

Orange financial results

#H1_2021



29 July 2021

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Disclaimer

This presentation contains forward-looking statements about Orange's financial situation, results of operations and strategy. 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. In particular, the Covid-19 outbreak may exacerbate the risks that the Group could face. More detailed information on the potential risks that could affect our financial results is included in the Universal Registration Document filed on 20 April 2020 with the French Financial Markets Authority (AMF) and in the annual report (Form 20-F) filed on 21 April 2020 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
Q2 2021 highlights

Q2 Key messages



Excellent commercial performance overall with strong equipment sales driven by shops reopening and 5G



Revenues acceleration driven by outstanding Africa & Middle East, other European countries and Enterprise



Strong recovery on IT&IS at 10.8% in Q2 thanks to Cloud, Digital and Data and Cyberdefense



Key milestone in infrastructure achieved with the recent set-up of management team of our European Towerco, Totem



Q2 21 key achievements

FTTH

51.8m

Connectable homes

10.3m ▶ **+28%**

Customers yoy

+2.2m

Customers yoy, accelerating in Q2

France

+353k

Strong FTTH net adds in Q2

26.1m

FTTH connectable lines

5G 520 municipalities covered

Enterprise

+10.8%

Yoy Q2 IT&IS growth

~ **+10%**

Digital & Data, Cloud and Cyberdefense



JV between Capgemini and Orange to provide a 'Cloud de Confiance'

5G

Successful launch in

6 European countries

Strong appetite for 5G smartphones

941K 5G customers

Europe

Strong commercial performance

Clear inflexion yoy

Total revenues **+1.8%**, yoy including **Spain**

Equipment sales **+20%** driven by pent-up demand and **5G**

MEA

€1.05bn

H1 21 EBITDAaL

▶ **+17%**

growth in 1y

Impressive FBB revenues growth

+23% yoy

>575K

OB clients in Africa

H1 21 financial achievements

Revenue

€20.9bn



+1.5%
yoy in H1 21

EBITDAaL

€5.8bn



-0.4%
yoy in H1 21

eCapex

€3.8bn



+22.8%
yoy in H1 21

**Organic
Cash Flow**

€840M

(Telecom)

**Net debt/
EBITDAaL**

1.99x

(Telecom)

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

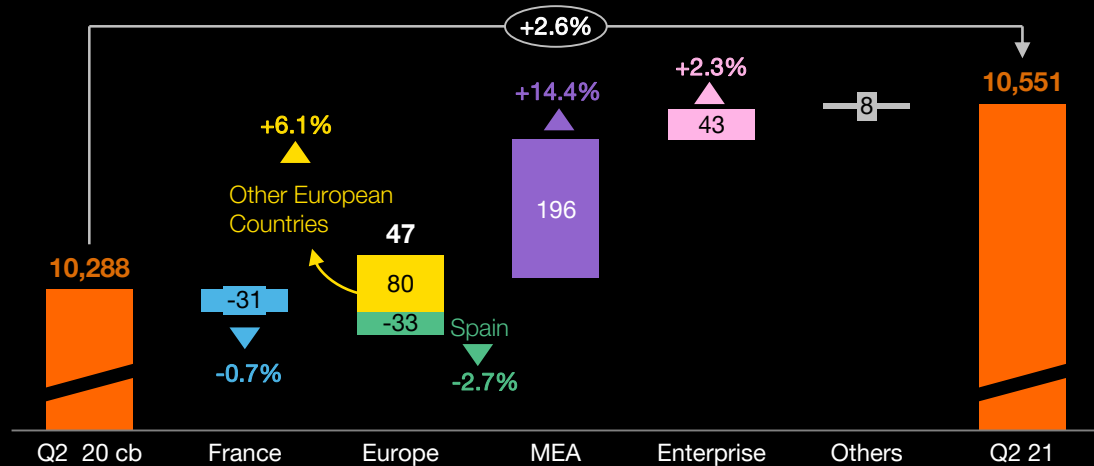
All Group level mentions include both telecom and banking activities. Conversely, all mentions excluding Orange bank are explicitly called "Telecom"

Section Two
Financial results
overview

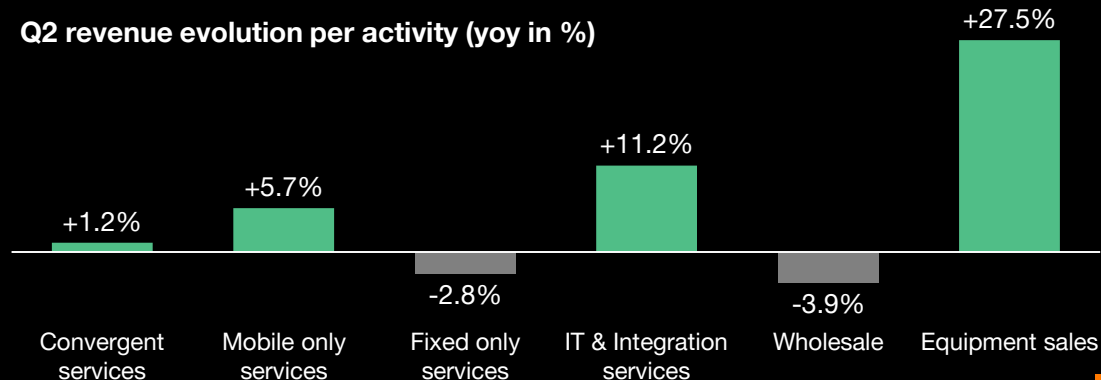


Revenue accelerating in Q2 2021

Q2 revenue growth contribution per segment (yoy in €m)



Q2 revenue evolution per activity (yoy in %)



	Q2 2021	H1 2021
H1 2021 revenue*	yoy +2.6%	yoy +1.5%
	+€264m	+€314m
€20.9bn		

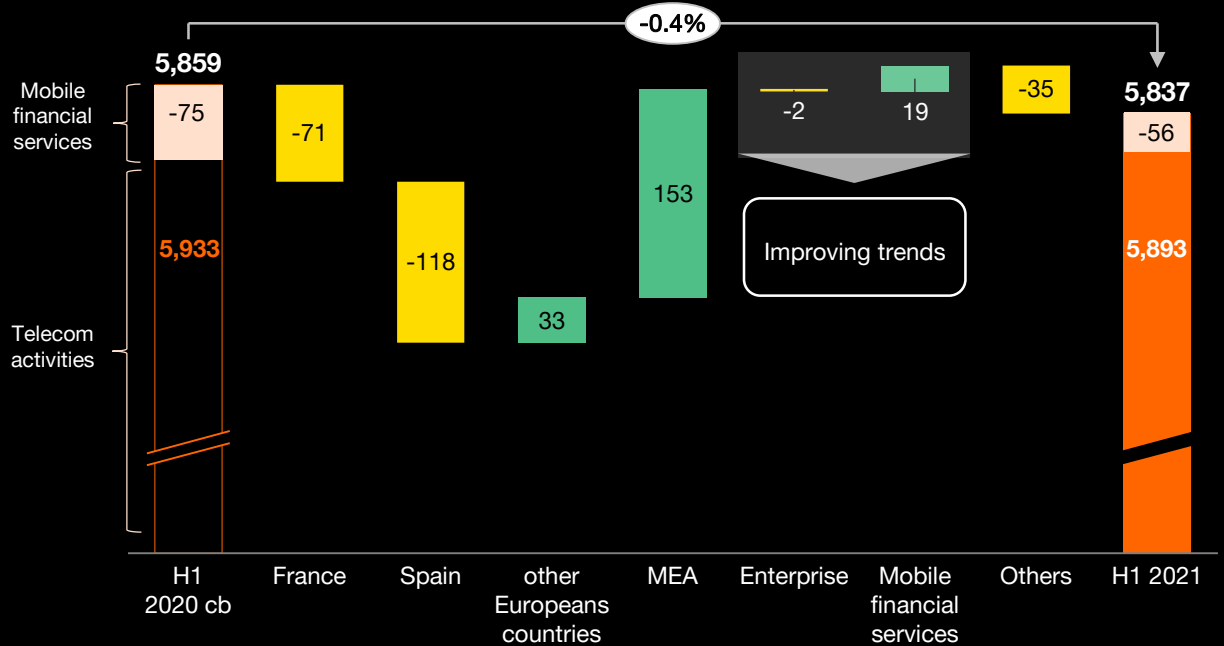
* Orange Bank Net Banking Income is not included in Group revenues but in "Other operating income", that is below the revenue line and feeds directly into consolidated EBITDAaL.

Resilient

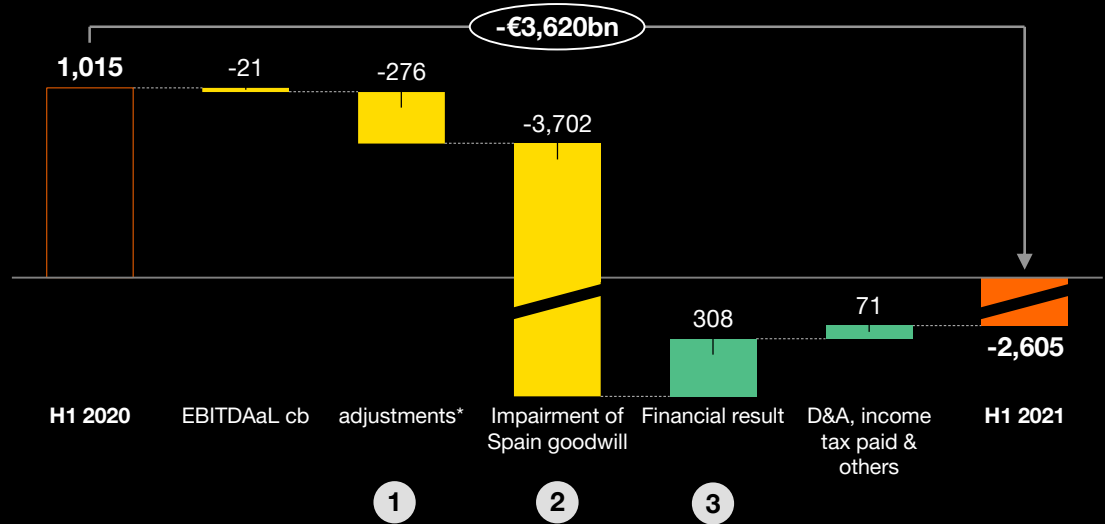
EBITDAaL

H1 21 Group EBITDaAL evolution per segment
yoy, in €m

	Q2 2021	H1 2021
Group EBITDAaL	yoy -0.4% -€14m	yoy -0.4% -€21m
EBITDAaL Telecom	yoy -0.8% -€25m	yoy -0.7% -€40m



Net income **down** due to impairment on Spain



H1 2021
Net income
-€2.6bn
-€3.6bn yoy

- ① Includes restructuring programmes (€286m)*
- ② Impairment in Spain mainly reflects :
 - worsening competitive market environment
 - continuation of sanitary crisis delaying the economic turnaround
- ③ Includes hedging of subordinated notes denominated in GBP

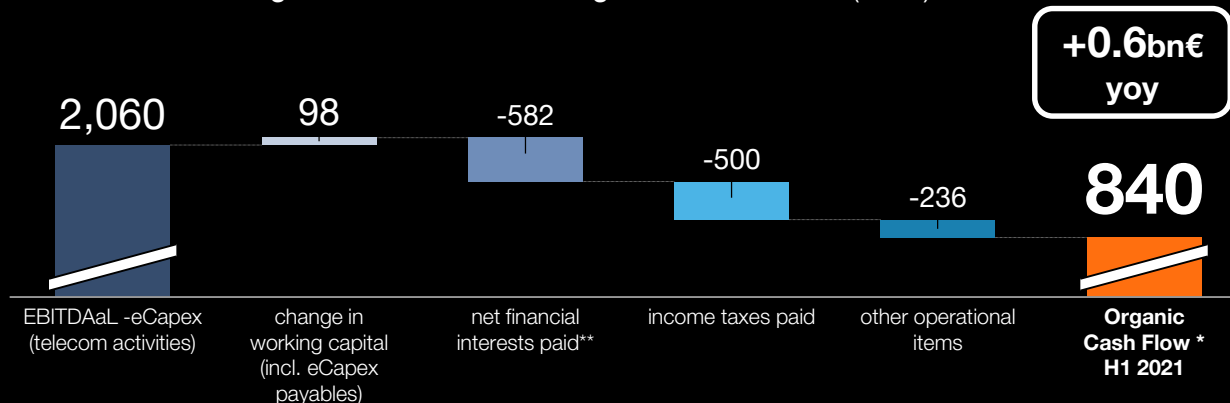
* See details on slide 33

H1 21 Results

Significantly increasing organic cash flow*

Very solid balance sheet

Organic Cash Flow* reaching €840 m in H1 2021 (in €m)



**+0.6bn€
yoy**

	2020	H1 2021
Net debt* (telecom activities)	23,489	25,344
Average maturity of OSA bonds (years)	8.6	8.9
Average cost of gross debt	3.14%	2.92%
Net debt / EBITDAaL (telecom activities)	1.83x	1.99x

Strong liquidity position
(telecom activities)

€15bn***

*see details on slide 34

**excluding 0.1 billion euros in interest disbursed on lease liabilities

***o/w €8.8bn in cash and €6.2bn available undrawn amount of credit facilities

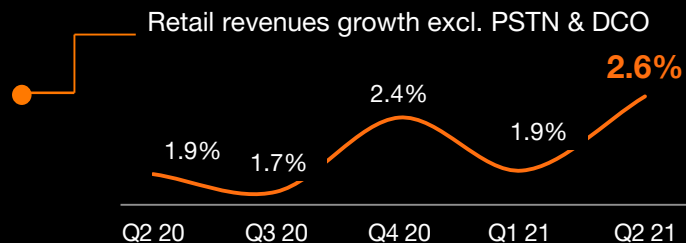
A close-up photograph of a person's hands holding a red smartphone. The phone's screen shows a smiling woman with long brown hair and white earbuds. The person holding the phone is wearing a grey shirt and blue jeans. The background is blurred, showing another person in a blue shirt.

Section Three Business Review

Q2 2021 France

Retail services accelerating

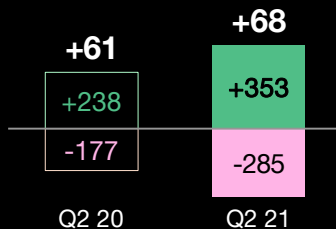
in €m	Q2 21	yoy cb	H1 21	yoy cb
Revenues	4,546	-0.7%	8,950	-0.5%
Retail services	2,695	+0.4%	5,383	+0.1%
Wholesale	1,434	-5.6%	2,720	-4.2%
Equipment sales	254	23.4%	523	+14.2%
EBITDAaL			3,181	-2.2%
eCAPEX			2,171	+31.8%



FIXED

5.3m FTTH customers
+39% yoy

FBB net adds in '000

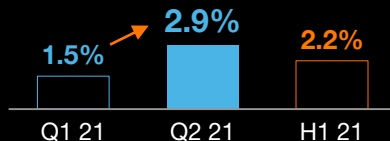


51% FTTH adds* are new customers

CONVERGENCE

69.2€ Convergent ARPO
+0.7% yoy

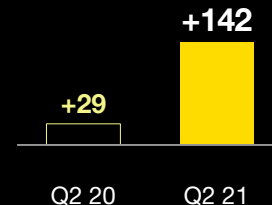
Convergent services revenues accelerating QoQ



MOBILE

+0.4€ Mobile ARPO
+2.6% yoy

COVID ◀ 9.5% 10.8% ▶ Lower churn vs Q2 19



■ FTTH net adds in '000 ■ ADSL and others BB net adds in '000 ■ Mobile contract net adds excl M2M in '000 ● Quaterly mobile churn rate

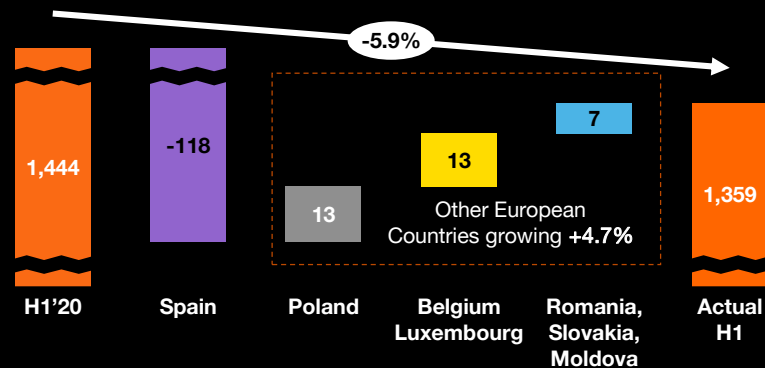
*gross adds + migration
H1 21 Results

Q2 2021 Europe

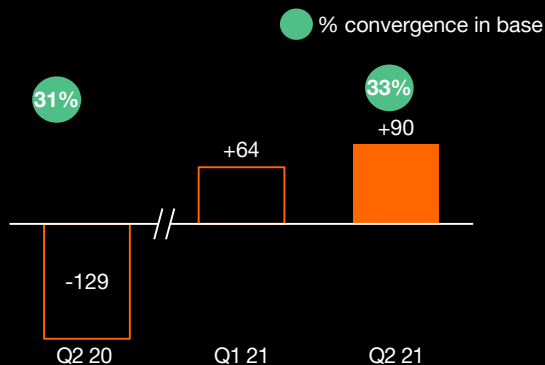
Solid commercial performance. Other European Countries' EBITDAaL growing +4.7% yoy

<i>in €m</i>	Q2 21	yoy cb	H1 21	yoy cb
Revenues	2,581	+1.8%	5,164	-0.3%
Retail services	1,724	-2.1%	3,451	-3.3%
Wholesale	472	-0.2%	926	-2.0%
Equipment sales	349	26.8%	718	+20.0%
EBITDAaL			1,359	-5.9%
eCAPEX			870	+15.2%

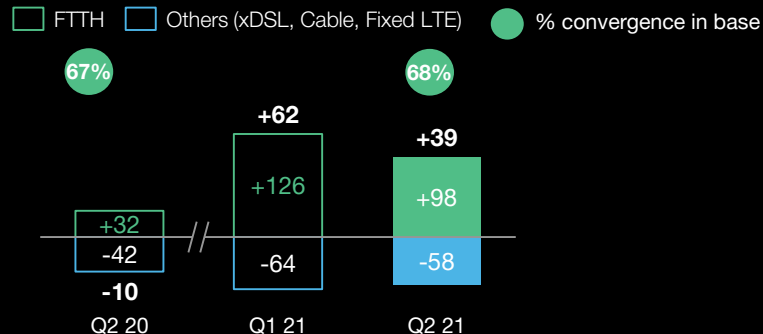
H1 EBITDAaL evolution (in €m)



Europe, mobile contract net adds ex-M2M (in '000s)



Europe, Fixed Broadband net adds (in '000s)



Q2 2021 Spain

Ongoing simplification and transformation

<i>in €m</i>	Q2 21	yoy cb	H1 21	yoy cb
Revenues	1,180	-2.7%	2,368	-5.1%
Retail services	797	-8.3%	1,614	-9.2%
Wholesale	228	-0.5%	443	-1.4%
Equipment sales	155	+35.6%	310	+21.5%
EBITDAaL			610	-16.2%
eCAPEX			457	+16.6%

Convergence net adds	↑ +9k
Mobile contract net adds*	↑ +36k
FTTH net adds	↑ +28k
FBB net adds	↓ -9k

Transforming our operating model

Simplification of low cost brands ongoing



joined Simyo successfully

Voluntary departure plan accepted

and

fully subscribed by employees

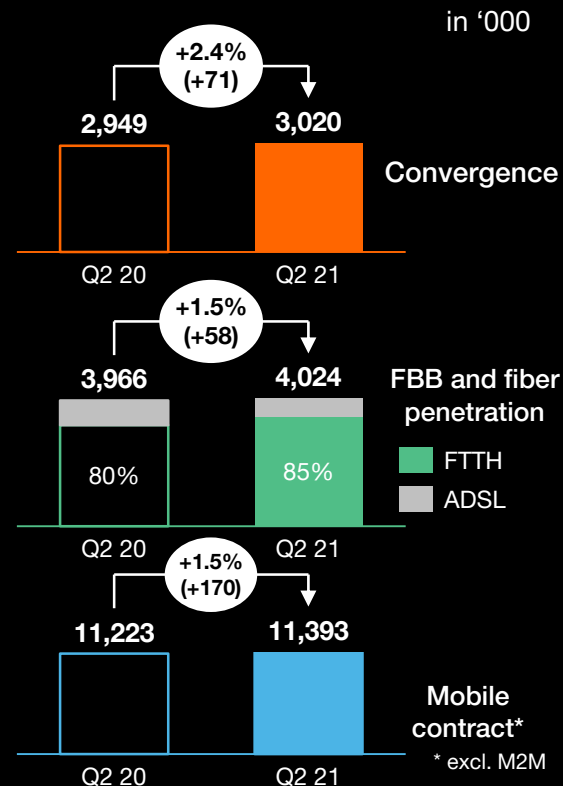
NPS improving



Orange: +3 pts
Jazztel: +22 pts

Q2'21 vs Q2'20

Customer base stabilising since 2Q20 driven by churn improvement



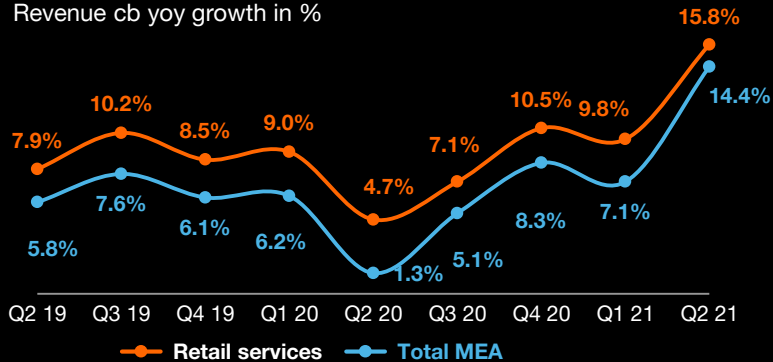
Q2 2021 Africa & Middle East

Acceleration of growth

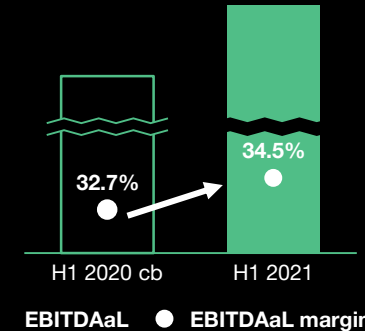
in €m	Q2 21	yoy cb	H1 21	yoy cb
Revenues	1,555	+14.4%	3,043	+10.7%
Retail services	1,359	+15.8%	2,660	+12.8%
Wholesale	157	+0.6%	310	-5.6%
Equipment sales	30	42.2%	54	+28.8%
EBITDAaL	1,051	+17.0%		
eCAPEX			525	+21.0%

Acceleration of retail services growth...

Revenue cb yoy growth in %

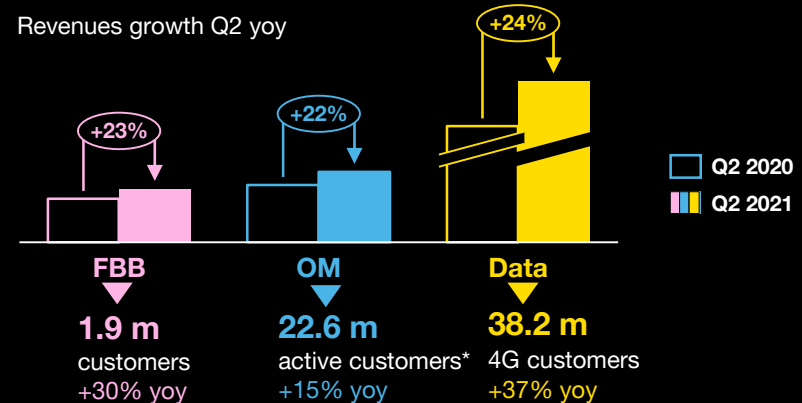


+1.9 pts EBITDAaL margin yoy



...thanks to fast growth engines

Revenues growth Q2 yoy



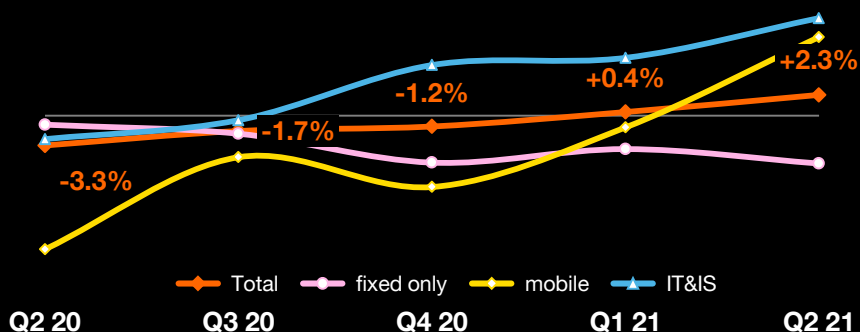
* At least one transaction per month

Q2 2021 Enterprise

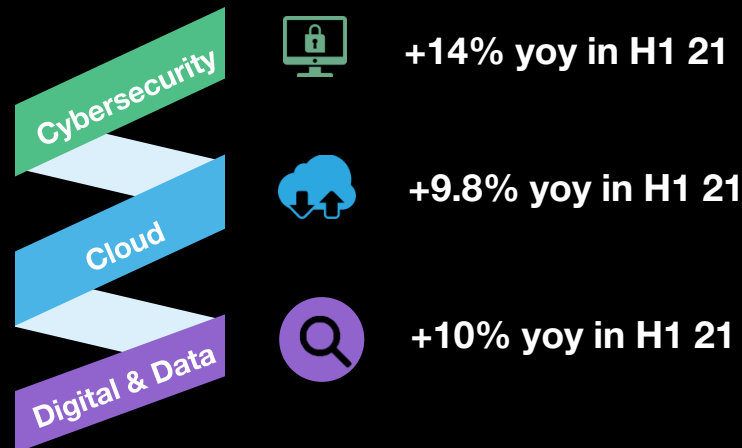
IT&S drives top line growth and quasi stability for EBITDAaL

in €m	Q2 21	yoy cb	H1 21	yoy cb
Revenues	1,932	+2.3%	3,840	+1.3%
Fixed only services	916	-5.3%	1,834	-4.5%
IT & integration services	796	+10.8%	1,565	+8.6%
Mobile	220	+8.7%	440	+3.4%
EBITDAaL			484	-0.5%
eCAPEX			157	-8.0%

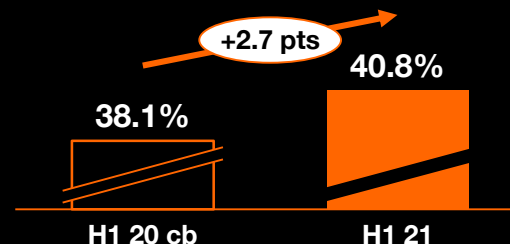
Revenue evolution



Double digit growth



IT&S share in total OBS revenues



Section Four Guidance

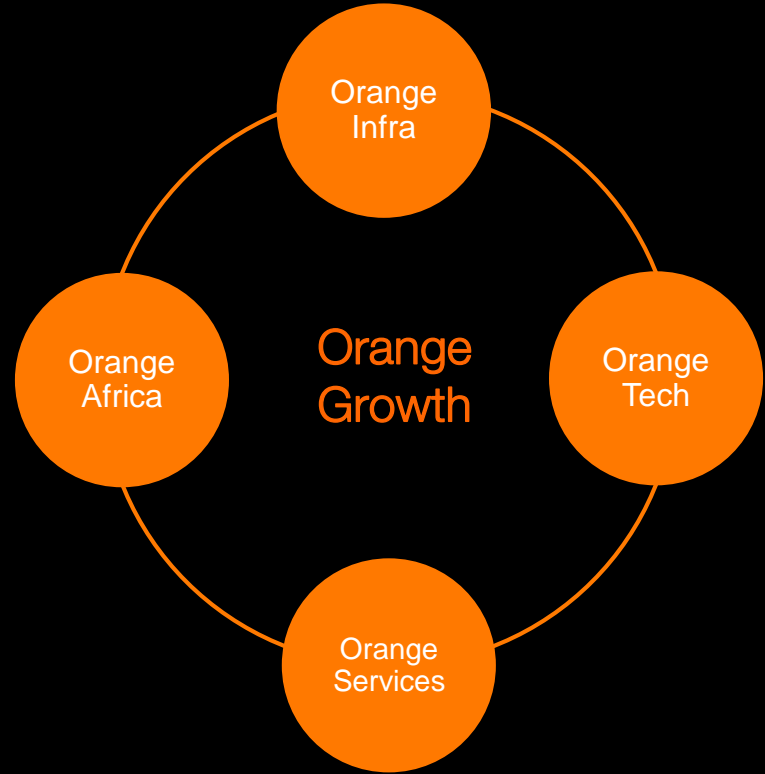


Guidance 2021 confirmed

	2021e before tax refund allocation	2021e After tax refund allocation
EBITDAaL, yoy	Around +1%	Flat -
eCAPEX	~ €7.3 bn	€ 7.6 -7.7bn
Organic Cash Flow (telecom)	> €2.6bn	> €2.2bn
Net debt / EBITDAaL (telecom)	Around 2x in the medium term	Around 2x in the medium term
Dividend	€0.70	€0.70

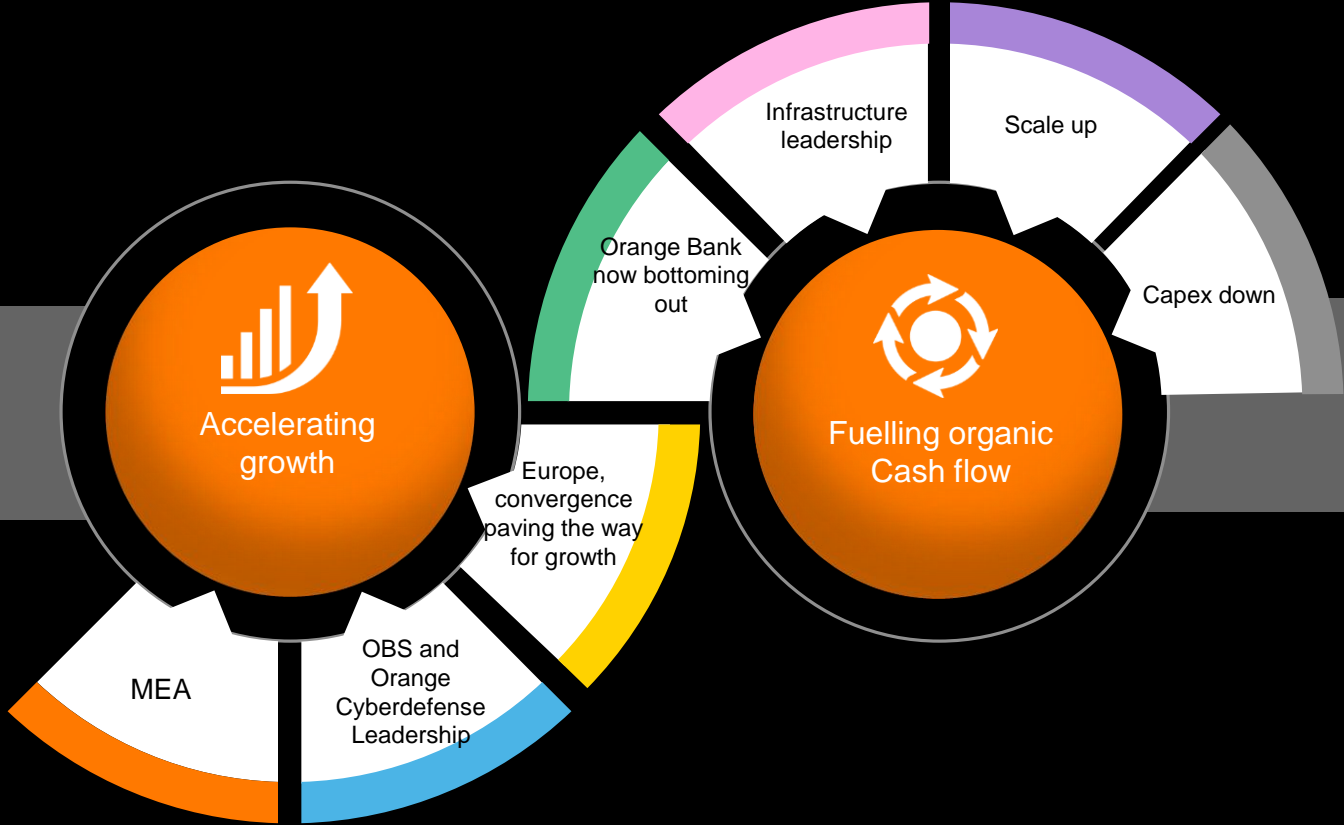
Section Five

Focus GROWTH





Growth Engines and transformational programmes at full speed



Our GROWTH engines at a glance



Growth, a common element of our six engines

MEA

EBITDAaL



Growing
double-digit

From 2023 v. 2020

Europe

~ +€150m



EBITDAaL growth
from 2020 till 2023
including Spain

OBS

EBITDAaL



Growing
2022, 2023

**Orange
Cyberdefense**

Outpace
market in
topline growth

**Orange
Bank**

EBITDAaL
bottoming out in
2020

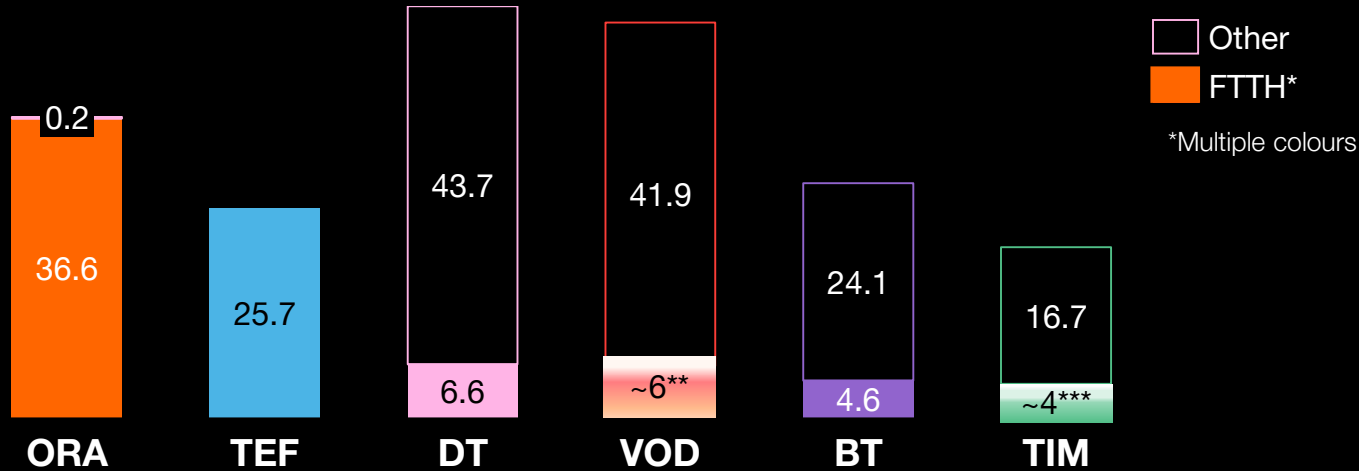
Infrastructure

Industrial
engines for
future growth

FTTH, Orange undisputed pioneer in Europe



VHBB own deployment till Q1 2021, in million lines



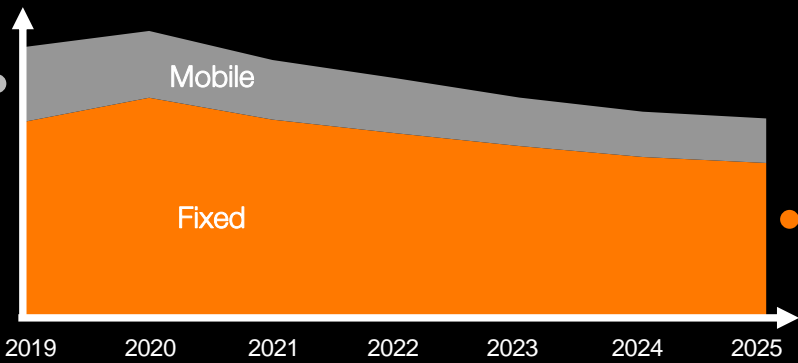
*ORA: Own network
TEF: Only TEF Spain
DT: FTTH Deployment includes FTTH/B
**VOD: Split FTTH/Cable estimated
BT: Openreach figures of Ultrafast FTTP
***TIM: Split FTTH/Cable estimated*



Wholesale harvest will fuel income beyond 2023...

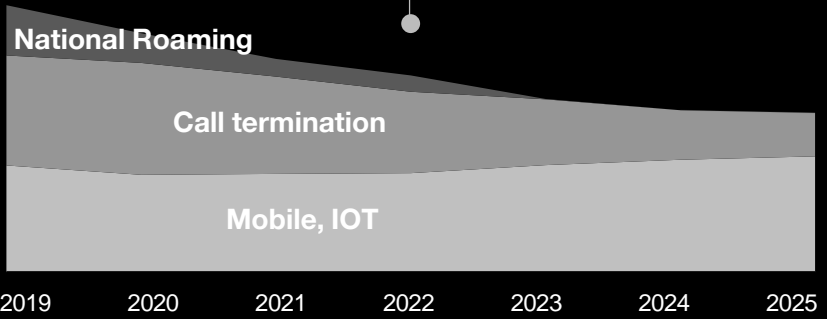
National roaming decrease will be partially offset by growth levers (IoT, new MVNO contracts, etc)

French wholesale revenues

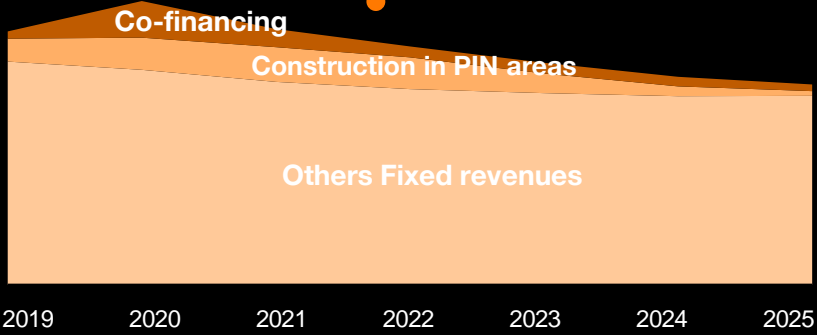


France fixed wholesale revenues will near-stabilise between 2024 to 2025

Zoom Mobile



Zoom Fixe



... with new growth levers to mitigate legacy decline

Conquest of perennial infrastructure and Enterprise market will limit national roaming, Interco and copper decrease



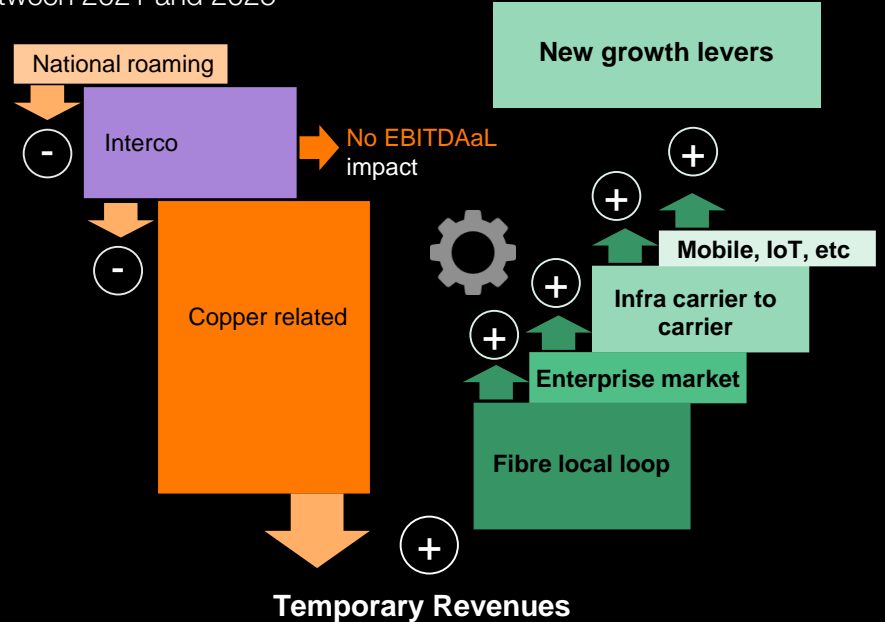
Near 2/3 of net revenue loss between 2021 and 2025 has very low EBITDAaL impact

Our growth engines will limit the impact on EBITDAaL to less than 500 m€ between 2021 and 2025

- Fixed wholesale transformation
- Mobile wholesale transformation
- Competitive pressure
- Regulatory constraints
- Innovation



In 2025, Fiber linked revenues will represent majority of total fixed wholesale



Co-financing proceeds: ~40% expected potential remaining to be co-financed

PIN construction revenues has Very low EBITDAaL impact

Very low EBITDAaL impact

Growth Focus

Pragmatic infrastructure approach to create growth



Providing tailor-made solutions



Orange Concessions: the leading fibre platform in French rural areas



Taking advantage of the fibre commercial momentum to accelerate in low-to-medium dense areas



Leveraging financial lease to deploy extra 3m lines, reducing fiber access costs



Totem, creating a leading European mobile passive infrastructure platform

Agility and manoeuvrability to seize value creation opportunities

Clear and credible GROWTH ambitions...



Additional contribution from 2020 to 2023

from MEA, OBS, Orange Cyberdefense, Orange Bank and Europe, including Spain

Revenues

~ +€2bn

▲ 2023 vs
2020

EBITDAaL

~ +€1bn

▲ 2023 vs
2020

... associated with transformational programmes allowing reiteration of the guidance



Group 2023 guidance confirmed

**Net Indirect
cost savings** (scale up)

-€1bn



On track
2023 vs
2019

eCAPEX



Decrease
from 2022
on track

Org. Cash flow

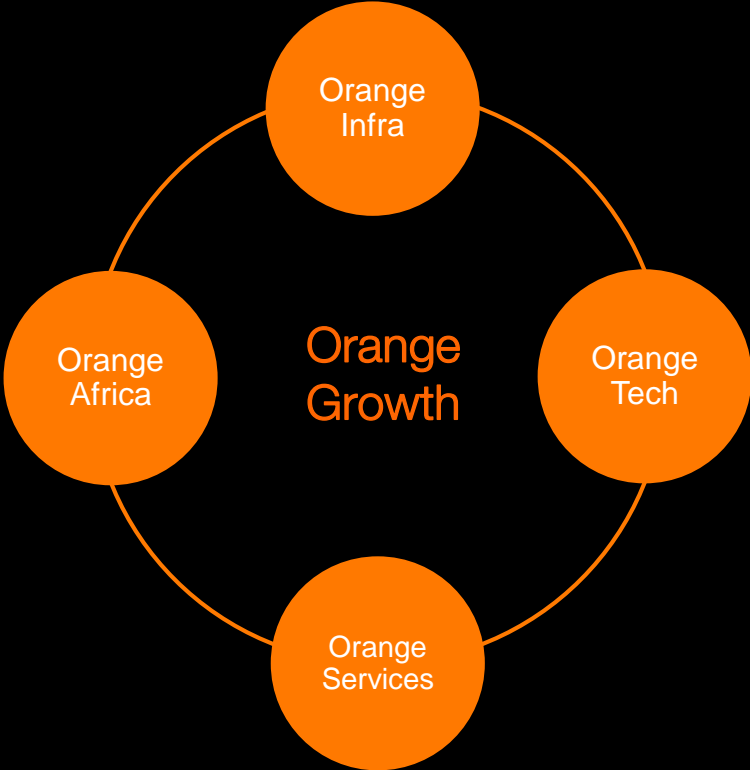
**€3.5 to
€4bn**



Reiterated



Conclusion
Orange GROWTH



Annexes

Finance table details by segment

France

<i>in €m</i>	Q2 21	yoy cb	H1 21	yoy cb
Revenues	4 546	-0.7%	8 950	-0.5%
Retail services	2 695	+0.4%	5 383	+0.1%
Convergent services	1 163	+2.9%	2 317	+2.2%
Mobile only services	563	+1.2%	1 122	+0.2%
Fixed only services	968	-2.8%	1 944	-2.3%
<i>Fixed only broadband</i>	712	+3.4%	1 415	+3.5%
<i>Fixed only narrowband</i>	257	-16.7%	529	-15.1%
Wholesale	1 434	-5.6%	2 720	-4.2%
Equipment sales	254	23.4%	523	+14.2%
Other revenues	163	-2.7%	325	+1.9%
EBITDAaL			3 181	-2.2%
EBITDAaL margin		35.5%		-0.6pt
eCAPEX			2 171	+31.8%
eCAPEX/revenues		24.3%		+5.9pt

Europe

<i>in €m</i>	Q2 21	yoy cb	H1 21	yoy cb
Revenues	2 581	+1.8%	5 164	-0.3%
Retail services	1 724	-2.1%	3 451	-3.3%
Convergent services	672	-1.4%	1 337	-2.5%
Mobile only services	715	-3.6%	1 434	-5.3%
Fixed only services	256	-3.4%	522	-3.3%
IT & integration services	81	+11.0%	158	+9.4%
Wholesale	472	-0.2%	926	-2.0%
Equipment sales	349	26.8%	718	+20.0%
Other revenues	36	+42.1%	70	+0.9%
EBITDAaL			1 359	-5.9%
EBITDAaL margin		26.3%		-1.6pt
eCAPEX			870	+15.2%
eCAPEX/revenues		16.8%		2.3pt

Spain

<i>in €m</i>	Q2 21	yoy cb	H1 21	yoy cb
Revenues	1 180	-2.7%	2 368	-5.1%
Retail services	797	-8.3%	1 614	-9.2%
Convergent services	465	-7.5%	933	-8.5%
Mobile only services	220	-12.3%	450	-12.9%
Fixed only services	110	-4.0%	225	-5.4%
Wholesale	228	-0.5%	443	-1.4%
Equipment sales	155	+35.6%	310	+21.5%
Other revenues	(0)	+0.0%	0	-96.0%
EBITDAaL			610	-16.2%
EBITDAaL margin		25.8%		-3.4pt
eCAPEX			457	+16.6%
eCAPEX/revenues		19.3%		+3.6pt

Africa & Middle East

<i>in €m</i>	Q2 21	yoy cb	H1 21	yoy cb
Revenues	1 555	+14.4%	3 043	+10.7%
Retail services	1 359	+15.8%	2 660	+12.8%
Mobile only services	1 192	+15.4%	2 329	+11.9%
Fixed only services	158	+18.0%	318	+19.9%
IT & integration services	9	+32.4%	13	+1.6%
Wholesale	157	+0.6%	310	-5.6%
Equipment sales	30	42.2%	54	+28.8%
Other revenues	9	+8.8%	18	+0.7%
EBITDAaL			1 051	+17.0%
EBITDAaL margin		34.5%		+1.9pt
eCAPEX			525	+21.0%
eCAPEX/revenues		17.2%		1.5pt

Enterprise

<i>in €m</i>	Q2 21	yoy cb	H1 21	yoy cb
Revenues	1 932	+2.3%	3 840	+1.3%
Fixed only services	916	-5.3%	1 834	-4.5%
Voice	281	-12.9%	569	-9.0%
Data	636	-1.5%	1 265	-2.4%
IT & integration services	796	+10.8%	1 565	+8.6%
Mobile	220	+8.7%	440	+3.4%
EBITDAaL			484	-0.5%
EBITDAaL margin		12.6%		-0.2pt
eCAPEX			157	-8.0%
eCAPEX/revenues		4.1%		-0.4pt

Change in net income

	H1 2020 historical	H1 2020 cb	H1 2021 actual
EBITDAaL	5,914	5,859	5,837
Neutralisation of IFRS 16 lease interest expenses effects in EBITDAaL	58		58
Adjustments*	(168)		(443)
Depreciation & amortization of fixed assets	(3,549)		(3,499)
Other income / (charge)	(4)		(3,705)
Operating income	2,250		(1,752)
Financial result	(744)		(436)
Tax	(491)		(417)
Net income from consolidated Group	1,015		(2,605)
Minority interests	88		165
Net income Group share	927		(2,769)

* See details on slide 33

Adjustments

in €m	H1 2020 Historical	H1 2021 Actual
Restructuring programs costs	(19)	(305)
Acquisitions and integration costs	(10)	(20)
Significant litigations	(169)	(89)
Specific labour expenses	(28)	(41)
<i>o/w Senior Part Time</i>	<i>(28)</i>	<i>(29)</i>
Fixed assets, investments and businesses portfolio review	59	12

Change in net debt

(in millions of euros)

	H1 2020	FY 2020	H1 2021
EBITDAaL - eCAPEX (telecom activities)	2,843	5,736	2,060
Change in eCAPEX payables	(340)	307	(284)
Change in working capital requirements	(1,017)	(500)	382
Net interest paid (including dividends received)*	(559)	(1,127)	(582)
Income taxes paid	(527)	(1,085)	(500)
Other operational items**	(146)	(838)	(236)
Organic Cash Flow (telecom activities)	255	2,494	840
Licences and spectrum paid	(134)	(351)	(129)
Main litigations paid/received	(18)	2,217	(354)
Net of acquisitions and disposals	(18)	(89)	(286)
Subordinated notes issuances (purchases), other related fees and coupons	(186)	(292)	(475)***
Dividends paid to owners of parent company	(532)	(1,595)	(1,330)
Dividends paid to non-controlling interests	(164)	(225)	(190)
Other financial items	(157)	(183)	69
Change in net debt	(954)	1,976	(1,855)
Net financial debt	(26,420)	(23,489)	(25,344)
Ratio of net financial debt / EBITDAaL of telecom activities	2.04x	1.83x	1.99x

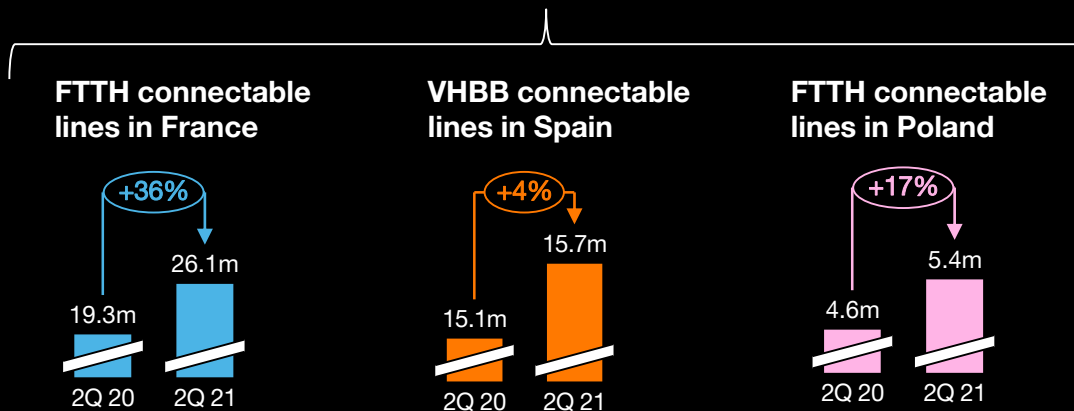
* Excluding €60m of interest expenses on IFRS 16 leases and financed assets in H1 2021, €132m in FY 2020 and €64m in H1 2020.

**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.

*** Of which: coupons for (163)m€ and issuances (purchases) and other related fees for (311)m€

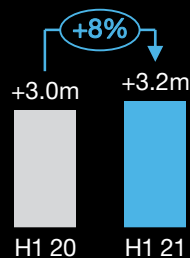
Acceleration in FTTH rollout in a post-COVID context

 **52.8m** VHBB** connectable lines

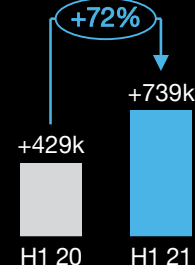


FTTH acceleration in France

FTTH roll-out (connectable homes)



FTTH net adds



H1 2021 eCapex

€3.8bn

H1 2021

yoy

+22.8%

+€714m

**VHBB > 100 Mbps

Convergence, the bedrock of our strategy

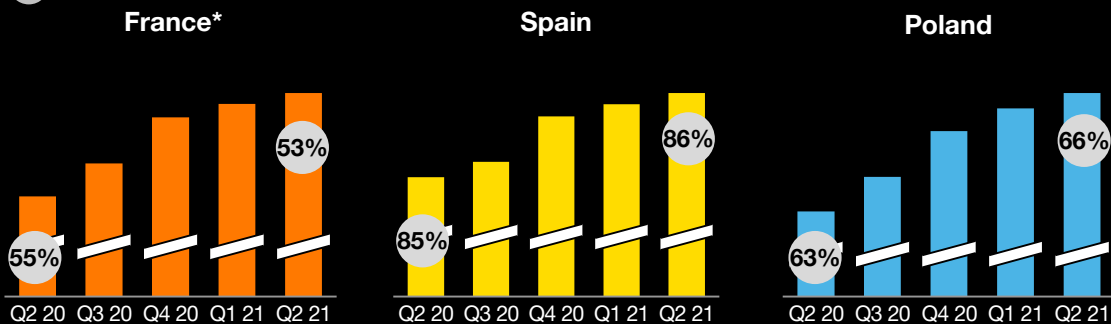
€3.7 bn **Convergent services
revenues in H1 2021**

+0.4% yoy



Convergent B2C customer base in million

● % of broadband B2C customer base



Churn improvement with convergence in Q2**



-4pt



-5pt



0pt

Quarterly convergent ARPO, in €/month in Q2



€69.2
+0.7% yoy



€52.8
-8.1% yoy



€24.6
+5.6% yoy***

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



1.68
+0.5% yoy



2.04
+3,7% yoy



1.88
-0.2% yoy

* Open customers only

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

*** YoY change calculated in local currency

Towards a more sustainable, inclusive & responsible 2025



Digital inclusion

develop connectivity and inclusive services

Ambitions

FTTH connectable homes (in millions) **1H21** **52m** → **69m / 2023**

Orange Digital Center **July 21** **8** → **32 / 2025**

Environment

reduce our CO_{2eq} emissions and implement circular economy to achieve Net Zero Carbon by 2040

CO_{2eq} emissions reduction vs 2015 (%) **1H21*** **-11.1%** → **-30% / 2025**

Collected mobile (% in Europe) **1H21*** **20.5%** → **30% / 2025**

*estimates

Diversity

align gender representation in management with employee representation

Women in management network (Group) **1H21** **31.3%** → **35% / 2025**

Employee commitments

- Engagement Maker award to promote sustainable initiatives : c 1000 applicants
- Employee salary-roundup donations doubled by Orange SA launched in May 2021
- CO_{2eq} emission reduction objective introduced in incentive bonuses for Orange SA
- >19 000 CSR Visa delivered since October 2020