

France Telecom Orange

investor day conquests 2015

France

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May 31st, 2011



cautionary statement

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the French market is one of the most dynamic digital telecom markets in Europe

> usages are diversifying

- in 2010:
- 15 m** ... have watched 'catch up' TV
 - 5 m** ... have downloaded mobile apps
 - 4 m** ... have ordered Video On Demand
 - 3.5 m** ... have accessed social networks on their mobile phone

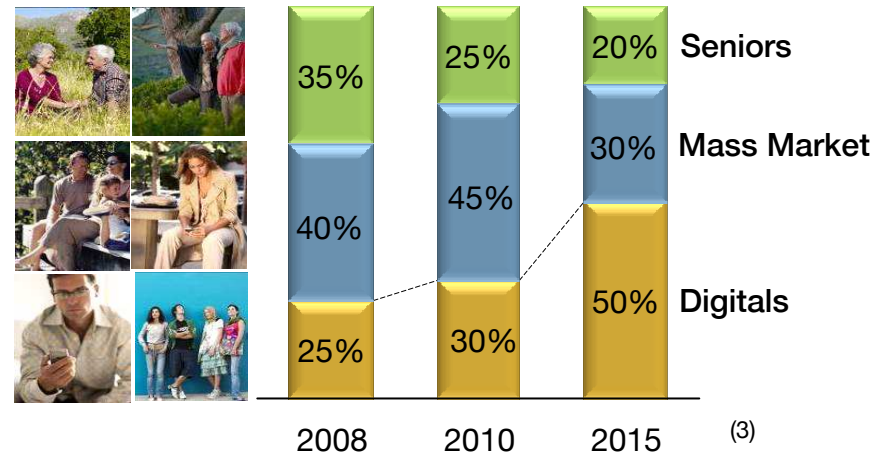
(1)

> more connected devices sales

- in 2013:
- 13 m** ... smartphones
 - 12 m** ... TV of which 50% 'connected'
 - 8 m** ... laptops
 - 5 m** ... 3G tablets

(2)

... accelerating the digitalization of the market



source : (1) Médiametrie, '10, internal survey, '10
 (2) strategy Analytics, nov 2010, ABI Research, '10

(3) Group Segmentation, 2008 (update June 2010) , French population between 15 – 75 years

Orange has proven to be an agile market leader

competitive moves ... in anticipation of 4th market entrant

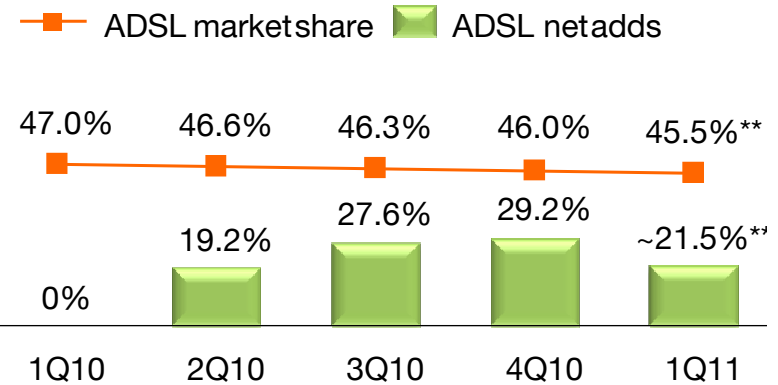
2009/2010

- 4P launch
- full unlimited mobile bundle 99,9€

2011

- new boxes
- TVA episode
- aggressive mvno and new comers

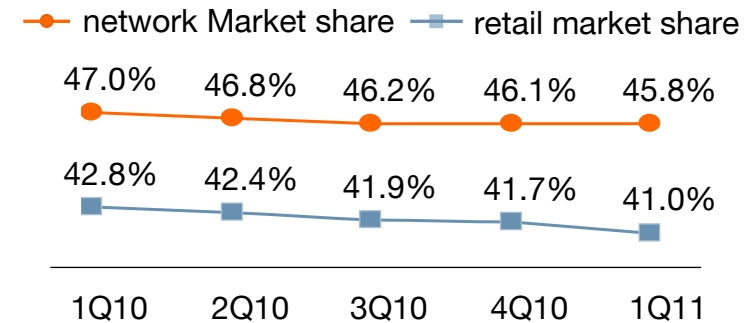
ADSL market share & conquest share



Orange reacted agile and efficient

- stabilization of market share :
 - Open, Origami style
 - start cross-sell internet/mobile
- growth of ARPU '09/'10 : mobile by +1,2%* and internet by + 2,2% : OCS, Deezer, VOD
- smart SAC/SRC management
- full benefit for wholesale strategy started in '05 (mvno, national roaming)
- first improvements in QS (tv, box)

resilient mobile network market share**



*excluding regulation impact
** company estimates

in view of the upcoming market challenges, Orange will focus on 4 main priorities

- 1** remain the market leader with more loyal customers
- 2** invest right and manage efficiently to leverage the network as a key differentiator
- 3** continue to monetize the booming bandwidth usages
- 4** manage the cost structure by focusing the organization on excelling in quality of service

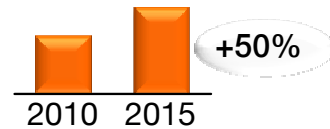
remain the market leader with more loyal customers



multi equipment

...the trends

- a growing market with customers requesting bundled offer or price advantage



... our edge

- n° 1 convergent base
- large unexploited cross-sell opportunity

proximity & customer experience

... the trends

- 50 % prefer to choose and buy in a shop
- 30 % would pay for getting support and help in installing and using equipment at home

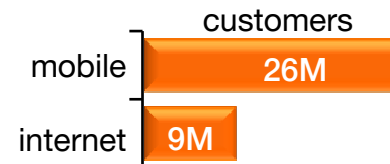
... our edge

- 1,200 shops of which flagship stores
- +20,000 field technicians
- +70 % online sales growth in 2 years

(1)

expanding Open & industrializing cross-selling

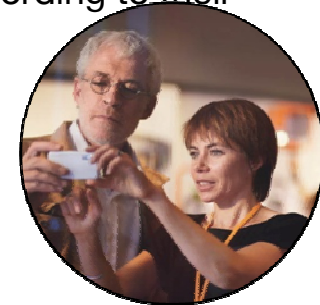
- further expand the 'Open' portfolio
- industrialize the cross-selling of our installed bases to fully leverage upsell potential



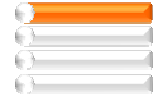
- increase customer loyalty

coaching our customers everywhere

- leverage our strengths by offering customers the most suited channel according to their needs (shops, on-line)
- assist our customers in installing and using equipment at home



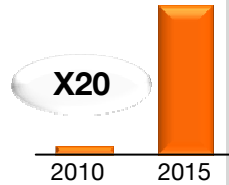
remain the market leader with more loyal customers ... in every market segment



mobile value propositions

... the trends

- entry of 4th market player
- booming data usages



an even more segmented approach

- extend our segmented offer portfolio both through a price premium positioning and specific offers towards price sensitive customers
- develop acquisition through price advantages for families and multi-sim



fixed broadband value propositions

... the trends

- new reference price
- customer appetite for Very High Broadband (45%)
- new 'Over the Top' players

reconquest through quality & segmentation

- offer segmentation
- increase bandwidth for customers :
 - fiber in very dense areas to regain market share
 - bandwidth upgrade and QS elsewhere
- continue to market our CPEs and innovating TV packs



pstn value propositions

... the trends

- still a major market segment
- ongoing churn due to migration to VOIP / naked adsl offers

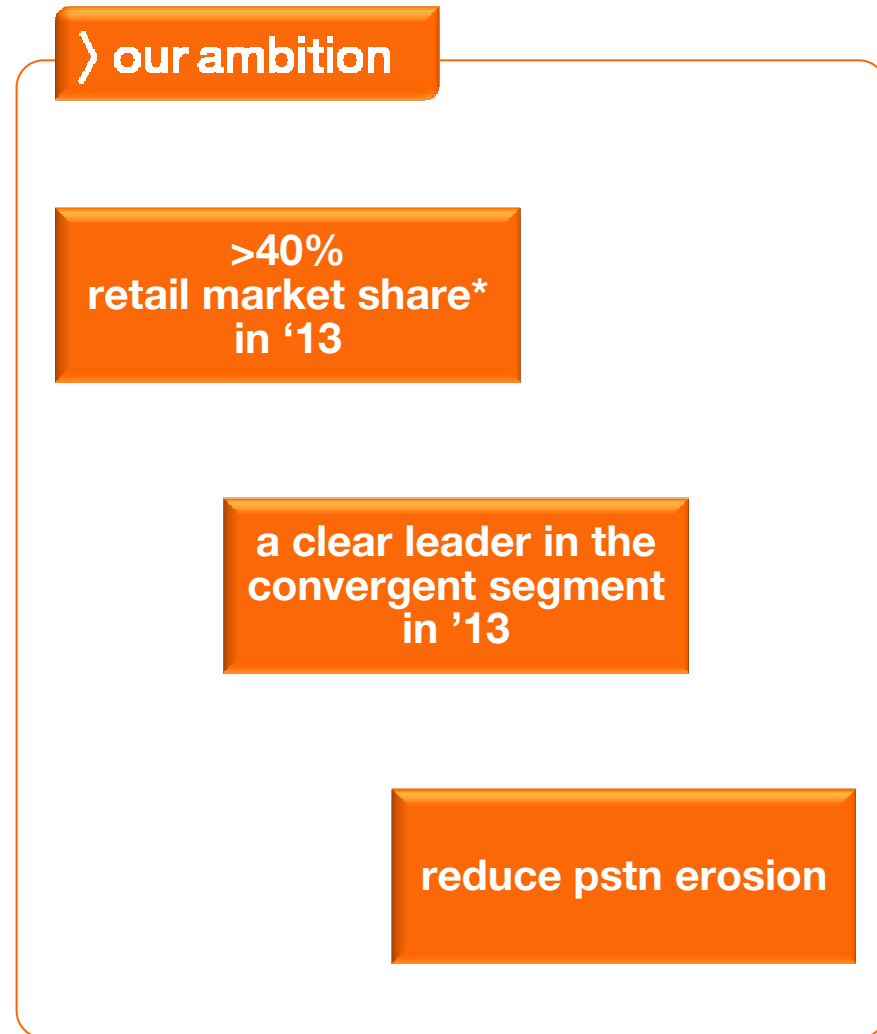
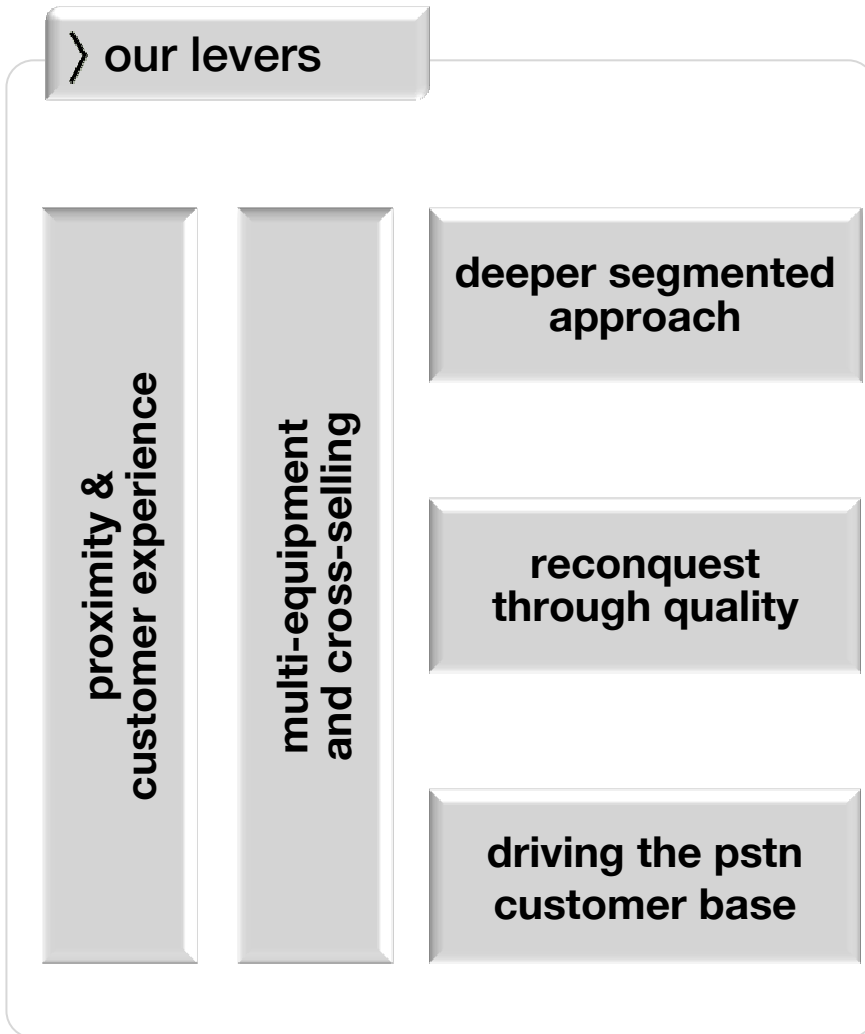
refocus on pstn

- refocus our commercial organization on selling to and keeping pstn customers
- improve the offer appeal of the Internet/pstn bundle for 3P customers

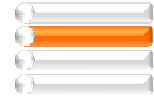


multi play

remain the market leader with a clear ambition



invest right and manage efficiently to leverage the network as a key differentiator ... very high broadband



our plan

... in very dense areas

- priority is fiber, reminder by '15 (inc. dense areas):
 - 10 m home passed
 - 3600 cities covered
 - invest €2bn CAPEX
- launch Community WiFi
- Gigabit Ethernet collect

a long-term investment with fiber

- 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 fiber in 2015

our plan

... in dense areas

- both fiber and increased bandwidth (ADSL/VDSL)
- Gigabit Ethernet collect
- leverage potential public funding

investments in a mix of technology

- modest investment levels with immediate return
- improve Quality of Service and ARPU
- strengthen customer loyalty
- #1 in fiber in 2015

our plan

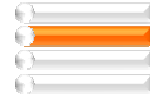
... in less dense areas

- increase bandwidth (ADSL/VDSL) by ourselves
- leverage public funding to go further
- leverage 3G/4G coverage as a complement to fixed network

a pragmatic approach

- pragmatic investment approach
- improve Quality of Service
- keeping churn rate at very low level

invest right and manage efficiently to be the long-term best-in-class operator... mobile

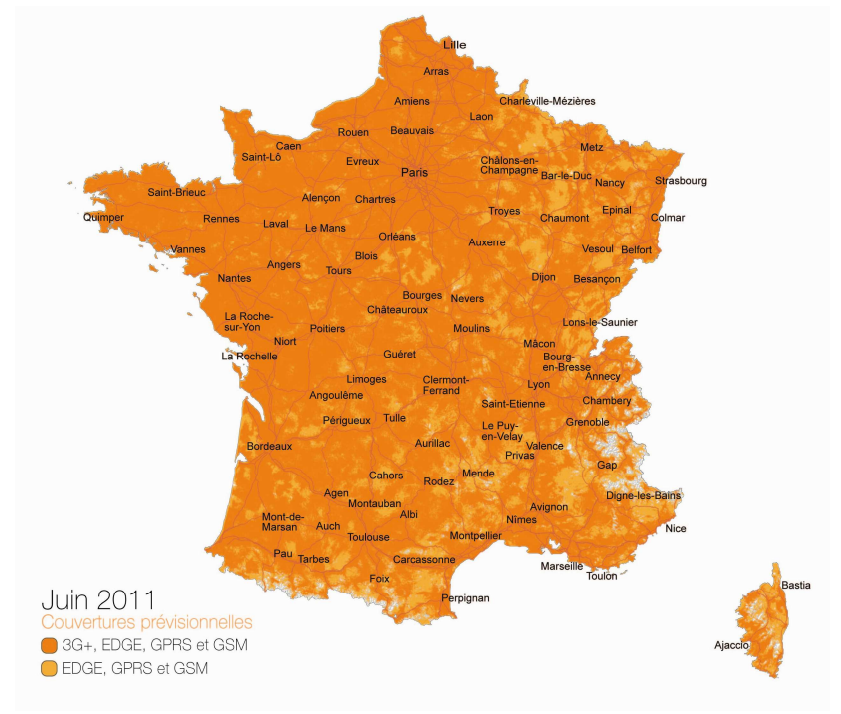


our plan

- coverage :
 - 98 % population coverage in 3G end of '11
 - radio access network sharing in remaining geography
- ambitious network upgrade program, including LTE, in view of growing data usage
- rationalize 2G/3G network
- leverage and wholesale our network to MVNOs and other MNOs (national roaming)

rationale*

- remain n° 1 in network coverage
- 'best in class' mobile data network



continue to monetize the booming bandwidth usage



mobile data

- ... **the trends**
 - multi-device penetration
 - smartphones
- ... **our edge**
 - largest coverage with WiFi , 3G and LTE



50% of revenue in '15

- continue mobile data monetization: from 30% of revenues in '10 to 50% in '15
- push smartphone penetration from 30% to ~80% in '15
- segmented and tiered data plans in function of usage and requested quality of service
- 5 times more data cards in '15



broadband data

- ... **the trends**
 - very high broadband
 - connected TVs
- ... **our edge**
 - increase of bandwidth in all areas
 - leveraging our content partnerships



+35% revenue growth in five years

- revenues growth +35% in '10-'15
- continue arpu growth through pay TV, Video on demand, music, games and with partnerships
- increase very high broadband arpu through premium price and innovative services



new activities

- ... **the trends**
 - 21% of customers would like to use mobile for payments
 - legitimacy for Orange in mobile payment



selected new business opportunities

- leverage our legitimacy as a major player in NFC and mobile payment
- aim for leadership in cloud computing
- push M2M solutions

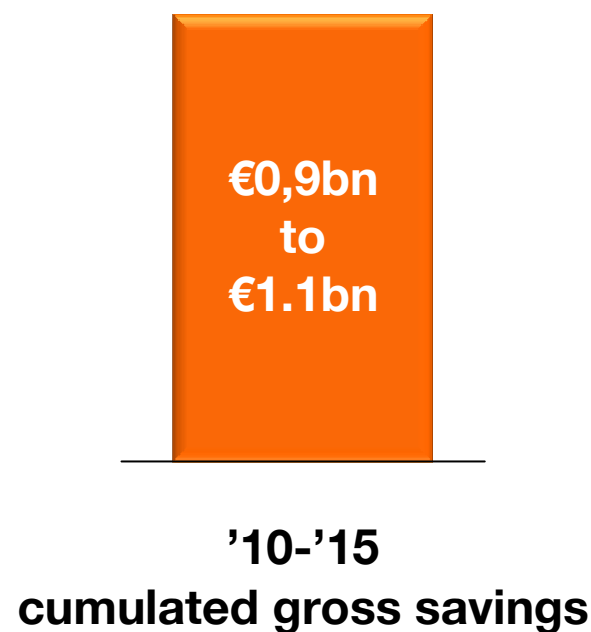


manage the cost structure by focusing the organization on excelling in quality of service

> user experience program...

- improve the quality of our services, our equipments and our networks to reduce after sales activities
- enhance and stimulate on line support and sales to reduce the numbers of calls and interventions in the field.
- focus the operations on customer satisfaction and therefore in process improvement to reduce reworking, inefficiency
- invest in our IT system to increase automation and “first time right”

> ... to achieve cost savings



conquests 2015 ambition*

OpCF (EBITDA – CAPEX)	
adapt	conquer
Σ 2011-2013	2013-2015
~€15 bn	OpCF CAGR growth

revenues	
adapt	conquer
2010-2013	2013-2015
-1.3% CAGR	+0.5% CAGR

EBITDA	
adapt	conquer
Σ 2011-2013	2013-2015
~€24.5 bn	positive EBITDA CAGR

CAPEX	
adapt	conquer
Σ 2011-2013	Σ 2014-2015
~€9bn (12.1% excl. FTTH)	~€6 bn (11.2% excl. FTTH)

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



we are ready to launch innovative offers this year

