



***Q1 2004 Revenues and TOP  
Program update***

**April 29<sup>th</sup>, 2004**

# CAUTIONARY STATEMENT



This presentation contains forward-looking statements about France Telecom. Such statements are not historical facts and include expressions about management's confidence and strategies and management's expectations about new and existing programs, opportunities, technology and market conditions. Although France Telecom believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties. These statements should not be regarded as a representation that anticipated events will occur or that expected objectives will be achieved. Important factors that could cause actual results or performance to differ materially from the results anticipated in the forward-looking statements include, among other things, the success of the announced FT 2005 plan, including the TOP LINE and TOP programs, France Telecom's other strategic, financial and operating initiatives, changes in economic, business and competitive markets, risks and uncertainties attendant upon international operations, technological trends, exchange rate fluctuations and market regulatory factors. More detailed information on the potential factors that could affect the financial results of France Telecom is contained in the *Document de référence* submitted to the AMF on March 9, 2004 and in its filings on Form 20-F with the U.S. Securities and Exchange Commission dated April 16, 2004. The forward-looking statements contained in this document speak only as of the date of this presentation and France Telecom does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

This presentation contains certain measures calculated based on French GAAP information. For a definition of these measures, please refer to slides n° 56 and 57. In accordance with market authorities' recommendations, France Telecom is no longer using the acronym "EBITDA" for Operating income before depreciation and amortization, but the French acronym "REAA".

Note: Reported figures are preliminary and unaudited

# Q1 '04 Revenue and TOP



Orange: revenues up 12.1%\*\*

Fixed line, Distribution and Networks: revenues down - 0.6%\*\*

Broadband : + 416 000 new broadband subscribers in Europe for Wanadoo in Q1 '04

REAA margin before Commercial expenses\*: 3.3 points above 1Q '03

REAA margin: 1.3 point above 1Q '03. On track for full year guidance

CAPEX: full year target maintained despite low Q1

**Q1 2004 revenues up 4.8%\*\* at the upper range of the guidance**

\* See glossary

\*\* pro forma growth

# Q1 '04 Group Key figures



<i>Euros in millions</i>	Q1 '03 (actual)	Q1 '04	actual % chg	Pro forma % chg
<b>Revenues</b>	11,376	11,447	+0.6 %	+4.8%
<b>REAA before Commercial expenses*</b>	5,276	5,689	+7.8%	+12.1%
<b>REAA before Commercial exp margins</b>	46.4 %	49.7%		
<b>REAA*</b>	4,116	4,292	+4.3%	+8.3%
<b>REAA margins</b>	36.2 %	37.5%		
<b>Operating Income</b>	2,189	2,545	+16.3%	+16.8%
<b>Operating Income margins</b>	19.2%	22.2%		
<b>Capex*</b>	1,016	882	-13.2%	-9.2%
<b>Capex / sales ratio</b>	8.9%	7.7%		
<b>REAA-Capex</b>	3,100	3,410	+10.0%	+13.9%

**Balancing growth and profitability**

\* See glossary



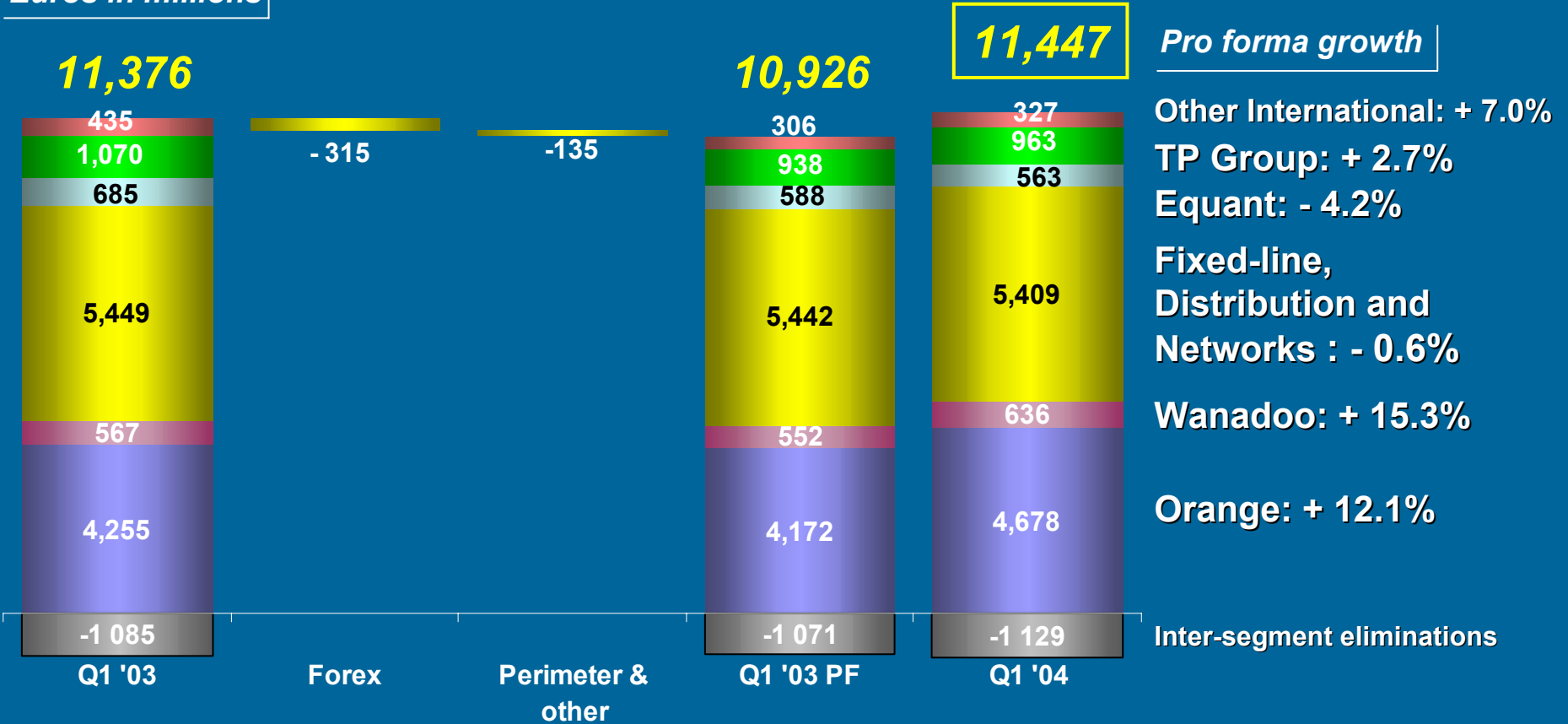
**Q1 2004 GROUP  
CONSOLIDATED REVENUES**

# Q1 '04 Group Consolidated Revenues by segment



**+ 4.8% pro forma**  
**+ 0.6% actual**

*Euros in millions*



**Improvements in both fixed and mobile**



**Orange**

# Orange: Key messages



## Customer base: +11.5% at 50,1 millions

France 20.4 mn (+5.9% y-o-y) and UK 13.8 mn (+3.8% y-o-y)

ROW: continuing strong increase 28.4% y-o-y (15.9m)

## Usage trends: ARPU\* and AUPU\* increase in key markets

UK and France confirm positive trend in ARPU

Voice usage increase in France

Non Voice services : 14.7% of Orange networks revenues

## Strong performance in RoW operations

Double digit growth in revenues (26.3% y-o-y on pro-forma)

Revenue up 12.1% pro forma, +9.9% actual

\* See glossary

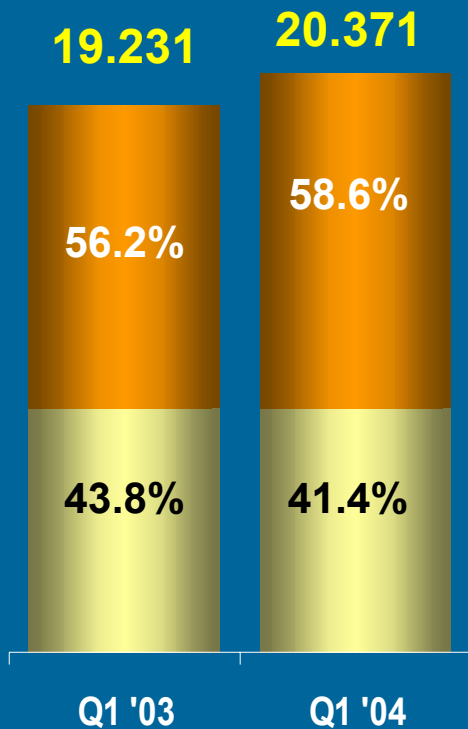
# Orange: Customer base



Customers end of period in 000s

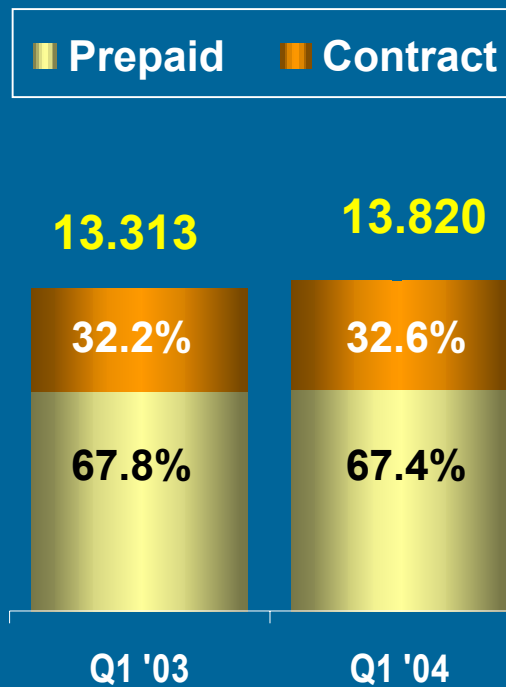
## Orange France

+ 5.9%



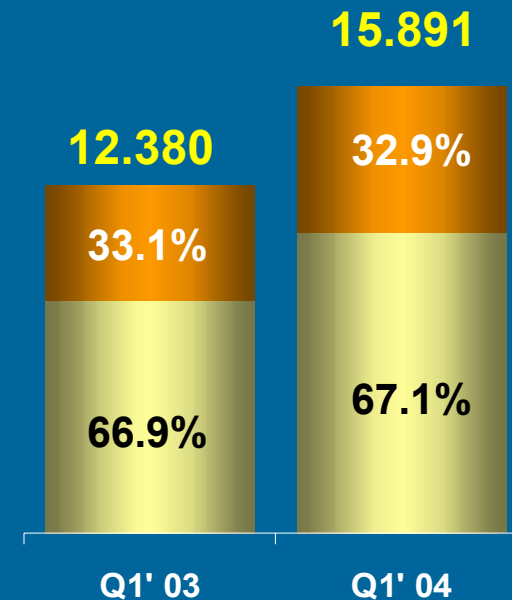
## Orange UK

+ 3.8%



## Orange ROW

+ 28.4%



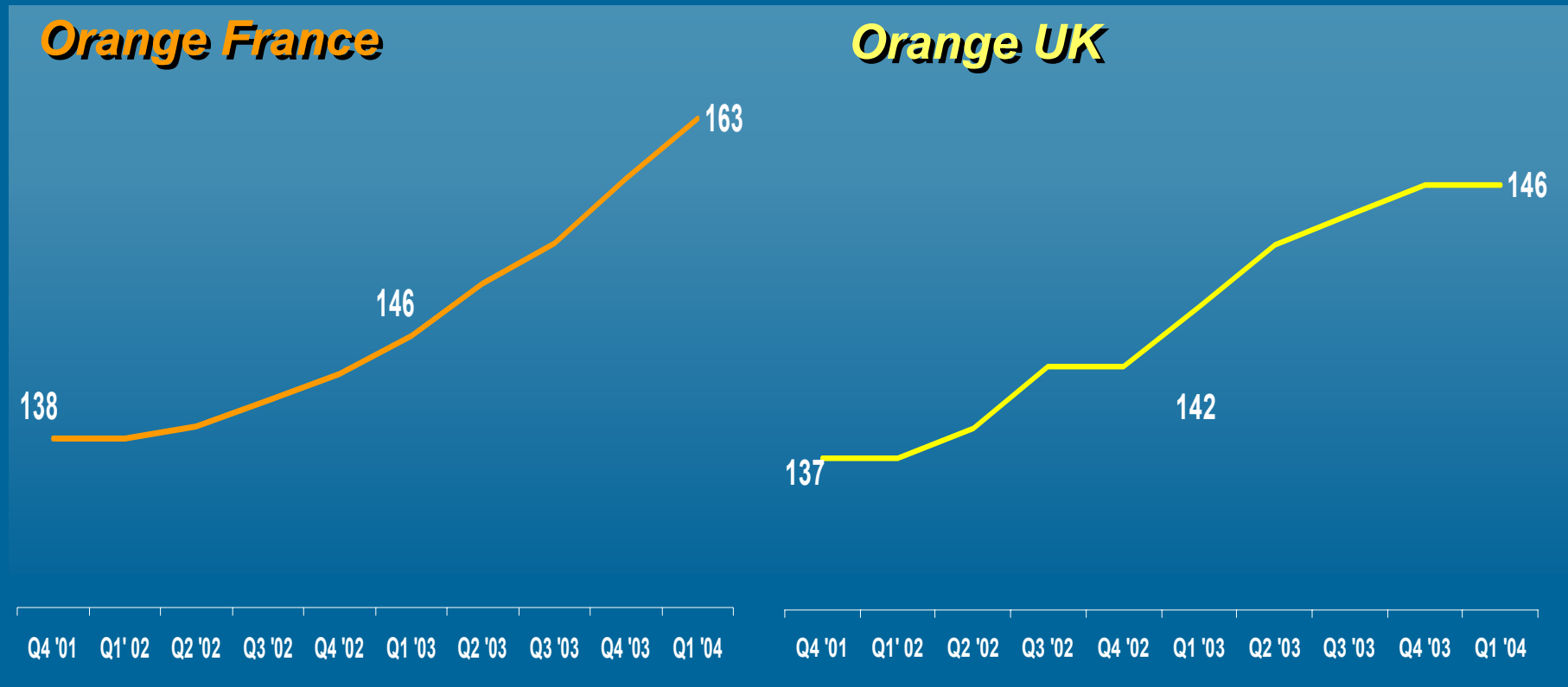
RoW operations enjoy strong customer growth and now represent a higher proportion of Orange's customer base than Orange UK

# Orange: Usage growth



Annual rolling AUPU\*

*In minutes per month*



**Continued growth trend in voice usage in France and the UK**

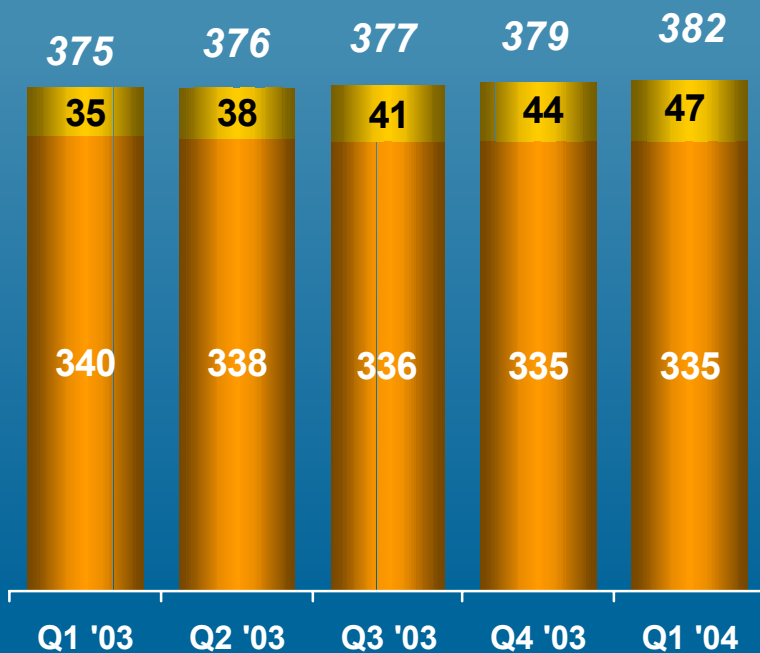
\* See glossary

# Orange: ARPU trends

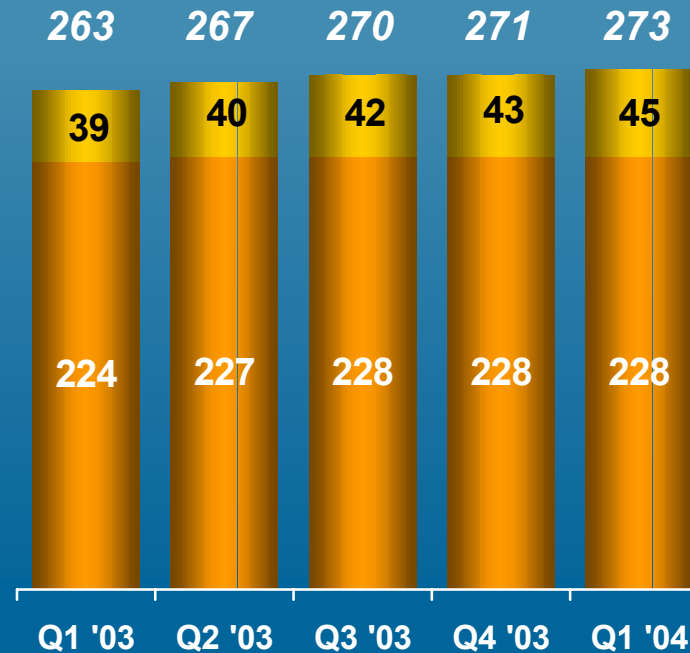


## Annual rolling ARPU\*

### Orange France (€)



### Orange UK (£)



■ Voice    
 ■ Non voice

Increase in ARPU yoy in France (+1.9%) and UK (+3.8%)  
 Strong uptake in data usage

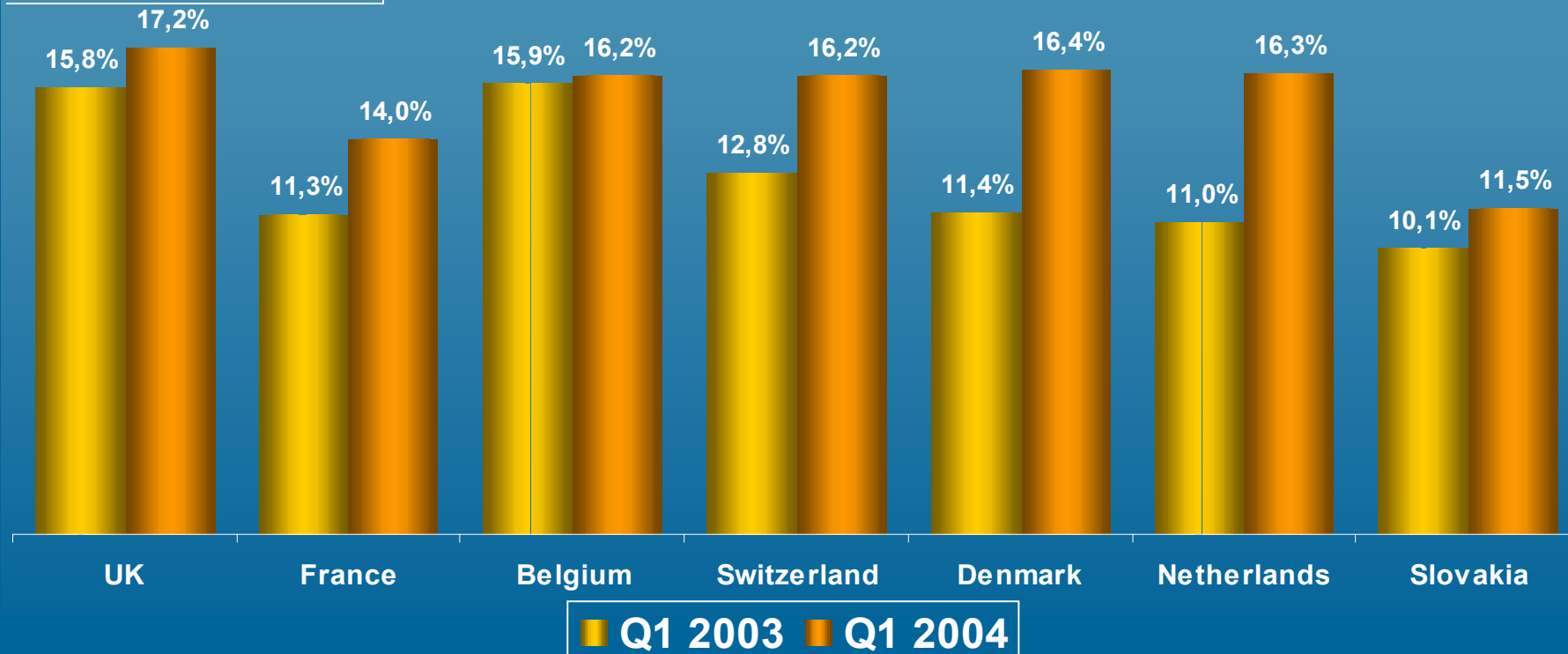
\* See glossary

# Orange: Non voice revenue trends



Non voice represents 14.7% of Network revenues

non-voice revenues as % of network revenues



Significant increase in non-voice revenues in all operations  
Non voice revenues grow by 29.4% on a pro-forma basis

# Orange: Q1 2004 key focus



## Orange World

(6 months status)

- Orange World is a success
- Orange World video launched
- More than 1.3 million OW customers in France, and more than 1.0 million in the UK
- Uplift in OW ARPU in France is estimated to be around + 20%

## Market Based segmentation

- Marketing effort is and will be articulated around a segmentation of Orange customer base
- New organization will reflect this key focus with the creation of “Segment” reporting lines

## Multimedia 3G

- MMS volumes are increasing steadily
- On track to deliver 3G services
- 3G datacard to be launched in the UK

## Footprint

- Thailand: exposure being reduced
- Romania: increased ownership to over 73%
- Denmark: Settlement of litigation with minorities, ownership increased to 100%

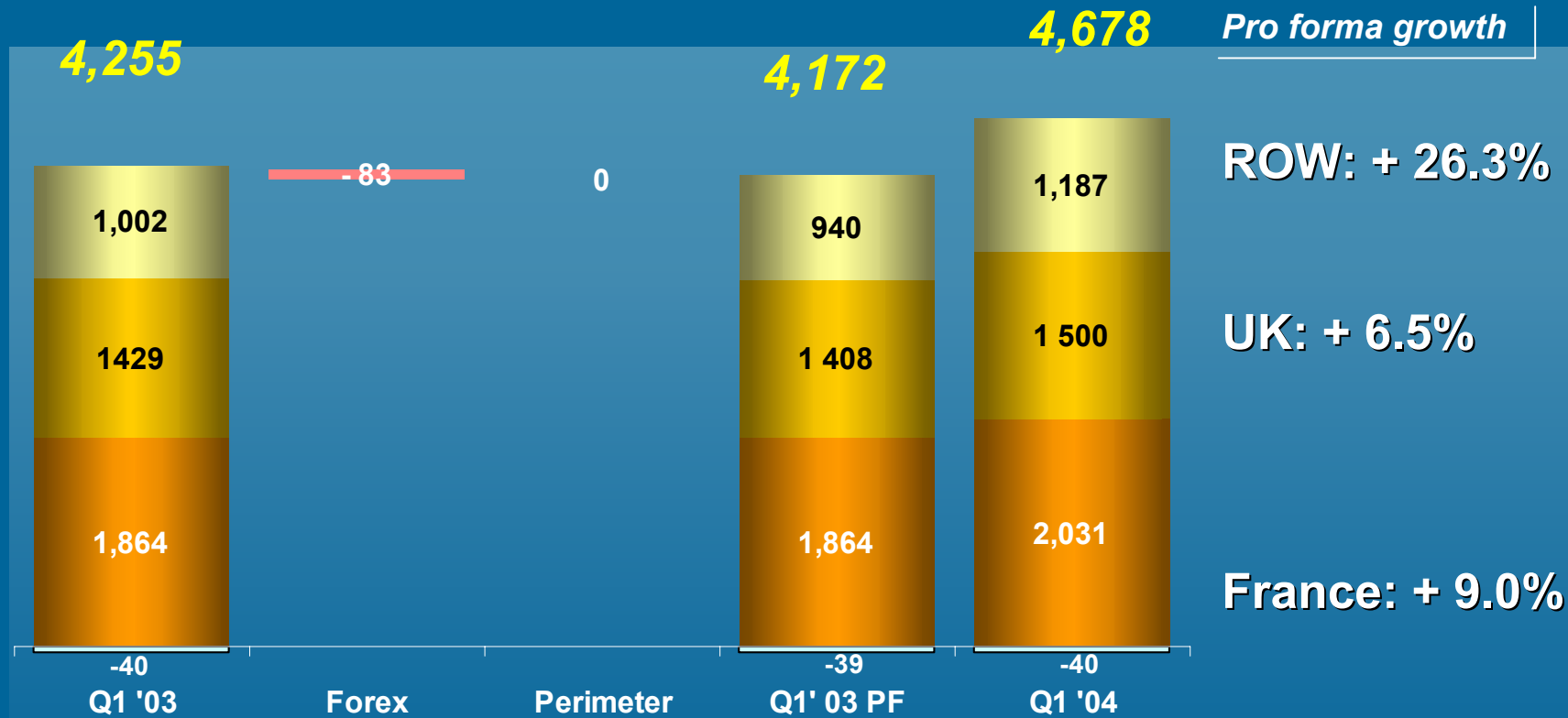
**Orange strategy is delivering**

# Orange: Segment Revenues



**+ 12.1% pro forma  
+ 9.9% actual**

*Euros in millions*



**Orange's growth accelerated in Q1 and is above expectations**

# Orange: Revenue growth for ROW



**ROW: 26.3% revenue growth on a pro-forma basis  
(18.5% on reported figures)**



**Strong growth in RoW revenues  
RoW now accounting for 25% of Orange revenues**



**Wanadoo**

# Wanadoo: Key messages



**9.348 million subscribers at end-March 2004 up 6.5% yoy**

➤ Of which 2.868 million broadband subscribers

➤ Of which 4.683 million customers out of France

**Access, Portals and e-commerce revenues up 17% pro forma**

**Directories revenues up 12%\* pro forma**

➤ On-line Directories revenues up 24% pro forma ;  
Number of Internet advertisers up 15%

**416,000 new broadband subscribers in Europe in Q1 '04**

\* 8% at comparable date of issues of Directories (shift between Q1 and Q2 for release between 2003 and 2004)

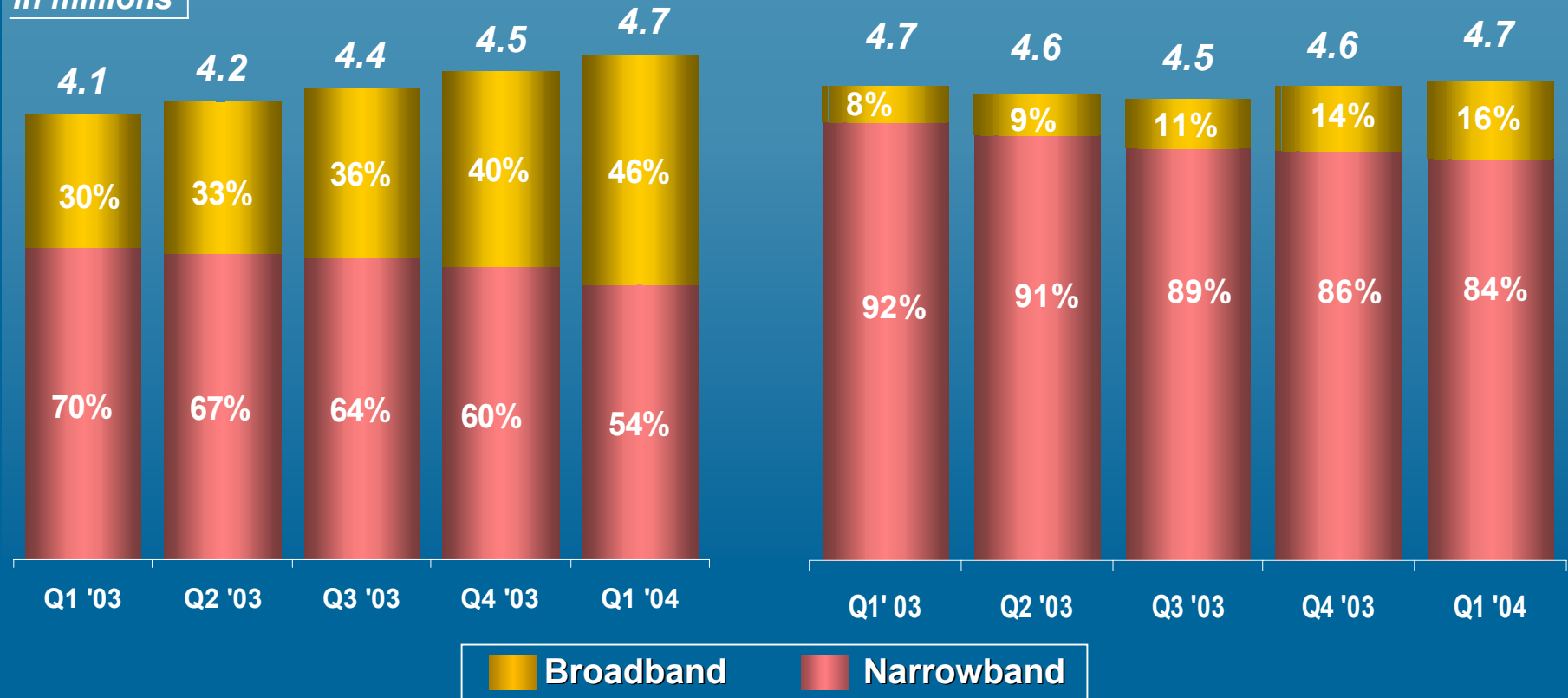
# Wanadoo: Access Customer growth



## Customers France

## Customers outside France

*In millions*



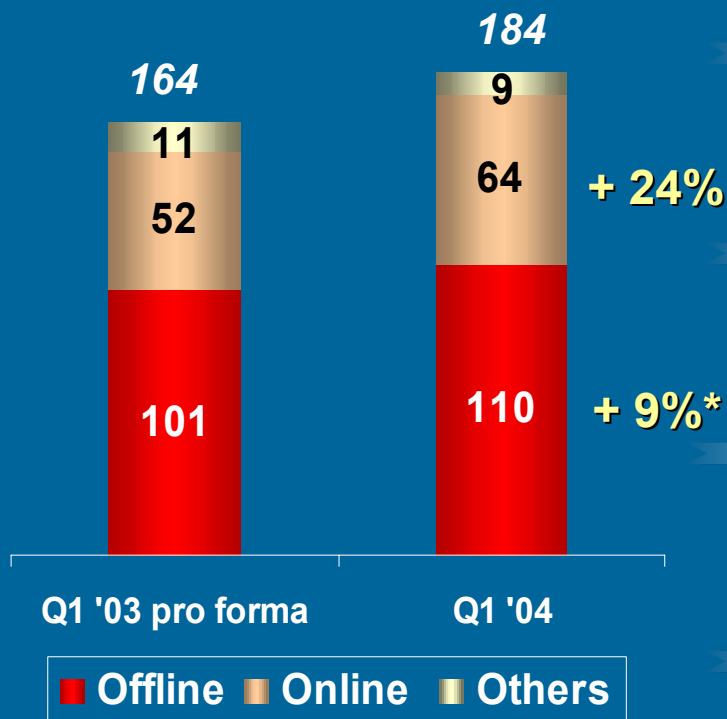
**Increased proportion of broadband customers**

# Wanadoo: Directories



Euros in millions

## Directory pro forma revenues



On line advertiser base up 15% yoy at 289 200

Offline directory revenues up 9%\* yoy

QDQ Media pro forma revenues up 18% yoy

Pagesjaunes.fr:  
32 million visits in March 04\*\*

**Strong growth for directories on all segments**

\* 3% at comparable date of issues of Directories

\*\* Source: Cybermetrie/Mediametrie/e-stat

# Wanadoo: Q1 '04 key initiatives



## Broadband

- New fixed-time, metered bandwidth ADSL packages starting at 14.9 € in France
- Start of test phase for ULL proposition with Uni2 in Spain
- Introduction of Wanadoo ADSL direct Internet subscription in the Netherlands with Bbnet (single invoice and helpdesk)

## International

### Toward a European strategy

- Freeserve rebranded into Wanadoo in the UK
- New attractive 512 kbps and 1 Mbps bandwidth limited ADSL offers in the UK starting at £17.99 per month.
- Link-up between Wanadoo and Uni2 in Spain
- Extension of Wanadoo and Uni2 NavegHable 24h bundles range
- Multi-year European agreement with Overture and commercial search expansion to the Netherlands

## Directories

- Launch of the Pocket Books, a new printed directory format to be distributed in Paris next summer
- Launch of the Proximity search service on pagesjaunes.fr displaying an interactive result map
- Launch of the web “call back” service

Emerging European broadband strategy and new products launched

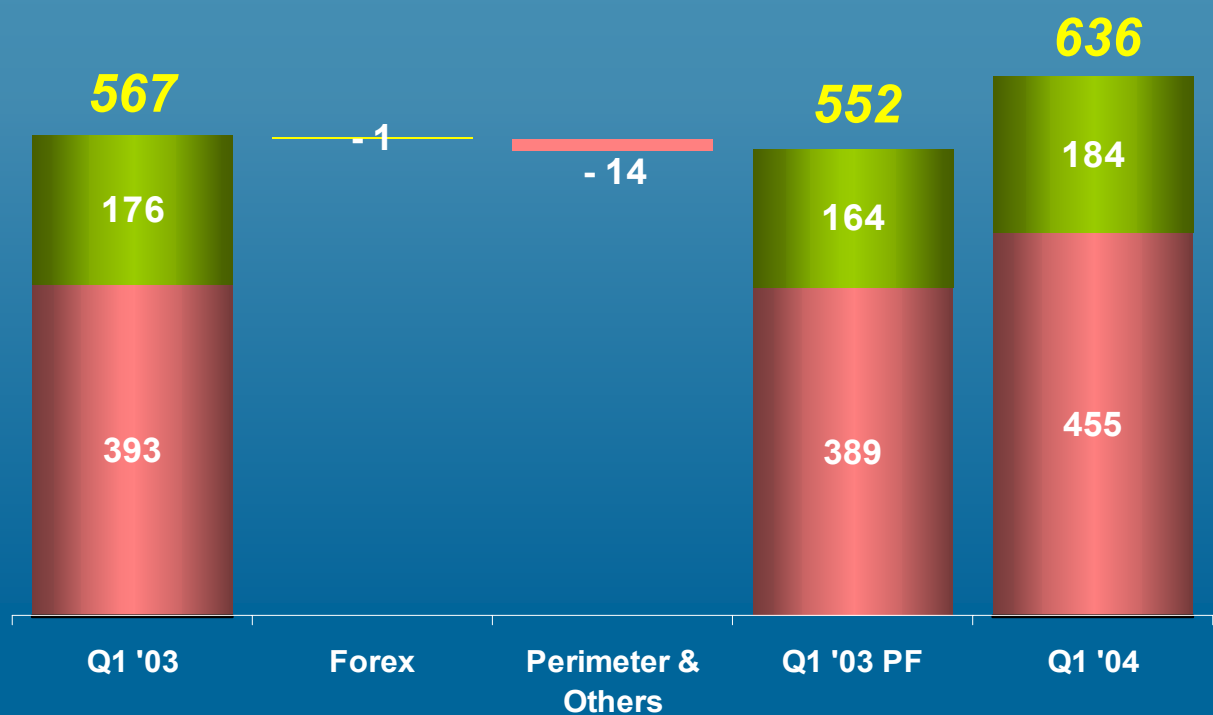
# Wanadoo: Segment Revenues



**+ 15.3% pro forma  
+ 12.2% actual**

*Euro in millions*

*Pro forma growth*



**Directories: + 11.9%**

**Access, portals and e-commerce: + 16.9%**

**Revenue growth in line with objectives**



**Fixed** Line,  
Distribution and Networks

# Fixed Line, Distribution and Networks: Q1 '04 Key messages



➤ ADSL revenues\* up 52 % vs Q1 '03

## Consumer Services: stabilized trends

➤ Subscription fees impacted by limited line decline (-0.7%)  
Revenues positively impacted by value added services

## Business Services: price pressure

➤ New competitors drive price pressure

## Carrier Services: positive impact of ADSL

➤ Wholesale broadband revenues

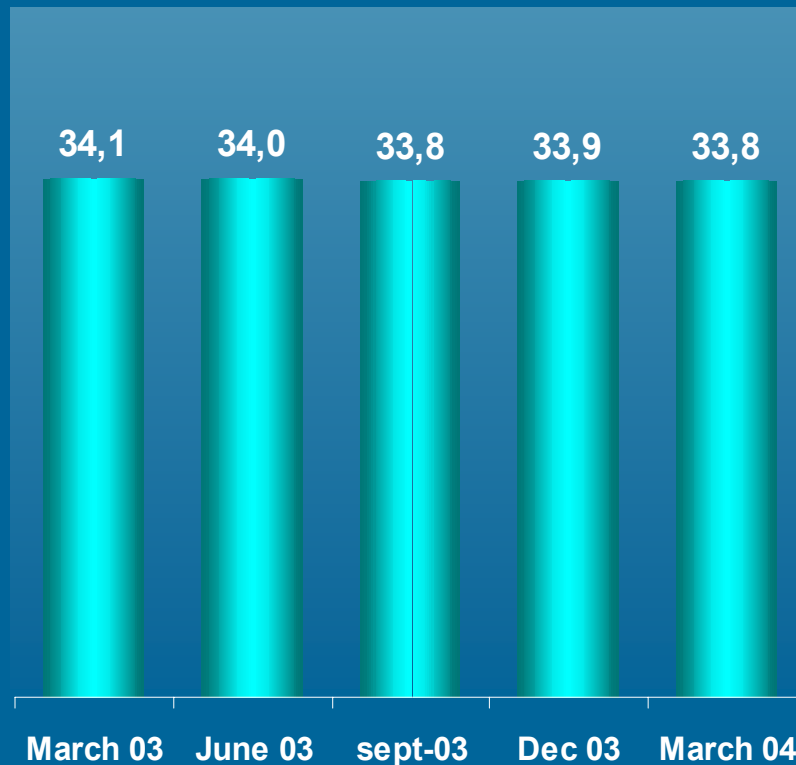
Q1 revenue down - 0.6% proforma yoy  
Improved trend versus 2003 (- 2.4% pro forma for FY 2003 vs FY 2002)

\* See glossary

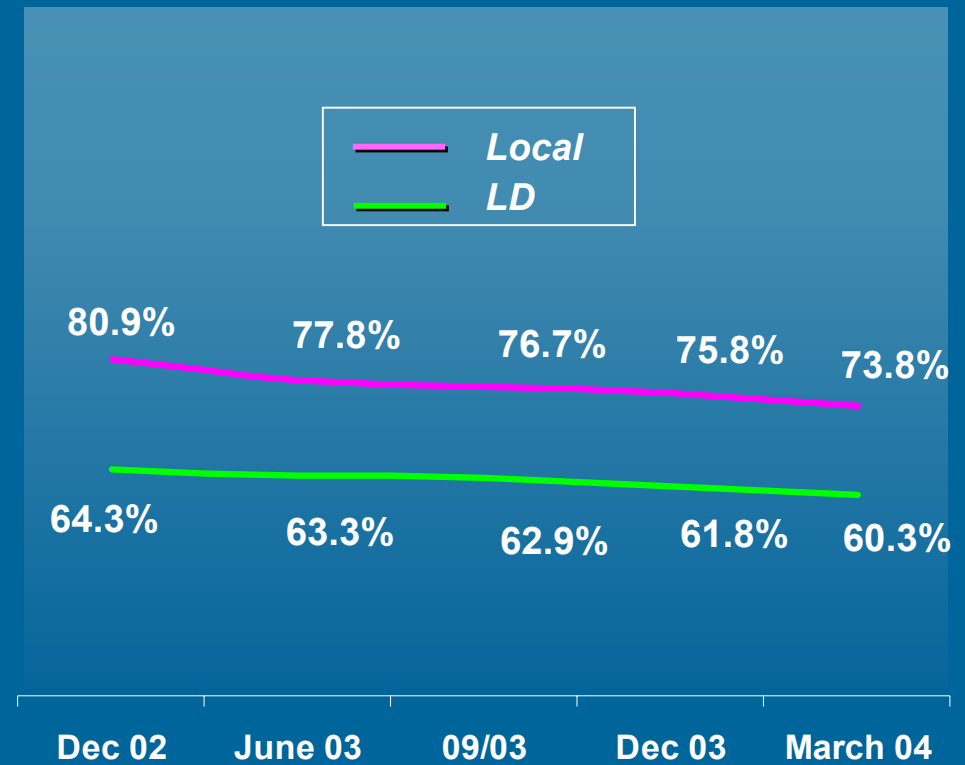
# Fixed Line, Distribution and Networks: Access lines and traffic market share in France



Total number of Lines (in millions)



Market Share\*



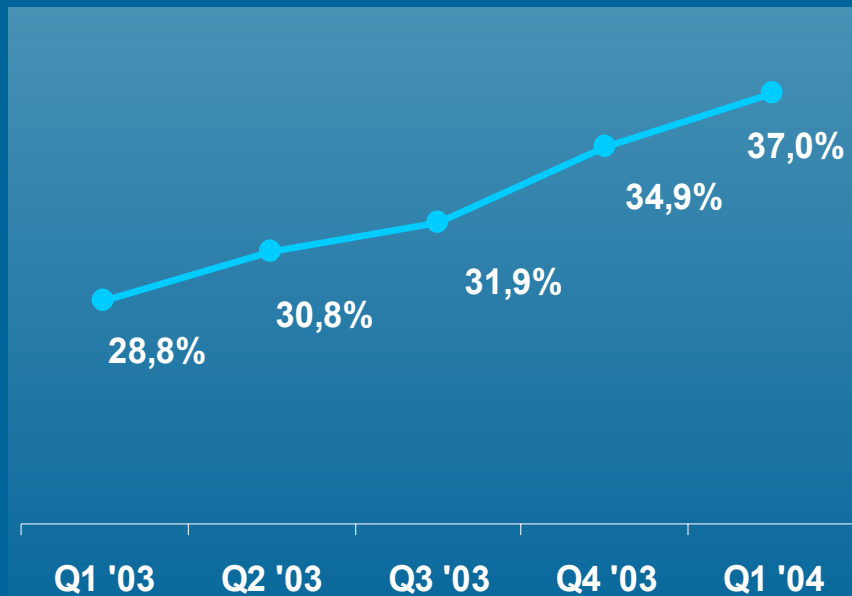
Number of lines stabilized. Increased competition on traffic

\* See glossary

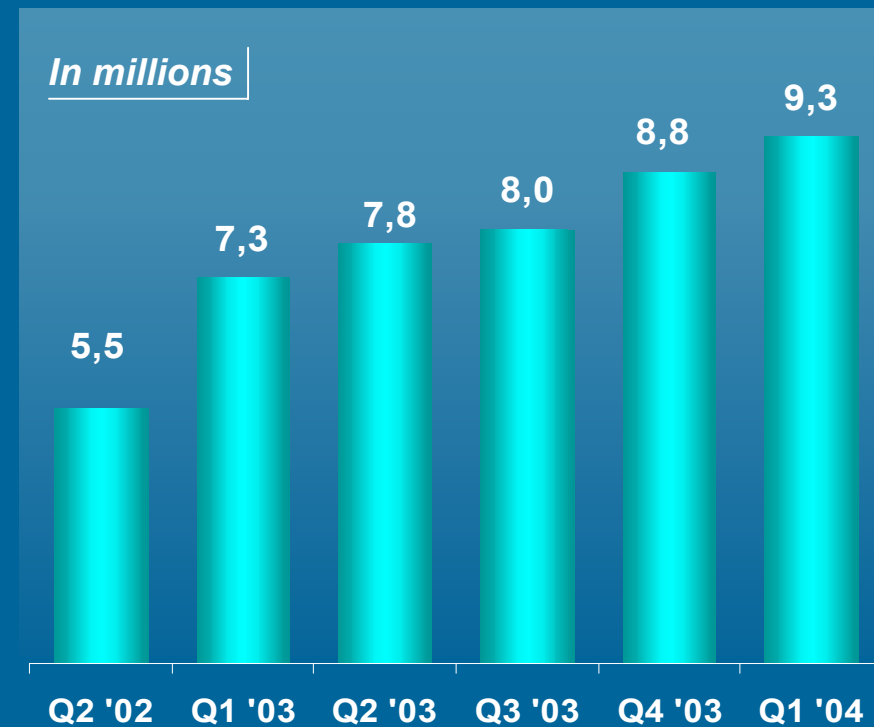
# Fixed Line, Distribution and Networks: Revenue predictability



Proportion of consumers with packages



Number of consumer packages sold



**64% of consumer revenue now secured at the beginning of the month**

# Fixed Line, Distribution and Networks: Broadband in France



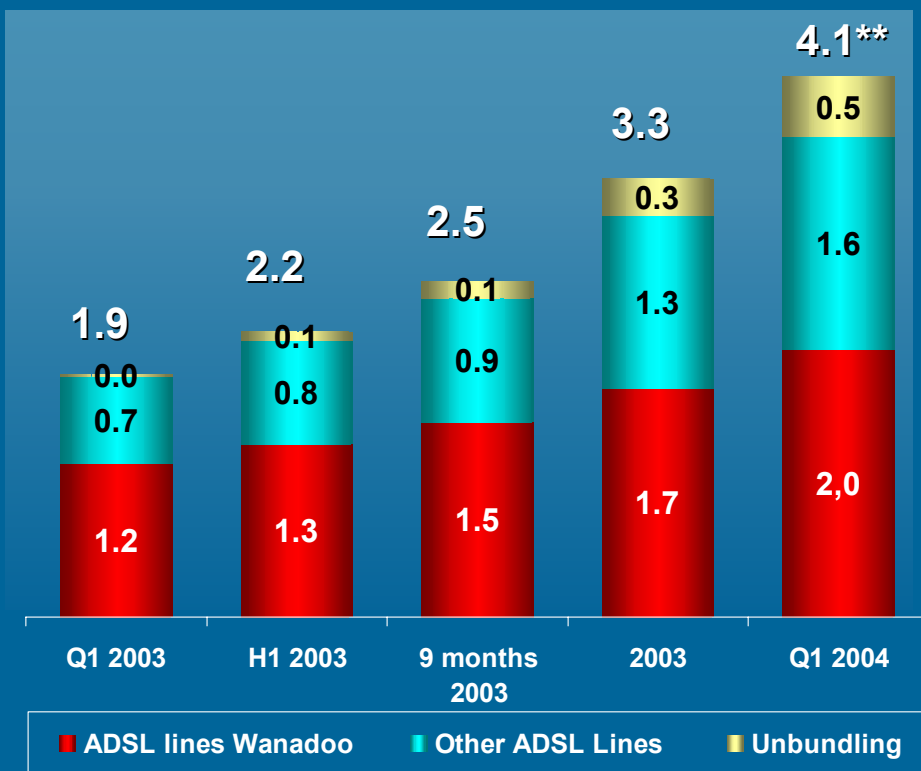
**Total ADSL revenue in France\***

**Millions of lines activated  
End of period\***

*Euros in millions*

*Millions of lines*

**Q1 '04: EUR 239 m up 11% vs Q4 '03**



**Broadband generated Eur 239 m in Q1 '04 in France**

\* See glossary for definition \*\* This includes 105k "Turbo DSL" lines

# Fixed Line, Distribution and Networks: Consumer services sub-segment



## Consumer services / Subscription

Positive impact of added value services

Negative impact of “Liste Rouge” free access

## Consumer services / Calling services trend

Market mix (more fixed to mobile) + volume impact  
= altogether positive

Impact of fixed to mobile tariff cut is the main negative price effect, but negligible effect on REAA

Market share loss is the main impact

**Consumer services down -3.1% pro forma**

# Fixed Line, Distribution and Networks: Q1 '04 key initiatives for consumer services



## Increase Loyalty

- Promotional offer: flat rate bundled with rented handset (January to July 04)
- New Internet packages offers (February 04)
- “Les Heures”<sup>\*</sup> rates offers (February 04)
- New handsets rental offer including DECT and SMS compatible devices (January 04)

## Maintain Revenues

- “Ticket International” new tariffs (January 04)
- Repositioning of “Ticket Telephone Maghreb” (March 04)
- Launch of new DECT devices rental

## Stimulate Usage

- Decrease of fixed to mobile termination fee towards Orange and SFR (January 04), as well as Bouygues network (March 04)
- New flat rate fixed to mobile service packages for SMEs (January 04)

## New Services

- Fixed Line SMS flat rate offer (February 04)
- “MaLigne TV” launched in Paris’ area (March 04)

**Increased potential of value added services**

\* Flat rate for local and national communications

# Fixed Line, Distribution and Networks: Business services sub-segment



## Business services / Business fixed line telephony

Negative volume impact not totally offset  
by positive market mix (more fixed to mobile)

Impact of fixed to mobile tariff cut is the main negative price  
effect for calling services, but negligible effect on REAA

New competitors drive price pressure, especially on local loop

## Business services / Business networks

Positive volume effect with limited revenue impact due to the  
transformation of product mix (migration to new technologies)

**Business services sub-segment revenues:**  
– 4.0% in Q1 '04 proforma

# Fixed Line, Distribution and Networks: Q1 '04 key initiatives for business services & areas for growth



## Increase Loyalty

- New on-net packages on Atout VPN
- IPVPN offer evolution
- Optical loop offer

## Develop revenues

- Telephony over IP solutions and IPBX management
- Intranet Point of sales

## Stimulate Usage

- New broadband network offers: Gigabit ethernet customer pilots
- 1000 Orange Wifi hotspot deployed

## New Services

- Customer pilots for integrated nomadism offers
- Pack surf Internet for tourism launched

## Outsourcing / global managed solutions

- +20.5% yoy
- New contracts Axa, JTI
- On-going deployment

## Management of hosted services

- +30% yoy
- New contracts with Ministère de la Justice, Réseau de Transport d'électricité, B\*Capital-BNPP

## Nomadism

- nomadic users increase by 5.4% over Q1 2004
- Customer pilots

**New offers & initiatives for growth**

# Fixed Line, Distribution and Networks: Carrier services sub-segment



## Carrier services

**Domestic interconnection:** slightly positive volume effect offset by price mix effect, increase of revenues from 'DIAL' products\*\*

**International Operator Services:** positive impact of hubbing, partly offset by negative price effect (F2M price decrease as of 01 01 04)

**Other Carrier services:** increase of Broadband products, and unbundled lines

**Carrier Services: + 12.4 %\* in Q1 '04**

\* pro forma revenue

\*\* "DIAL" Product being a dedicated international traffic offer to selected countries

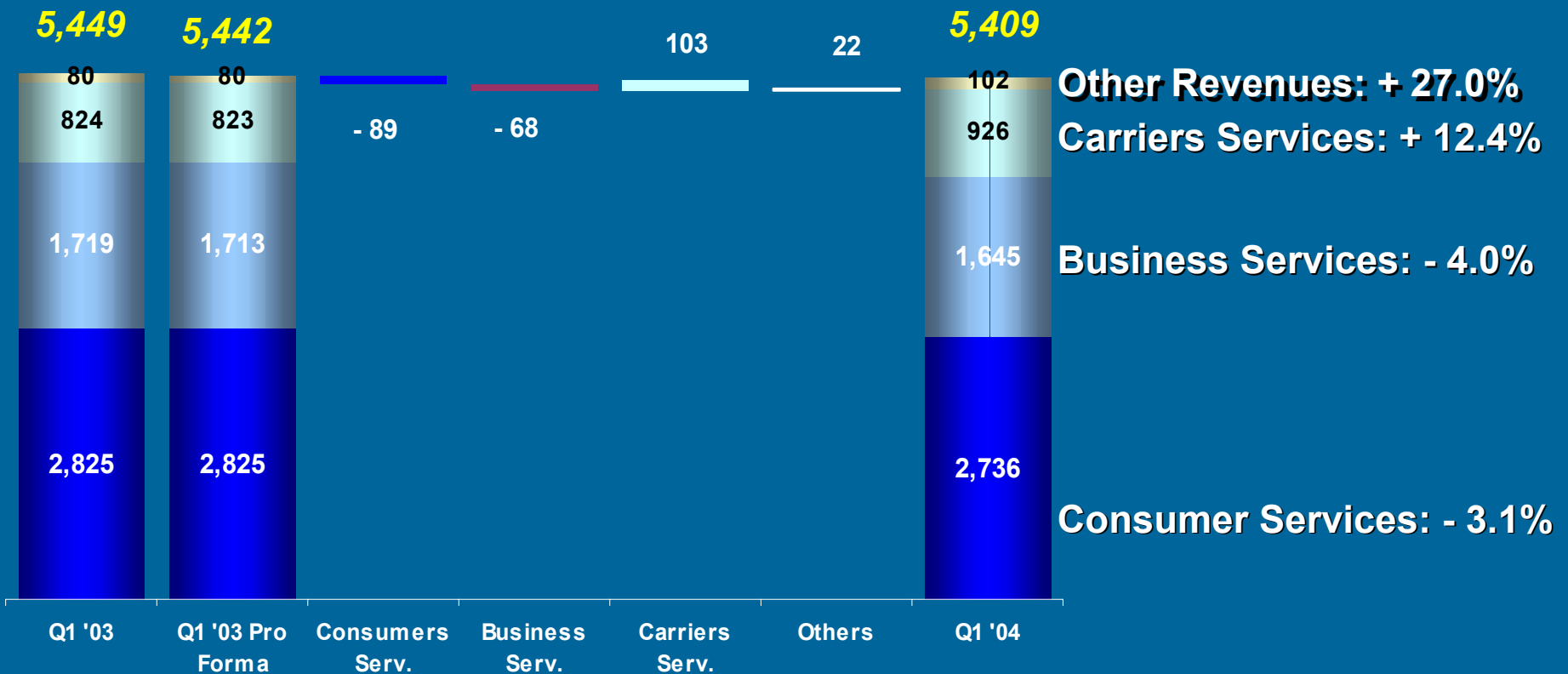
# Fixed Line, Distribution and Networks: segment revenues



- 0.6% pro forma  
- 0.7% actual

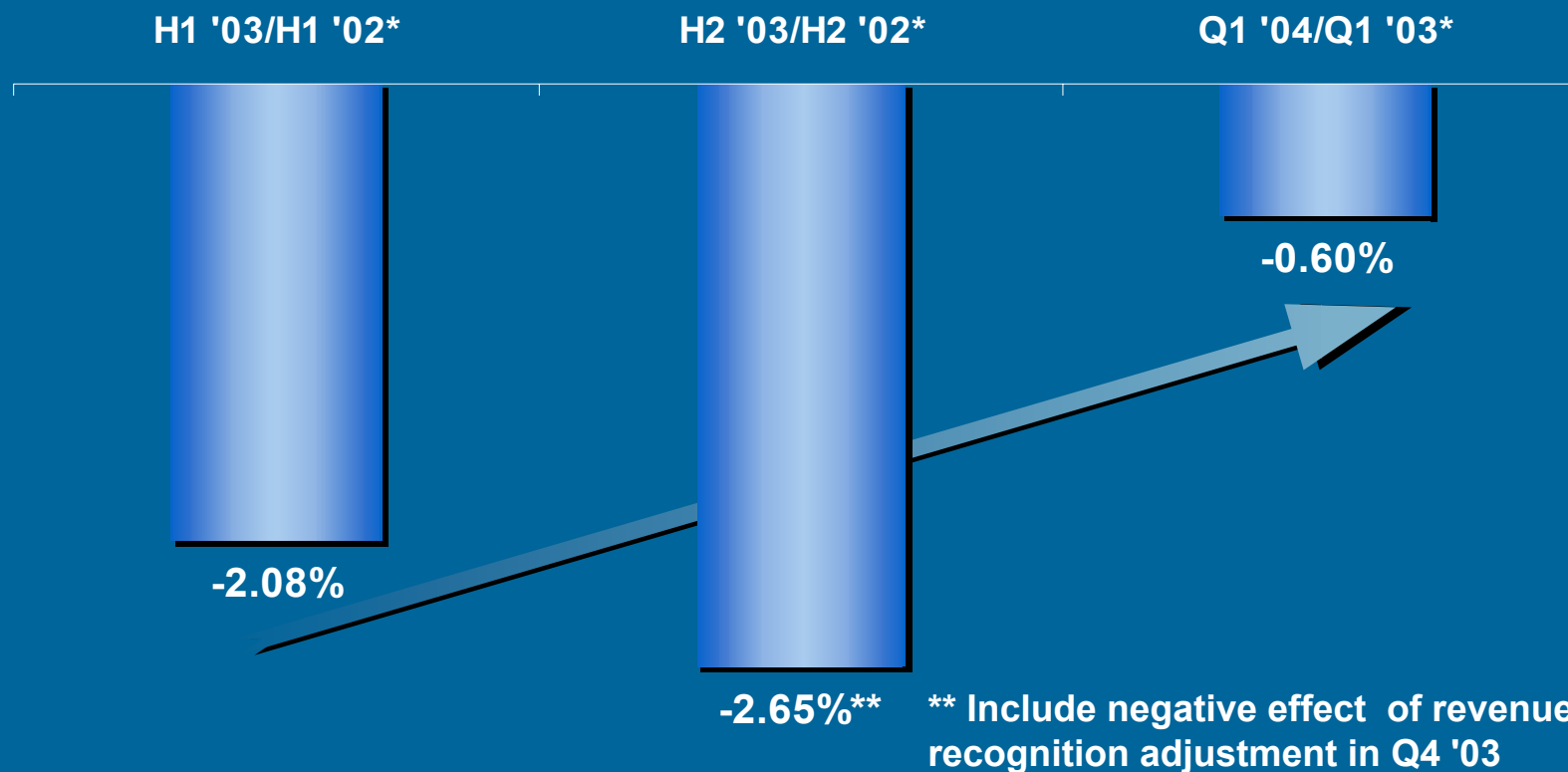
Euros in millions

Pro forma



Better trend in Fixed line, Distribution and Networks

# Fixed-line, Distribution and Networks trends



**Positive trend for fixed line in Q1 2004**

\* Pro forma



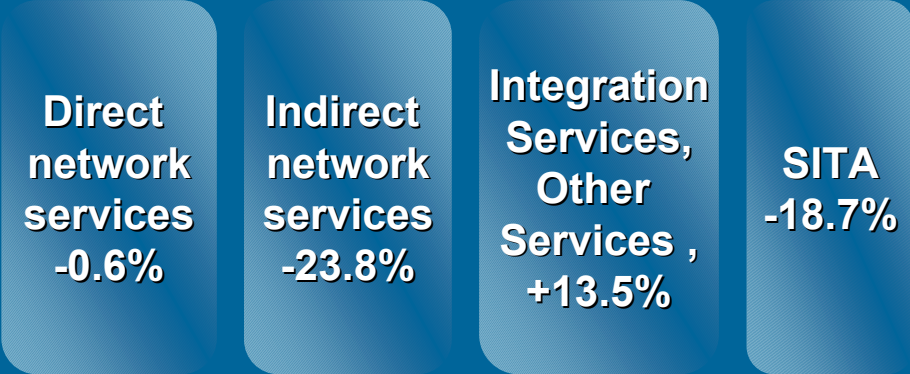
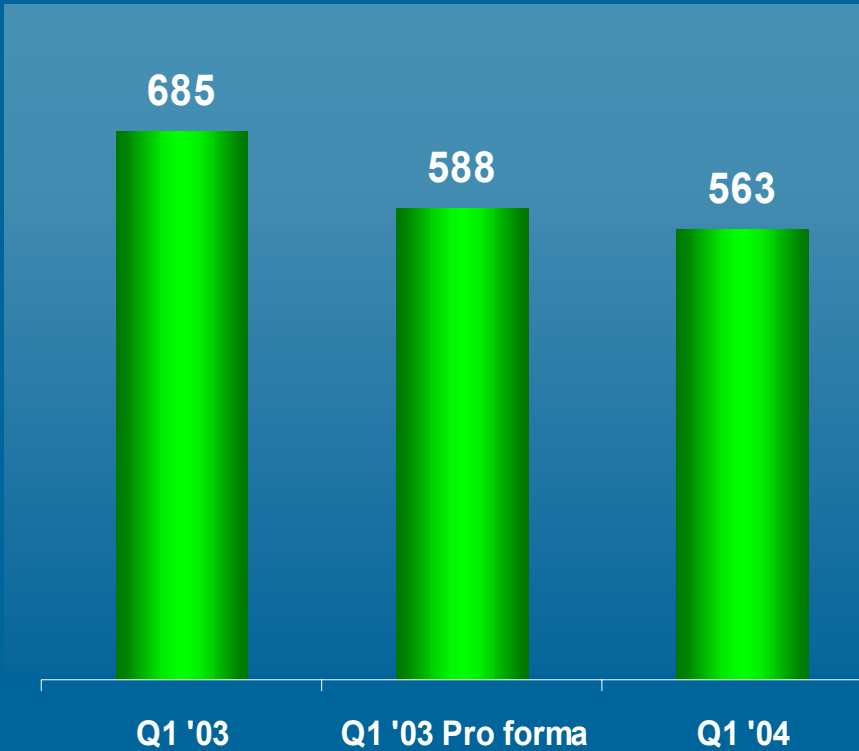
**Equant, TP group  
and  
Other International  
Operations**



**- 4.2% pro forma  
- 17.7% actual**

Euros in millions

Actual figures



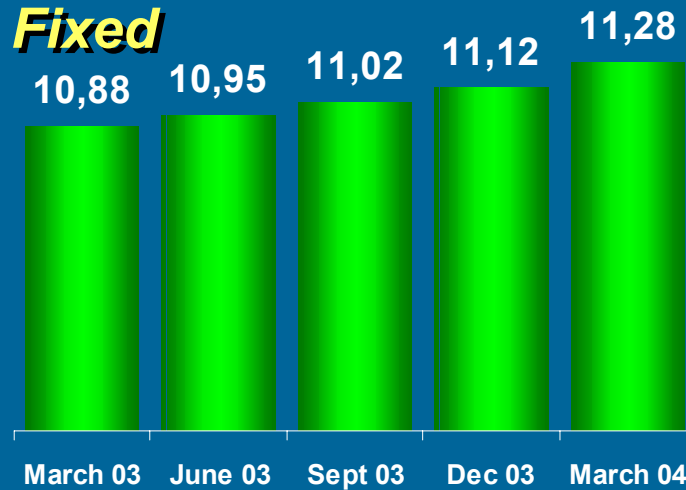
**Equant statutory revenues in USD: - 4.2%**

**Adverse effect of indirect channels decline**

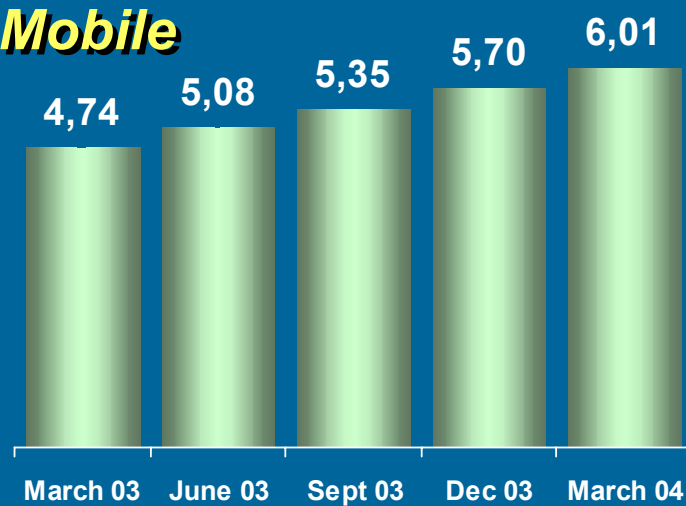


### Customers in m

#### Fixed

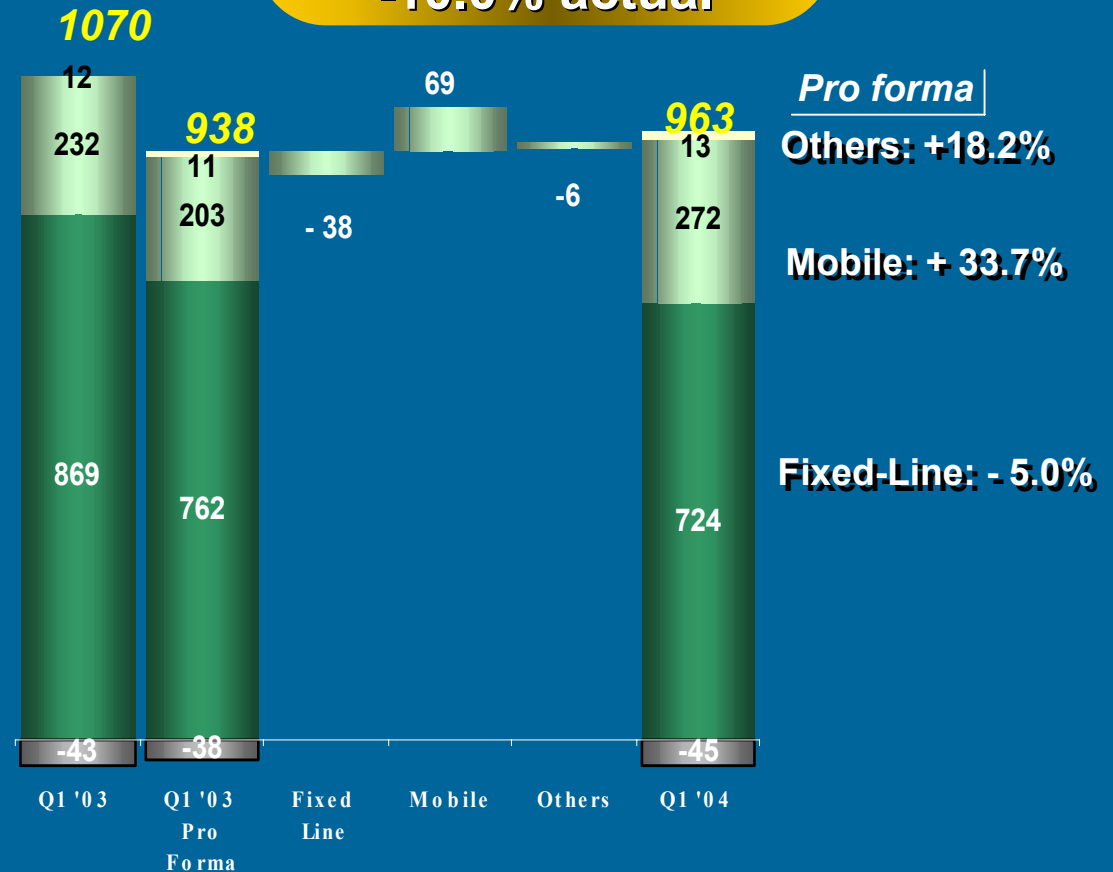


#### Mobile



### Revenues (Euros in millions)

**+ 2.7% pro forma**  
**-10.0% actual**



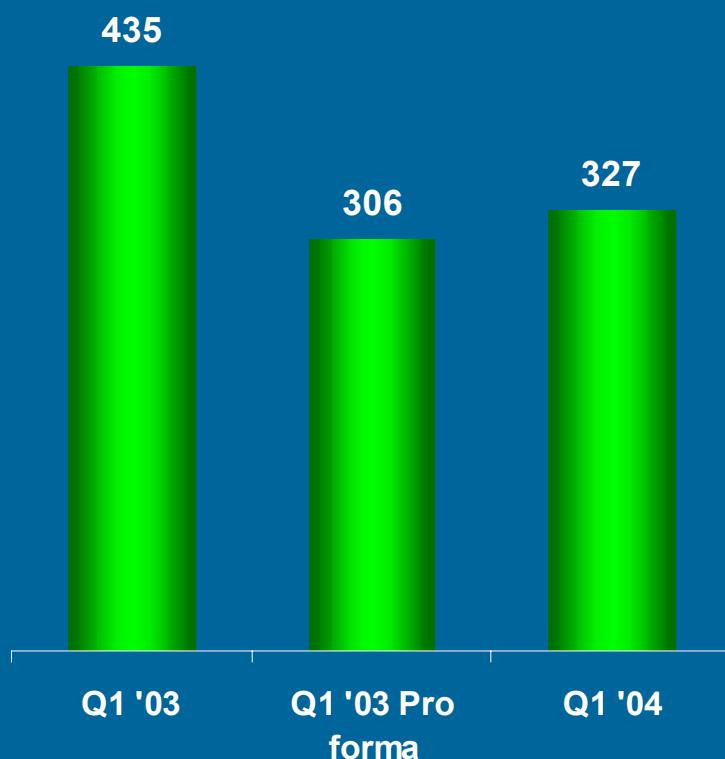
**Strong growth in mobile**

# Other International Operations



*Euros in millions*

**+ 7.0% pro forma  
- 24.8% actual**



## *Main International activities*

	Q1 '03 Pro forma	Q1 '04
Uni 2 (Spain)	122	121
Sonatel (Senegal)	68	86
CI TelCom (Ivory Coast)	49	47
Jordan Telecom	34	35
Mauritius Telecom	16	17

*Main perimeter impact*

**Casema, Menatel, Salvador**

**Strong perimeter effect after portfolio adjustment**

# Q1 '04 revenue conclusion



## Orange: Q1 pro forma growth +12.1%

➤ Higher Orange growth: Subscribers and ARPU favourable trends

## Fixed line, distribution and networks

➤ Continuous improvement in segment revenue trend

➤ Resilience of total access lines, rising added value services and strong carrier services nearly compensate for market share losses

## Broadband

➤ 4.1m lines activated in France, Wanadoo has 2.9m broadband subscribers in Europe (31% of total base)

Q1 pro forma revenue above expectations

# Coming 2004 key initiatives



## Personal : client segmentation and new usages

- Marketing focus on usage : Launch of the "Try" campaign
- On track to deliver 3G services : Q3 launch in the UK and Q4 launch in France
- Orange World roll out across the footprint to continue

## Home : leveraging on FT key assets

- Multi-access device "home gateway" launch in june
- Roll out broadband strategy in France and on current European footprint

**FT confirms its initial targets**



**TOP PROGRAM UPDATE:  
operational efficiency**

# TOP program key messages



## Low capex in Q1 '04 (7.7% of revenue)

→ Impact of sourcing, higher efficiency and programs phasing

→ Full year target around 11% of revenue maintained

## Balancing growth and profitability

→ Commercial expenses increase but higher REAA margins and higher top-line growth

→ Other costs under control as TOP continues

**REAA-Capex improved by EUR 417m yoy pro forma**

# Balancing growth and margin



Euros in millions

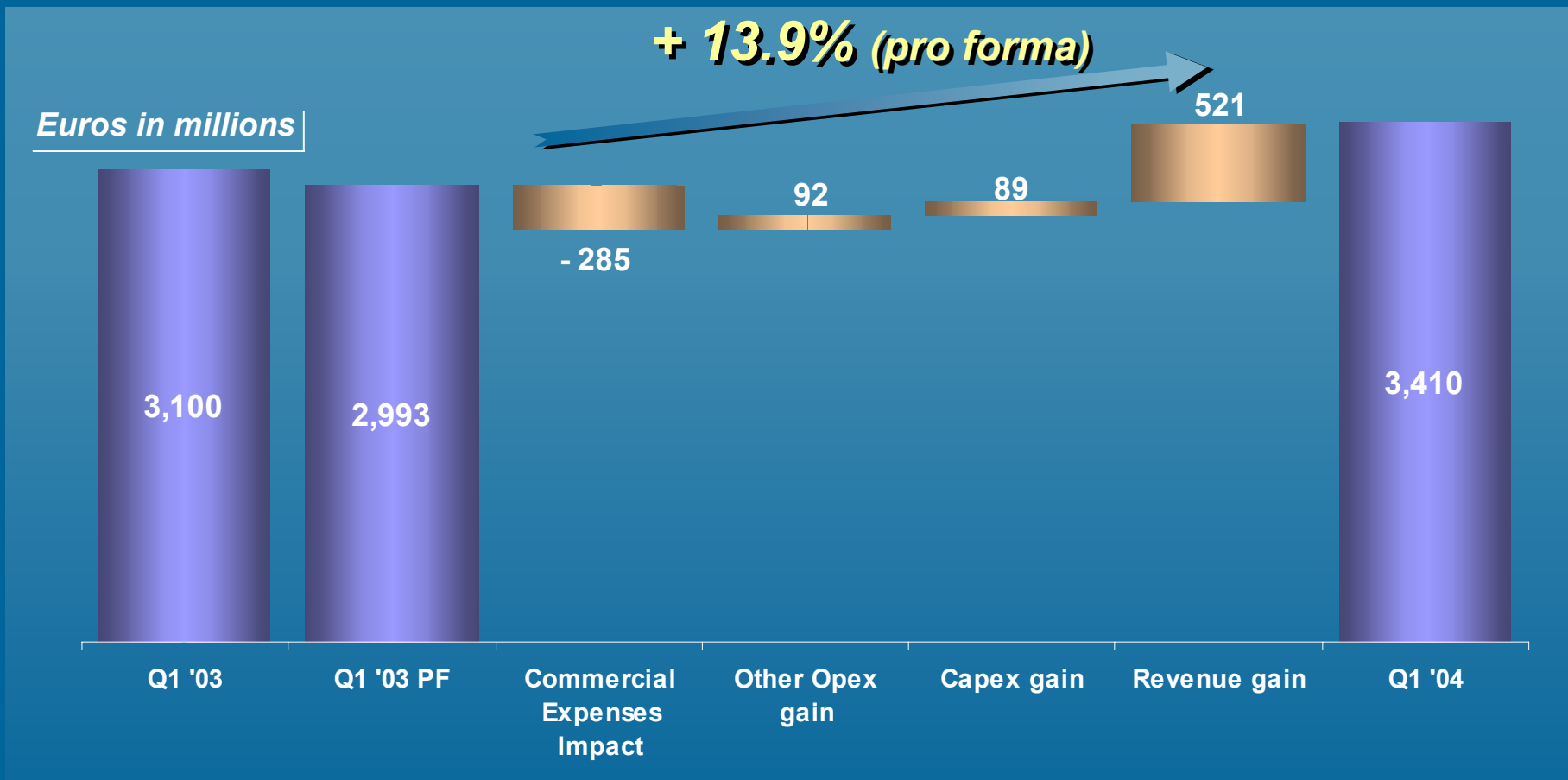


Increased commercial costs support profitable growth

# TOP Program: Q1 '04 results



## REAA-CAPEX improvement



**REAA-Capex improved by EUR 417m yoy pro forma**

# Q1 '04 CAPEX analysis



## CAPEX\* by key item

<i>Euros in millions</i>	Q1 '03 pro forma	Q1 '04 actual	Q1 '04 Q1 '03 pro forma
<b>Total Group CAPEX</b>	<b>971</b>	<b>882</b>	<b>-9.2%</b>
<i>% of revenues</i>	<i>8.9%</i>	<i>7.7%</i>	
<b>o/w other networks</b>	<b>121</b>	<b>130</b>	<b>+7.1%</b>
<b>o/w radio mobile 2G + 3G Equipment</b>	<b>348</b>	<b>317</b>	<b>-8.8%</b>
<b>o/w ADSL</b>	<b>62</b>	<b>51</b>	<b>-16.7%</b>
<b>o/w IT</b>	<b>216</b>	<b>219</b>	<b>+1.4%</b>

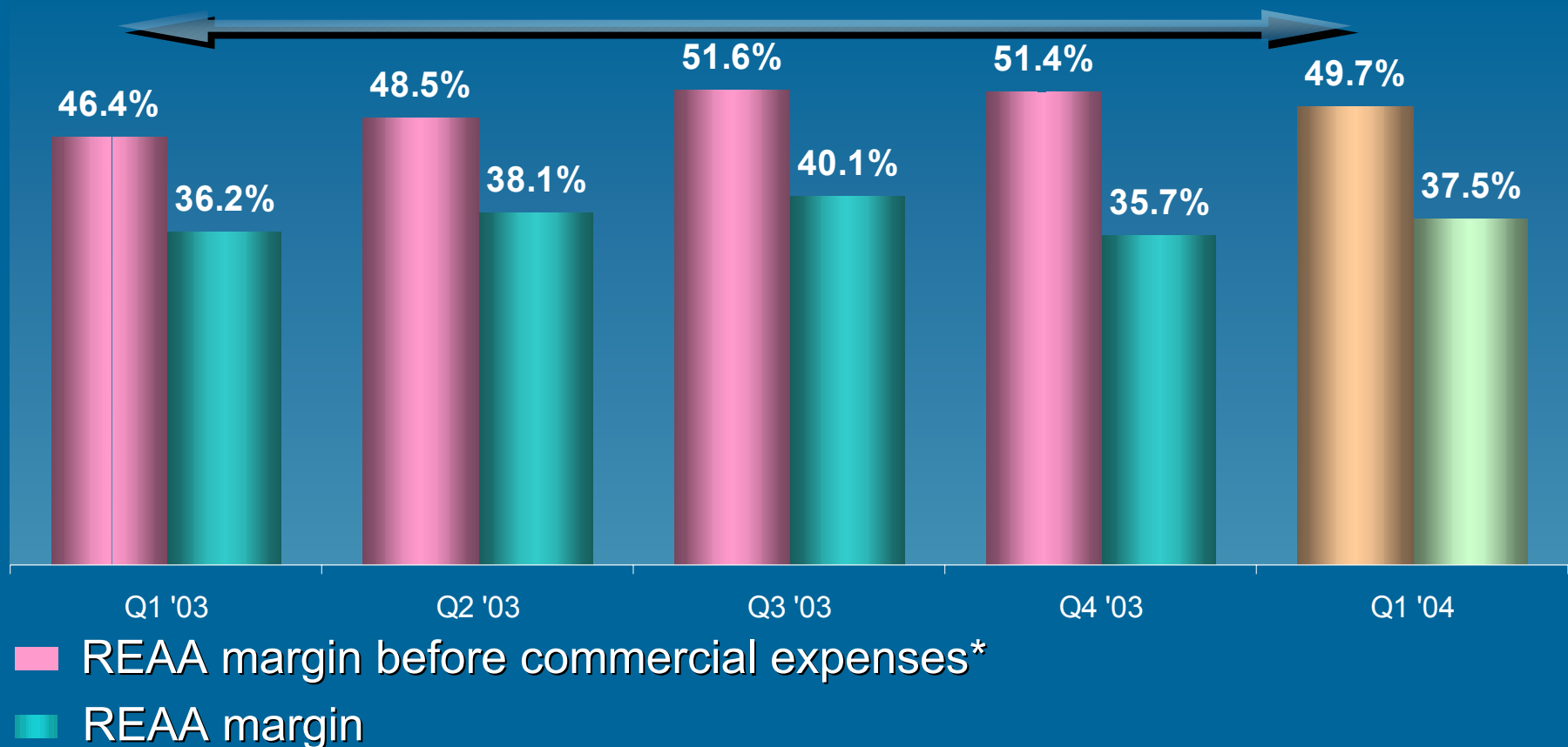
**2G capex decreases, ADSL capex benefits from Top sourcing,  
Full Year circa 11% capex /sales ratio target maintained**

\* excluding mobile licenses - see glossary

# TOP continues to impact positively operating margins



Actual figures



Gaining + 1.3 point in REAA margin vs 1Q '03, and 3.3 points for REAA margin before commercial expenses

\* See glossary

# Q1 '04 OPEX analysis



## Group key OPEX\* items

\*: net of capitalized costs  
 \*\*: including employee bonus plan and other provisions  
 \*\*\*: including bad debt

*Euros in millions*

	Q1 '03 actual	Q1 '03 Pro forma	Q1 '04 actual	Q1 '04/Q1 '03 Pro forma
<b>Labour Costs**</b>	2,449	2,372	2,329	- 1.8%
<i>% of revenues</i>	21.5%	21.7%	20.3%	
<b>External purchases commercial expenses</b>	1,160	1,113	1,398	+ 25.6%
<i>% of revenues</i>	10.2%	10.2%	12.2%	
<b>Other External Purchases*</b>	3,307	3,141	3,037	-3.3%
<i>% of revenues</i>	29.1%	28.7%	26.5%	
<b>Other Charges***</b>	344	335	391	+ 16.7%
<b>Total OPEX</b>	7,259	6,961	7,155	+ 2.8%
<i>% of revenues</i>	63.8%	63.7%	62.5%	

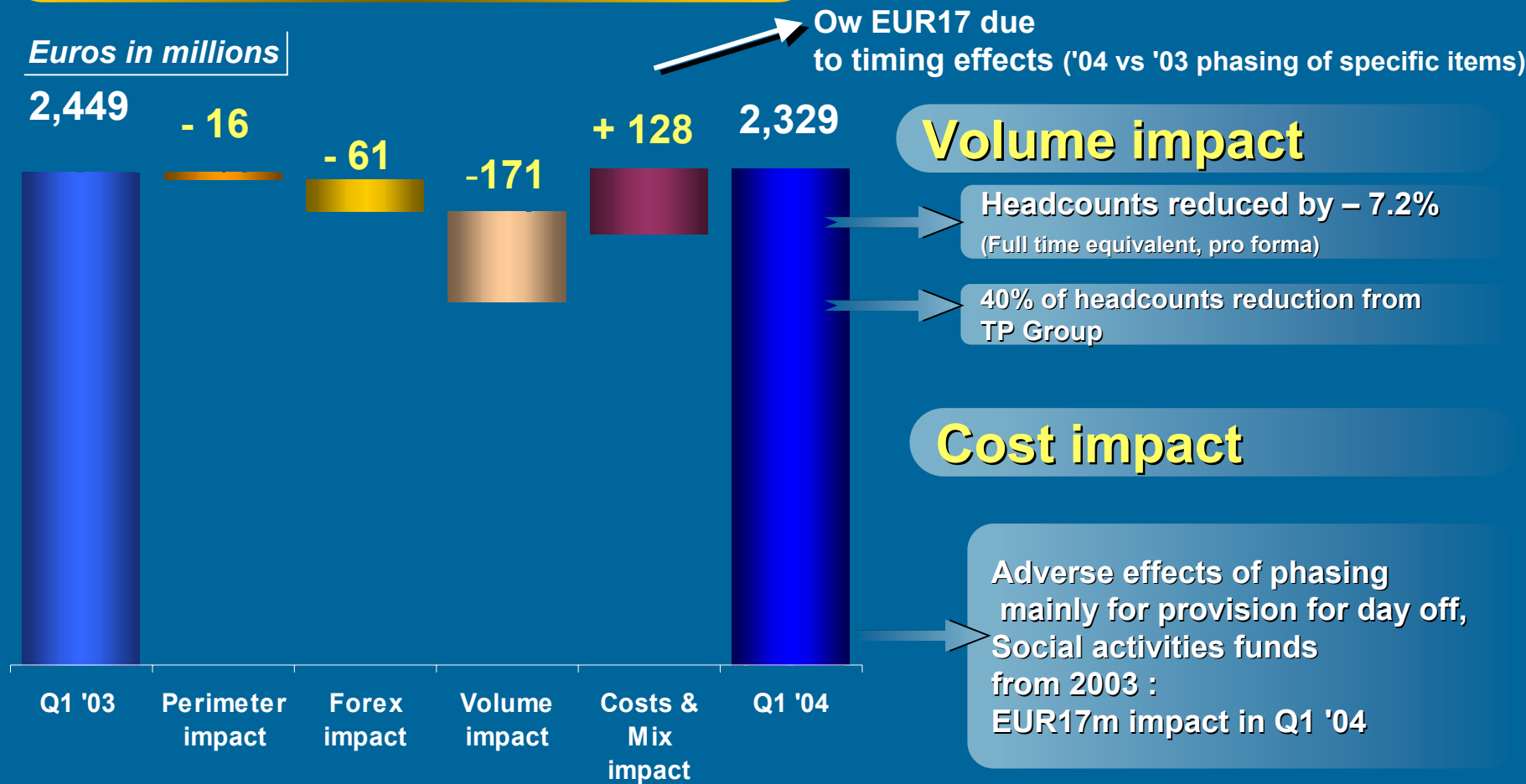
Raise in OPEX driven by commercial expenses to generate  
 stronger than expected growth



# Q1 '04 OPEX analysis: Labour costs

## FT group labour costs\*

Euros in millions



Labour costs affected by adverse mix and timing difference on costs

\* Pro forma

# Q1 '04 OPEX analysis: commercial expenses



## FT Group Commercial expenses

<i>Euros in millions</i>	Q1 '03 Pro forma	Q1 '04 actual	Q1 '04/Q1 '03 Pro forma
<b>Commercial expenses*</b>	1,113	1,398	+ 25.6%
<b>Split by nature</b>			
Goods and handsets	606	798	+31.6%
Commissions & Distr.	316	374	+18.3%
Advertising, & brand	190	226	+18.7%
<b>Split by activity (statutory)</b>			
Orange	903	1,130	+25.1%
Wanadoo	92	117	+27.1%
Fixed line, Distrib & Networks	239	248	+3.8%
Others & elimination	- 121	- 97	

**Strong impact of growth sectors and new handsets**

\* See glossary

# Operating working capital trends



## DPO\*



## DSO\*



**More needs to be done in operating working capital**

\* See glossary

# 25 New TOP “chantiers” for 2004



## IT&Network transformation program (total of 7 “chantiers”)



Global IT applications, common service platforms, Home IT integration, IT&N organization, Network and field operations, Network capacity

## Support functions program (total of 8 “chantiers”)



Optimize all group’s central and support functions

## Other process reengineering (total of 10 “chantiers”)



Increase efficiency for sales forces, customer services, Call centers, retail activities and points of sales



Revenue insurance, working capital, join forces program in France, UK, Poland and Spain

**Continuous operational improvement**

# TOP going forward



## TOP remains a major group's priority

- Sourcing program continues to improve purchasing prices
- Operational efficiency

## Balancing growth and profitability

- Labour and non commercial OPEX under control
- Cost base improvement partly re-invested in growth

## TOP 2004: new programs launch

- Focus on IT&Networks and support functions

**TOP in 2004 : transversal process re-engineering**



**Conclusion**

# A strong Q1, strategy unchanged



## Success of Wanadoo buy-out

→ FT now has 95.3% of Wanadoo

## Getting closer to the benefits of an integrated telco

→ Coming investor's day (June 10th) to provide in depth analysis

## Continuous focus on operational efficiency and revenue growth

→ Previous targets of +3 to +5% pro forma revenue growth confirmed after +4.8% pro forma revenue growth in Q1

→ Group's REAA margin to be improved in 2004.  
1.3 pt gain yoy in Q1 ( and +3.3 pts before commercial expenses)

## Use of cash priorities remain deleveraging and organic growth

→ No major deal to be contemplated without prior shareholders' approval

**No change in guidance, FT confirms its targets for 2004**



***Q1 2004 Revenues and TOP  
Program update***

**April 29<sup>th</sup>, 2004**



# APPENDIX

# Glossary (1)



- **Contributive Consolidated Revenues:** consolidated revenues excluding intra-group transactions
- **Pro forma figures:** figures of the preceding period adjusted to reflect the same scope of consolidation and exchange rates as in the current period
- **Market Share of fixed line telephony in France:** calculated based on traffic on the network or interconnected to the network of France Telecom
- **ADSL Revenues:** : Wanadoo ADSL Connectivity revenues + Consumer services revenues from "Ma Ligne ADSL" connectivity and from equipments (ADSL modems) sales and rental + Carriers services revenues from ADSL access bulk sales to third part telco's (options 3 "ADSL Connect ATM ") and third part ISP's ( option 5 "IP ADSL ").
- **ADSL actived lines:** All ADSL lines in service by end of period including unbundled lines : "Ma Ligne ADSL" lines sold directly to the subscriber whatever his TSP + "IP ADSL" (option 5) and "ADSL Connect ATM" (option 3) lines sold to all ISPs to be integrated into the packages (ADSL+IP connectivity) + "Turbo DSL" lines specifically dedicated to large business accounts for their data transmission services + "Ma ligne TV" lines which provides TV through ADSL without Internet access (the ADSL TV+IP packages being accounted for above).
- **Network Revenues for mobile services:** include outgoing traffic, incoming traffic, access fees, visitor roaming and value added services.
- **Mobile ARPU:** Mobiles network revenues for the previous twelve months divided by Mobile weighted average customer base for the 12 month period  

Mobile Network revenues include outgoing traffic, incoming traffic, access fees, visitor roaming and value added services. The mobiles weighted average customer base for the 12 months period is the average of the monthly average customer bases (calculated as the sum of the opening and closing customer bases for the month divided by two). ARPU is quoted on a revenue per customer per year basis. Orange France (mainland) does not currently receive revenues from other French mobile network operators for voice calls from their networks that terminate on Orange France 's mainland network as in some other markets, in particular the United Kingdom. As a consequence, French and UK ARPUs are not directly comparable.
- **Internet ARPU: ARPU (Monthly Average Revenue Per User):** calculated by dividing year-to-date connectivity revenues by the weighted average number of our customers during the same period. The weighted average number of our customers during a period is the monthly average customer base for the period. The monthly average customer base is calculated as the sum of the opening and closing number of customers for the month divided by 2.
- **Mobile AUPU:** Monthly average usage per user (AUPU) is defined as total usage (including outgoing traffic, incoming traffic and roaming) for the 12 previous months divided by the weighted average number of the Group's customers during the same period. AUPU is quoted in minutes on a usage per customer per month basis

# Glossary (2)

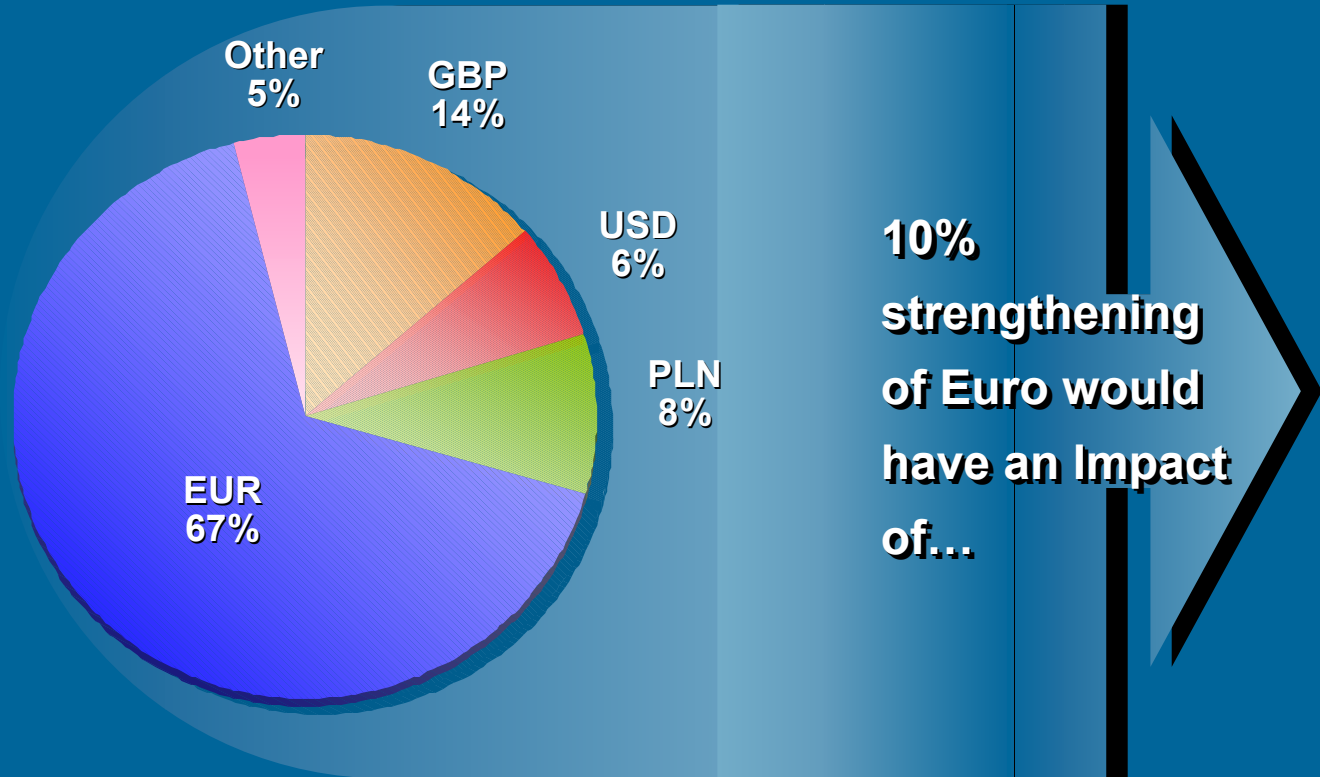


- **Orange World subscribers** : active Orange customers subscribing to a multimedia contract and using GPRS enabled services
- **REAA**: Operating income before depreciation and amortization of tangible and intangible assets and before amortization of actuarial adjustments in the early retirement plan
- **Capex**: acquisitions of intangible and tangible assets, excluding GSM and UMTS licenses
- **Opex**: operating charges before depreciation and amortization of tangible and intangible assets and before amortization of actuarial adjustments in the early retirement plan
- **Commercial expenses**: includes commissions, advertising and handsets.
- **Labour Costs**: net of capitalized costs and include taxes on wages
- **Operating working capital**: net stocks, operational receivables, prior to securitisation, operational payables (excl. fixed production)
- **DSO**: Days of Sales Outstanding
- **DPO**: Days of Payables Outstanding
- **Sourcing**: implementation of a new purchasing policy at group level

# Forex Impact and Sensitivity simulation:



## Q1 '04 Revenues by currency



- 3.0% on group REVENUE
- 2.3% on group REAA
- 1.4% on group Operating Income
- 1.9% on group REAA - CAPEX

Q1 '04 vs Q1 '03 revenues affected by adverse Forex effect of Eur 315 m

# Q1 '04 Revenues Perimeter Impact



Excluded from  
Q1 '04 perimeter



Salvador: - Eur 86 m

Casema: - Eur 20 m

Menatel: - Eur 15 m

Wanadoo  
Belgique: - Eur 3 m

Included in  
Q1 '04 perimeter



Nothing was included

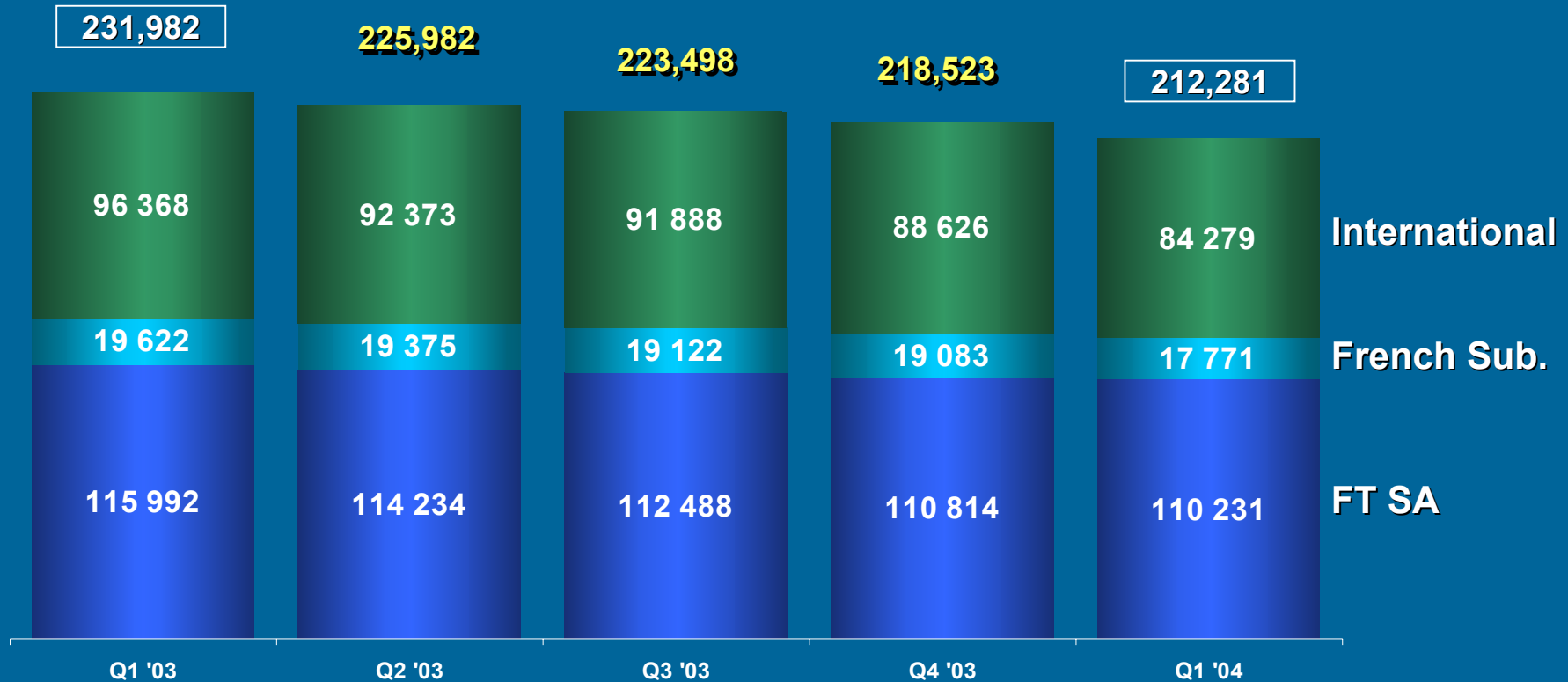
**Total Perimeter impact: - EUR 124 m**

# Headcount trends



Headcount (actual)  
End of period

**-8.5 % actual yoy**  
**(-7.1% yoy pro forma)**



In line with guidance

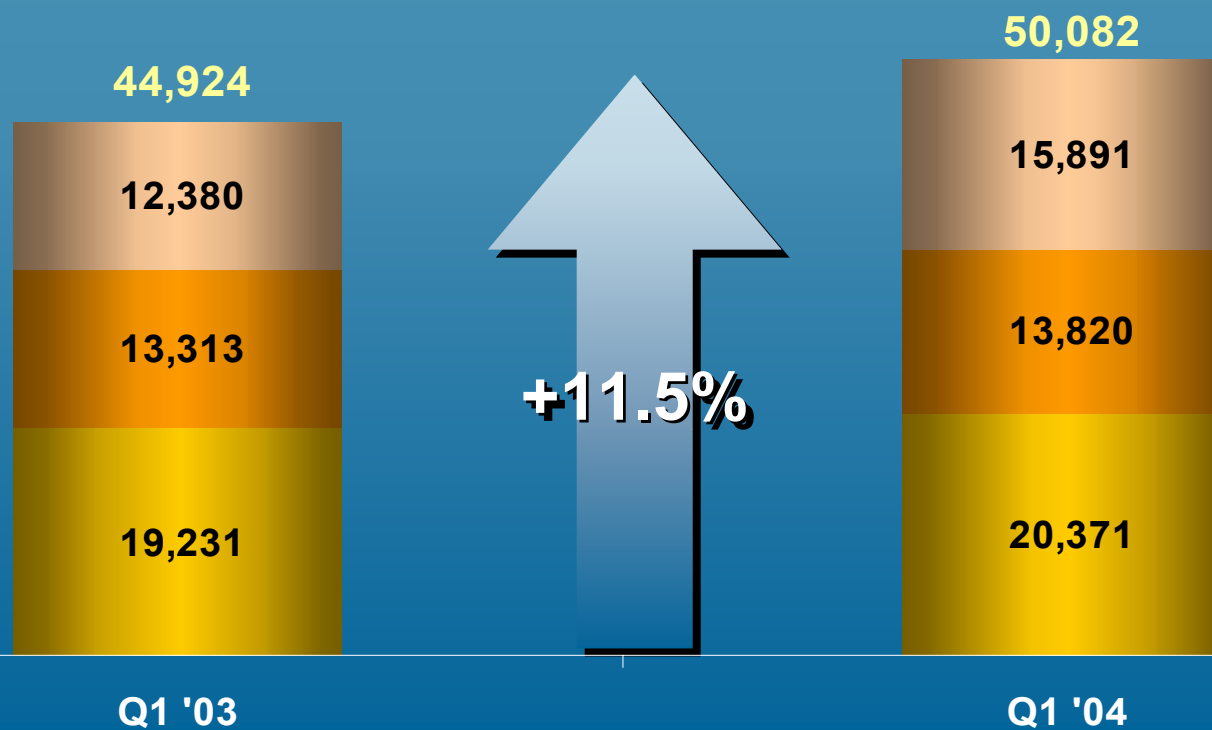


**Orange**

# Orange: Subscriber Growth



Customers en of period in 000s



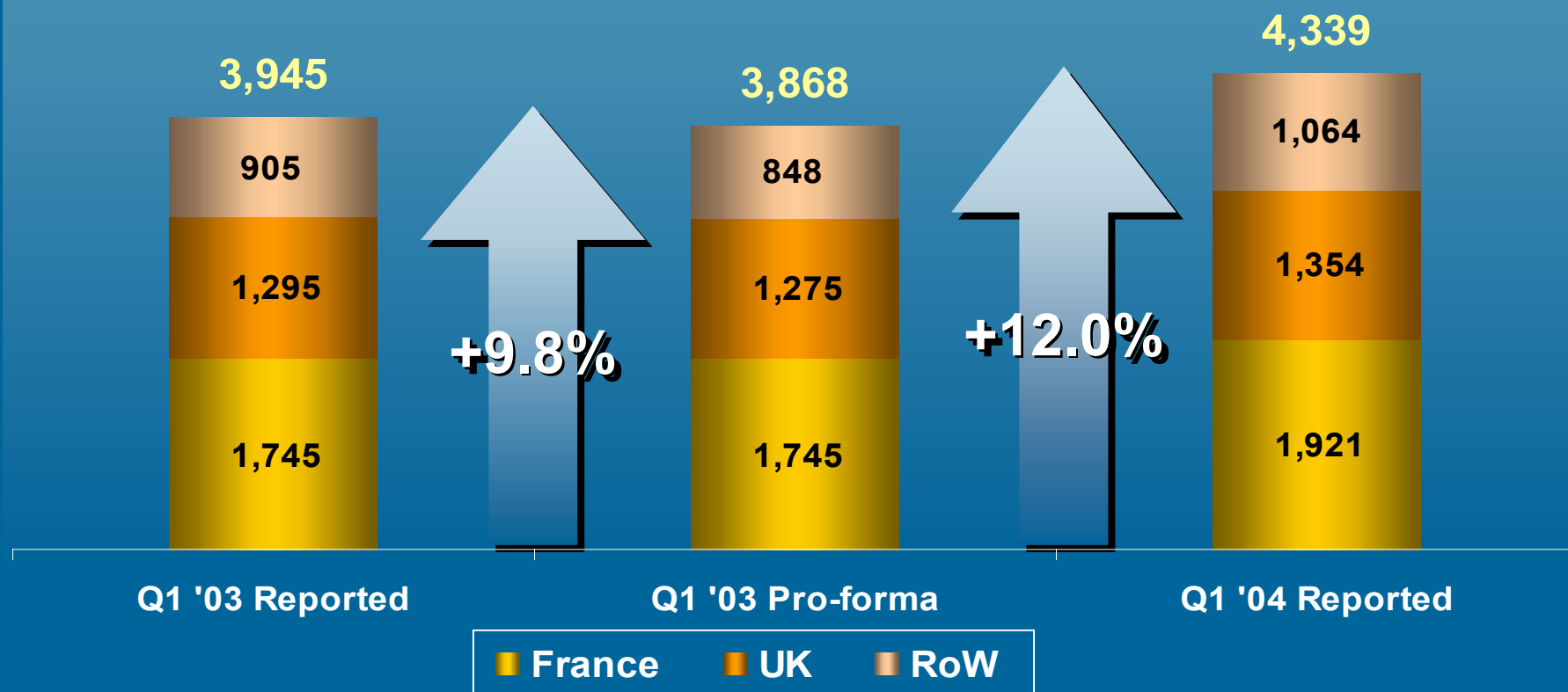
■ France ■ UK ■ RoW

Strong customer growth - Orange has now more than 50 mn clients

# Orange: Network revenue growth



Euros in millions



# Orange: ROW subscribers



Customers end of period in 000s

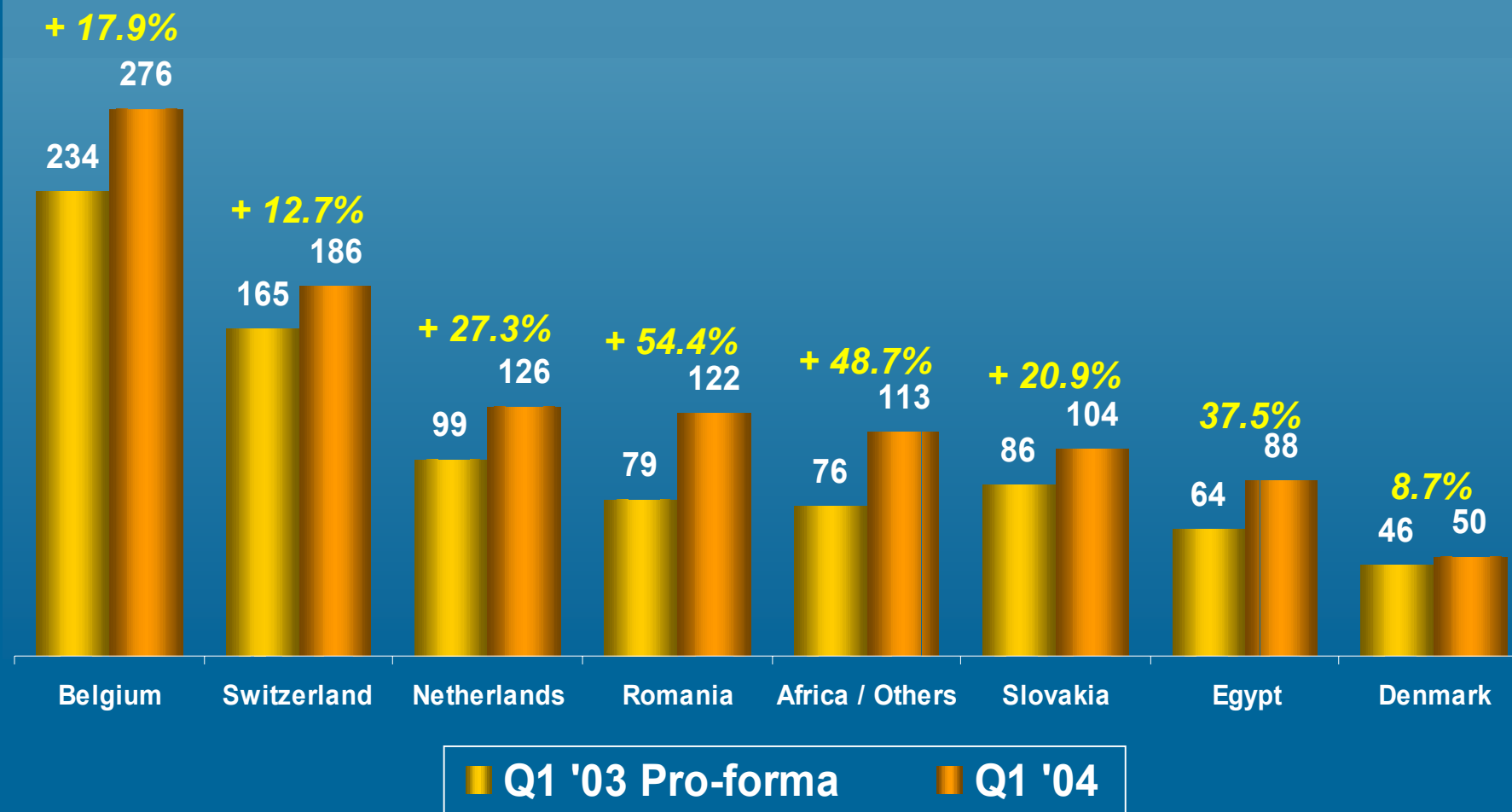


# Orange: ROW network revenue growth



Euros in millions

Pro forma growth (%)



# ARPU trends ROW



Annual rolling ARPU €

