

# #Q3\_2015

## Orange financial results

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## disclaimer

This presentation contains forward-looking statements about Orange. Although we believe these statements are based on reasonable assumptions, they are 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 from the results anticipated in the forward-looking statements include, among others: the success of Orange's strategy, particularly with respect to customer relations when facing competition with OTT players, Orange's ability to withstand intense competition in mature markets and business activities, its ability to capture growth opportunities in emerging markets and the risks specific to those markets, the poor economic conditions prevailing in particular in France and in Europe and in certain other markets in which Orange operates, the effectiveness of Orange's action plans for human resources, and the success of Orange's other strategic, operational and financial initiatives, risks related to information and communications technology systems resulting in particular from cyber-attacks, technical failures of or damage caused to networks, loss or theft of data and fraud, health concerns surrounding telecommunications equipment and devices, fiscal and regulatory constraints and changes, and the results of litigation regarding regulations, competition and other matters, the success of Orange's French and international investments, joint ventures and strategic partnerships in situations in which it may not have control of the enterprise, and in countries presenting additional risk, Orange's credit ratings, its ability to access capital markets and the state of capital markets in general, exchange rate or interest rate fluctuations, and changes in assumptions underlying the carrying amount value of certain assets and resulting in their impairment. More detailed information on the potential risks that could affect our financial results will be found in the Registration Document filed with the French Autorité des Marchés Financiers (AMF) on April 7, 2015 and in the annual report on Form 20-F filed with the U.S. Securities and Exchange Commission on April 14, 2015. Forward-looking statements speak only as of the date they are made. Other than as required by law (in particular pursuant to sections 223-1 and seq. of the General Regulations of the AMF), Orange does not undertake any obligation to update them in light of new information or future developments.

**Section one**

**Financial results  
overview**

# Q3 2015 achievements

Revenue  
**€10.3bn**  
+0.5% yoy

EBITDA\*  
**€3.6bn**  
+1.1% yoy

Capex  
**€1.6bn**  
+7.6% yoy  
15.2% of rev.

Customers  
**263.3m**  
o/w 70.9m mobile  
contract and 17.9m  
fixed broadband

yoy : comparison with the same period of the previous year, on a comparable basis  
qoq : comparison with the previous quarter, on a comparable basis

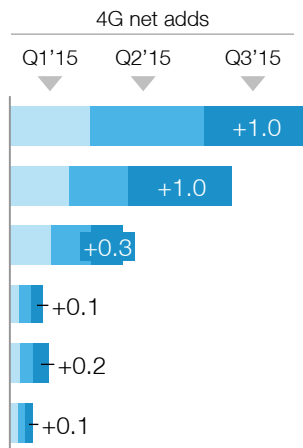
\* in this presentation, EBITDA stands for restated EBITDA unless otherwise specified, see slide 24 for EBITDA restatements. Historical and actual figures reflect change in IFRIC 21 interpretation

# Continued solid commercial performance across the Group



## +7m 4G customers and +0.8 m FTTH customers since end of 2014

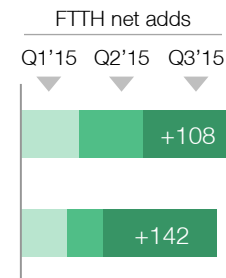
### 4G customers in millions

 France	6.6 m
 Spain*	4.5 m
 Poland	1.6 m
 Belgium	0.8 m
 Romania	0.7 m
 Slovakia	0.5 m




### FTTH customers in thousand

 France	827 k
 Spain*	563 k



### Enterprise

 cloud services  
Q3 15 yoy revenue growth

+18.5%

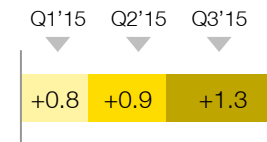
 security services  
Q3 15 yoy revenue growth

+39.9%

### Africa & Middle East

 111.2 m  
mobile customers

 15.5 m  
Orange Money customers

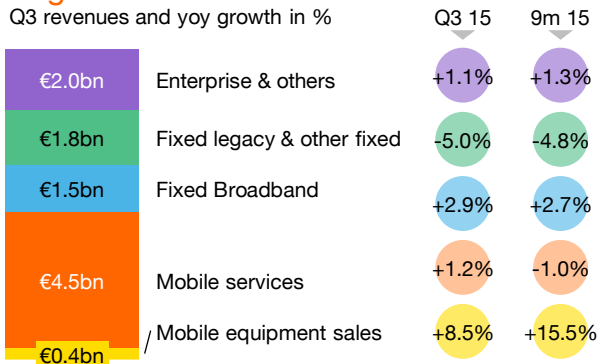


# Positive revenue growth sustained by improved trend in Europe and sustained growth in Africa and the Middle-East

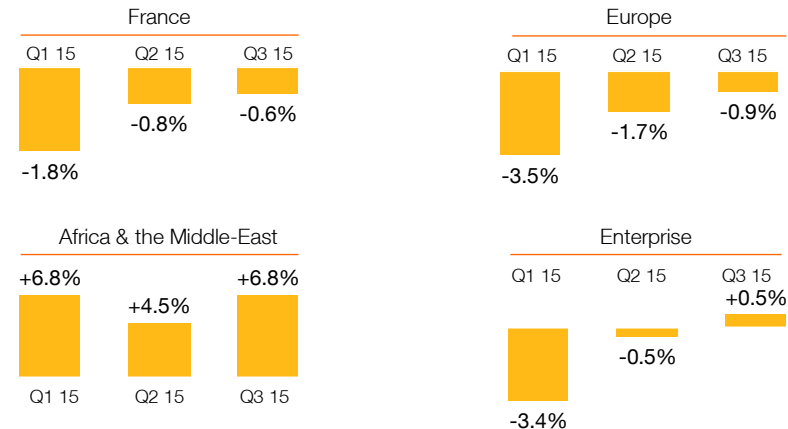
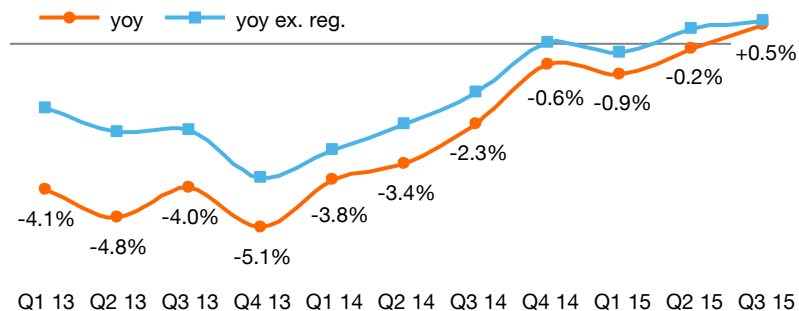


## Segment revenues

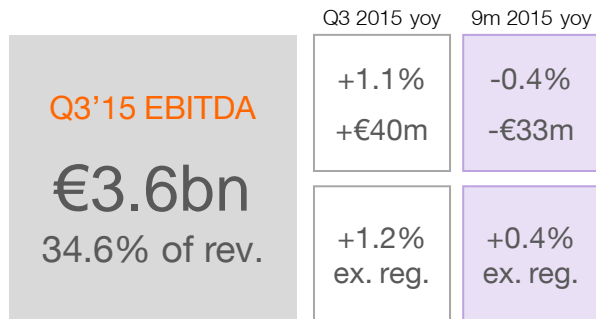
Q3 revenues and yoy growth in %



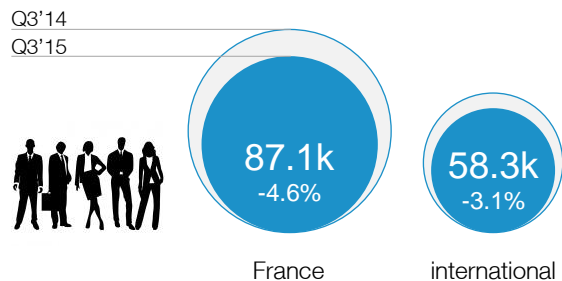
Group revenue growth yoy



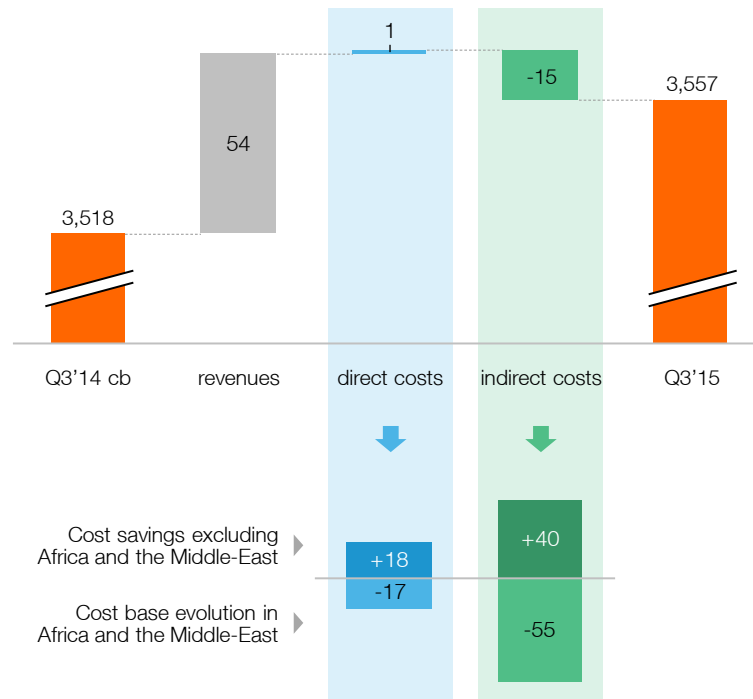
# Growth in revenues contributing to Ebitda growth in Q3



Group average FTE\* down -4.0%\*\* yoy

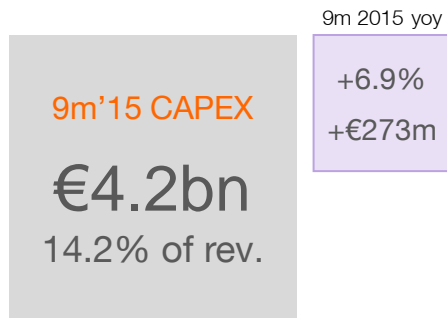


EBITDA evolution (in €m)






Continuing efforts on cost reduction with sustained net savings excl. Africa and the Middle-East area where cost base evolved in line with revenues growth.

# Consistent with Essentials2020, increased CAPEX in FTTH to support future growth



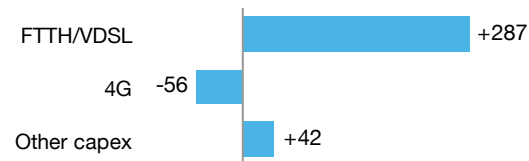
## FTTH homes connectable

	France	4.6 m	↑ +1.3m yoy
	Spain	5.2 m	↑ following Jazztel acquisition
	Poland	0.4 m	↑ +0.4m yoy

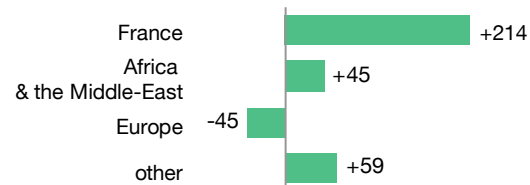
## 9m'15 CAPEX yoy evolution

# +€273m

### Evolution by technology



### Evolution by segment





**Section two**

**Business review**

# Q3 2015 France financials

## Ongoing improvement of revenue trend driven by mobile services recovery

in €m	Q3 15	yoy cb	9m 15	yoy cb
<b>Revenues</b>	<b>4,794</b>	<b>-0.6%</b>	<b>14,279</b>	<b>-1.1%</b>
excl. regulation		-0.6%		-0.9%
mobile services	1,906	-0.9%	5,638	-2.8%
mobile equipment	174	+23.8%	486	+31.2%
fixed services	2,572	-1.9%	7,734	-1.6%
other revenues	142	+3.2%	421	+4.0%

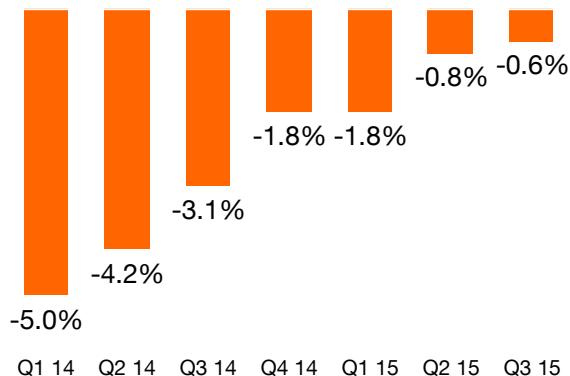
### Positive growth of mobile revenues (services & equipment)

- Mobile contract customer base growing and mobile customer mix still improving
- high quality mobile network allowing strong level of consumption and services revenues in Q3 thanks to higher data usage
- Ongoing equipment sales revenues growth due to installments and naked handset sales

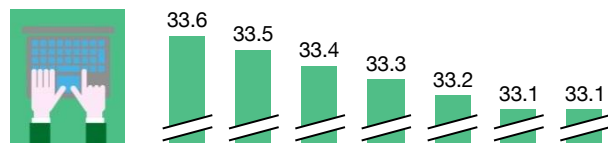
### Fixed services benefiting from VHBB dynamism

- Fixed BB revenues still increasing (+2.3%) thanks to volume increase and customer mix improving
- Fixed Narrowband revenues decrease trend slowdown thanks to the tariff plan increase in March 2015

Quarterly revenues evolution (% yoy)



Broadband ARPU (12 months rolling, €/month)

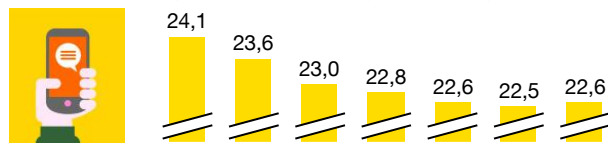


**+2.3%**

BB revenues yoy growth



Mobile ARPU (12 months rolling, €/month)



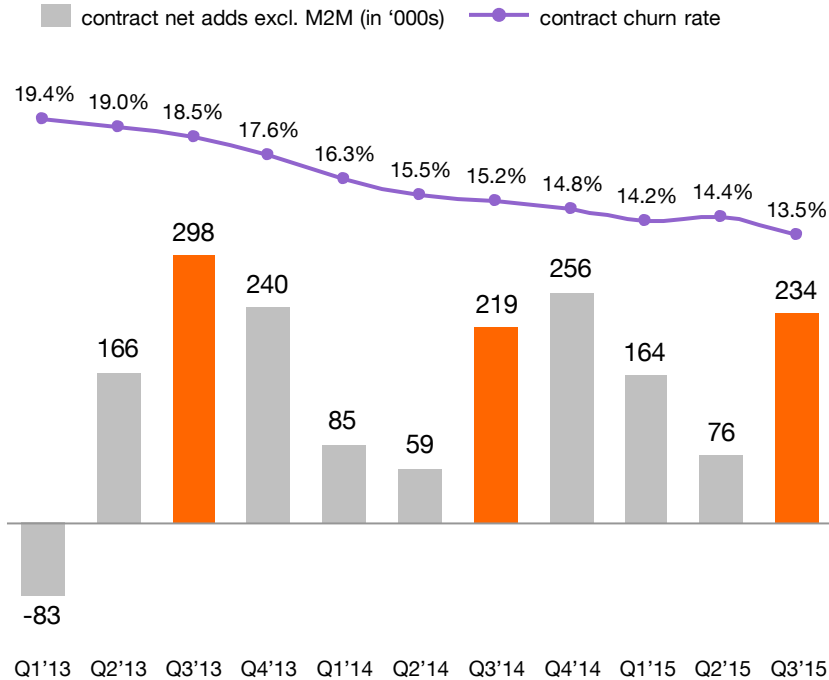
**+0.7%**

mobile services & equipment revenues yoy growth



# Q3 2015 France mobile KPIs

+1 million 4G customers leading to a strong mobile contract momentum



yoy



+8 pts

94% of customers repriced on post April 2013 tariff plan

+1 pt

61% of consumer voice contract are on premium\* offers

+5 pts

45% of consumer voice contract are on Open offers

+16 pts

48% of consumer voice contract are on SIM-only offers

6.6m 4G customers



33% of contract customer base excl. M2M (+19 pts yoy)



7,902 4G activated sites



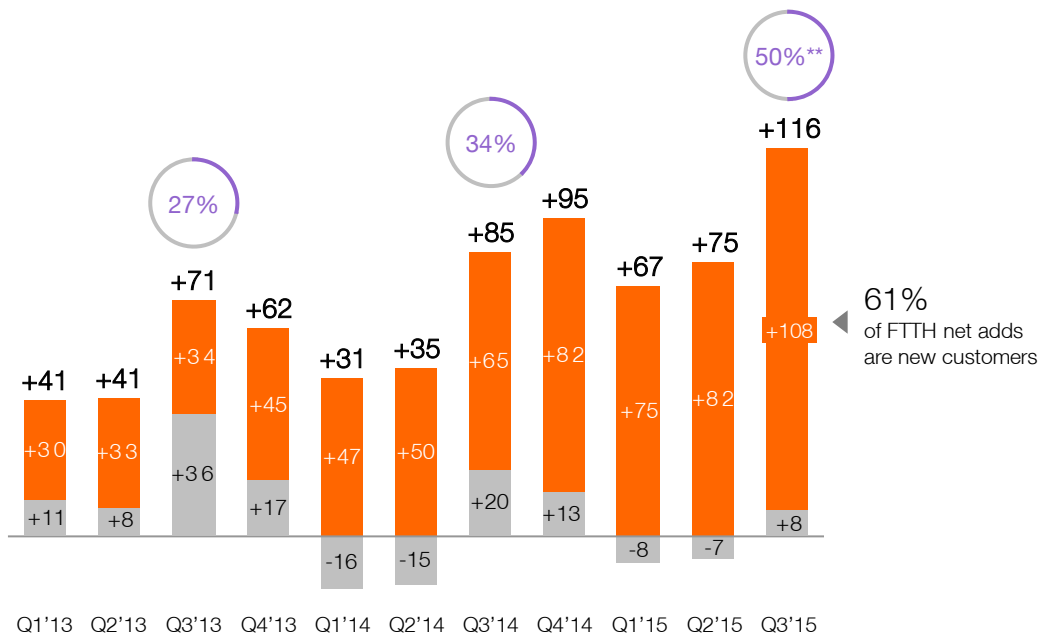
77% coverage in % of pop.

\* Origami & Open

# Q3 2015 France fixed KPIs

FTTH accelerating BB customer base growth with doubling BB net-adds yoy

■ FTTH net adds (in '000s)
 ■ ADSL\* net adds (in '000s)
 ○ BB conquest share



## 10.6m

↑ +3.5% yoy

broadband customers

▬ +5 pts yoy

**48%** of BB customers have a 4P offer

▬ +4 pts yoy

**38%** of consumer BB customers are on premium\*\*\* offers

## 827k FTTH customers

📊 8% of BB customer base

🏠 4.6m FTTH homes connectable

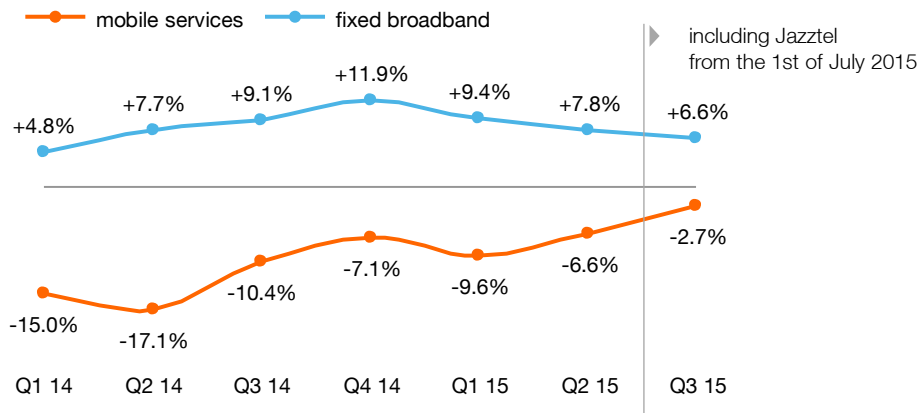
🏠 18% FTTH penetration

# Q3 2015 Spain (Orange+Jazztel)

Improved revenue trend with solid commercial performance driven by convergence

in €m	Q3 15	yoy cb	9m 15	yoy cb
<b>Revenues</b>	<b>1,216</b>	<b>-1.7%</b>	<b>3,064</b>	<b>-3.0%</b>
excl. regulation		-1.5%		-1.9%
mobile services	631	-2.7%	1,776	-6.2%
mobile equipment	128	-10.9%	366	-3.2%
fixed services	451	+3.0%	914	+4.7%
other revenues	6	-19.8%	7	-36.5%

## Quarterly revenues evolution (% yoy)



**4.5m**

4G

customers



**81.9%**

coverage of pop.

**98%** of mobile B2C contract customers on **SIMO** (+13pts yoy)

**3.7m**

BB

customers



+8.8% yoy

**81%** of fixed broadband customers on **convergent offers** (+6pts yoy)

**563k FTTH** customers

**215k TV** customers

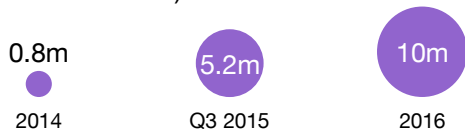


# Orange and Jazztel integration

Integration delivering synergies above estimate with strong commercial coordination



Acceleration of FFTH coverage thanks to Jazztel acquisition (marketable homes)

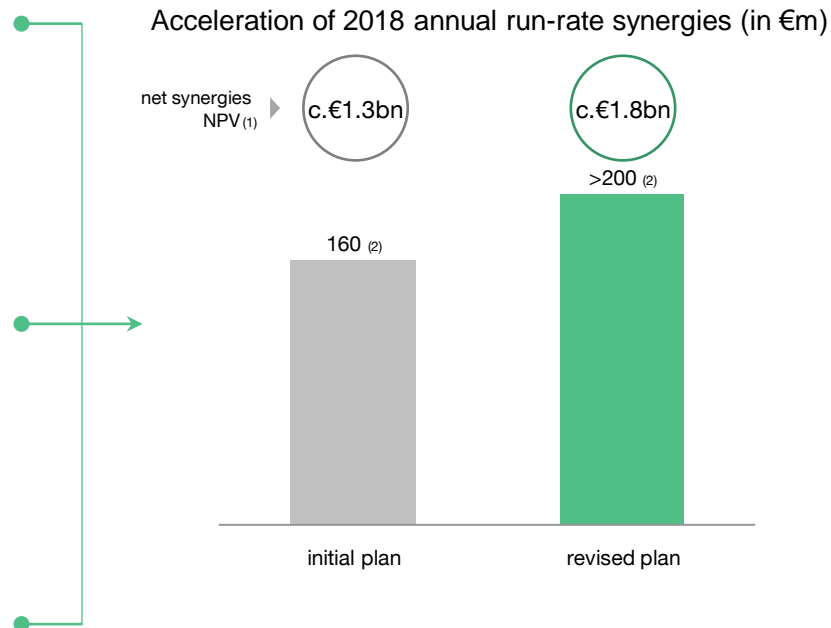
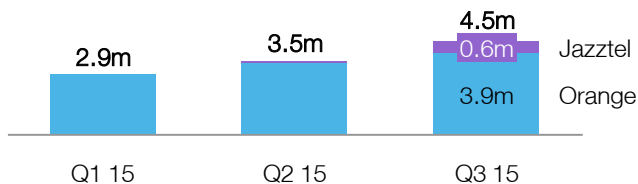


Orange customer migrations to FTTH leveraging Jazztel footprint

**>8.5k** average Orange customers on Jazztel footprint per week in September



Consolidation of 4G leadership thanks to accelerated cross-sell of Jazztel customers to Orange network



# Q3 2015 Poland

## Improving mobile contract net adds; better gross additions in fixed broadband

in €m	Q3 15	yoy cb	9m 15	yoy cb
<b>Revenues</b>	<b>709</b>	<b>-2.4%</b>	<b>2,145</b>	<b>-2.1%</b>
excl. regulation		-2.2%		-1.6%
mobile services	330	-2.8%	994	-4.3%
mobile equipment	41	+33.0%	110	+63.0%
fixed services	302	-7.9%	929	-7.7%
other revenues	36	+27.1%	112	+41.5%

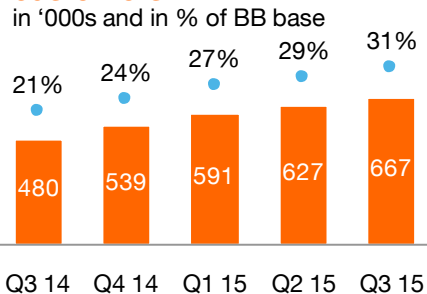
Mobile services revenues trend improving at -2.7% yoy ex-reg in Q3 (-3.9% in Q2)

- customer base up +0.7% yoy, with contract mix improving at 52% of total (+4pts yoy)
- strong +190k contract net adds in Q3, after +74k in Q3 14 and +170k in Q2 15

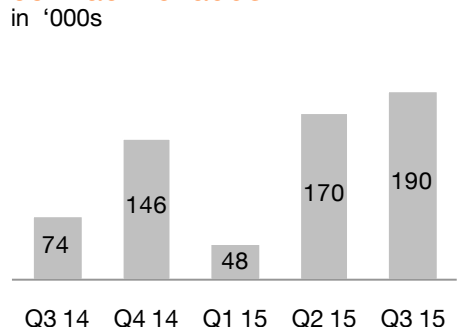
Continuing pressure in fixed revenues at -7.6% yoy ex-reg in Q3 (-6.9% in Q2)

- broadband base continued to erode, despite customer migrations from ADSL to VHBB (+39k VDSL and FTTH net adds in Q3) and to LTE (into mobile base)
- Broadband gross adds improving sequentially across the country
- Supernova brand for FTTH launched October 1<sup>st</sup>

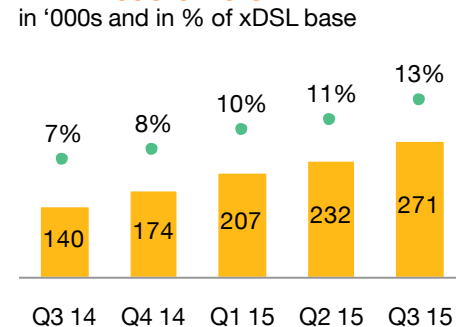
### Convergence: continuous momentum in convergent customers



### Mobile: improving momentum in contract net adds



### Fixed: steady growth in VHBB customers



# Q3 2015 Belgium & Luxembourg

Revenues back to growth in 3Q; contract ARPU growing +3.6% yoy

in €m	Q3 15	yoy cb	9m 15	yoy cb
Revenues	306	+0.6%	913	-2.2%
excl. regulation		+0.6%		-0.8%
mobile services	258	+1.1%	753	-1.5%
mobile equipment	26	-4.8%	88	-5.7%
fixed services	19	-4.2%	61	-12.5%
other revenues	3	+40.1%	11	+87.6%

Consolidated revenues evolution turning positive at +0.6% vs. -2.5% last quarter

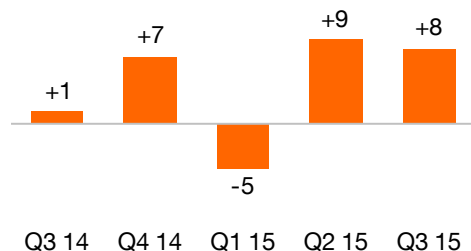
Belgium mobile contract net adds sustained in B2C and sequentially improving in B2B

- +8k contract net adds ex-M2M, vs. +1k in Q3 14 and +9k in Q2 15
- annual contract ARPU up 3.6% yoy
- annual contract churn sequentially down

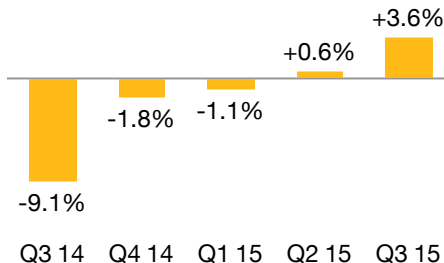
Steady progress on strategy to create levers for future growth

- Belgium's leader in 4G coverage with 97% outdoor and 83% indoor
- Mobistar's 4G contract base multiplied 2.35 times yoy, reaching approx. 1 out of 4 contract subs

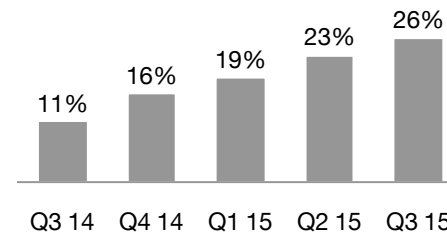
mobile: sustained postpaid net-adds in Belgium (ex. M2M)  
in 000s



mobile: steady improvement in Belgium contract ARPU  
in % yoy evolution



mobile: rapid growth in Belgium 4G base  
4G subs as a % of total subs





# Q3 2015 Central European countries

Revenue growth confirmed in Q3, driven by Romania's performance at +7.0% yoy

in €m	Q3 15	yoy cb	9m 15	yoy cb
<b>Revenues</b>	<b>421</b>	<b>+3.2%</b>	<b>1,227</b>	<b>+0.9%</b>
excl. regulation		+3.5%		+3.6%
mobile services	349	+1.5%	1,021	-1.4%
mobile equipment	28	+23.3%	78	+26.5%
fixed services	34	+4.4%	97	+7.2%
other revenues	11	+12.2%	31	+11.4%

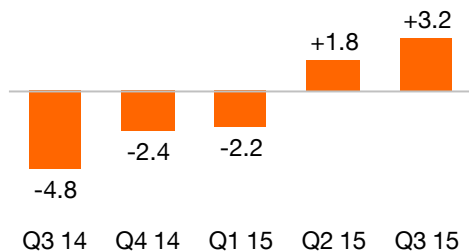
Revenue trend continued to improve in Q3 at +3.2% yoy, after +1.8% in Q2

- Romania improving at +7.0% yoy (57% of sub-segment), vs. +6.4% in Q2
- Slovakia improving at -2.2% yoy (34% of sub-segment), vs. -5.2% in Q2
- Moldova eroding at -2.6% yoy (8% of sub-segment), vs. +2.2% in Q2

Churn improving in all 3 countries

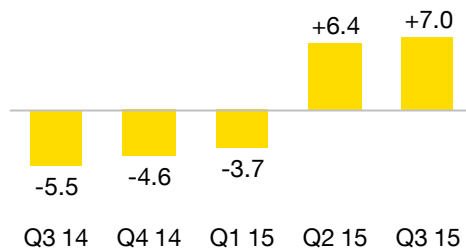
Overall revenues trend continued to improve ...

YoY change (%)



...driven by Romania sustained performance in overall revenues

YoY change (%)



Mobile: improving churn in all 3 countries

YoY change (pts)



-0.1 pt in Slovakia  
-0.6 pt in Romania  
-1.0 pt in Moldova

# Q3 2015 Africa & Middle East

## Solid revenue growth driven by mobile customer base and data usage

in €m	Q3 15	yoy cb	9m 15	yoy cb
<b>Revenues</b>	<b>1,304</b>	<b>+6.8%</b>	<b>3,587</b>	<b>+6.0%</b>
excl. regulation		+7.1%		+6.3%
mobile services	1,063	+8.2%	2,888	+8.0%
mobile equipment	17	-1.4%	55	+2.2%
fixed services	201	+0.9%	573	-2,5%
other revenues	22	+5.3%	71	+5.6%

### Sustained revenues growth

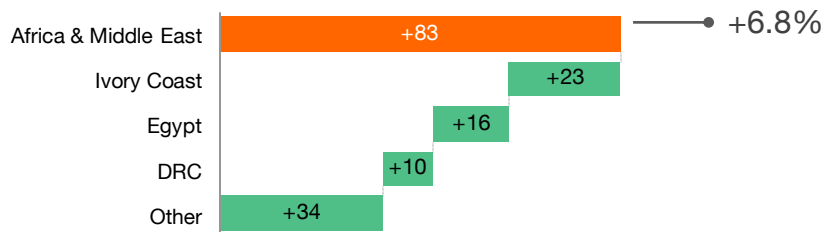
- revenue growth back to Q1 level, driven by mobile billed services
- main contributors : Ivory Coast (+14%), Egypt (+5%), Mali, DRC (+34%), Guinea
- Cameroon back to growth with +2.9% in Q3, with an increase of its market share at 35,5%
- Meditel consolidated starting from 1<sup>st</sup> of July: Q3 revenues of €132m (+3%)

### Commercial

- 111.2m mobile customers with +0.7m in Q3 15, reflecting significant growth in DRC, Cameroon and Ivory Coast
- 15.5m Orange Money customers (+37% yoy) generating +71% revenues yoy

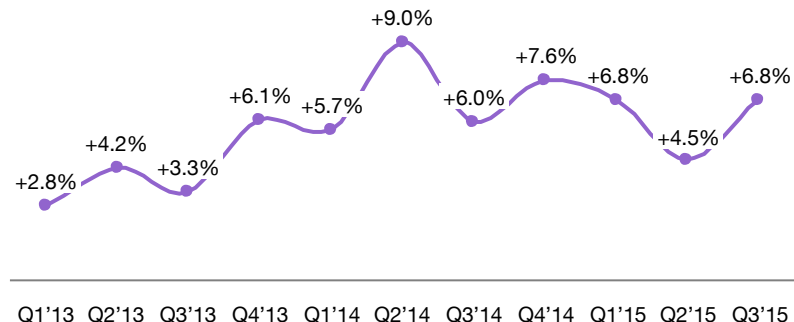
### Key contributors to revenue growth

Q3 yoy revenue growth in % and €m



### Solid revenue growth

yoy change in %



# Q3 2015 Enterprise

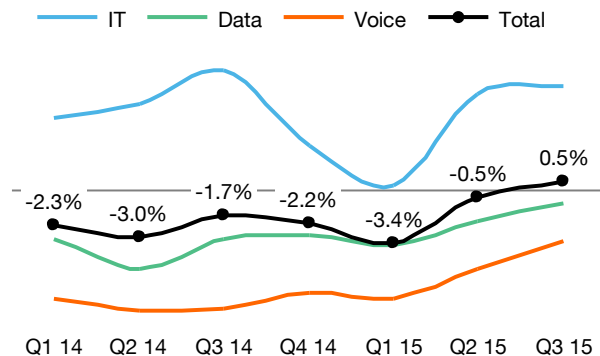
Improvement in revenue trend at 0.5% in Q3 versus -0.5% in Q2, mainly driven by IT services growth

in €m	Q3 15	yoy cb	9m 15	yoy cb
<b>Revenues</b>	<b>1,577</b>	<b>+0.5%</b>	<b>4,748</b>	<b>-1.1%</b>
voice	378	-3.3%	1,151	-5.2%
data	739	-0.9%	2,208	-2.1%
IT & integration services	459	+6.4%	1,389	+4.3%

- limited decline in **voice** revenues in 3Q15 supported by strong international sales, resilience in Legacy and a product mix bending increasingly towards VoIP solutions
- data** mature products also improved with slightly lighter price pressure and volume increase especially outside France
- IT & integration services** growth supported by strong IT drivers such as Security services (+40%) and Cloud solutions (+18.5%), as well as significant deal deliveries

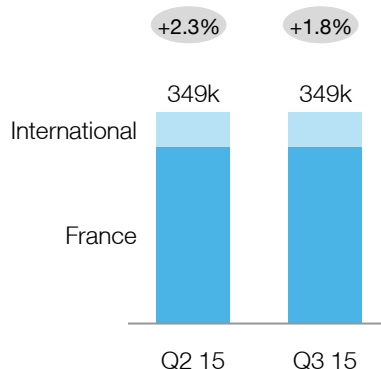
## Revenue per segment

yoy revenue growth in %



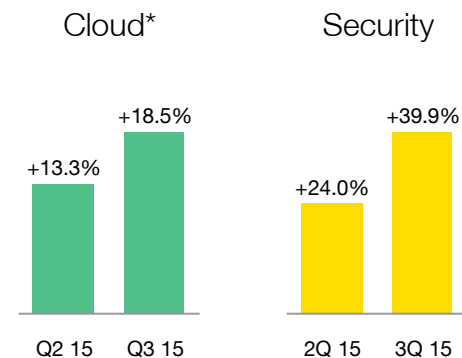
## data services

IPVPN accesses and yoy growth



## IT services (cloud and security)

yoy revenue growth in %



# Section three

# 2015 guidance

# 2015 guidance restated

2015  
EBITDA  
at least €12.3bn

net debt / EBITDA\*  
around 2x in the  
medium term

2015 dividend  
€0.60\*\*  
  
interim payment  
€0.20 in December  
2015 \*\*\*

selective M&A  
policy, focus on  
existing footprint

2015 guidance includes the consolidation of Jazztel and Meditel and the sale of Orange Armenia

\* calculated by dividing (A) net financial debt, including 50% of the net financial debt of the EE JV in the U.K., by (B) EBITDA including 50% of the EBITDA of EE JV

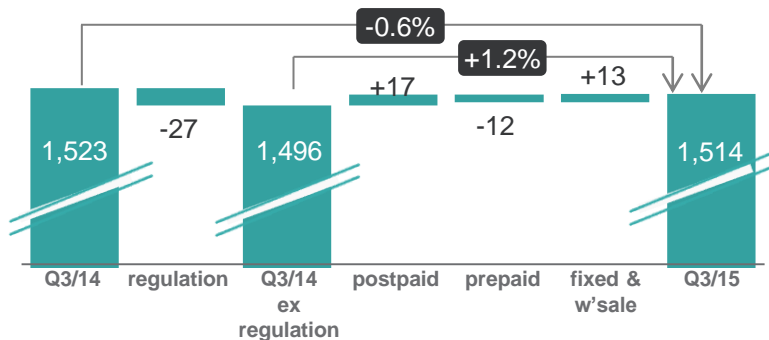
\*\* subject to shareholders' approval

\*\*\*ex-date December 7th, record date December 8th, payment date December 9th

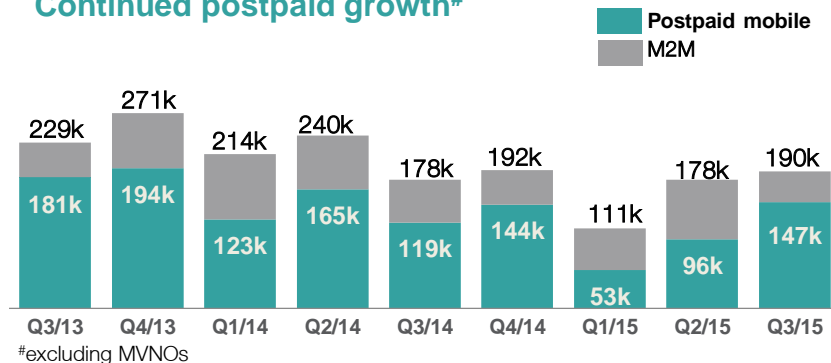
# Appendices

# EE: +1.2% yoy in Q3 operating revenue ex-regulation, supported by continued postpaid growth and network leadership

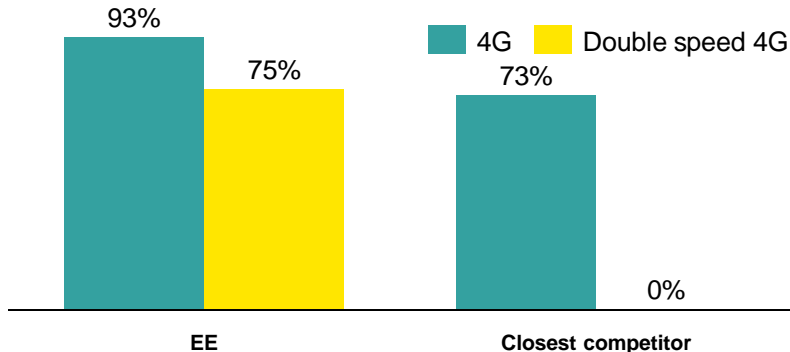
## Q3 operating revenue +1.2% ex. regulation, £m



## Continued postpaid growth#



## 4G population coverage superiority



## Insights

- Latest UK wide RootMetrics report shows EE extending its lead over competitors across all metrics
- Significant 4G coverage advantage; only operator to offer double speed 4G
- Resilient customer retention; churn 1.1%

## Initiatives

- Strong uptake of voice over WiFi, over 1.7m adopters
- Extensive, ongoing VoLTE trials to ensure high quality service at commercial launch

## EBITDA restatements

in €m	Q3'14 cb	Q3'15 actual	9m'14 cb	9m'15 cb
<b>EBITDA restated</b>	<b>3,518</b>	<b>3,557</b>	<b>9,397</b>	<b>9,364</b>
restructuring	-32	-50	-87	-83
portfolio review	0	3	0	60
litigations			-300	-413
labour related	-38	-40	-222	-148
o\w Senior Part Time	-38	-40	-150	-113
o\w Cap Orange			-72	
o\w Holiday pay				-35
<b>EBITDA reported</b>	<b>3,448</b>	<b>3,471</b>	<b>8,788</b>	<b>8,780</b>

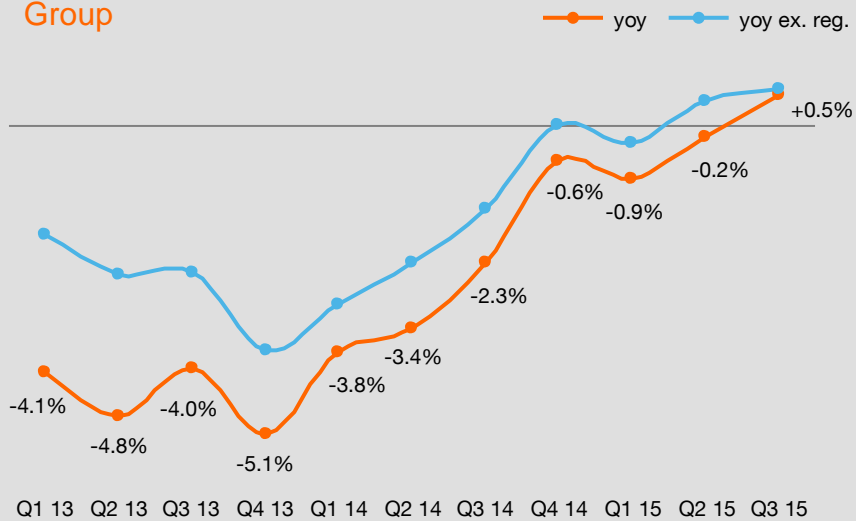
①

Revised provision for litigations in France and International

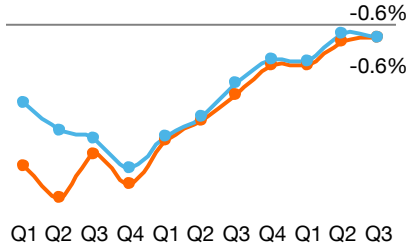


# Revenues yoy evolution

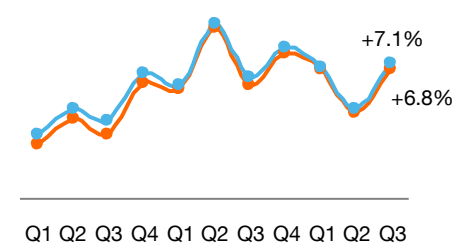
## Group



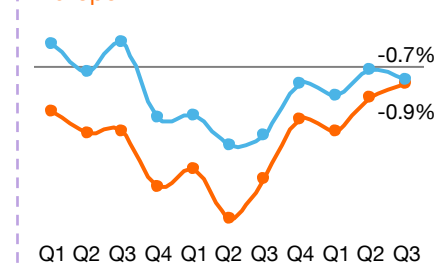
## France



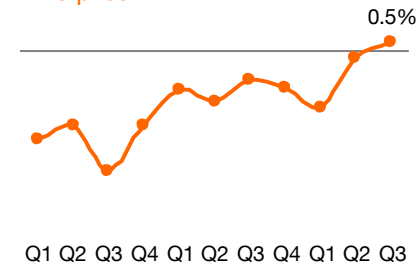
## Africa & the Middle-East



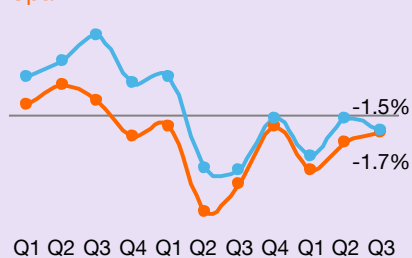
## Europe



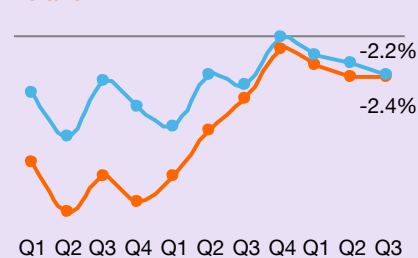
## Enterprise



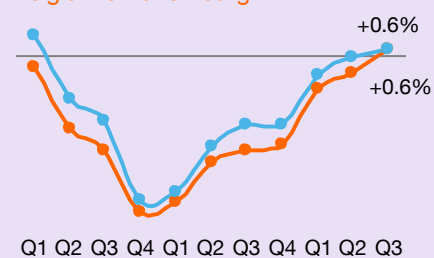
## Spain



## Poland



## Belgium & Luxemburg



## Central European countries

