

Orange financial results

#FY_2019



13 February 2020

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Disclaimer

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Section one

FY 2019 highlights



2019 key highlights



Revenue and EBITDAaL growth with acceleration in Q4



3 strong engines of revenue growth : MEA, Europe and Enterprise



Improving trends of Retail services and ARPOs in France



European leader in cybersecurity with double digit growth



Structural change in the management of tower and fiber assets



All elements of guidance achieved with upgrade of 2020 Organic CF guidance



2019 key achievements

Multi-Services
Customers & offers

OCS go 3.1m Customers
Smart home
Launch of connected & protected home offers
Homelan
NPS > 40 pts

orange bank >500k Customers*
o/w 29% have a consumer loan

New deals
global, secured SDWAN
Cloud
MARS
NORGES BANK

Connectivity
Customer base

Customers

Convergence 10.8m +3% yoy

VHBB 7.8m +23% yoy
customers, o/w 7.5 m FTTH

Network
Leadership

40m VHBB connectable lines (+22% yoy) O/W 38m FTTH 5G



2019 guidance achieved

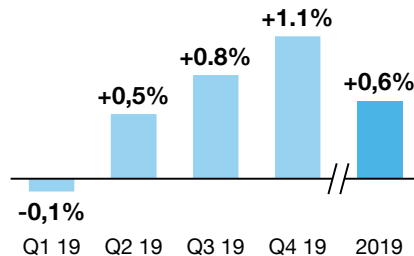
yoY : comparison with the same period of the previous year, on a comparable basis unless otherwise specified

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

*subject to shareholders' approval; ex-date June 2nd, record date June 3rd, payment date June 4th 2020 for the €0.40 2019 balance

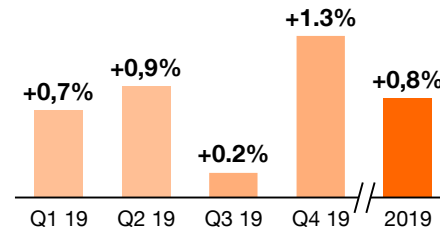
Revenue

€ 42.2bn



EBITDAaL

€ 12.9bn



eCAPEX



Organic CF
(telecom)



Net debt /
EBITDAaL
(telecom)



Dividend
2019*

2019 guidance achieved

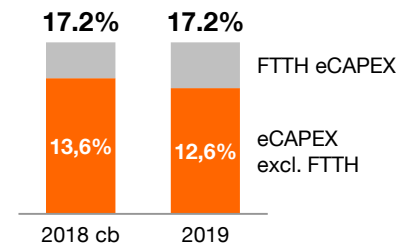
Investments stabilisation with a fiber roll-out acceleration in France



40m

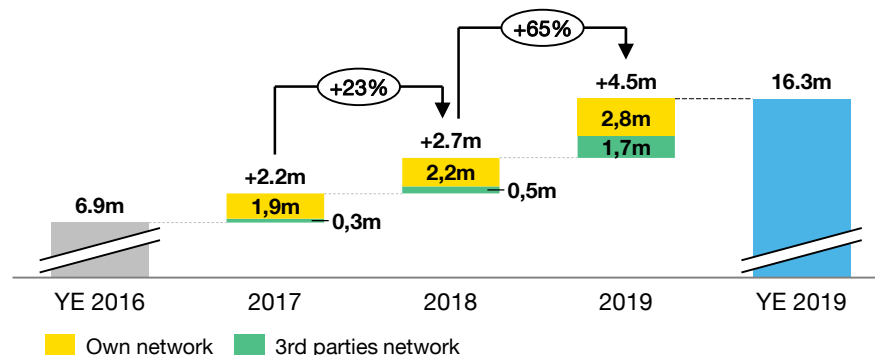
VHBB connectable lines,**
 o/w 38.2m FTTH +31% yoy
 14.9m lines in Spain, +8% yoy
 4.2m lines in Poland, +25% yoy

eCapex to Sales (telecom, in %)



FTTH roll-out acceleration in France

FTTH connectable homes in France:



Group	Telecom
FY 2019 eCAPEX	+0.7%
€7.3bn	+€53m yoy
+ 0.6% yoy	As % of rev.
+ €44m yoy*	17.2%
	+0.0 pt yoy

* o/w €56m due to network sharing deal with Vodafone in Spain

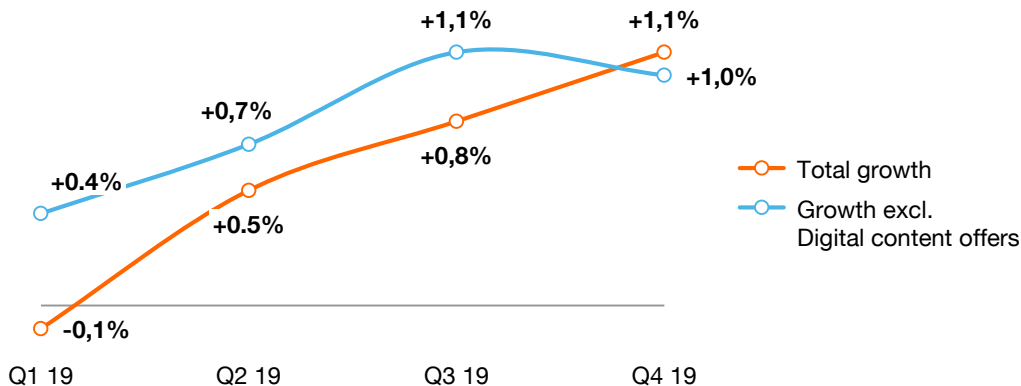
**VHBB > 100 Mbps

Section two

Financial results overview

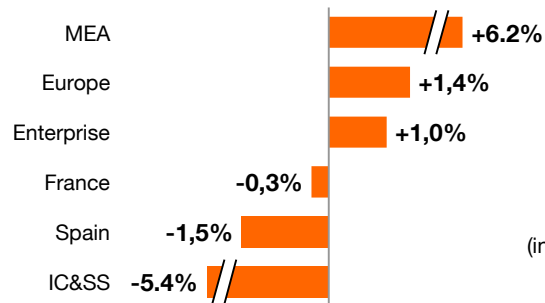
Revenue kept growing

Group revenue growth (yoy in %)

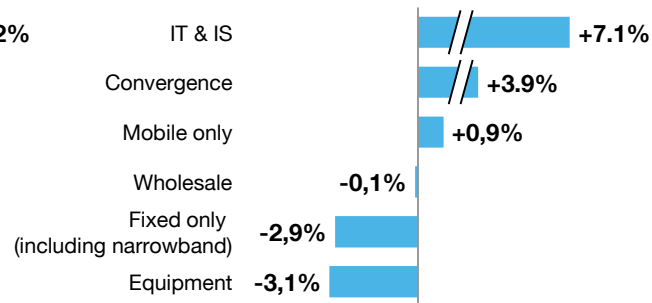


	Q4 2019	FY 2019
FY 2019 revenue*	yoy +1.1% +€123m	yoy +0.6% +€252m
€42.2bn	excl. digital reading offer +1.0% +€114m	excl. digital reading offer +0.8% +€343m

FY19 revenue growth by segment



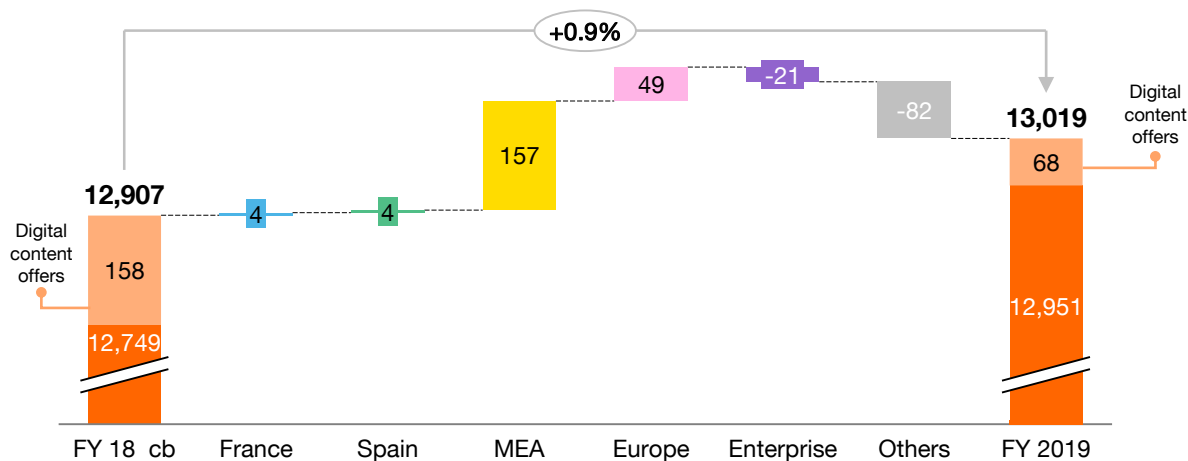
FY19 revenue growth by activity



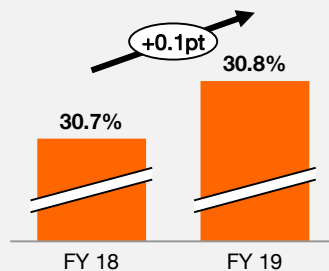
* Orange Bank Net Banking Income is not included in Group revenues but in "Other operating income", that is below the revenue line and feeds directly into consolidated EBITDAaL.

EBITDAaL growth fuelled by MEA and Europe

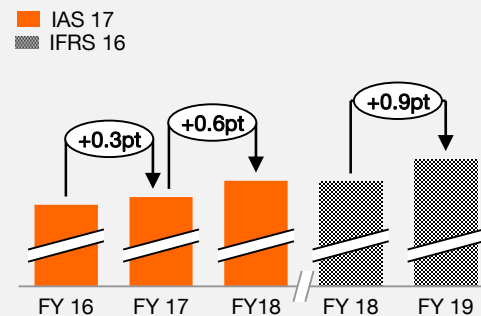
FY 19 EBITDAaL (Telecom) growth per segment (yoy in €m)



EBITDAaL margin evolution (telecom)



Operating ROCE* evolution (telecom)



* ROCE(n) = adj.EBIT (n) / Net Operating Assets (n-1)

Q4 2019 FY 2019

FY 2019
EBITDAaL
(Telecom)

€13.0bn

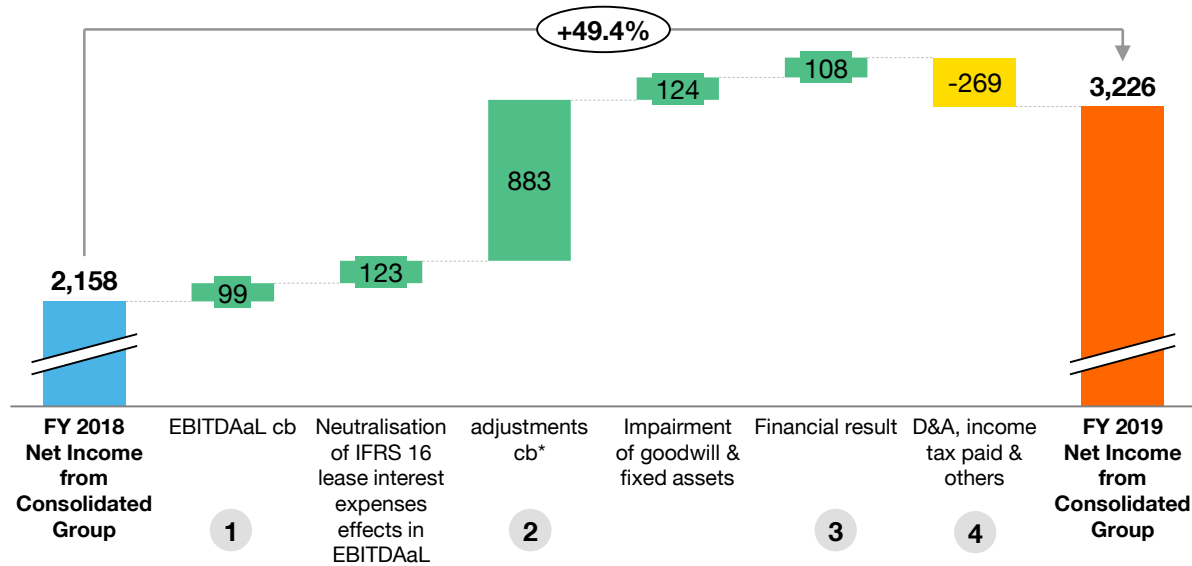
yoy	yoy
+1.0%	+0.9%
+€32m	+€111m

As % of rev.	As % of rev.
30.0%	30.8%
-0.0pt yoy	+0.1pt yoy

Net income grew +49.4%

FY 2019
Net income
€3.2bn

FY 2019
yoy
+49.4%
+€1.1bn

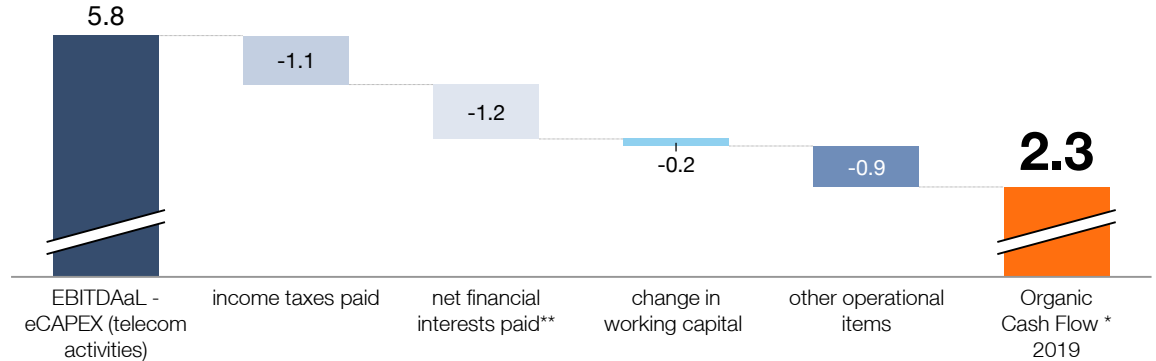


1. EBITDAaL improvement yoy
2. Adjustments mainly related to the counter-effect of the provisions booked in 2018 for the French senior part time plan
3. Includes economic gain related to the revaluation of hedges of subordinated notes in GBP and loss related to BT shares
4. Includes increase in corporate taxes expenses

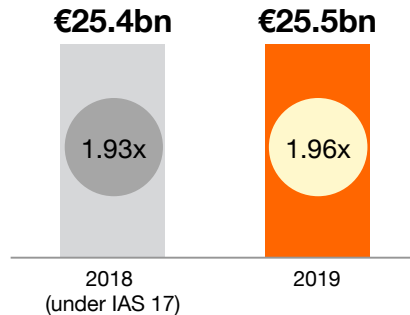
* See details on slide 24

Organic Cash Flow* above guidance.

Organic Cash Flow at € 2.3bn in 2019 in € bn



Net debt*** (telecom activities)



- Net Debt / adjusted EBITDA Telecom
- Net Debt / EBITDAaL Telecom

Liquidity position (telecom activities)

€ 17.0 bn
o/w €10.8bn in cash

- **Excluding 0.1 billion euros in interest disbursed on lease liabilities
- ***see details on slide 25

*Organic cash flow from telecoms activities corresponds to net cash provided by operating activities, minus (i) repayments of lease liabilities and on debts related to financed assets, and (ii) purchases and sales of property, plant and equipment and intangible assets, net of change in fixed assets payables, (iii) excluding telecommunication licenses paid and significant litigations paid (and received).

Section three

Business review

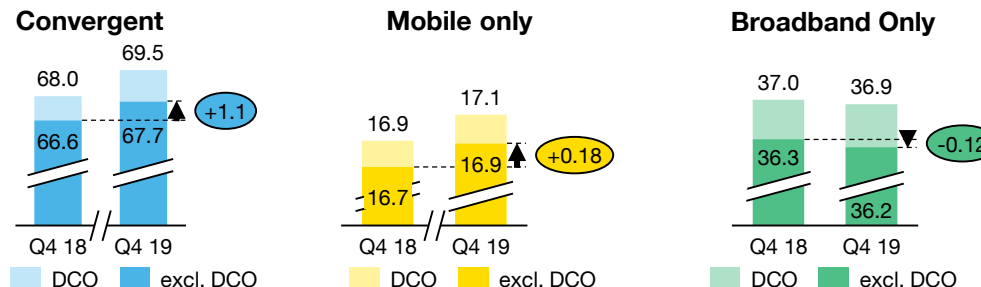
Q4 2019 France

Total revenues back to growth thanks to Convergence and Wholesale services

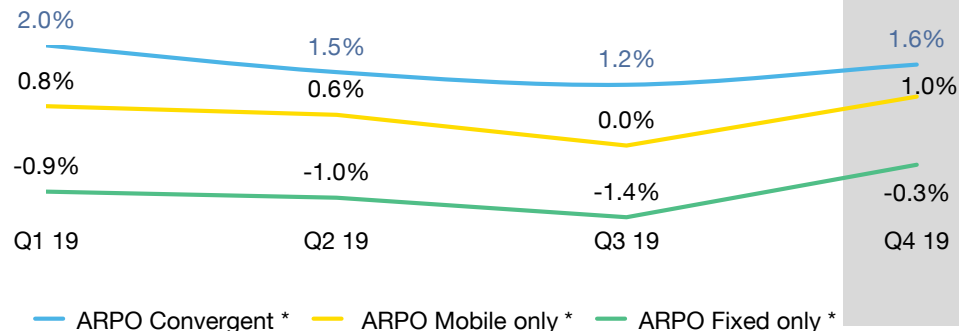
in €m	Q4 19	yoy cb	FY 19	yoy cb
Revenues	4,731	+1.1%	18,154	-0.3%
Retail services	2,730	-0.2%	10,807	-1.6%
Convergent services*	1,142	+5.6%	4,397	+3.9%
Mobile only services	571	-4.6%	2,324	-4.3%
Fixed only services	1,017	-3.8%	4,086	-5.4%
Fixed only broadband	688	+2.2%	2,699	-0.2%
Fixed only narrowband	329	-14.3%	1,387	-14.1%
Wholesale	1,422	+4.1%	5,487	+2.9%
Equipment sales	439	-2.6%	1,351	-4.2%
Other revenues	141	+11.8%	509	+5.7%
EBITDAaL			7,135	+0.1%
EBITDAaL margin			39.3%	+0.1pt
eCAPEX			4,052	+10.9%
eCAPEX/revenues			22.3%	+2.2pt

FY 19 Revenues : +0.2% yoy excl. digital content offers (DCO)

Q4 19 quarterly ARPOs (in €) and growth, yoy:



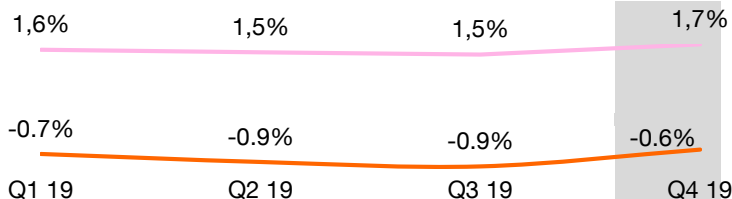
Improvement in trend of Mobile-Only and Fixed-Only ARPOs:



* Growth yoy, excl. digital content offers (DCO)

Improvement of CA Retail trend in Q4 19


Quarterly yoy growth excl. digital content offers (DCO)

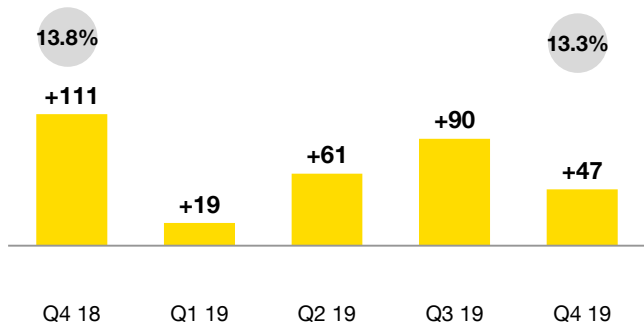


— Retail Services excl. DCO — Retail Services excl. PSTN and DCO

Q4 2019 France: commercial performance


Record quarter in fiber net adds. Good performance in mobile with decrease in churn

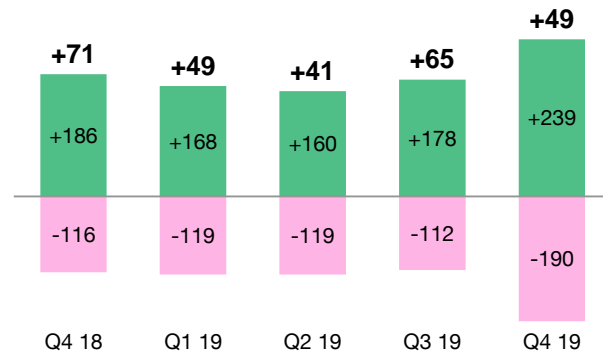
 Mobile contract net adds (in '000s) and churn rate
■ net adds excl M2M ● quarterly churn rate in %



55%

of broadband B2C Customers are on Open **convergent** offers (+0.2pt yoy)

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



4G 99%

of 4G population coverage (+0.4 pt yoy) **#1 ARCEP position 9 years in a row**

84%

of B2C **voice contract** customers have a **4G plan** (+5pts yoy)

+2.1%


Number of mobile **lines per convergent** offer (Q4 yoy growth)

 **16.3m**

of **FTTH** connectable homes (+38% yoy) o/w **3.3m** FTTH customers (+29 %)

55%

of **FTTH** adds* are new customers

 **+3.5pts**

Growth of B2C broadband **convergent** customer **premium** mix**, yoy

Q4 2019 Spain

Preserving value and efficiency in a downtrend market

in €m	Q4 19	yoy cb	FY 19	yoy cb
Revenues	1,346	-2.3%	5,280	-1.5%
Retail services	938	-3.4%	3,760	-2.9%
Convergent services*	525	-3.1%	2,092	-2.4%
Mobile only services	284	-6.4%	1,161	-5.7%
Fixed only services	127	+1.0%	501	+1.0%
Wholesale	241	+5.6%	901	+11.9%
Equipment sales	167	-6.1%	620	-9.5%
EBITDAaL			1,646	+0.3%
EBITDAaL margin			31.2%	+0.5pt
eCAPEX			812	-24.0%
eCAPEX/revenues			15.4%	-4.6pt

*B2C only

83% Convergence as % of broadband B2C customer base

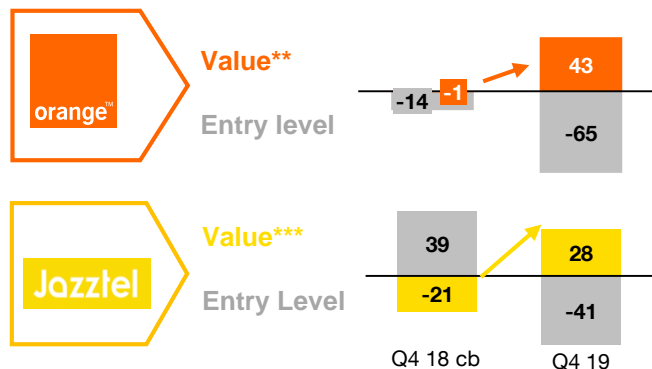
79% Fiber penetration in BB customer base

68% 4G penetration in mobile customer base

18% TV penetration in BB customer base

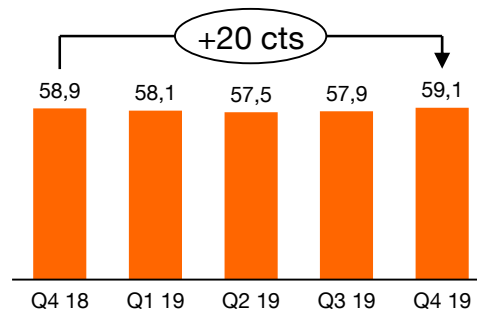
Increase in value clients

Mobile convergent net-adds in '000's



Convergent ARPO increase

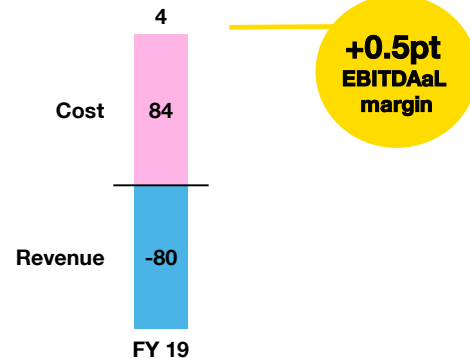
In €



EBITDAaL growth sustained by

Cost efficiency

EBITDAaL growth in m€



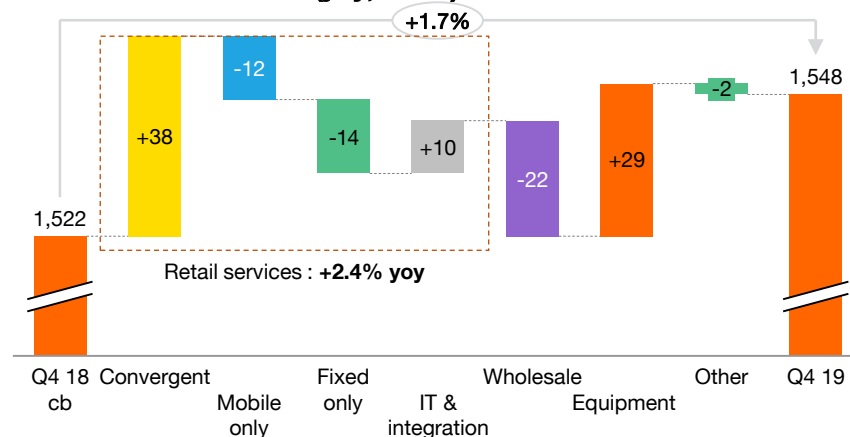
Q4 2019 Europe

Improvement in profitability driven by indirect costs optimization and solid commercial performance in convergence

in €m	Q4 19	yoy cb	FY 19	yoy cb
Revenues	1,548	+1.7%	5,783	+1.4%
Retail services	942	+2.4%	3,641	+2.9%
Convergent services*	170	+28.5%	623	+34.0%
Mobile only services	531	-2.2%	2,143	-2.1%
Fixed only services	157	-8.0%	644	-7.2%
IT & integration services	84	+13.4%	232	+20.3%
Wholesale	269	-7.5%	1,071	-6.5%
Equipment sales	292	+10.8%	898	+3.8%
Other revenues	45	-4.9%	173	+14.5%
EBITDAaL			1,492	+3.4%
EBITDAaL margin			25.8%	+0.5pt
eCAPEX			869	-1.7%
eCAPEX/revenues			15.0%	-0.5pt

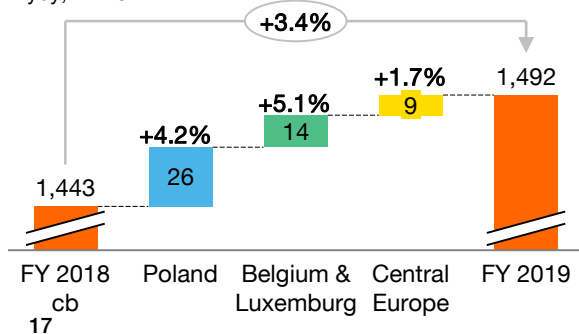
*B2C only

Revenue evolution (yoy, in €m)



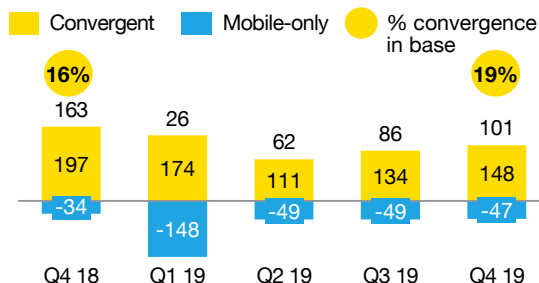
FY EBITDAaL growth per area

yoy, in m€



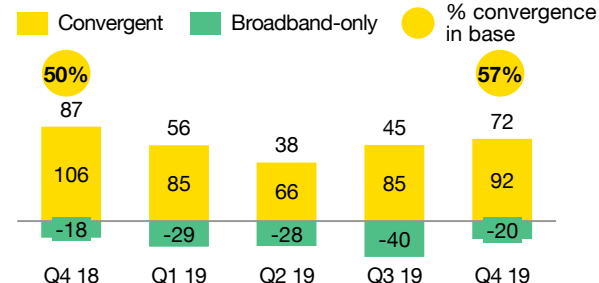
Europe, mobile contract net adds

ex-M2M (in '000s)



Europe, Fixed Broadband net adds

(in '000s)



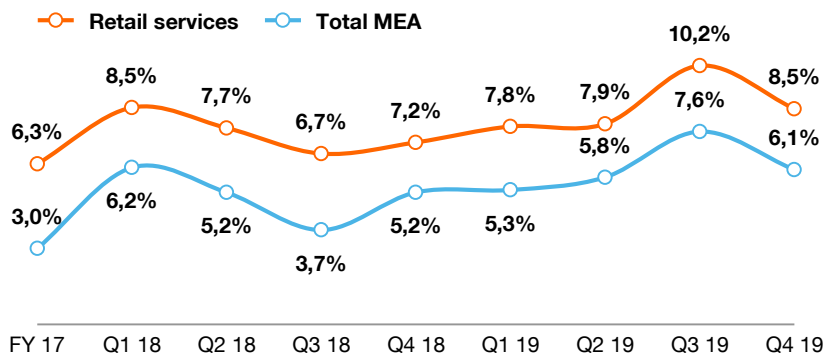
Q4 2019 Africa & Middle East

Excellent performance

in €m	Q4 19	yoy cb	FY 19	yoy cb
Revenues	1,461	+6.1%	5,646	+6.2%
Retail services	1,229	+8.5%	4,738	+8.6%
Mobile only services	1,098	+9.7%	4,230	+8.6%
Fixed only services	127	+6.4%	493	+10.3%
IT & integration services	4	-69.5%	14	-33.0%
Wholesale	191	-8.0%	780	-6.4%
Equipment sales	29	+2.6%	96	+8.9%
Other revenues	12	+59.9%	32	+5.5%
EBITDAaL			1,815	+9.4%
EBITDAaL margin			32.2%	+0.9pt
eCAPEX			987	-2.0%
eCAPEX/revenues			17.5%	-1.5pt

> 80% of revenue comes from sustainably solid retail services

Revenue cb yoy growth in %



> 90% of Retail Services revenue growth in FY 19 from
Data, Orange Money, and Fixed BB

 **23.8m** **+43% yoy**
4G customers

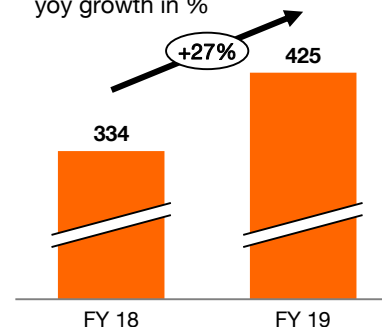
+25% Data revenue growth FY19

 **1.2m** **+21% yoy**
FBB customers

+19% FBB revenue growth FY19

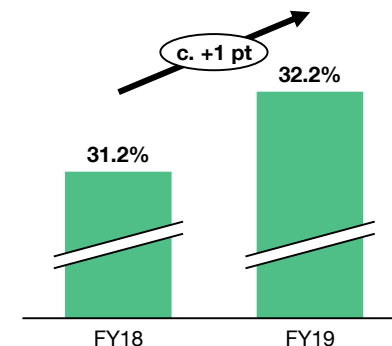
Orange Money €425m FY 19 revenues

Revenues in million EUR, yoy growth in %



EBITDAaL margin

Increase by ~1pt



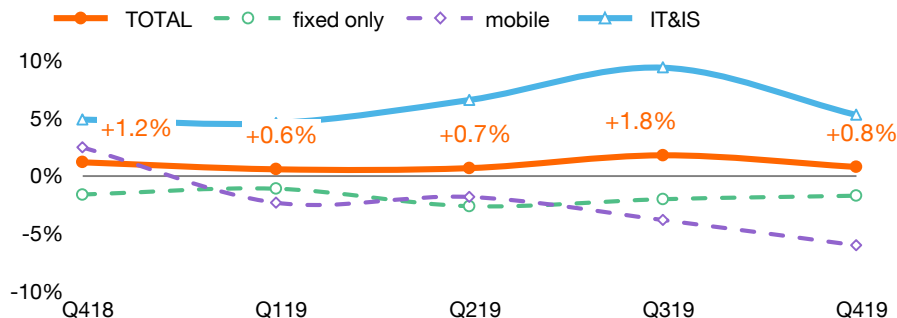
Q4 2019 Enterprise

Back to revenue growth in 2019 driven by ongoing successful transformation

in €m	Q4 19	yoy cb	FY 19	yoy cb
Revenues	2,104	+0.8%	7,820	+1.0%
Fixed only services	1,007	-0.9%	3,963	-1.7%
Voice	325	-5.7%	1,289	-6.8%
Data	682	+1.6%	2,674	+1.0%
IT & integration services	846	+5.3%	2,909	+6.5%
Mobile*	251	-6.0%	949	-3.6%
EBITDAaL			1,191	-1.7%
EBITDAaL margin			15.2%	-0.4pt
eCAPEX			404	+10.3%
eCAPEX/revenues			5.2%	0.4pt

*Mobile = Mobile Only Services + Equipment Sales

Revenues growth fueled by IT&IS (yoy in %)



Cybersecurity

A European leader with **€580m** revenues

FY19 organic* revenue growth **+24% yoy**

37%

IT&IS

Share in total segment revenues



Cloud

FY19 organic* revenue growth **+19% yoy**

*Excluding revenues impact from the last 12 months acquisitions. Proforma growth for Cybersecurity is +15% yoy in FY19. Proforma growth for Cloud is +15% yoy in FY19.

Section four

2020 guidance

Short and mid term guidance

	2020e	2021e	2022e	2023e
EBITDAaL, yoy	Flat +	CAGR: 2% to 3%		
eCAPEX incl. RAN sharing deals, yoy	circa + €200m	Flat	Decrease	
Organic Cash Flow (telecom)*	Improved Guidance > €2.3bn	Growth		circa 3.5 to €4bn
Net debt / EBITDAaL (telecom)	Around 2x in the medium term			
Dividend**	0.70€	Floor at 0.70€		

From an ambition announced in CMD to a commitment to execute the €1bn net savings 2023 vs 2019 ***

*Organic cash flow (telecoms activities) : Organic cash flow from telecoms activities corresponds to net cash provided by operating activities, minus (i) repayments of lease liabilities and on debts related to financed assets, and (ii) purchases and sales of property, plant and equipment and intangible assets, net of change in fixed assets payables, (iii) excluding telecommunication licenses paid and significant litigations paid (and received).

**Subject to shareholders' approval.

***On an indirect cost base of € 14bn of telecom activities at FY 19, excluding MEA (fast growing), and OBS IT&IS labour and ITN costs (transforming its business model), out of a 18bn€ indirect cost base in FY19

Appendices

Change in net income

(in millions of euros, on a historical basis)	FY 2018 historical	FY 2018 cb	FY 2019 actual
EBITDAaL	13,005*	12,762	12,860
Neutralisation of IFRS 16 lease interest expenses effects in EBITDAaL	-	119	123
Adjustments**	(1,028)	(868)	15
Depreciation & amortization of fixed assets	(7,047)		(7,110)
Impairment of goodwill & fixed assets	(105)		19
Share of profit (losses) of associates and JV	3		8
Other income / (charge)	1		12
Operating income	4,829		5,927
Effects resulting from BT stake	(51)		(119)
Financial result (excluding BT)	(1,311)		(1,135)
Tax	(1,309)		(1,447)
Net income from continuing activities	2,158		3,226
Net income from discontinued activities	-		-
Net income from consolidated Group	2,158		3,226
Minority interests	204		220
Net income Group share	1,954		3,006

*adjusted EBITDA ** See details on slide 24

Adjustments

in €m	FY 18 historical	FY 18 cb	FY 19 Actual
Cost of restructuring programs	(189)	(193)	(165)
Cost of acquisitions and integration	(11)	(11)	(24)
Significant litigations	(33)	(34)	(49)
Specific labour expenses	(812)	(812)	(23)
<i>olw Senior Part Time</i>	<i>(812)</i>	<i>(812)</i>	<i>(25)</i>
Portfolio review and others	17	182	277

Change in net debt

2019
Actual

(in millions of euros)

EBITDAaL - eCAPEX (telecom activities)	5,754
Change in working capital requirements	(204)
Change in eCAPEX payables	45
Net interest paid (including dividends received)*	(1,196)
Income taxes paid	(1,079)
Other operational items**	(975)
Organic Cash Flow (telecom activities)	2,345
Main litigations paid/received	5
Licences and spectrum paid	(334)
Dividends paid to owners of parent company	(1,857)
Dividends paid to non-controlling interests	(243)
Coupons and other fees on subordinated notes	(357)
Net of acquisitions and disposals	(77)
Exclusion of IFRS 16 leases from the net financial debt definition***	584
Other financial items	(91)
Change in net debt	(25)
Net financial debt***	(25,466)
Ratio of net financial debt / EBITDAaL of telecom activities	1.96x

* Excluding €97m of interest expenses on IFRS 16 leases

**Of which (i) disbursements related to “Part- Time for Seniors” plan in France (TPS, procedures in relation to agreements on the employment of seniors in France) and related to restructuring and integration costs, (ii) repayments of lease liabilities, and (iii) elimination of non-monetary effects included in EBITDAaL.

25 ***In comparison with 2018, the definition of the net financial debt of 2019 now excludes the financial lease liabilities included in the scope of IFRS 16 and includes the debts relating to financed assets.

Convergence, the bedrock of our strategy

€ **7.1** bn

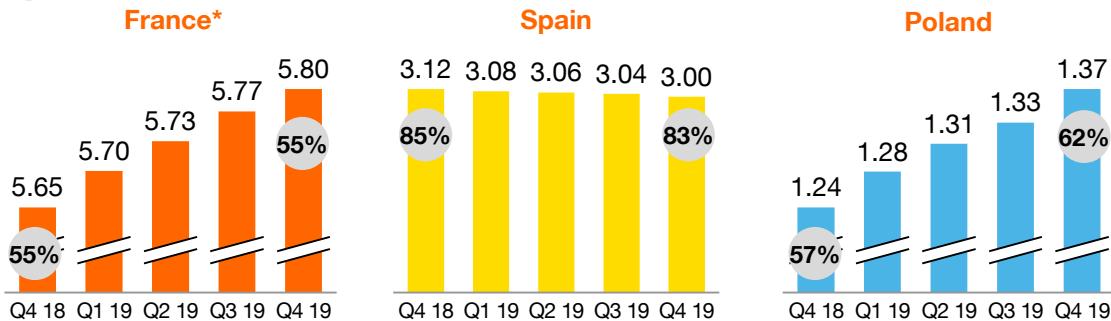
Convergent services
revenues in FY 2019

+3.9% yoy



Convergent B2C customer base in million

● % of broadband B2C customer base



Churn improvement with convergence in Q4**

-4pt

-4pt

0pt

Quarterly convergent ARPO, in €/month in Q4

€69.5
+2,2% yoy

€59.1
+0.4% yoy

€24.0
+0.9% yoy***

Number of mobile lines per convergent offer (Q4 yoy growth)

1.67
+2.1% yoy

1.95
+3.4% yoy

1.89
-1.3% yoy

* cb Open customers only

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

*** YoY evolution calculated in local currency