

# Orange Emerging Markets sustain Group growth

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## cautionary statement

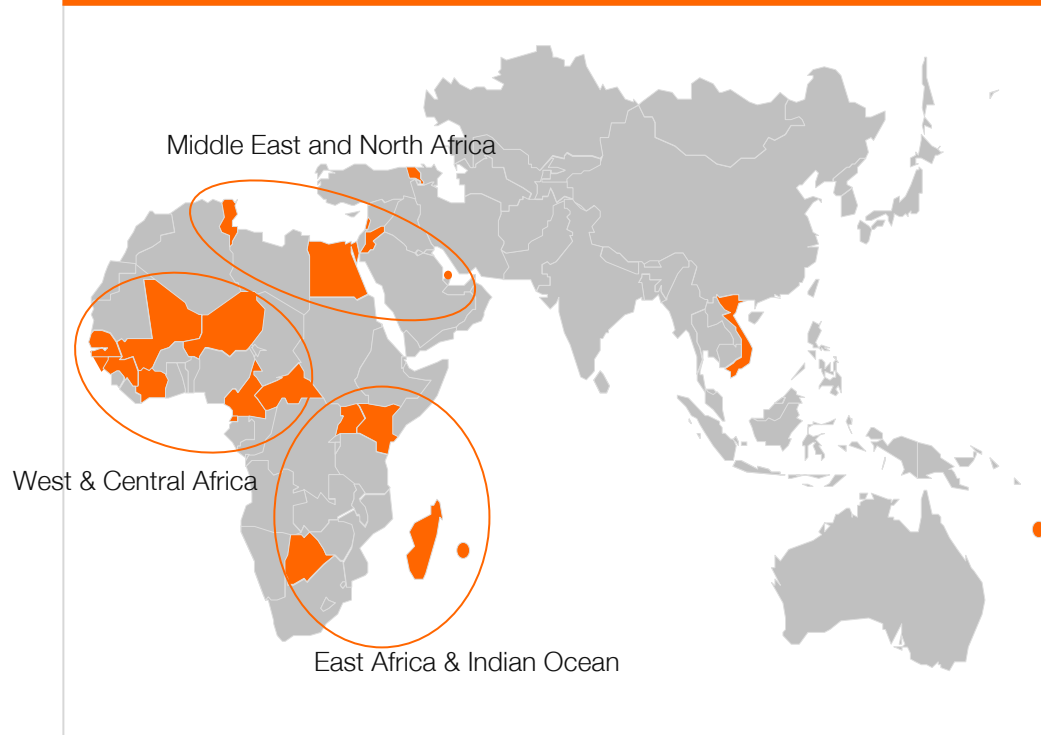
- this presentation contains forward-looking statements about France Telecom's future business performance. although France Telecom believes these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet 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 materially from the results anticipated in the forward-looking statements include, among others, overall trends in the economy in general and in France Telecom's markets, the effectiveness of the integrated operator strategy including the success and market acceptance of the Orange brand and other strategic, operating and financial initiatives, France Telecom's ability to adapt to the ongoing transformation of the telecommunications industry, regulatory developments and constraints, as well as the outcome of legal proceedings and the risks and uncertainties related to international operations and exchange rate fluctuations.
- more detailed information on the potential risks that could affect France Telecom's financial results can be found in the Registration Document filed with the French Autorité des Marchés Financiers and in the Form 20-F filed with the U.S. Securities and Exchange Commission. except to the extent required by law, France Telecom does not undertake any obligation to update forward-looking statements.

## key messages

- 1 Orange in Africa & Middle East:  
a huge potential for profitable growth
- 2 Orange sustainable operating model  
in Africa & Middle East
- 3 2010-2015:  
become n°1 or 2 everywhere !

# 1 | Orange footprint in emerging markets : strong & profitable growth

## large presence in Africa & Middle East (19 operations)



## strong & profitable growth

end of year 2009

customers	50 M
revenues	€3.4bn
revenues growth	5.2 %
EBITDA margin	> 39 %

Bahrain  
Botswana  
Cameroon

Central African Rep  
Egypt  
**Equatorial Guinea**

Guinea Conakry  
Guinea Bissau  
**Ivory Coast**

**Jordan**  
**Kenya**  
Lebanon

Madagascar  
Mali  
**Mauritius**

Niger  
**Senegal**  
Tunisia

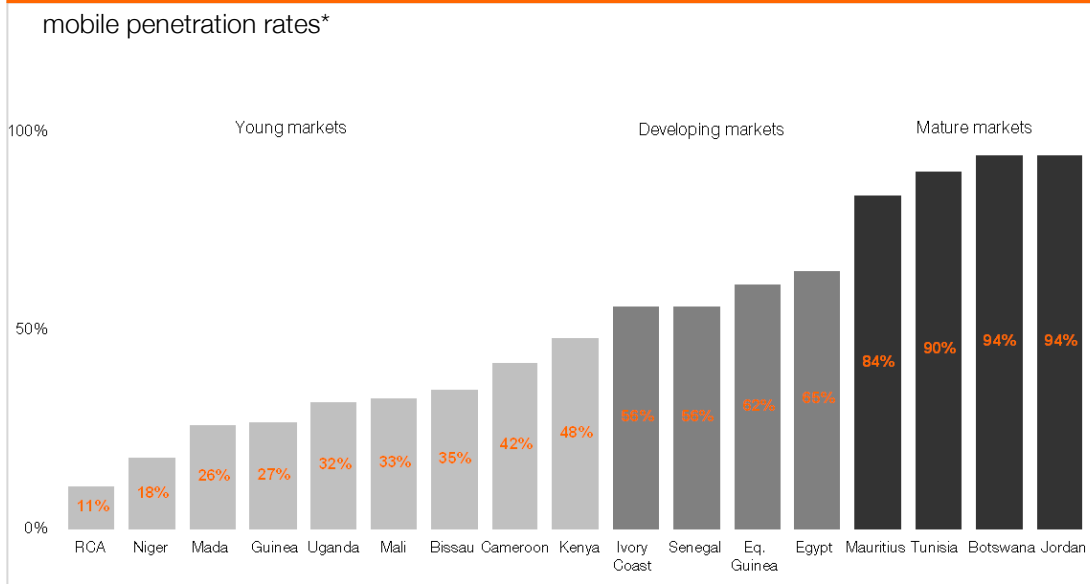
Uganda  
Vanuatu  
Vietnam

incumbents

# 1 | a balanced portfolio of assets : sustainable growth



## low penetrated market fuels tomorrow's growth



## strong market positions foster profitability

mobile market position	nb of operations	% of cust. base
#1	8	85%
#2	6	13%
#3 or 4	3	2%

## Internet services in all operations, 6 incumbents

MEA telecom services market revenues \*\*

	% revenues eoy 2009	↗ revenues 08-09'
Fixed	18.5 %	0.4 %
Mobile	75.4 %	10.5 %
Internet	6.1 %	10.4 %

**insight**

- strong market positions on historic operations foster strong profitability
- new operations & operations in low penetrated market are fueling our growth
- internet is fast growing and helps keeping fixed value

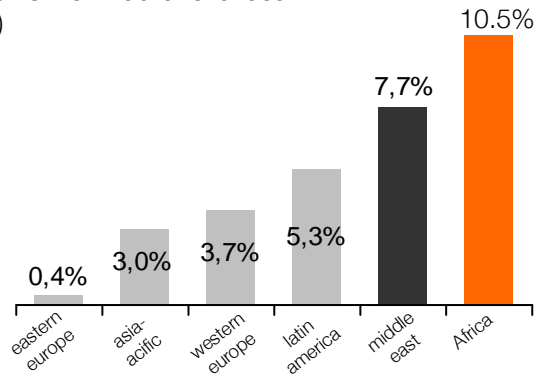
\* Source : Pyramid Research, except for Niger, Guinea, CAR, Botswana (FT data)  
 5 \*\* Source : IDATE, in "World Telecom Service Market", 2010 Edition - January 2010

# 1 | a huge potential still to be captured in Africa & Middle East



## better than the average world growth

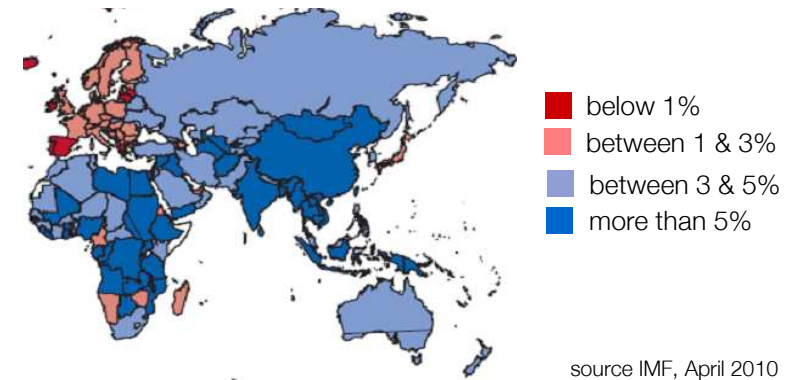
regional CAGR of mobile revenues (2007-14)



source Ovum, 11/2009

## stronger growth than Europe in 2010 & 2011

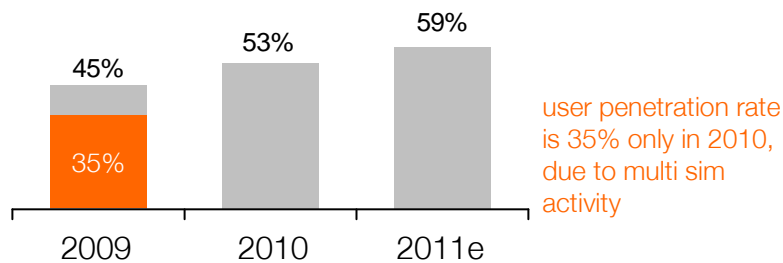
2009 GDP growth vs 2003-08 average growth



source IMF, April 2010

## Africa's penetration rate leaves plenty of room for growth

mobile sim penetration rate in Africa,



source Informa 04/2010

## insight

- higher forecasted growth for telco market in Africa and Middle-East than in other emerging markets
- ½ African population will remain unconnected in 2014
- internet may give a significant upside in the coming years

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## 2 | a sustainable operating model in Africa & Middle East > historical know how

### governance know how, solid execution

- presence in the region for more than 16 years
  - partnering with governments and local partners
- proven ability to manage economic and political crisis
  - solid processes implemented for business continuity

### strong leadership, talent management

- “talent sharing” programmes
  - more than 200 talent sharing missions since 2007...
- new generation of African Orange Managers

### solid execution

- homogeneous EBITDA % across all affiliates (new operations excepted)
- Strong sourcing and F&RA policies
- New affiliates launches with Sofrecom support

### regional synergies

- roaming alliances : Orange Zone, “Pays sans frontieres”
- international capacity : Uganda 3G success won’t be possible without Orange presence in Kenya, that has access to TEAMS
- strong West African cluster

## 2 | leveraging the Orange brand the power of the brand... « together we can do more »



- all new operations launched under Orange brand
  - 2009: Uganda & Armenia
  - 2010: Tunisia
- 11 brandings or rebrandings in 2 years

5 may 2010 : hundreds of people queuing for Orange in Tunisia



### insight

- the Group has become a major operator, particularly in Africa
- optimisation of communication costs for greater visibility and a stronger impact
- Orange brand is differentiating and very positively recognized.
- in Uganda, three months after launch, Orange scored 86% in spontaneous awareness, with 76% considering to buy Orange

# 2 | innovation that fits customer segments

## developing strong Group synergies

### design specific innovation for emerging markets



Pay for Me  
because it is them,  
I cover the cost of the call



pay for the calls of your loved ones  
dial #200# and create your list



- Group focus on Emerging Markets with Orange Labs in Cairo and Amman
- Group synergies through common set of services and platform mutualization
- Specific services tailored for bottom of the Pyramid users :
  - E-Recharge, Pay for Me
  - Voice Flash, Bonus Zone
  - USSD portal
  - ultra low cost handsets
- Focus on Orange Money, launched in already 4 countries with support of Bamako skill center

### best of breed innovation for Africa & Middle East elites



- iPhone in all countries



- BlackBerry with prepaid & postpaid tariffs plans



- Internet Everywhere with 3G+ access



- More than 100k LiveBox, either with WiMax or DSL access, with triple play offers in 3 countries

- innovation costs and partnerships shared within a larger footprint

## 2 | strong focus on Internet growth capitalizing on proven successes

overcome hurdles to Internet development		push on 3G offers	
<b>lack of connectivity</b>	<ul style="list-style-type: none"><li>▪ Significant submarine &amp; terrestrial cables projects (LION, LION 2, ACE, ...)</li><li>▪ Broadband arrived for the first time in Madagascar thanks to LION</li></ul>	<ul style="list-style-type: none"><li>▪ beyond new revenues, a strong lever to attract/keep high value customers &amp; rejuvenate fixed offers</li></ul>	
<b>limited fixed access networks</b>	<ul style="list-style-type: none"><li>▪ every “pure mobile affiliate” provides Internet access thanks to 3G, WiMAX and/or CDMA</li></ul>	<ul style="list-style-type: none"><li>▪ strong Group know how (3G launched x years ago in Mauritius + Europe) is differentiating</li></ul>	
<b>retail offers not adapted</b>	<ul style="list-style-type: none"><li>▪ launch of prepaid offers</li></ul>	<ul style="list-style-type: none"><li>▪ 3G+ roll out in 6 countries with one year exclusivity in Jordan &amp; Tunisia.</li></ul>	
<b>lack of local content</b>	<ul style="list-style-type: none"><li>▪ launch of StarAfrica, a Panafrican web Portal</li><li>▪ Partnerships policy (Facebook...)</li></ul>	<ul style="list-style-type: none"><li>▪ 10k Internet Everywhere customers in 5 months in Orange Uganda</li><li>▪ 3G prepaid offers and bundles with fixed offers for incumbents</li></ul>	

# 2

## a commitment to sustainable development responsible growth

### Orange Foundation

- the Orange Foundation is working at grassroots level throughout the area on the topics of health, education and culture.
  - For instance, Orange Mali deliver a simple prevention and early care system to help prevent, detect and treat Children diseases in time

### rural development

- Solar-powered stations are installed to extend mobile coverage in rural areas lacking electricity
- Orange has launched community phones and low cost rural access solutions in several countries in order to address

### country development

- Telecom services play an undeniable role in social development, and the investments made to ensure Internet access and m payment services take over will increase the positive impacts for the population of the countries we are operating in.

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# 3 | our ambition : double revenues in Africa & Middle East in 5 years



7bn€ revenues through three levers

Organic  
growth

new  
operations

new  
licenses

# 3 | double revenues in Africa & Middle East in 5 years

## zoom on organic growth : four strategic directions

### fuel growth in core mobile business (voice & SMS)

- **coverage** extend mobile coverage thanks to innovative low cost solutions
- **segmented offers** use of common segmentation to design offers, prepaid lifecycle monitoring
- **new operations** become n°1 or 2 everywhere
- **basic innovation** develop call completion (voice mail, notification of reachability)

### differentiate through QoS

- **quality of service** a real differentiating factor, key in a multi sim environment
- **distribution** better train the distribution network with franchisee
- **efficiency** sourcing standardization, low cost solutions

### pursue new growth options

- **internet access** be the champion in broadband access
- **m-payment** beyond domestic money transfer, develop international transfer and other financial services

### develop low cost solutions

- **site sharing** we develop site sharing, especially in our new operations
- **platform mutualisation** we are accelerating VAS platforms mutualisation ( Orange Money, mobile TV, mail, voip...)
- **distribution** better monitor the indirect distribution network, e.g. with E-Recharge

appendix

4 success stories

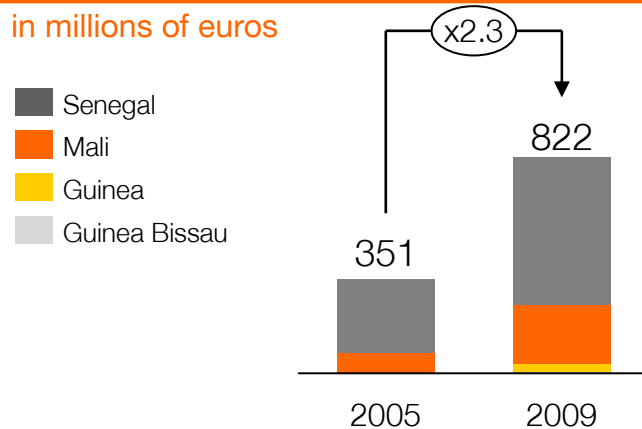
# 4

## Orange Sonatel

a continuous success of the biggest listed company in Western Africa

### Sonatel group revenues

in millions of euros



### 9.2M customers in fixed, mobile & broadband

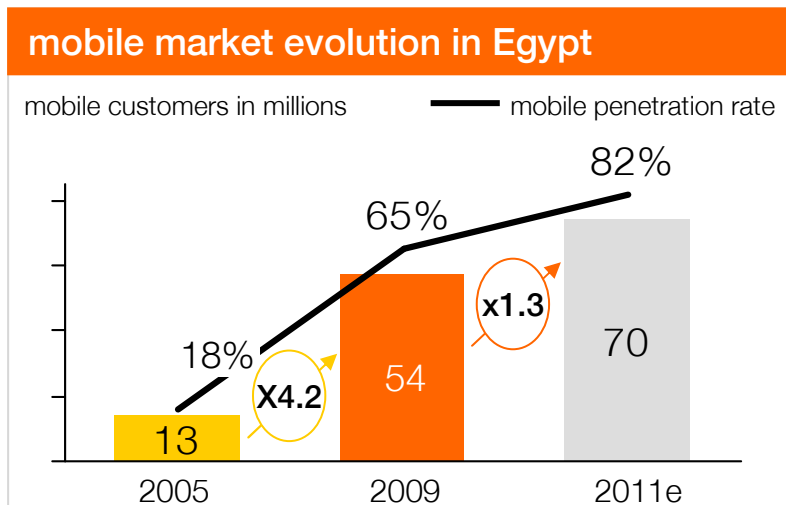
- **Orange Senegal:** fixed, mobile & broadband – 4.9M customers
- **Orange Mali:** mobile – 3.5M customers
- **Orange Guinea:** mobile – 0.7M customers
- **Orange Bissau:** mobile – 0.1M customers

### 2010-2011 ambition

- sharing infrastructure thanks to Group support: platforms, submarine cables access, etc...
- specific regional offers: one-network roaming, hub capacity bandwidth
- innovation: promotion of new technologies in the regional cluster as IPTV, 3G...
- some additional areas of improvement:
  - hubbing: become the first player for carrier to carrier business in west africa
  - strengthen synergies: VAS platform mutualisation and regional brand platform

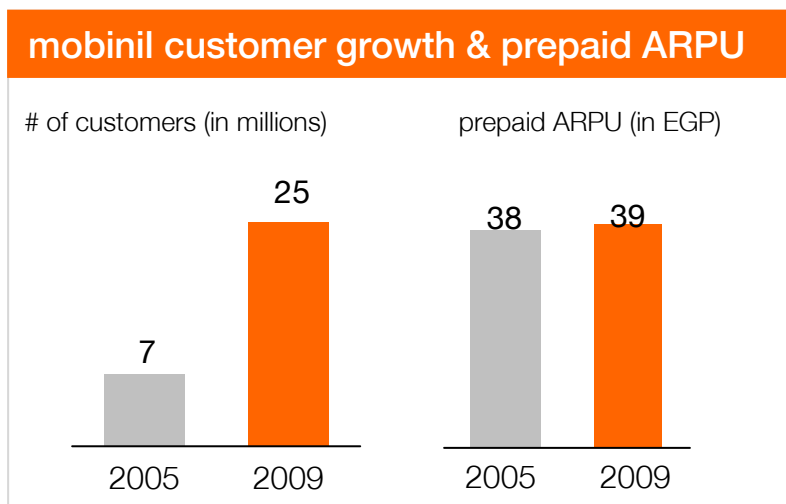
# 4

## Mobinil in Egypt, high potential for subscriber growth one of the biggest listed companies in Egypt



### 2010-2011 ambition

- maintain market share leadership
- exploit potential of customer base growth while improving profitability
- increase value market share by developing mobile multimedia usage
- optimize prepaid-based business model for profitable growth
- despite steady growth in customer base, prepaid ARPU should continue to remain relatively stable



thank you

