

#H1_2018

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: disclosure or inappropriate modification of the personal data of Orange's customers, risks relating to the development of its banking activities and of mobile financial services, Orange's exposure to geopolitical, macroeconomic, regulatory and corruption risks, the risk of not being able to maintain control over customer relations when facing competition with the OTT players, the success of Orange's strategy of diversification to find new sources of growth, network or software failures as a result of cyber-attacks, various frauds that may target the Company or its customers, its dependence on a limited number of critical suppliers, damage caused to its installations and infrastructures due to natural disasters or intentional damage, risks relating to its brand strategy, its ability to retain the necessary skills due to numerous employee retirements and changes in its businesses, possible adverse health effects from exposure to electromagnetic fields from telecommunications equipment, various human factors related to psycho-social risks and to personal safety, fiscal and regulatory constraints and changes, the results of litigation regarding in particular regulations and competition, the terms of access to capital markets, interest rate or exchange rate fluctuations, Orange's credit ratings, changes in assumptions underlying the carrying value of certain assets and resulting in their impairment, and credit risks and/or counterparty risks on financial transactions. More detailed information on the potential risks that could affect our financial results is included in the Registration Document filed on April 4, 2018 with the French Autorité des Marchés Financiers (AMF) and in the annual report on Form 20-F filed on April 4, 2018 with the U.S. Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made. Other than as required by law, Orange does not undertake any obligation to update them in light of new information or future developments.

Section one

H1 2018 highlights

H1 2018 Group achievements

yoy : comparison with the same period of the previous year, on a comparable basis unless otherwise specified

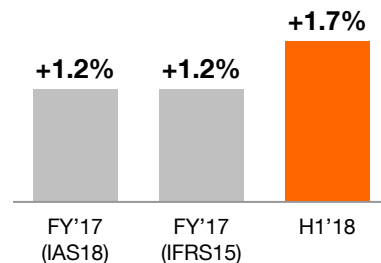
All Group level mentions include both telecom and banking activities. Conversely, all mentions excluding Orange bank are explicitly called "Telecom"

* see slide 24 for EBITDA adjustments



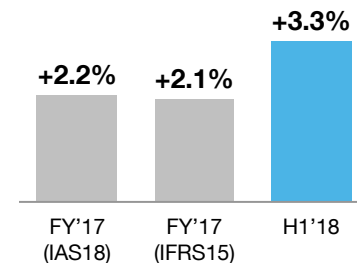
Revenue

€ **20.3** bn



Adjusted EBITDA*

€ **6.0** bn



Adj. EBITDA
telecom

+3.9%
yoy

Adj. EBITDA
telecom margin

+0.6pt
yoy

CAPEX

3.4
€ billion

OpCF

+2.9%
yoy

Solid commercial momentum driven by VHBB and 4G

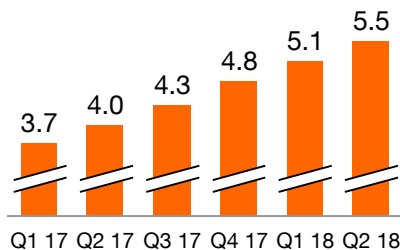
VHBB > 100 Mbps



VHBB customers
in million

5.5m

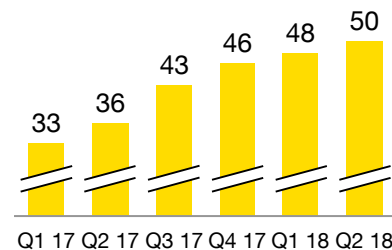
+37% yoy



4G customers*
in million

50m

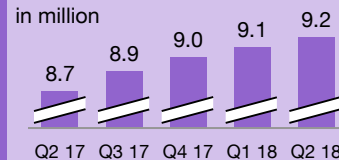
+38% yoy



Broadband
customer base
yoy growth
+3.7%

Mobile contract
customer base
yoy growth
+8.2%

TV
customer base
yoy growth
+6.3%



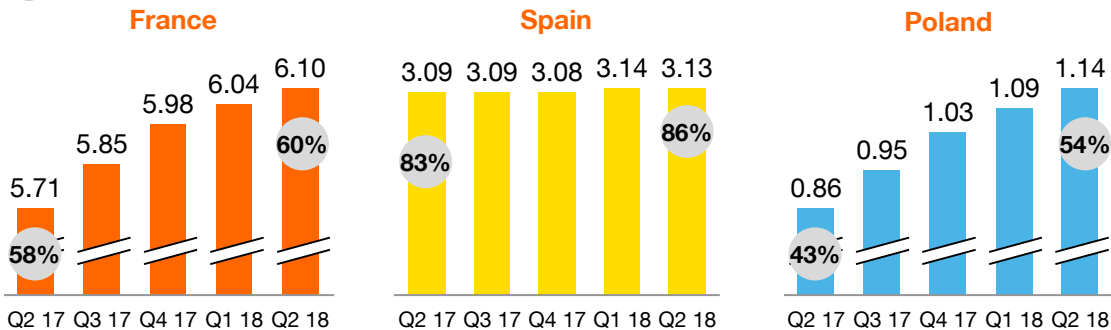
Convergence, the bedrock of our strategy

€3.5 bn Convergent services
revenues in H1
+12.4% yoy



Convergent B2C customer base in million

● % of broadband B2C customer base



Churn improvement with convergence in Q2*



-3pts



-6pts



-4pts

Quarterly convergent ARPO, in €/month in Q2



€63.8
+3.2% yoy



€58.1
+0.8% yoy



€24.0
-2.5% yoy**

Number of mobile lines per convergent offer (Q2 yoy growth)



1.56
+3.1% yoy



1.87
+1.7% yoy



1.92
+2.8% yoy

* Churn differential between convergent B2C customers and total fixed BB B2C customers

** YoY evolution calculated in local currency

Sustained investment efforts to keep our competitive advantage in connectivity



4G coverage

Population covered in %, yoy evolution in pts



Poland



+0.1pt
Belgium



+6pts
France



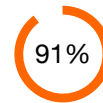
Moldova



+4pts
Spain



+8pts
Romania



+10pts
Slovakia



VHBB connectable homes*

Spain



12.7 m

yoy
+19%

France



10.3 m

+30%

Poland



2.9 m

+49%

Telecom

H1 2018 CAPEX

€3.4bn

+ 3.7% yoy
+ €119m yoy

yoy

+3.8%
+€124m

As % of rev.

16.5%
+0.3pt yoy

* VHBB > 100 Mbps

Section two

Financial results overview

Revenue kept growing

H1 2018 revenue*

€20.3bn

Q2 2018

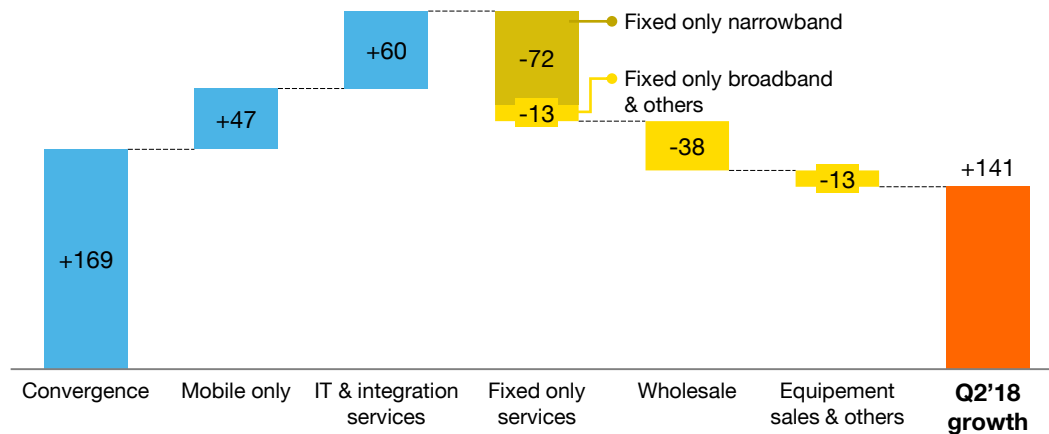
H1 2018

yoy
+1.4%
+€141m

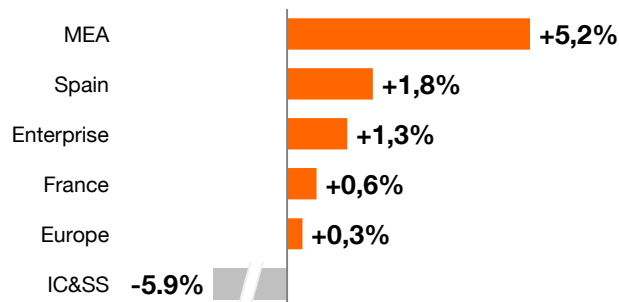
yoy
+1.7%
+€338m

* Orange Bank Net Banking Income is not included in Group revenues but in "Other operating income", that is below the revenue line and feeds directly into consolidated Adjusted EBITDA.

Q2 revenue growth contribution (yoy in €m)



Q2 yoy revenue growth



Q2 services revenue growth excl. Equipment sales & ePresse/Audio Books

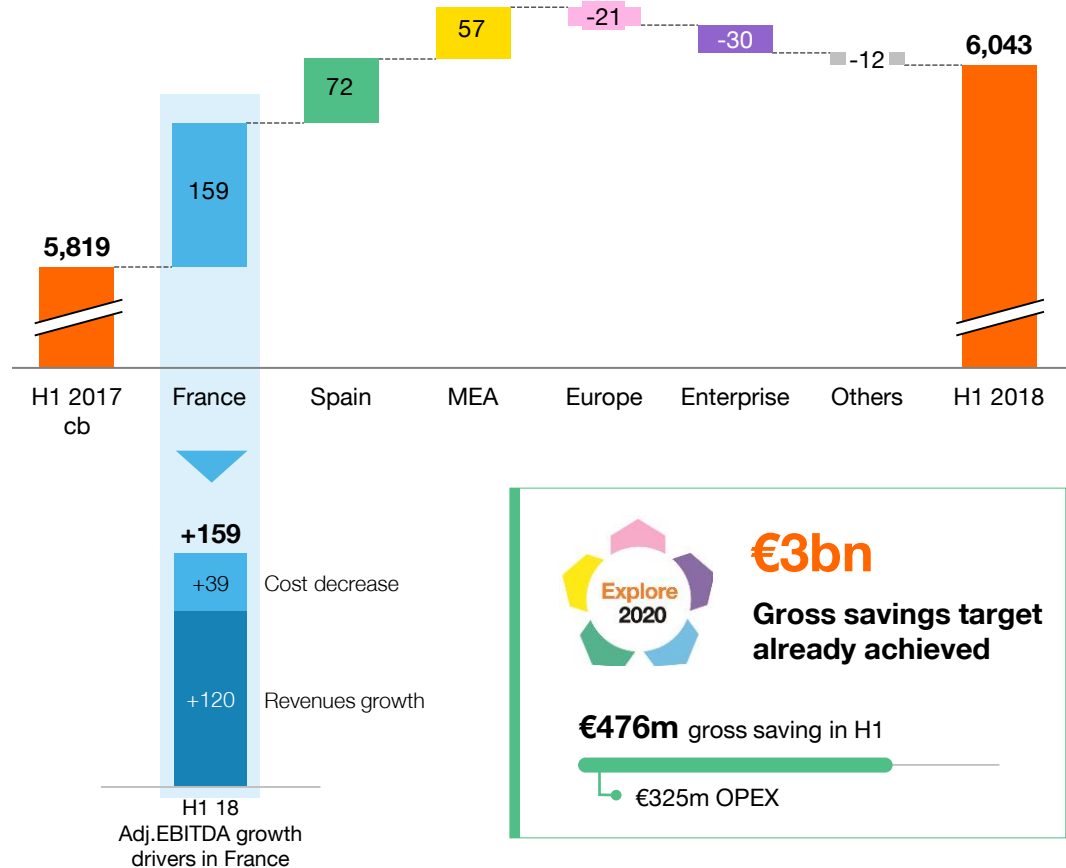
+1.3% yoy
+50bps vs Q1 growth at +0.8%

Adj. EBITDA growth driven by revenue and cost control

	Q2 2018	H1 2018
H1 2018 Adj. EBITDA* (Telecom)	yoy +3.4%	yoy +3.9%
	+€113m	+€225m
	As % of rev. 33.5%	As % of rev. 29.8%
	+0.7pt yoy	+0.6pt yoy
€6.0bn		

* See slide 24 for EBITDA adjustments.

H1 Adjusted EBITDA growth per segment
Telecom, yoy, in m€



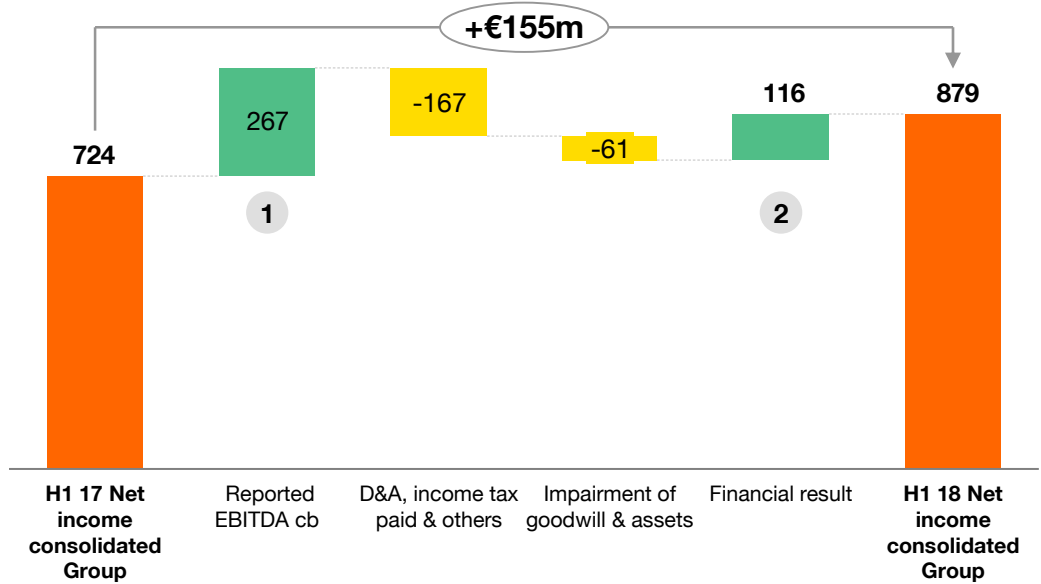
€3bn

Gross savings target already achieved

€476m gross saving in H1



Net income improved thanks to EBITDA growth



- Adjusted EBITDA improvement yoy and less EBITDA adjustments* than in H1 2017
- Positive effect resulting from H1 2017 loss on BT shares

* Refer to slide 24

H1 2018 Net income

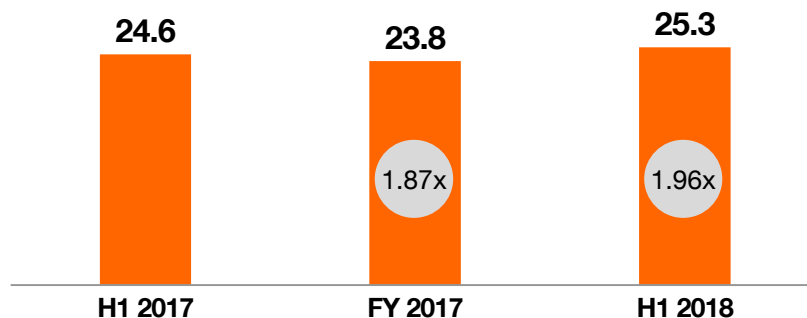
yoy
+21.4%
+€155m

€0.9bn

Net debt to Adjusted EBITDA ratio in line with the medium term guidance

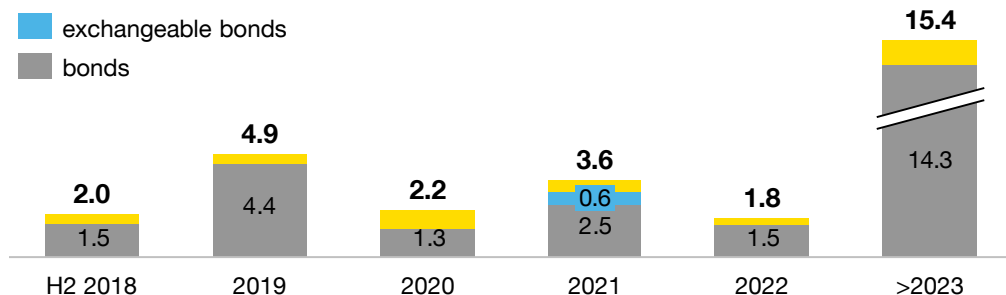
Net debt* – telecom activities (€bn)

● Net Debt/Adjusted EBITDA Telecom



Maturity profile** as of 30 June 2018 - telecom activities in €bn,

- bank loans & others
- exchangeable bonds
- bonds



Liquidity position (telecom activities)

€13.1 bn

o/w €7bn in cash

Section three

Business review

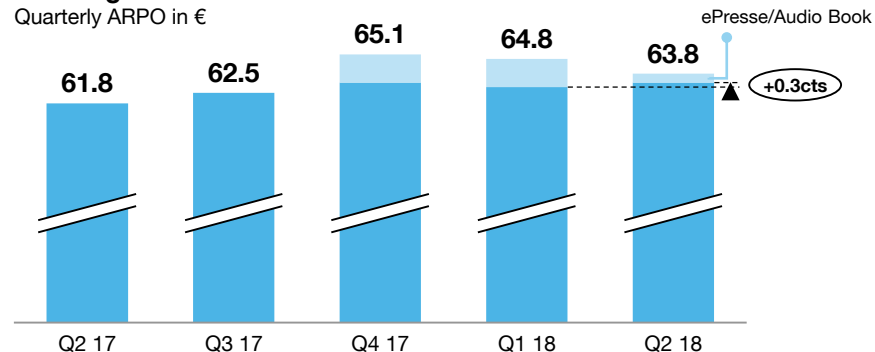
Q2 2018 France

5th consecutive quarter of total revenues growth, driven by convergent services

in €m	Q2 18	yoy cb	H1 18	yoy cb
Revenues	4,460	+0.6%	8,952	+1.4%
Retail services	2,723	+1.6%	5,483	+2.6%
Convergent services*	1,096	+11.4%	2,196	+13.1%
Mobile only services	584	-2.7%	1,183	-1.8%
Fixed only services	1,043	-4.7%	2,105	-4.3%
Fixed only broadband	638	+0.7%	1,281	+1.3%
Fixed only narrowband	405	-12.2%	824	-11.8%
Wholesale	1,322	-1.3%	2,615	-2.1%
Equipment sales	293	-0.9%	611	+5.3%
Other revenues	121	+3.6%	242	+3.0%
Adjusted EBITDA			3,266	+5.1%
Adjusted EBITDA margin			36.5%	1.3pt
CAPEX			1,669	+3.6%
CAPEX/revenues			18.6%	0.4pt

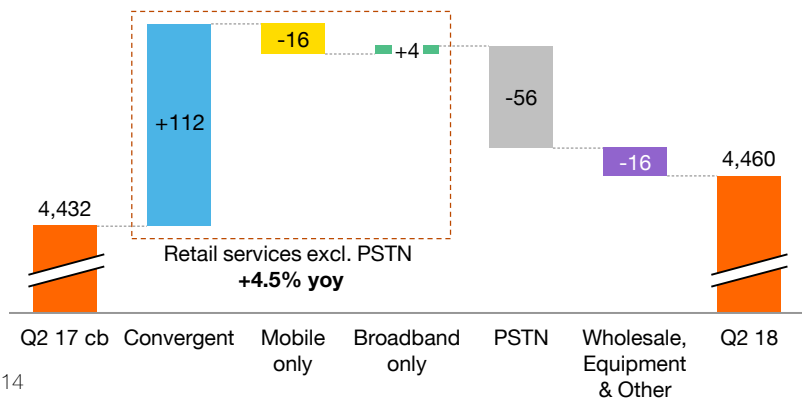
Convergent B2C ARPO

Quarterly ARPO in €



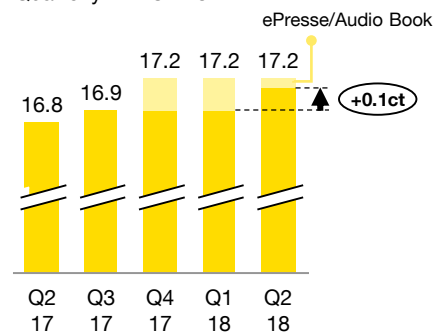
Revenue evolution (in €m)

*B2C only



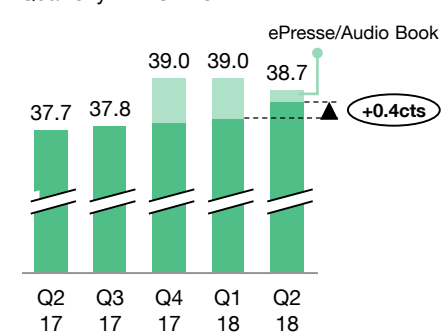
Mobile only ARPO

Quarterly ARPO in €



Broadband only ARPO

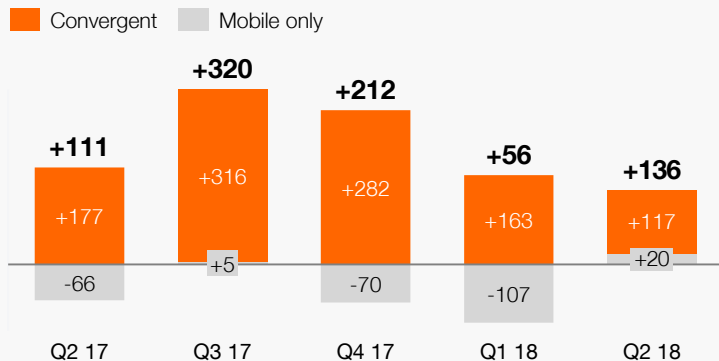
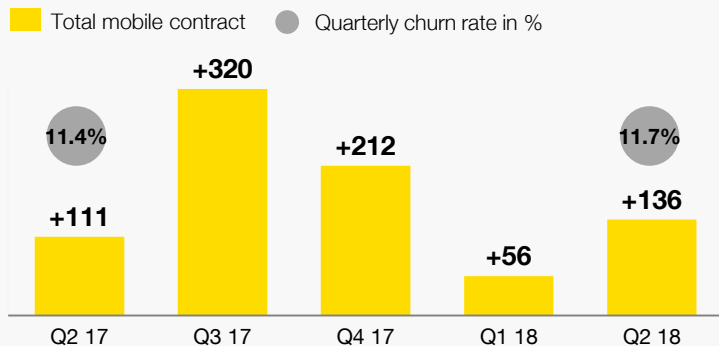
Quarterly ARPO in €



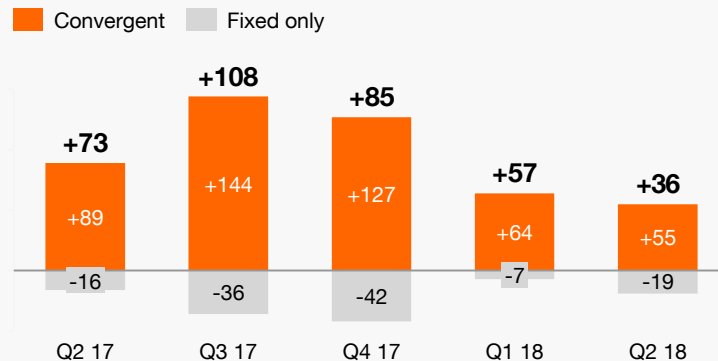
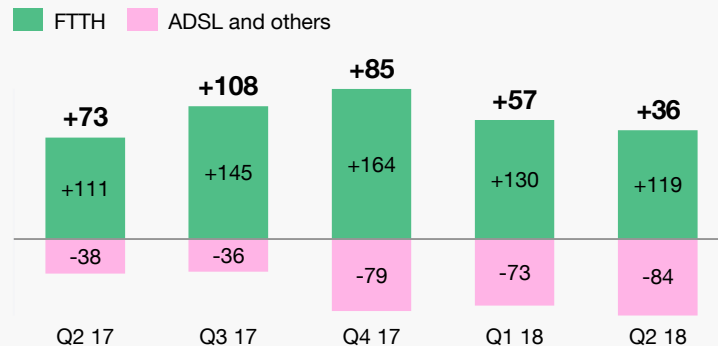
Q2 2018 France : commercial performance

Strong mobile and resilient broadband net adds in a very promotional environment

Mobile contract net adds (in '000s, excl. M2M)



Fixed Broadband net adds (in '000s)



Q2 2018 Spain

Value strategy delivers double-digit growth in adjusted EBITDA (+10.1% yoy) and OpCF (+18.5% yoy)

in €m	Q2 18	yoy cb	H1 18	yoy cb
Revenues	1,324	+1.8%	2,634	+3.0%
Retail services	973	+2.7%	1,920	+2.7%
Convergent services*	539	+3.1%	1,065	+5.0%
Mobile only services	310	+2.6%	609	-0.3%
Fixed only services	123	+0.6%	245	+0.7%
Wholesale	191	-0.6%	371	+2.4%
Equipment sales	160	-0.4%	344	+5.5%
Adjusted EBITDA			783	+10.1%
Adjusted EBITDA margin			29.7%	+1.9pt
CAPEX			578	+7.3%
CAPEX/revenues			21.9%	+0.9pt

*B2C only

86% Convergence as % of broadband B2C customer base +3pts yoy



62% Fiber penetration in BB customer base +16pts yoy



59% 4G penetration in mobile customer base +4pts yoy

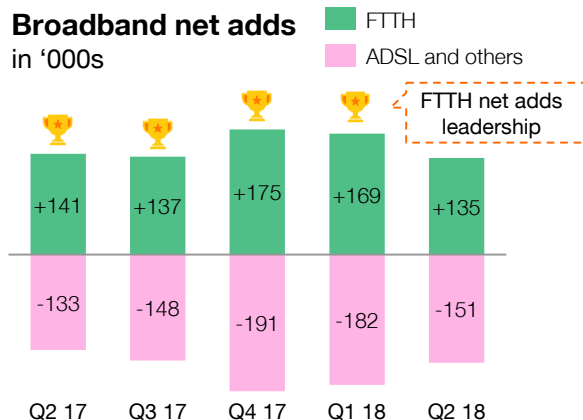


15% TV penetration in BB customer base +3pts yoy



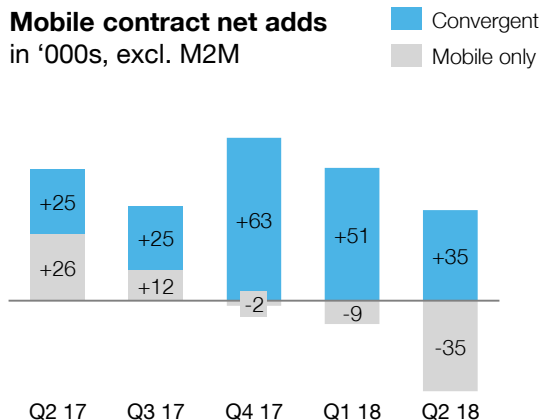
Broadband net adds

in '000s



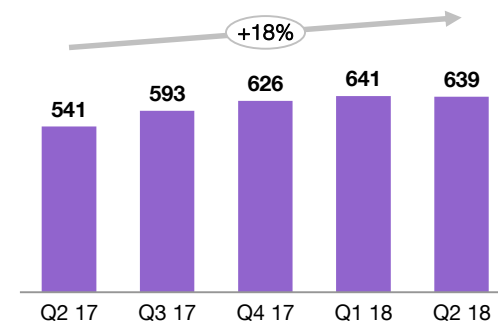
Mobile contract net adds

in '000s, excl. M2M



TV customer base

in '000s



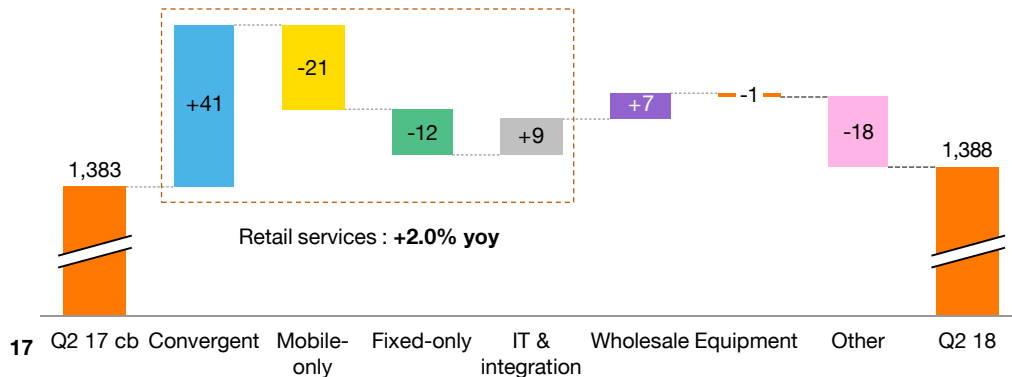
Q2 2018 Europe

Convergence driving better trends in retail services and in adjusted EBITDA

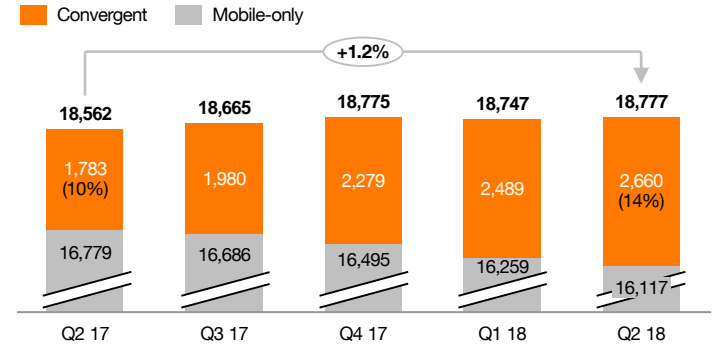
in €m	Q2 18	yoy cb	H1 18	yoy cb
Revenues	1,388	+0.3%	2,775	+1.2%
Retail services	874	+2.0%	1,729	+1.6%
Convergent services*	112	+57.8%	213	+58.9%
Mobile only services	548	-3.6%	1,092	-3.2%
Fixed only services	177	-6.5%	357	-8.2%
IT & integration services	36	+33.8%	67	+29.4%
Wholesale	288	+2.3%	574	+3.0%
Equipment sales	190	-0.4%	398	+2.2%
Other revenues	36	-33.7%	74	-21.5%
Adjusted EBITDA			737	-2.8%
Adjusted EBITDA margin			26.6%	-1.1pt
CAPEX			389	+5.1%
CAPEX/revenues			14.0%	0.5pt

*B2C only

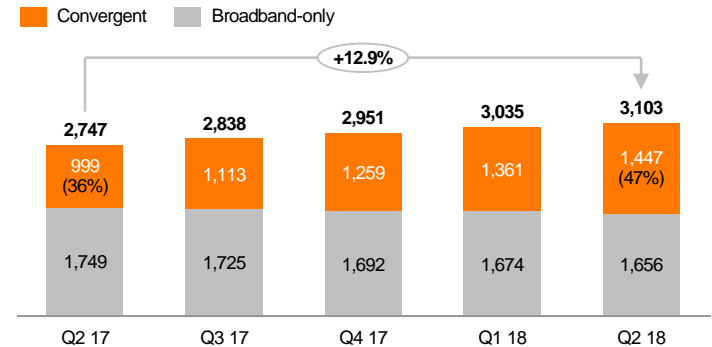
Revenue evolution (in €m)



Mobile contract customer base, ex-M2M (in '000s)



Fixed Broadband customer base (in '000s)



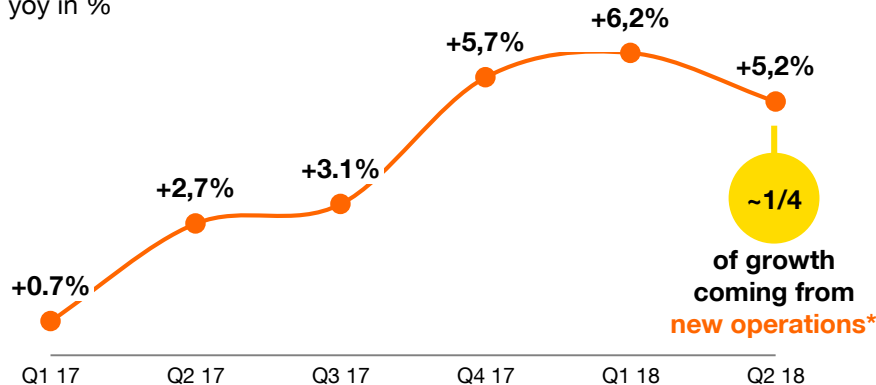
Q2 2018 Africa & Middle East

Continued revenue growth at +5.2% driven by Data and Orange Money

in €m	Q2 18	yoy cb	H1 18	yoy cb
Revenues	1,279	+5.2%	2,524	+5.7%
Retail services	1,052	+7.7%	2,068	+8.1%
Mobile only services	948	+8.5%	1,858	+9.0%
Fixed only services	101	-1.1%	204	+0.0%
IT & integration services	3	+165.4%	6	+87.3%
Wholesale	203	-6.2%	403	-6.6%
Equipment sales	20	46.8%	40	+45.2%
Other revenues	3	-61.5%	13	-23.6%
Adjusted EBITDA			794	+7.8%
Adjusted EBITDA margin			31.4%	+0.6pt
CAPEX			408	+0.7%
CAPEX/revenues			16.1%	-0.8pt

Revenues growth

yoy in %



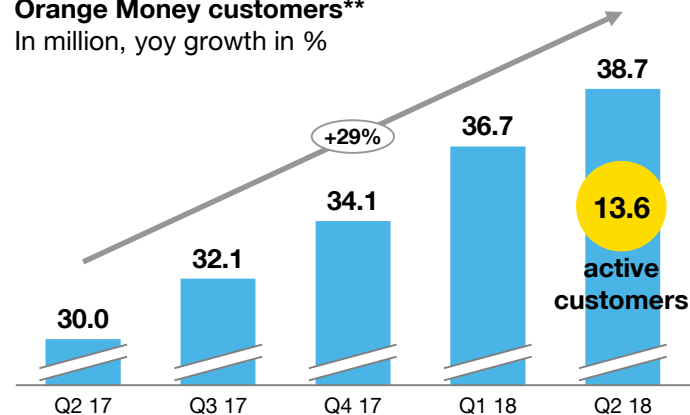
12.9m**
4G customers



~2/3
of revenue growth coming from Data

Orange Money customers**

In million, yoy growth in %



Q2 2018 Enterprise

Revenues back to growth thanks to IT&IS performance and better resilience in Data

in €m	Q2 18	yoy cb	H1 18	yoy cb
Revenues	1,804	+1.3%	3,530	+0.0%
Fixed only services	1,007	-2.2%	1,996	-2.5%
Voice	349	-4.6%	698	-3.1%
Data	658	-0.9%	1,299	-2.1%
IT & integration services	555	+9.7%	1,049	+5.1%
Mobile*	242	-1.3%	484	+0.2%
Adjusted EBITDA			579	-4.9%
Adjusted EBITDA margin			16.4%	-0.8pt
CAPEX			168	-3.0%
CAPEX/revenues			4.8%	-0.2pt



Cyberdefense
H1 revenue growth

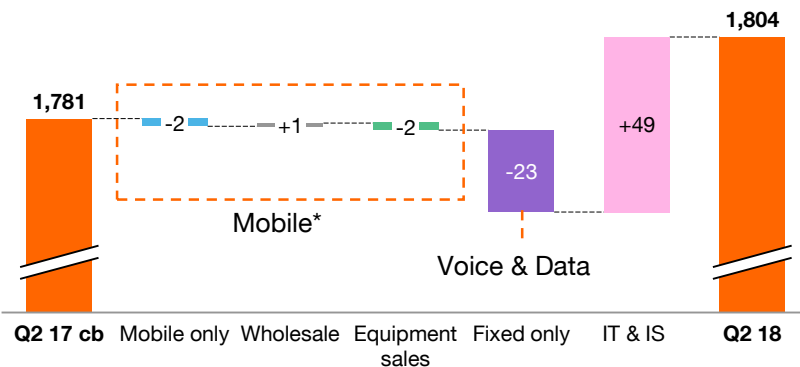
+14% yoy



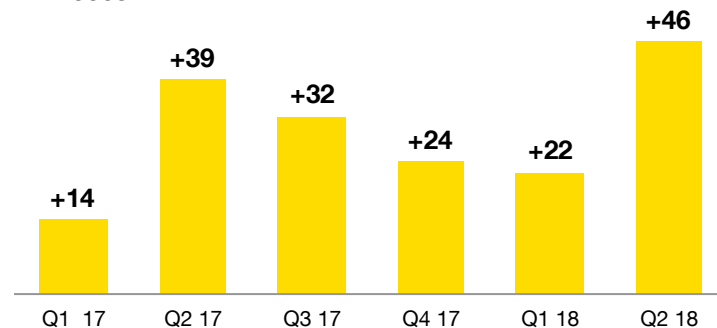
Cloud
H1 revenue growth

+18% yoy

Revenue evolution (in €m)





Mobile contract net adds excl.M2M (mostly in France) in '000s



Section four

2018 guidance

Short and mid-term guidance

	2018	2019-2020
Adjusted EBITDA	Higher growth rate vs 2017	Growth
CAPEX	€7.4bn (peak)	Decrease
Operating Cash Flow *	Higher growth rate vs 2017	Growth
Net debt / Adjusted EBITDA (telecom)	Around 2x in the medium term	
Dividend	€70 cent** (↗ +€5 cent)  December 6 th , 2018*** 2018 interim of <u>€0.30</u> 	New floor of €70 cent

* Adjusted EBITDA – CAPEX

** Subject to shareholders' approval

*** ex-date December 4th, record date December 5th, payment date December 6th

Appendices

Appendix: B2C + B2B Orange customers in France

Mobile KPIs (in thousands)	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
Mobile customers (excl. MVNOs)	28,966	29,508	30,033	30,489	31,150	31,624	31,777	32,012	32,482
Contract	25,069	25,759	26,486	27,090	27,842	28,433	28,821	29,184	29,720
M2M	4,611	5,115	5,711	6,228	6,829	7,068	7,220	7,506	7,859
Excluding M2M	20,457	20,644	20,775	20,862	21,012	21,365	21,601	21,678	21,861
Prepaid	3,897	3,748	3,547	3,398	3,308	3,191	2,956	2,827	2,762
Mobile volume market share (in %)*	35.3%	35.4%	35.5%	35.6%	35.8%	35.8%	35.6%	35.4%	35.4%

Fixed KPIs (in thousands)	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
Broadband customers	10,923	11,056	11,151	11,220	11,290	11,402	11,485	11,537	11,572
o/w FTTH customers	1,181	1,308	1,452	1,579	1,690	1,835	1,999	2,129	2,260
o/w xDSL	9,686	9,693	9,643	9,587	9,548	9,517	9,438	9,362	9,268
Broadband market share (in %)*	40.1%	40.3%	40.2%	40.2%	40.2%	40.4%	40.4%	40.3%	40.3%
Net adds broadband market share (in %)*	64.2%	58.1%	36.8%	30.3%	49.5%	60.6%	42.1%	27.0%	27.0%

* Numbers for the latest quarter are company estimates.

EBITDA adjustments

in €m	Q2 17 cb	Q2 18	H1 17 cb	H1 18
Adjusted EBITDA	3,282	3,379	5,792	5,984
restructuring and integration	-72	-46	-75	-62
litigations	-75	-34	-60	-32
labour related	-33	-11	-58	-24
o\w Senior Part Time	-53	-11	-78	-24
portfolio review and others	-	-	-	-
Reported EBITDA	3,102	3,288	5,599	5,866

Group operational efficiency plan supports increase in adjusted EBITDA margin



€3bn

Gross savings target overachieved

€476m gross saving in H1

€325m OPEX

Non exhaustive list of KPIs

Cost efficiency program

program total gross saving in 2018 H1

Customer management efficiency program

	% digital interactions in France and Europe	51% in Q2 (+6pts yoy)
	# of customer service calls in France and Europe	-4.1% yoy

€67m
(Opex)

Distribution and sales efficiency program

	% of self top-up via Orange Money in May in MEA (consolidated)	17.1% (+6.8pts yoy)
	% digital commercial transactions in France	26.4% (+5pts vs FY17)
	Points of sales evolution in France and Europe	-5.2% yoy

€53m
(Opex)

Customer-related network production & maintenance efficiency program

	% mobile network infra shared (Passif & Actif)	53% (+3pts in 2 years)
	# of incident tickets following the implementation of the GNOC* in MEA	-2% yoy

€260m
(€109m Opex)

IT management efficiency program

	% of IT application decommissioned in France (excl. local applications)	3.5%
	Cost of IT internal support in France	-6% yoy

€30m
(€29m Opex)

Marketing and Advertising, G&A, Real Estate and Others savings

€67m
(Opex)

Change in net income

(in millions of euros, on a historical basis)	H1'17 historical (IFRS 15)	H1'17 cb (IFRS 15)	H1'18 actual (IFRS 15)
Adjusted EBITDA	5,832	5,792	5,984
Adjustments*	(200)	(193)	(118)
Reported EBITDA	5,632	5,599	5,866
Depreciation & amortization	(3,351)		(3,457)
Impairment of goodwill & assets	4		(57)
Share of profit (losses) of associates & Other income	3		(2)
Operating income	2,288		2,350
Effects resulting from BT shares	(349)		(163)
Financial result (excluding BT)	(679)		(749)
Tax	(536)		(559)
Net income from continuing activities	724		879
Net income from discontinued activities	-		-
Net income from consolidated Group	724		879
Minority interests	123		90
Net income Group share	601		789

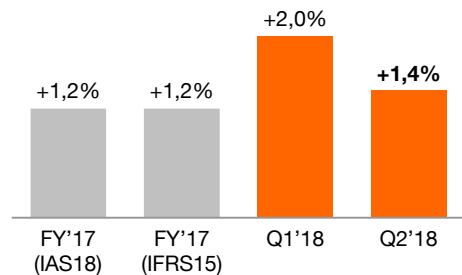
Change in net debt

(in millions of euros, on a historical basis)	FY'17 historical (IFRS 15)	H1'18 actual (IFRS 15)
Adjusted EBITDA - CAPEX (telecom activities)	5,592	2,694
Change in CAPEX payables	307	(264)
Change in working capital requirements	83	(526)
Licences and spectrum paid	(617)	(81)
Net interest paid (including dividends received)	(1,273)	(722)
Income taxes paid	(584)	(291)
Other operational items	(917)	(265)
Dividends paid to owners of parent company	(1,729)	(1,064)
Dividends paid to non-controlling interests	(236)	(185)
Coupons on subordinated notes	(282)	(178)
Net of acquisitions and disposals	432	(87)
Other financial items	(175)	(461)
Change in net debt	601	(1,430)
Net financial debt*	(23,843)	(25,273)
Ratio of net financial debt / Adjusted EBITDA	1.87x	1.96x

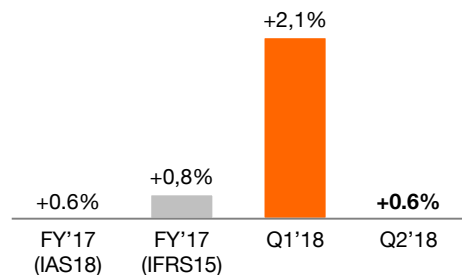
* Net financial debt as defined and used by Orange does not include the activities of Orange Bank, for which this concept is not relevant.

Revenues yoy evolution

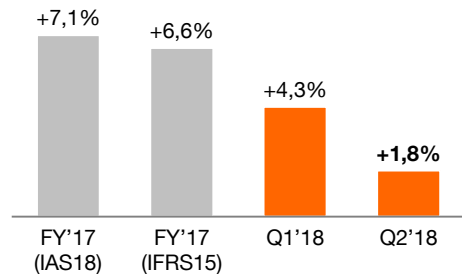
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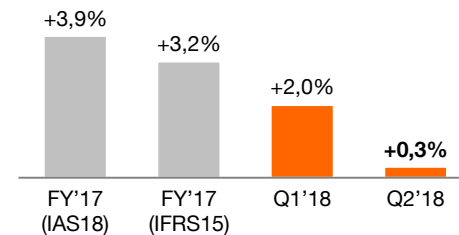
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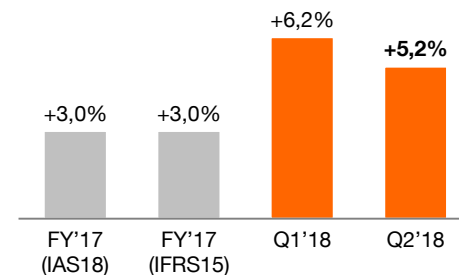
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Enterprise

