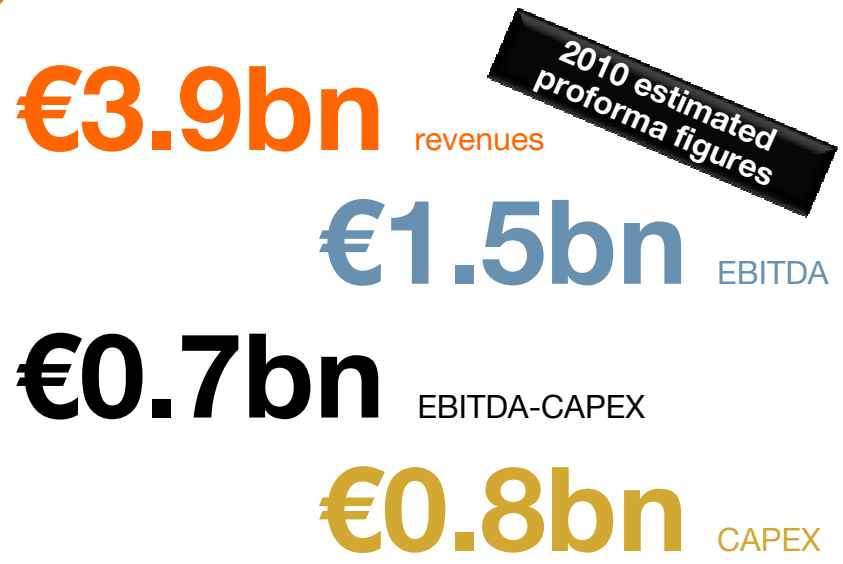
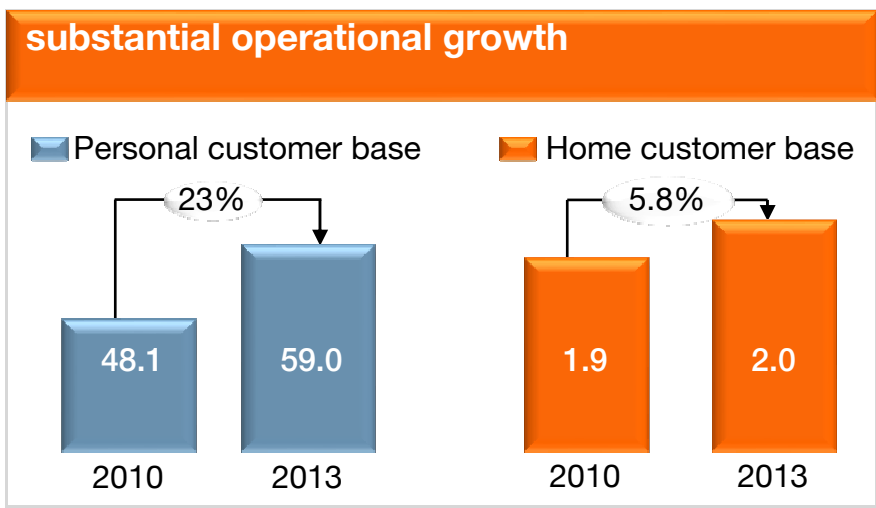
**Operators need to be innovative to acquire and retain price sensitive customers e.g.: offer dynamic promotions (e.g. Yield Zone and develop customer base management tools & data services, etc.)**

\* Source Idate, Strategy Analytics

\*\* CAGR 2010-2013

\*\*\* Source: Pyramid, JO: Jordan, EG: Egypt, BW: Botswana, CI: Ivory Coast, UG: Uganda, SN: Senegal.

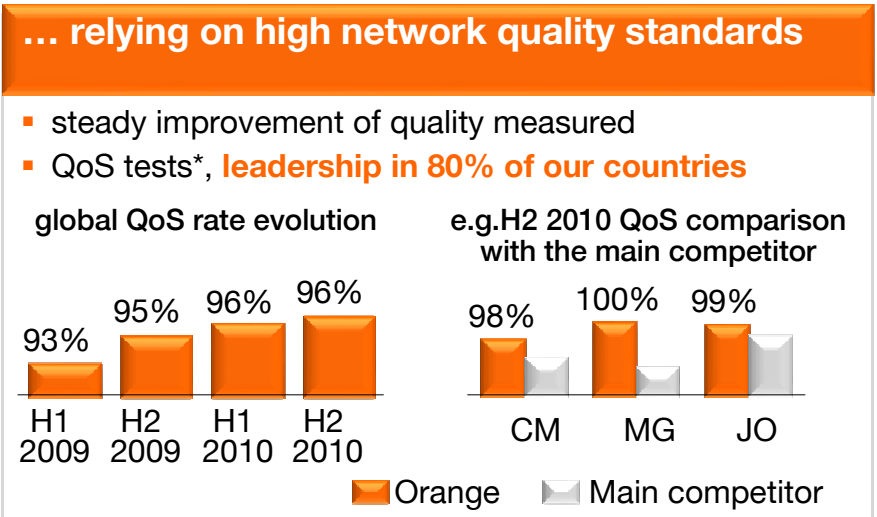
# 1 | sustainable growth despite current political context in some countries in 2010



### business continuity maintained during crisis...

- local and corporate teams are **experienced in crisis management**
- processes were implemented to ensure **business continuity**

maintain **network quality standard**: ~91% Quality Call Rate Completion (CRC) in Ivory Coast in H2 2010 despite crisis



\* Quality Of Service, drive tests campaigns

CM: Cameroon, CI: Ivory Coast, JO: Jordan, UG: Uganda



# 1 | strong corporate social responsibility image already established

## Orange CSR initiatives



support agriculture development

- Orange Niger **helps farmers** to control their value proposition by providing them **market agricultural prices** within 18 main food markets

develop health projects

- Orange Madagascar **supports telemedicine** by **providing Internet access** to 3 health centers, which facilitates the diagnosis and the training of medical staff

widen Internet access

- Mauritius Telecom **reduces digital divide** with NetPC launch, a program granting a 12 months **free Internet access** to 200 needy households



## key messages

- 1 | solid businesses relying on a diversified portfolio and strong market positions
- 2 | **+50% additional contribution to the Group's operating cash flow by 2013**
- 3 | achieve our ambitions by stimulating growth and driving operational efficiencies



## 2 | three key ambitions to drive growth across our markets

**€7bn**

**double our revenues in emerging markets by 2015**

**#1 / #2**

**be the #1 / #2 everywhere in our footprint by 2015**

**+50%**

**+50% additional operating cash flow by 2013\***

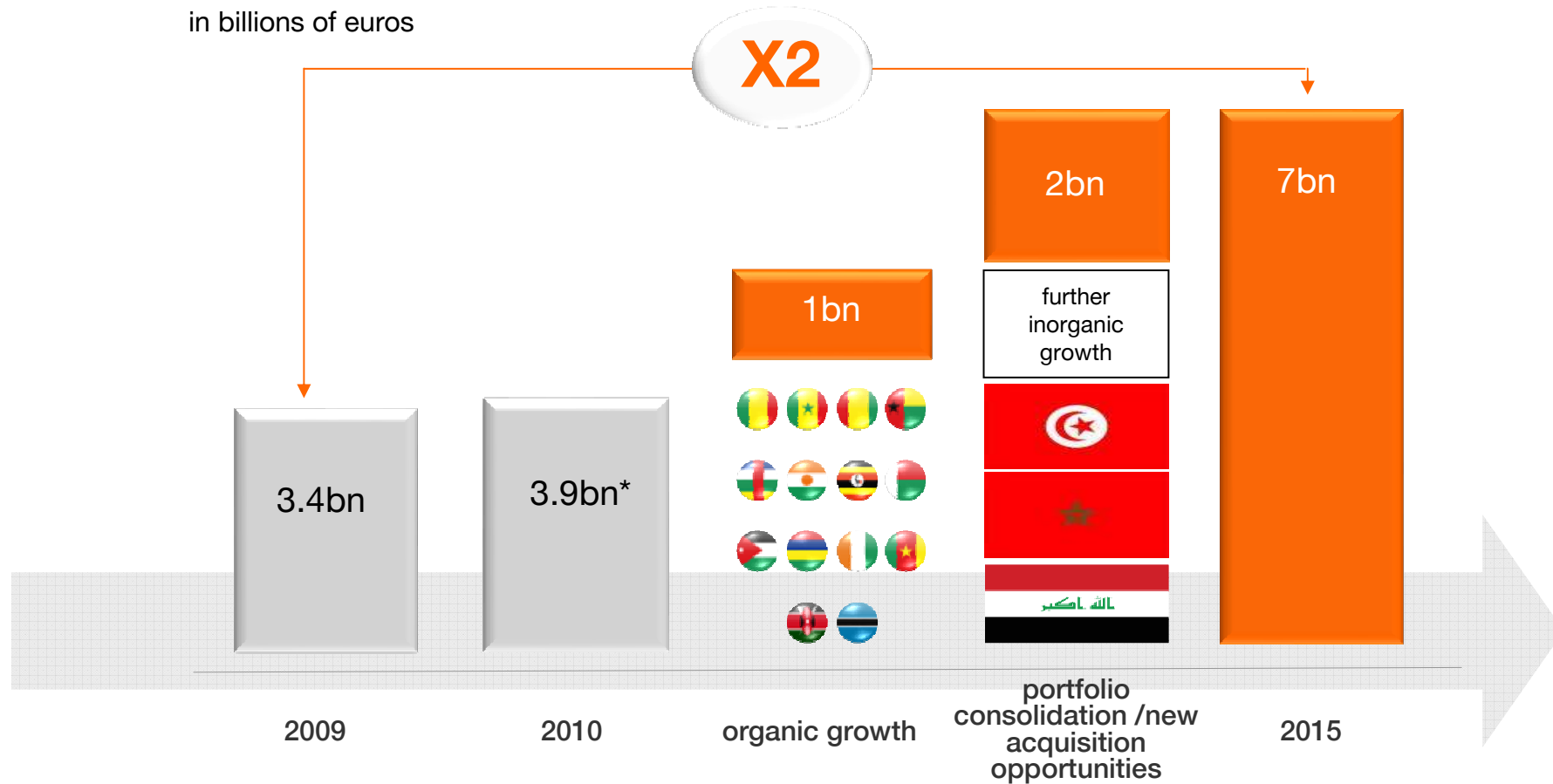
# 2

## double our revenues in emerging markets by 2015

€7Bn

#1 / #2

+50%



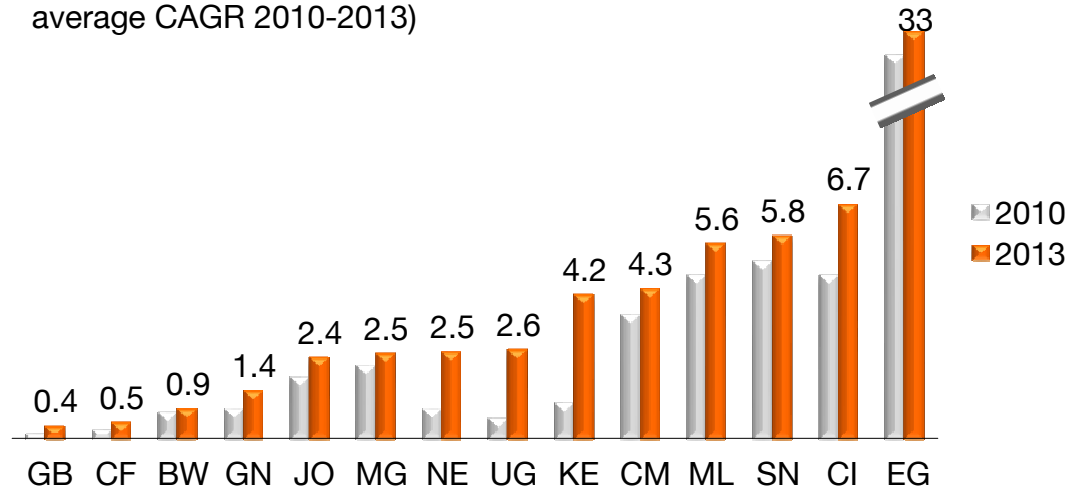
\* 2010 estimated proforma figures based on full year consolidated operations

# 2 | be the n°1 or n°2 everywhere by 2015 and grow faster than the market

€7Bn  
#1 / #2  
+50%

## acquire new customers in fast growing markets...

- in 2015, 5 countries will reach 100% mobile penetration whereas only 2 countries will remain under 40% penetration.
- mobile customer base growth is mainly driven by new operations (38% average CAGR 2010-2013)

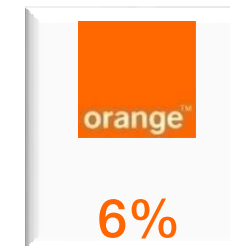


## ... relying on well balanced growth opportunities within our portfolio

- new operations develop **aggressive strategies**
- mobile players' revenues driven by **network coverage extension** and **customer experience enhancement**.
- incumbents maintain their position and secure revenues thanks to favorable economical environment and sustainable investments

**Orange revenues will grow faster than the market on mobile**

CAGR 2010-2015



Orange footprint

**Orange will reinforce its leadership position**

mobile market position	nb of operations	% of cust. base
#1 / #2	12	97%
#3+	2	3%

# 2

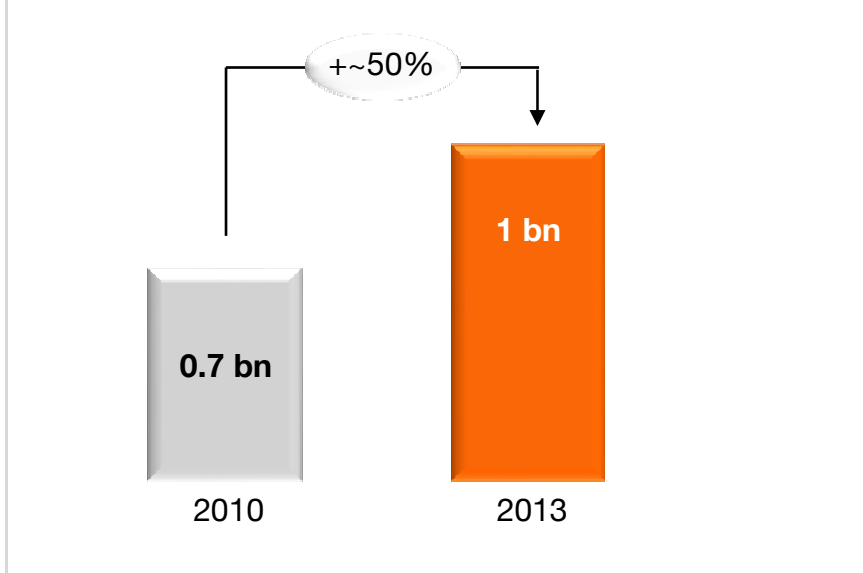
## +50% additional operating cash flow by 2013

€7Bn

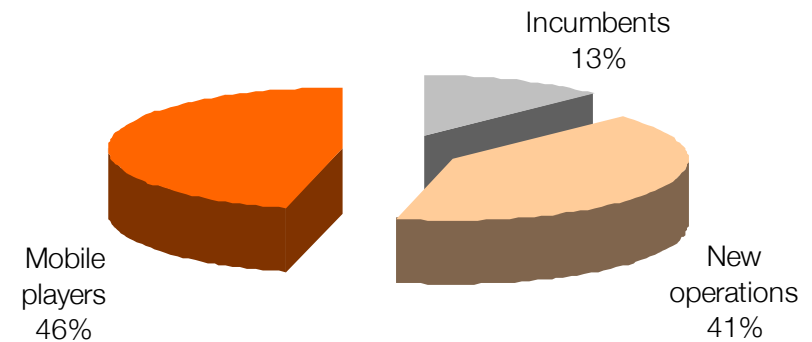
#1 / #2

+50%

### operating cash flow



### contribution to delta OCF 2010-2013



### ... relying on well balanced growth opportunities within our portfolio

- New operations will have positive OCF from 2013 relying on significant EBITDA growth (multiplied by 6) and CAPEX reduction (-4% CAGR 2010-2013)
- Mobile players will represent 60% of EBITDA in 2013 and will still play an significant role in AMEA activities
- Incumbents will remain stable

## key messages

- 1 | solid businesses relying on a diversified portfolio and strong market positions
- 2 | +50% additional contribution to the Group's operating cash flow by 2013
- 3 | **achieve our ambitions by stimulating growth and driving operational efficiencies**

# 3 | achieve our ambitions by stimulating growth and driving operational efficiencies

**strong assets**

**leverage on strong Group assets and employees' talent**

**core business**

**fuel growth in core business**

**new growth businesses**

**rely on new growth businesses to reach our ambitions**

**operational excellence**

**achieve operational excellence in all countries**

# 3 | leverage on strong Group assets and employees' talent

## strong brand, positively recognized within our footprint

Orange brand holds a **global property in AMEA** with CAF sponsorship, the biggest sponsorship group investment since WC France 98 ...

**29**

games

**51**

min of Orange visibility on average/game

**25 M€\***

of media value from pitch-side boards' TV presence (Africa, Europe & Middle East)



...and has **strong positions at local levels.**

**ahead competition** in Senegal, Mali and Mauritius



**highest level of brand affection** among customers in Niger



brand perceived as **dynamic and refreshing** in Ivory Coast, Senegal, CAR



**be the preferred brand in all our countries**

## significant group synergies

- **sourcing synergies**
- **3 innovation centers** dedicated to A&ME in Amman, Abidjan and Cairo.
- **core innovation** portfolio deployed in most of our footprint: Orange Money, E recharge - Orange solution, internet everywhere, etc.

## to be the employer of choice in Africa and The Middle East

- **efficient talent management:** development and sharing of strong local competencies relying on **regional and international HR programs**
- **highly praised HR policy** in Africa:
  - Orange Uganda rewarded **employer of choice**
  - CEO in Côte d'Ivoire formerly in Botswana awarded **Best manager 2010** by Africa Telecom People

# 3 | fuel growth in core business

## 1 continue to offer the best-in-class customer experience

**all countries** measure and monitor customer experience

**14,000 clients** interviewed

**+1.2 pts** in customer satisfaction since 2008

**75%** affiliates outperforming competition, **100% affiliates for 2015 target**

## 3 accelerate 2G and 3G mobile coverage

Orange roll-out capacity is more important than our competitors

**+12%** 2G sites per year (CAGR 2010-2013)

**X 2.5** 3G sites between 2010- 2013

## 2 capture growth in rural areas

**+40 M\*** addressable people to be equipped in our footprint between 2010 & 2015



## 4 improve customer value

- **market segmentation:** a common tool to ensure Orange brand consistency and facilitate best practices sharing
- **customer base management:** a value customer base stimulation program on going in all our mature markets



# 3 | rely on new growth businesses to reach our ambitions

## 1 | accelerate m-payment expansion

deploy Orange Money in **all our affiliates** and **further improve customers loyalty**



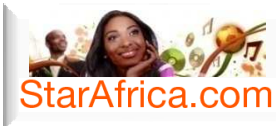
**30 M**  
m-payment customers  
in our footprint in 2015

## 2 | be the champion in Broadband

- push data take-off in Africa and Middle East
- create a core content program for Africa and Middle East and promote local content



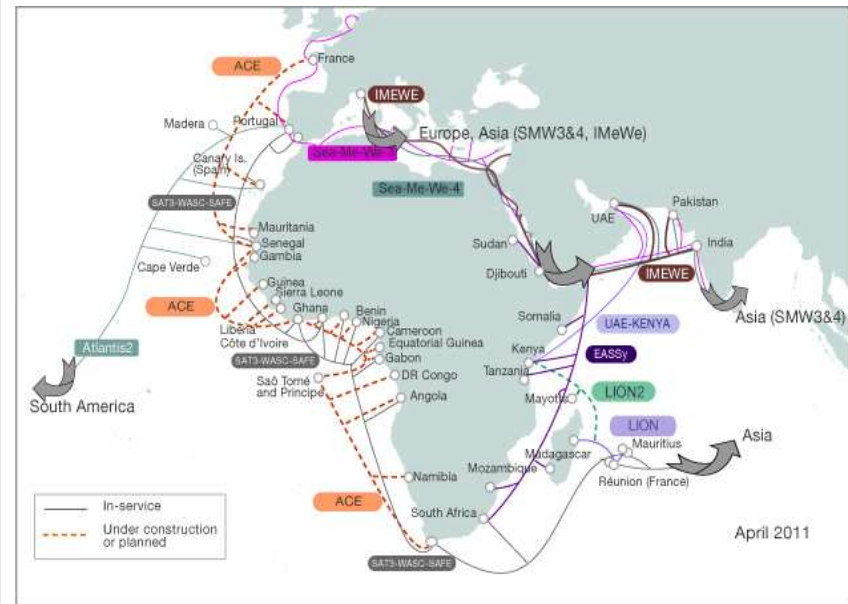
**300 M€**  
revenues, on fixed &  
mobile broadband in 2015



## 3 | open up African continent to develop broadband

Orange is a **leading international cable operator in Africa, unleashing data access & usage**

France Telecom is involved in more than 40 projects worldwide corresponding to an average of 400 000 km of cables



# 3 | achieve operational excellence in all countries

## optimize our costs

- successfully carry out mutualization platforms structure creation
- implement site sharing when possible
- facilitate geographic clustering mutualization & synergies

## speed-up synergies

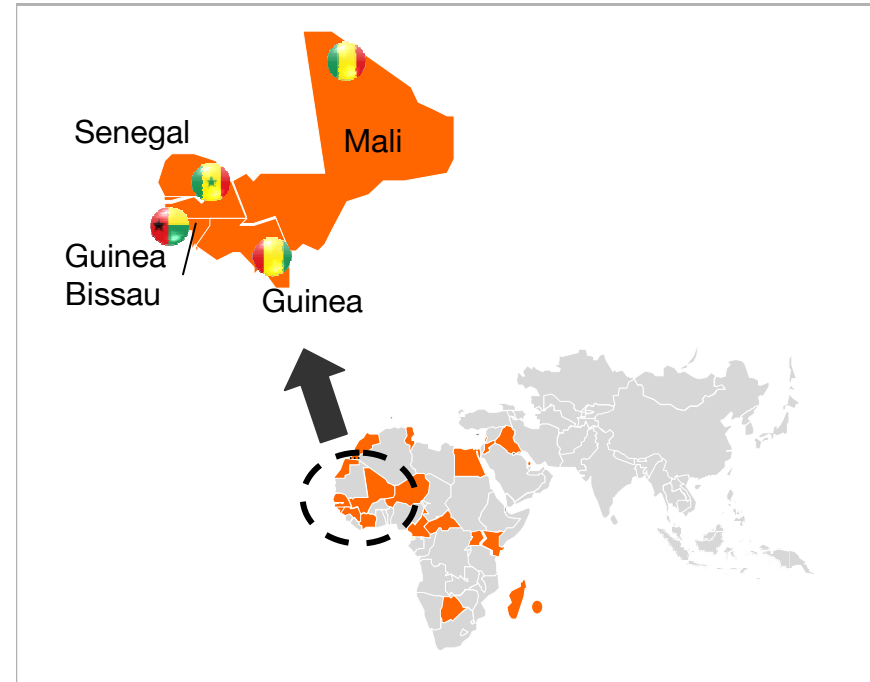
- accelerate best practices detection and industrialization
- improve our capacity of deploying transversal core programs



# 3 | examples of initiatives driving operational excellence

## geographic clustering in West Africa

- **4 West African operations are highly active in mutualization programs** which cover all operators activities (ITN, commercial, support functions).
- Illustrative:
  - Mali commercial launch with Senegal prepaid platform
  - value added services platform mutualized between Guinea and Guinea Bissau
  - common ERP software managed centrally from Senegal for 4 operations
  - common trainings



## drive efficiency relying on site-sharing

- passive infrastructure sharing will allow about 25% Capex and about 30% Opex savings (greenfield site)
  - **all of our affiliates** are developing site sharing opportunities (host and/or guest). Our more advanced affiliates are Orange Uganda and Telekom Kenya with over 60% of sites shared.

# to sum up : invest in healthy assets and profitable growth driven by “new” territories

## Orange has ambitious objectives in Africa & the Middle East

double our revenues



#1 or #2  
everywhere  
in our footprint



+50% additional operating cash flow



## key initiatives to reach 2015 ambitions

### 1. operational excellence reaching

- further costs optimization
- **best-in-class customer experience** delivery
- synergies boost

### 2. acceleration of new growth businesses

- m-payment: 30M customers
- broadband: 300M€ revenues

### 3. sustainable network investments

- +10% sites per year (CAGR 2010-2013)
- submarine cables projects





Senegal



Kenya



Tunisia



Jordan

Thank  
you



Cameroon



Ivory Coast



Mauritius



Madagascar