

# #Q3\_2018

## Orange financial results

**Ramon Fernandez**

Deputy CEO, Finance, Performance and Europe

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## Disclaimer

This presentation may contain forward-looking statements about Orange, particularly objectives and trends regarding Orange's financial situation, investments, results of operations, business and strategy. These forward-looking statements do not represent forecasts within the meaning of European Regulation No. 809/2004 and although we believe they 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. 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**

**Q3 2018 highlights**

# Group achievements

**Q3**

**Revenue** +0.6% yoy

**Adj. EBITDA** +3.0% yoy

**9m**

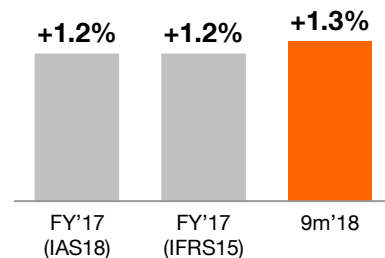
**Revenue** +1.3% yoy

**Adj. EBITDA** +3.2% yoy

9m 2018

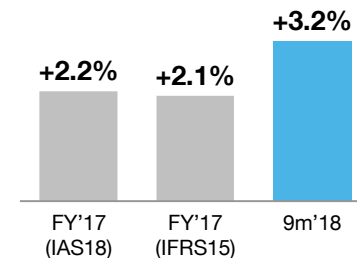
Revenue

€ **30.6** bn



Adjusted EBITDA\*

€ **9.7** bn



Adj. EBITDA  
telecom

**+3.7%**  
yoy

Adj. EBITDA  
telecom margin

**+0.7pt**  
yoy

CAPEX

**5.1**  
€ billion

OpCF

**+0.1%**  
yoy

\* see slide 19 for EBITDA adjustments

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"

# Sustained investment efforts to keep our competitive advantage in connectivity

Group  
9m 2018 CAPEX

**€5.1bn**

+ 6.0% yoy  
+ €293m yoy

Telecom

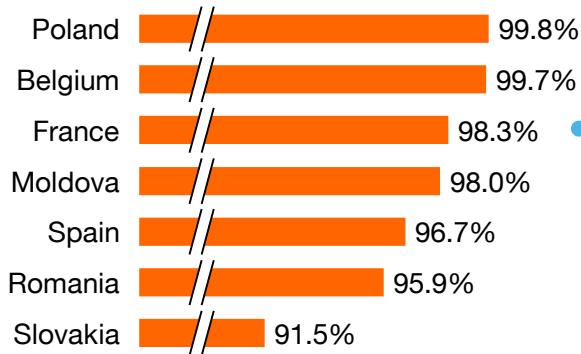
**+6.2%**  
**+€300m**  
yoy

As % of rev.  
**16.7%**  
+0.8pt yoy



## 4G coverage

Population covered in %, yoy evolution in pts

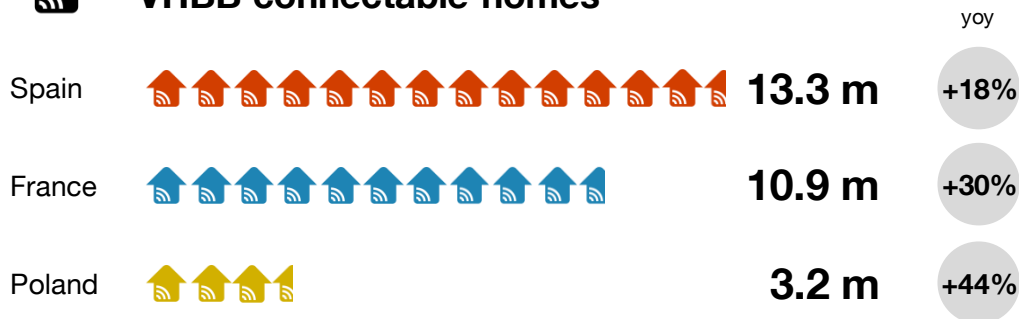


# N°1

Orange mobile network in France recognized by ARCEP as the best network for the 8<sup>th</sup> consecutive year



## VHBB connectable homes\*



\* VHBB > 100 Mbps

# Solid commercial momentum driven by VHBB and 4G

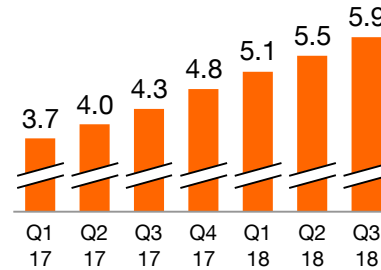
VHBB > 100 Mbps



**VHBB customers**  
in million

**5.9m**

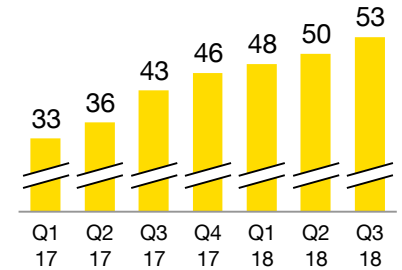
**+36% yoy**



**4G customers\***  
in million

**53.4m**

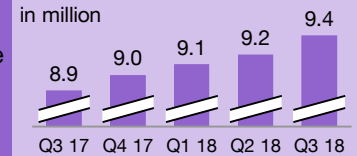
**+25% yoy**



Broadband  
customer base  
yoy growth  
**+3.6%**

Mobile contract  
customer base  
yoy growth  
**+2.2%**

TV  
customer base  
yoy growth  
**+5.7%**



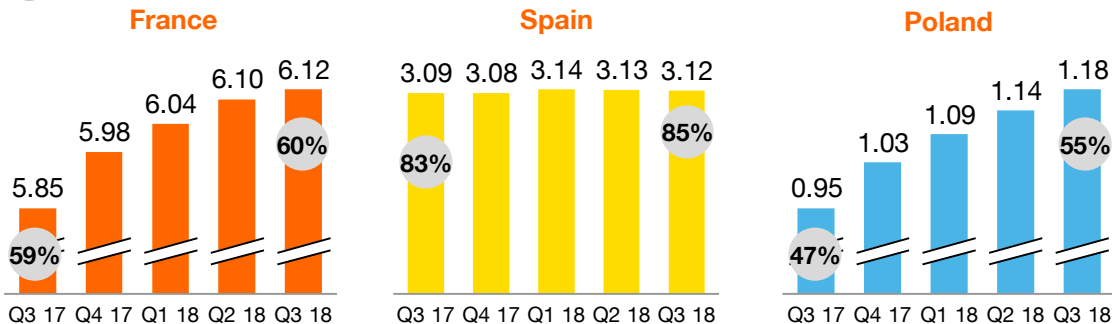
# Convergence, the bedrock of our strategy

**€1.8 bn** Convergent services  
revenues in Q3  
**+9.5% yoy**



## Convergent B2C customer base in million

● % of broadband B2C customer base



## Churn improvement with convergence in Q3\*



**-3pts**



**-5pts**



**-5pts**

## Quarterly convergent ARPO, in €/month in Q3



**€65.1**  
+4.0% yoy



**€58.5**  
-0.3% yoy



**€24.0**  
+0.3% yoy\*\*

## Number of mobile lines per convergent offer in Q3



**1.57**  
+2.7% yoy



**1.88**  
+1.7% yoy



**1.92**  
+3.0% yoy

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

\*\* YoY evolution calculated in local currency

**Section two**

**Business review**



# Q3 2018 France

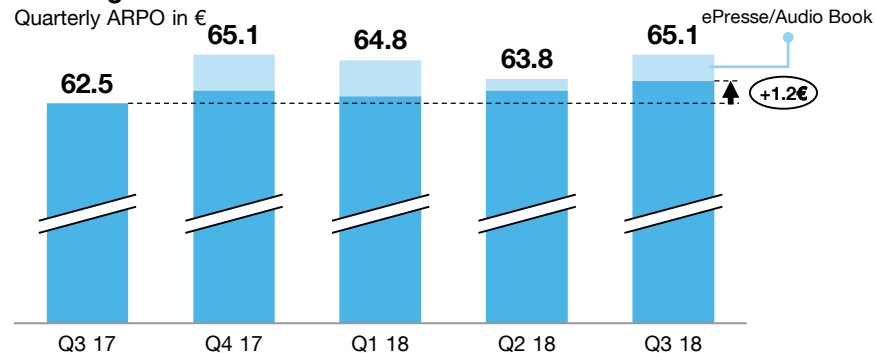
## Strong Retail services growth driven by convergent services

<i>in €m</i>	<b>Q3 18</b>	<b>yoy cb</b>	<b>9m 18</b>	<b>yoy cb</b>
<b>Revenues</b>	<b>4,572</b>	<b>+0.9%</b>	<b>13,524</b>	<b>+1.2%</b>
Retail services	2,755	+2.1%	8,238	+2.4%
Convergent services*	1,126	+10.7%	3,322	+12.3%
Mobile only services	587	-2.5%	1,770	-2.1%
Fixed only services	1,041	-3.4%	3,146	-4.0%
<i>Fixed only broadband</i>	644	+3.1%	1,925	+1.9%
<i>Fixed only narrowband</i>	397	-12.2%	1,221	-12.0%
Wholesale	1,355	-2.2%	3,970	-2.1%
Equipment sales	349	+2.6%	959	+4.3%
Other revenues	114	+2.5%	355	+2.8%

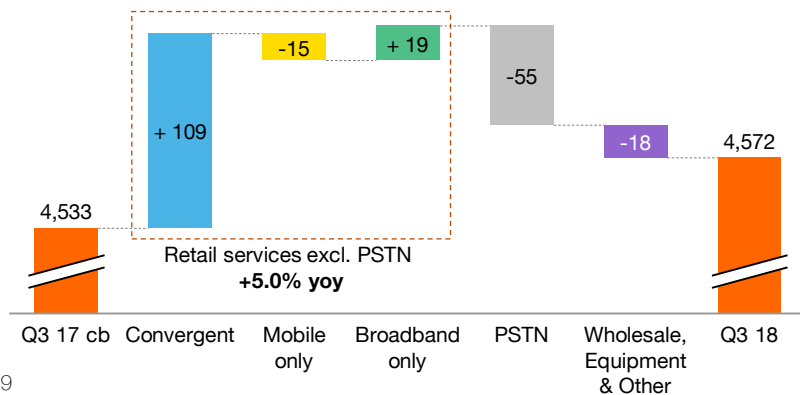
\*B2C only

### Convergent B2C ARPO

Quarterly ARPO in €

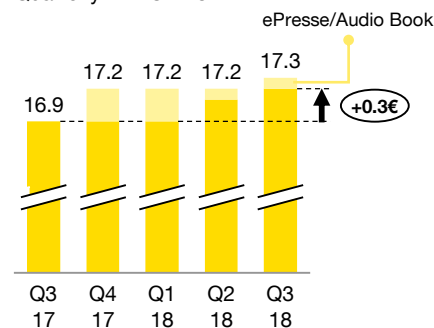


### Revenue evolution (in €m)



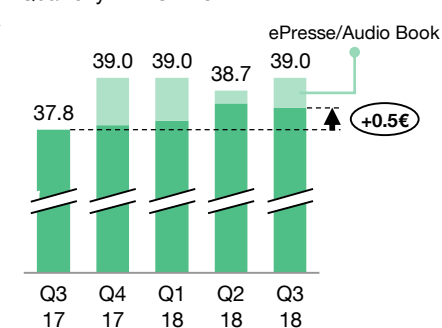
### Mobile only ARPO

Quarterly ARPO in €




### Broadband only ARPO

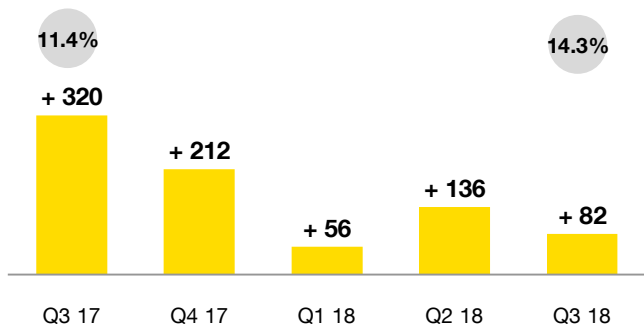
Quarterly ARPO in €




# Q3 2018 France commercial performance

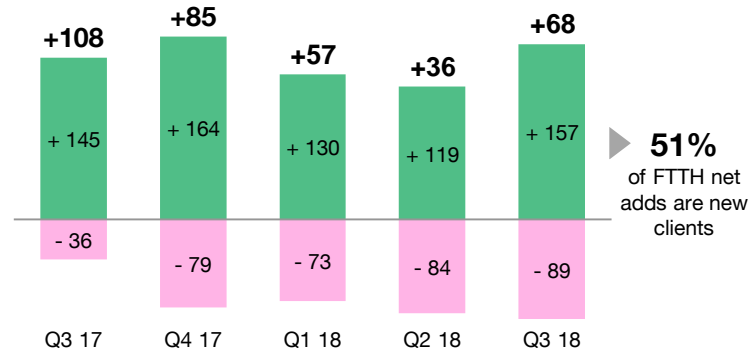
Strong net adds in mobile and broadband despite a very competitive environment

 Mobile contract net adds (in '000s) and churn rate  
■ net adds excl M2M    ● quarterly churn rate in %



**60%**  
of broadband B2C customers are on **convergent** offers (+1.2pt yoy)

 Fixed BB net adds (in '000s)  
■ FTTH    ■ ADSL and others



**4G 98.3%** of 4G population coverage (+4,5pts yoy) **#1 position**

**78%** of B2C **voice contract** customers have a **4G plan** (+9pts yoy)

**+2.7%** Number of mobile **lines per convergent** offer ( Q3 yoy growth)

**10.9m** of **FTTH** connectable homes (+30% yoy)

**2.4m** of **FTTH** customers (+31% yoy)

**+3.4pts** Growth of B2C broadband **convergent** customer **premium\* mix**, yoy

# Q3 2018 Spain

Fixed Broadband net-adds back to positive trend supported by FTTH and the success of football offers

in €m	Q3 18	yoy cb	9m 18	yoy cb
<b>Revenues</b>	<b>1,340</b>	<b>+0.5%</b>	<b>3,974</b>	<b>+2.2%</b>
Retail services	973	-0.2%	2,893	+1.7%
Convergent services*	539	+0.8%	1,603	+3.6%
Mobile only services	309	-1.9%	918	-0.8%
Fixed only services	125	-0.9%	370	+0.2%
Wholesale	211	+6.4%	582	+3.8%
Equipment sales	155	-2.1%	499	+3.0%

\*B2C only

**+1.4%** Q3 Revenue growth  
yoy excl. MTR impact

**4G** Market leader in terms  
of 4G customers

**85%** Convergence as % of broadband B2C customer base +2pts yoy

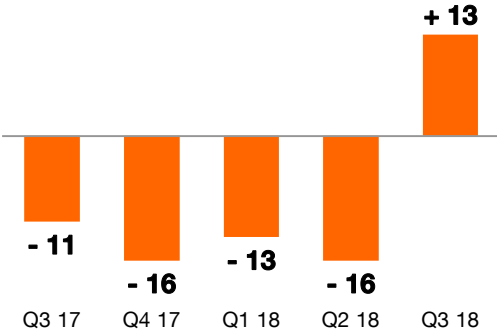
**66%** Fiber penetration in BB customer base +16pts yoy

**60%** 4G penetration in mobile customer base +3pts yoy

**17%** TV penetration in BB customer base +2pts yoy

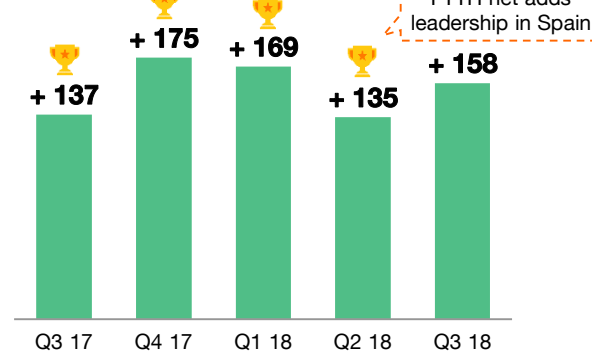
## Broadband net adds

in '000s



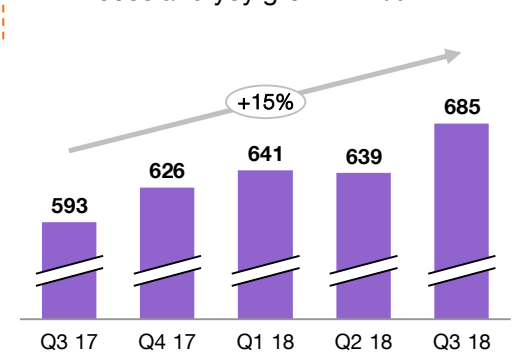
## FTTH net adds

in '000s



## TV customer base

in '000s and yoy growth in %



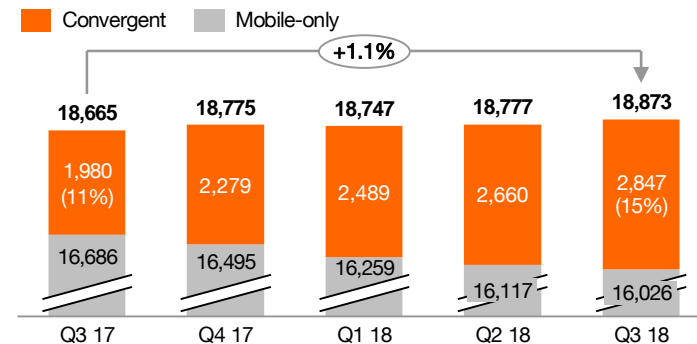
# Q3 2018 Europe

## Convergence driving better trends in retail services

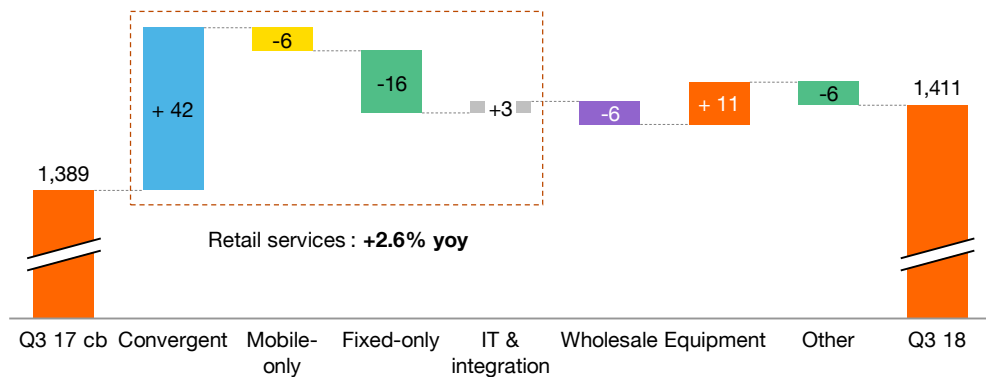
in €m	Q3 18	yoy cb	9m 18	yoy cb
<b>Revenues</b>	<b>1,411</b>	<b>+1.6%</b>	<b>4,185</b>	<b>+1.3%</b>
Retail services	886	+2.6%	2,615	+1.9%
Convergent services*	122	+52.9%	335	+56.7%
Mobile only services	559	-1.1%	1,651	-2.5%
Fixed only services	170	-8.4%	527	-8.3%
IT & integration services	35	+8.8%	102	+21.5%
Wholesale	285	-2.1%	859	+1.3%
Equipment sales	207	+5.6%	605	+3.3%
Other revenues	32	-14.9%	106	-2.8%

\*B2C only

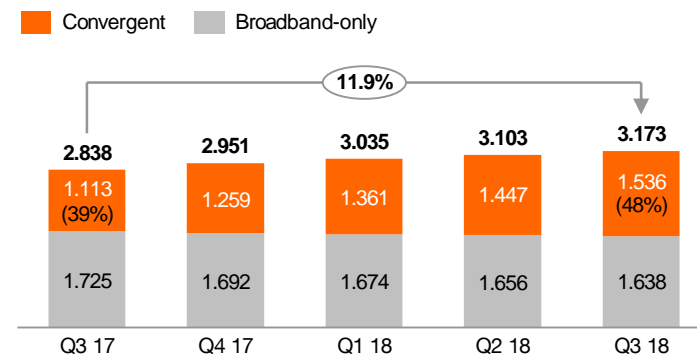
### Mobile contract customer base, ex-M2M (in '000s)



### Revenue evolution (in €m)



### Fixed Broadband customer base (in '000s)



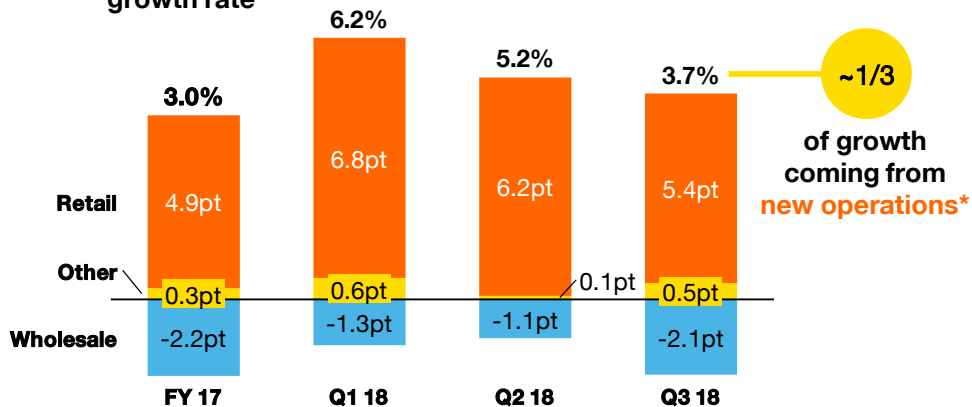
# Q3 2018 Africa & Middle East

Continued revenue growth sustained by solid Retail dynamic

in €m	Q3 18	yoy cb	9m 18	yoy cb
<b>Revenues</b>	<b>1,310</b>	<b>+3.7%</b>	<b>3,834</b>	<b>+5.0%</b>
Retail services	1,079	+6.7%	3,148	+7.6%
Mobile only services	964	+6.5%	2,821	+8.1%
Fixed only services	113	+7.3%	318	+2.5%
IT & integration services	2	+82.6%	9	+85.9%
Wholesale	204	-11.7%	607	-8.3%
Equipment sales	18	+16.8%	58	+35.2%
Other revenues	9	+62.3%	22	-2.5%

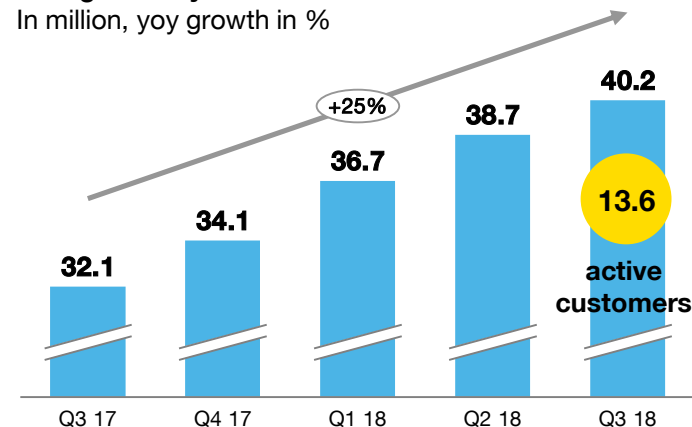
 **15.1m** 4G customers\*\* 

**Retail services and Wholesale contribution to revenue growth rate**



**Orange Money customers\*\***

In million, yoy growth in %



# Q3 2018 Enterprise

Underlying revenue stabilizing, with growth for IT&IS, and data and voice under pressure

in €m	Q3 18	yoy cb	9m 18	yoy cb
<b>Revenues</b>	<b>1,785</b>	<b>-2.2%</b>	<b>5,314</b>	<b>-0.7%</b>
Fixed only services	992	-3.0%	2,988	-2.7%
Voice	342	-5.1%	1,040	-3.8%
Data	650	-1.9%	1,948	-2.1%
IT & integration services	561	+4.0%	1,610	+4.7%
Mobile*	232	-11.8%	716	-4.0%

\*Mobile = Mobile Only Services + Equipment Sales + Wholesale



**Cyberdefense**  
YTD revenue growth

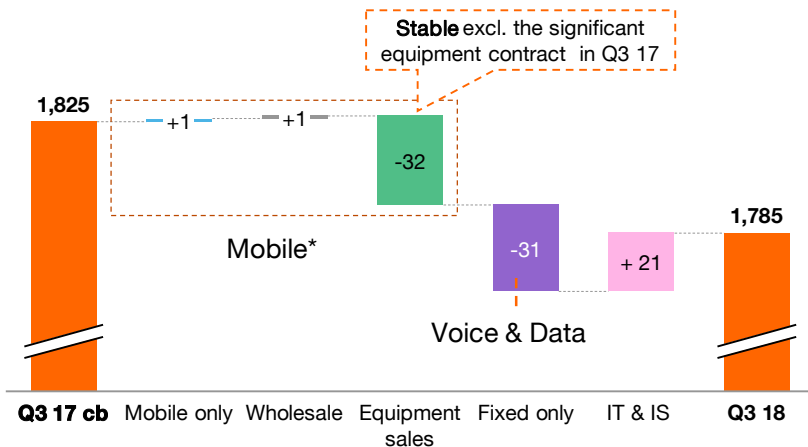
**+16%** yoy



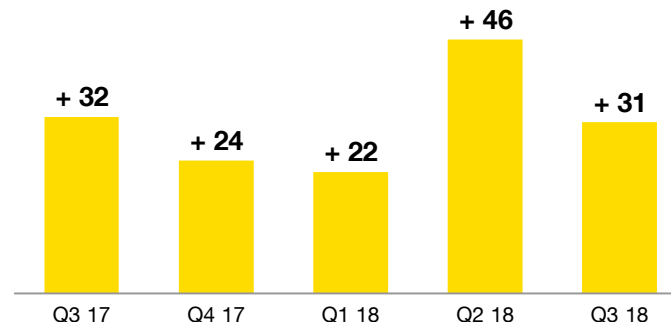
**Cloud**  
YTD revenue growth

**+10%** yoy

## Revenue evolution (in €m)





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



# Section three

# 2018 guidance

# Short and mid-term guidance

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

<b>Mobile KPIs (in thousands)</b>	<b>Q3 16</b>	<b>Q4 16</b>	<b>Q1 17</b>	<b>Q2 17</b>	<b>Q3 17</b>	<b>Q4 17</b>	<b>Q1 18</b>	<b>Q2 18</b>	<b>Q3 18</b>
<b>Mobile customers (excl. MVNOs)</b>	<b>29,508</b>	<b>30,033</b>	<b>30,489</b>	<b>31,150</b>	<b>31,624</b>	<b>31,777</b>	<b>32,012</b>	<b>32,482</b>	<b>32,836</b>
Contract	25,759	26,486	27,090	27,842	28,433	28,821	29,184	29,720	30,170
M2M	5,115	5,711	6,228	6,829	7,068	7,220	7,506	7,859	8,196
Excluding M2M	20,644	20,775	20,862	21,012	21,365	21,601	21,678	21,861	21,975
Prepaid	3,748	3,547	3,398	3,308	3,191	2,956	2,827	2,762	2,665
<b>Mobile volume market share (in %)</b>	<b>35.4%</b>	<b>35.5%</b>	<b>35.6%</b>	<b>35.8%</b>	<b>35.8%</b>	<b>35.6%</b>	<b>35.4%</b>	<b>35.6%</b>	<b>NA</b>

<b>Fixed KPIs (in thousands)</b>	<b>Q3 16</b>	<b>Q4 16</b>	<b>Q1 17</b>	<b>Q2 17</b>	<b>Q3 17</b>	<b>Q4 17</b>	<b>Q1 18</b>	<b>Q2 18</b>	<b>Q3 18</b>
<b>Broadband customers</b>	<b>11,056</b>	<b>11,151</b>	<b>11,220</b>	<b>11,290</b>	<b>11,402</b>	<b>11,485</b>	<b>11,537</b>	<b>11,572</b>	<b>11,639</b>
o/w FTTH customers	1,308	1,452	1,579	1,690	1,835	1,999	2,129	2,260	2,418
o/w xDSL	9,693	9,643	9,587	9,548	9,517	9,438	9,362	9,268	9,179
<b>Broadband market share (in %)</b>	<b>40.3%</b>	<b>40.2%</b>	<b>40.2%</b>	<b>40.3%</b>	<b>40.4%</b>	<b>40.4%</b>	<b>40.3%</b>	<b>40.3%</b>	<b>NA</b>
Net adds broadband market share (in %)	58.1%	36.8%	28.7%	60.1%	64.1%	42.6%	26.6%	44.7%	<b>NA</b>

# EBITDA adjustments

in €m	Q3 17 cb	Q3 18	9m 17 cb	9m 18
<b>Adjusted EBITDA</b>	<b>3,581</b>	<b>3,687</b>	<b>9,372</b>	<b>9,671</b>
restructuring and integration		-15	-74	-77
litigations		-6	-61	-38
labour related	-29	-91	-87	-115
o\w Senior Part Time	-29	-91	-106	-115
portfolio review and others	-	-	-	-
<b>Reported EBITDA</b>	<b>3,552</b>	<b>3,574</b>	<b>9,151</b>	<b>9,440</b>