Orange Polska

3Q’17 results

.one

26 October 2017

Forward looking statement

This presentation contains 'forward-looking statements' including, but not limited to, statements regarding anticipated future events and financial performance with respect to our operations. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like 'believe', 'expect', 'anticipate', 'estimated', 'project', 'plan', 'pro forma', and 'intend' or future or conditional verbs such as 'will', 'would', or 'may‘. Factors that could cause actual results to differ materially from expected results include, but are not limited to, those set forth in our Registration Statement, as filed with the Polish securities and exchange commission, the competitive environment in which we operate, changes in general economic conditions and changes in the Polish, American and/or global financial and/or capital markets. Forward-looking statements represent management’s views as of the date they are made, and we assume no obligation to update any forward-looking statements for actual events occurring after that date. You are cautioned not to place undue reliance on our forward-looking statements.

Adjustments to financial data

Disclosures on performance measures, including adjustments, are presented in the Note 2 to Condensed IFRS Quarterly Consolidated Financial Statements of the Orange Polska Group for the 3 months ended 30 September 2017 (available at http://orange-ir.pl/results-center/results/2017)

in PLNm	3Q'16	3Q'17	9m'16	9m'17
EBITDA	831	776	2,523	2,336
-Employment termination expense	-	-	-	8
Adjusted EBITDA	831	776	2,523	2,344
Capital expenditures	367	438	4,392	1,260
-acquisition of telecommunications licences	-	-	-3,168	-
Adjusted capital expenditures	367	438	1,224	1,260
Organic cash flow	169	290	-2,693	254
-LTE auction deposits / Acquisition of LTE spectrum	-	-	3,148	-
-Investment grants received	-	-266	-	-266
Adjusted organic cash flow	169	24	455	-12

Contents

Highlights

Jean-François Fallacher
Chief Executive Officer

Solid 3Q EBITDA despite impact of new roaming regulations

Full-year guidance increased to around PLN 3.0bn

PLN 2.81bn
revenue,
-1.3% yoy

PLN 776m
EBITDA
-6.6% yoy
(FY guidance revised upwards)

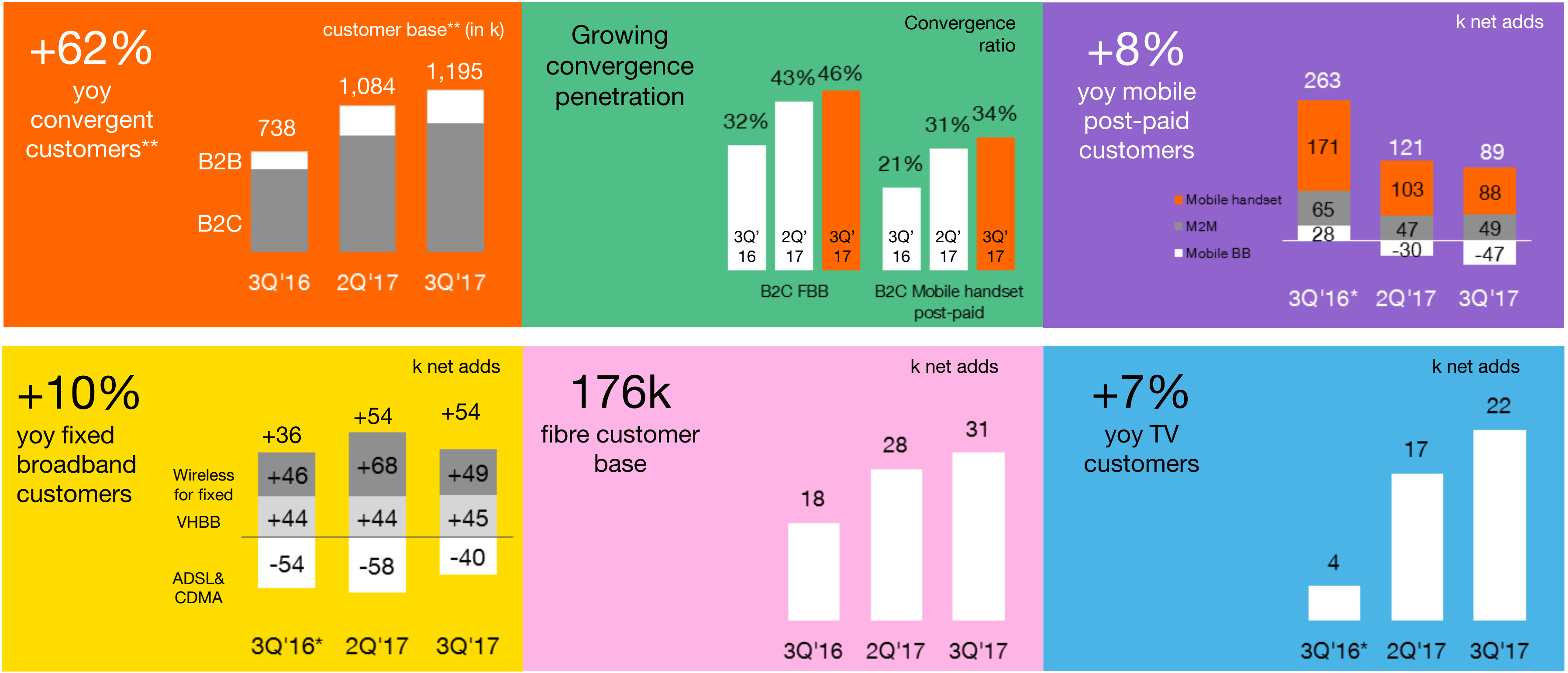
27.6%
EBITDA margin,
-1.5 pp yoy

PLN 438m
capex
15.6% of revenue

PLN 24m
adjusted* organic cash flow

* adjusted as presented on slide #3

Good commercial activity with more focus on value



* Includes effects of customer base revision made in 3Q2016

** Since 1Q'17 convergent customer definition has been modified and reflects only a combination of fixed broadband (incl. wireless for fixed) and mobile handset offer, with financial benefit

Customer proposals on the mass market driven by simplification and „more for more” strategy

Orange Love convergent offer

- One price for regulated and deregulated areas
- One price for all FBB technologies below 100MB/s
- Same TV content in IPTV and DTH
- Handsets at heavily subsidiased prices available only in Orange Love
- Expected fixed broadband ARPU uplift

www.orange.pl/love

Mobile only offers

- Radical simplification:
  - mobile voice tariff plans: from 18 to 4
  - MBB tariff plans: from 14 to 3
  - Discount schemes: from 7 to 2
- Introduction of 2-SIM offer
- New tariff structure to facilitate higher value generation:
  - charge for every additional SIM
  - cancellation of the cheapest tariff plan

Financial review

Maciej Nowohoński
Chief Financial Officer

3Q/9m'17 financial results key highlights

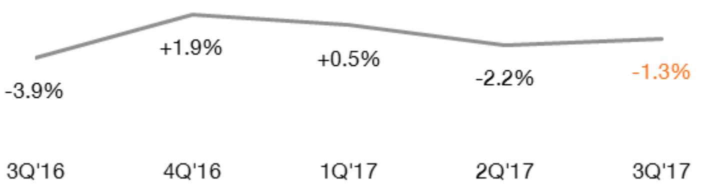
in PLNm	9m’17	% yoy	3Q’17	% yoy	key points for 3Q
revenues	8,471	-1.0	2,814	-1.3	▪ Roaming affecting mobile services ▪ Improving trend in FBB ▪ Good quarter in ICT and fixed wholesale
adjusted EBITDA*	2,344	-7.1	776	-6.6	▪ Commercial costs reflect high share of SIM-only offers and optimisation of distribution channel mix ▪ Interconnect cost affected by roaming ▪ Increased full-year adj EBITDA guidance
% of revenues	27.7	-1.8pp	27.6	-1.5pp	
adjusted CAPEX*	1,260	+2.9	438	+19.3	▪ In line with full-year expectations
% of revenues	14.9	+0.6pp	15.6	+2.7pp	
adjusted organic cash flow*	-12	n/a	24	-85.8	▪ Reflects lower EBITDA and working capital requirement

* adjusted as presented on slide #3

Better trend in fixed broadband and ICT cushions impact of new roaming regulations

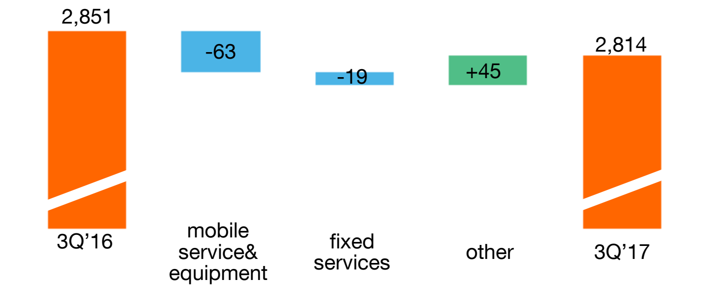
Adjusted revenue evolution

yoy change



Revenue evolution breakdown

in PLNm



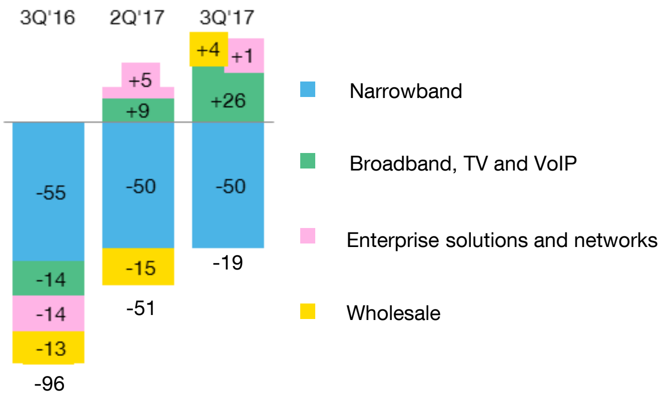
Mobile revenue

- Trend in services reflects new roaming regulations and convergent strategy

Fixed revenue

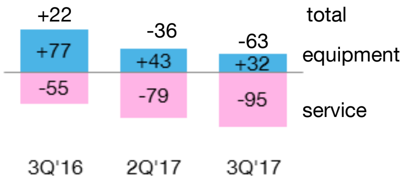
- Broadband reflects growing customer base and convergence strategy (slightly affected by one-off)
- Better trend in wholesale owing to higher roaming traffic termination in fixed network

(yoy in PLNm)



Mobile revenue

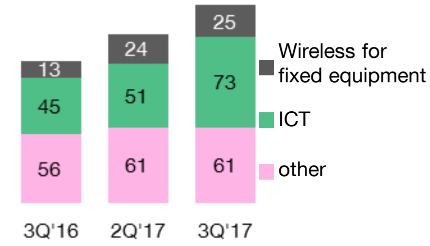
(yoy in PLNm)



Other revenue

Good performance of ICT continues

(in PLNm)



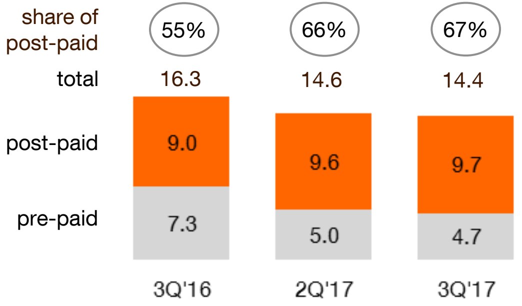
Mobile revenue reflect lower handset subsidies and new roaming regulations

3Q mobile revenue
PLN 1,502m
-4.0% yoy

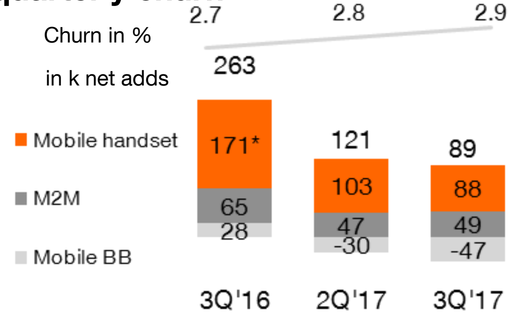
service	equipment
PLN 1,225m -7.2%yoy	PLN 277m 13.1%yoy

- Equipment sales higher year-on-year despite lower volumes (higher unitary value)
- c.PLN 17m lower year-on-year mobile service revenues due to 'roam like at home' (incl. negative impact on retail and positive impact on wholesale services)
- Mobile handset net additions reflect shift from volume to value and discontinuation of old value-dilutive offers
- Post-paid ARPU trend deterioration due to roaming (2.6 pp) and growing convergence (value recognised in fixed broadband)

Mobile customers
in millions

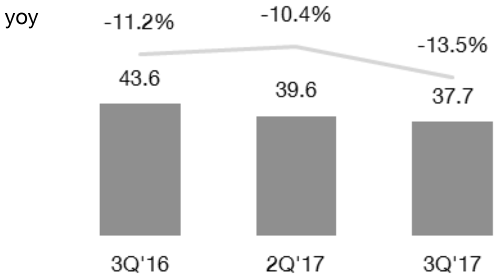


Post-paid net adds & quarterly churn



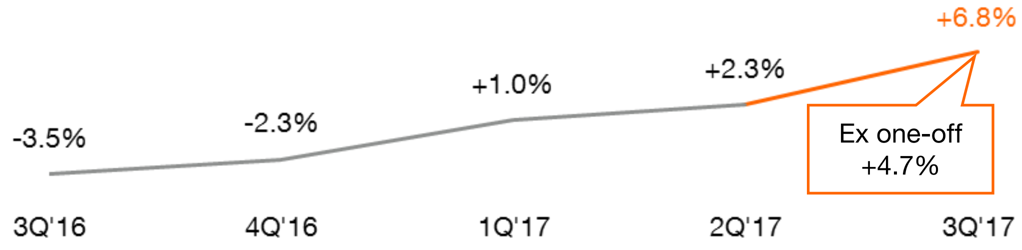
* boosted by pre-paid registration obligation

Post-paid ARPU trend
(PLN/month) and yoy % change

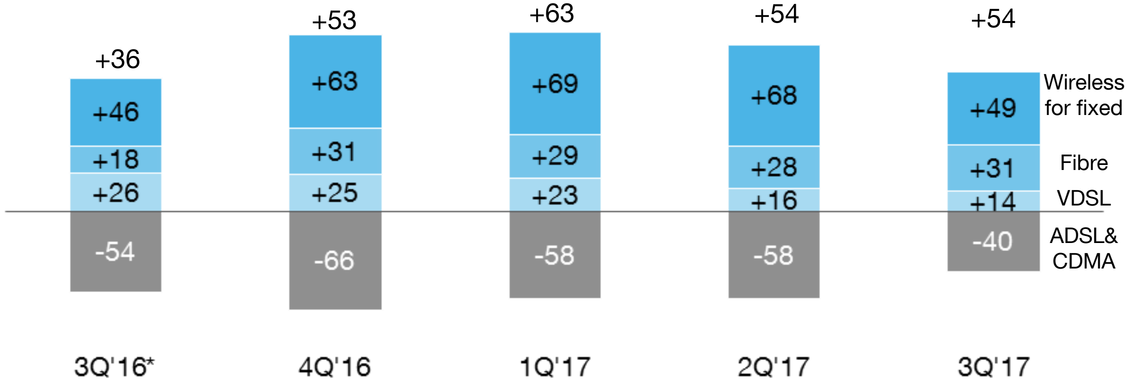


Fixed broadband improvement reflects success of convergence strategy

Improving revenue trend…
yoy change

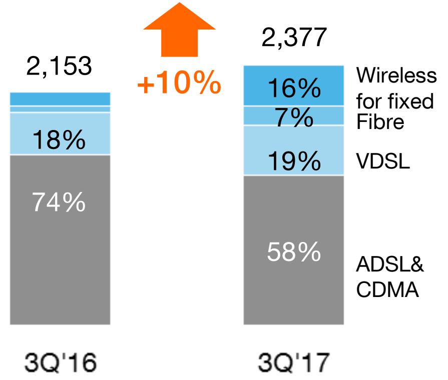


…driven by better customer additions
in k



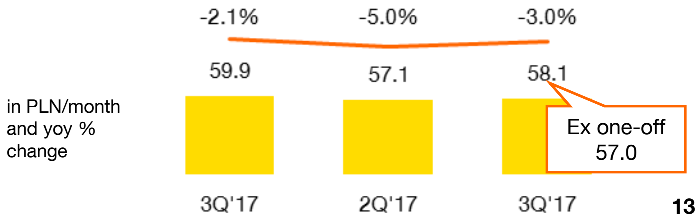
* Includes effects of customer base revision made in 3Q2016

Customer base
(in k)



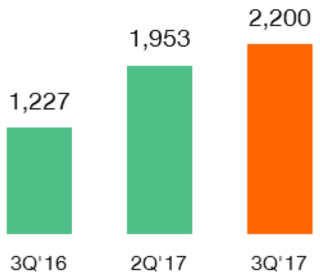
46% FBB B2C base on convergent offers (+14 pp yoy)

ARPU diluted by growth of wireless for fixed customers



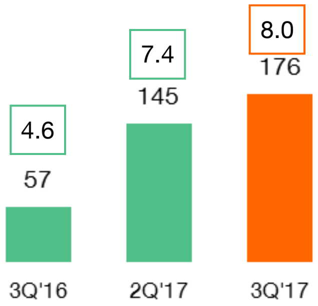
Fibre customer base doubled in 9 months

Fibre
households connectable
(in k)

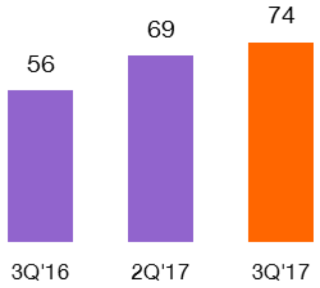


Fibre
customer base
(in k)

adoption rate %

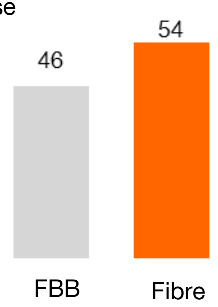


DATA
average usage per wireline B2C access
(in GB)



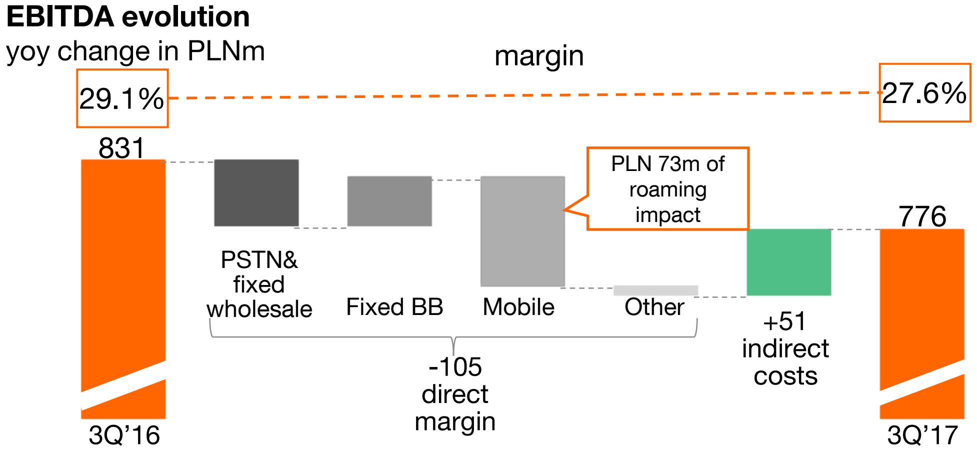
>50%
of Fibre base is convergent

convergence as % of B2C base
(in %)



- 31k net customer additions in 3Q (88k in 9M) vs 28k in 2Q and 18k in 3Q’16
  - ~80% of 3Q gross adds new customers to OPL
  - Services already available in 55 cities
- 247k new households connectable in 3Q (729k in 9M) of which 45k on third party infrastructure (full-year target of >1 million households maintained)
- PLN 177m capex in 3Q’17; capex per household connectable at ~PLN 500

3Q EBITDA reflects value strategy, cost optimisations and impact of roaming



Full-year adjusted EBITDA guidance revised upwards to around PLN 3.0bn (from PLN 2.8-3.0)

- **Direct margin**:
  - Mobile affected by 'roam like at home' partly offset by lower handsets subsidies
  - Improvement in fixed broadband owing mainly to convergence strategy
  - Legacy business lines decline at steady pace
- **Indirect costs:**
  - Strong optimisation of advertising and promotion on the back of streamlining of the number of campaigns and promotions
  - IT&Network costs helped by savings in energy consumption, maintenance and installation costs

employment down 6.0% yoy
(in kFTE end of period)

Net income supported by 7% year-on-year lower depreciation

in PLNm	9m’16	9m’17	3Q’16	3Q’17	Change
reported EBITDA	2,523	2,336	831	776	-55
depreciation and amortization	-2,031	-1,924	-695	-643	+52
(impairment)/reversal of impairment of non-current assets	2	-6	1	-5	-6
reported operating income	494	406	137	128	-9
net financial costs	-271	-245	-79	-88	-9
income tax	-71	-23	-21	-12	+9
reported net income	152	138	37	28	-9

D&A trend includes PLN 35m effect of extension of useful life for some fixed assets

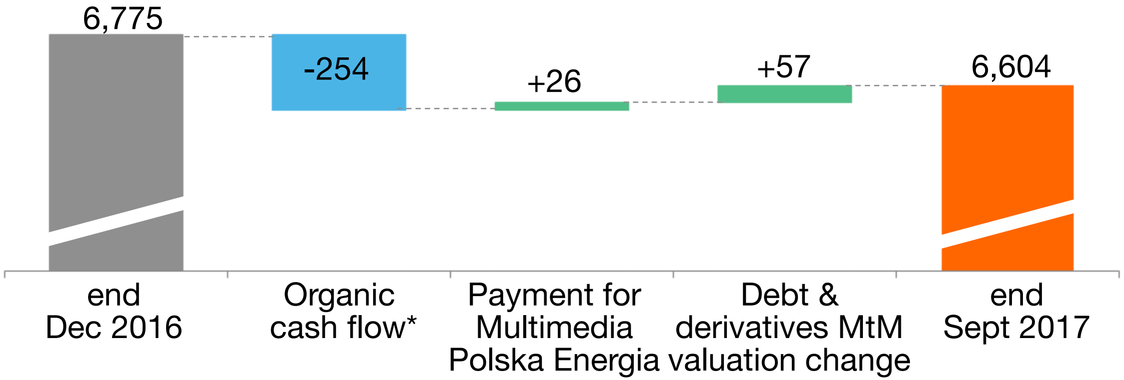
Cash flow affected by lower EBITDA and working capital requirement

in PLNm	9m’16	9m’17	Change	3Q’16	3Q’17	Change
Net cash flow from operating activities before change in working capital	2,077	1,993	-84	699	641	-58
Change in working capital	-45	-470	-425	-45	-123	-78
CAPEX ex LTE spectrum	-1,224	-1,260	-36	-367	-438	-71
Change in CAPEX payables*	-448	-372	+76	-131	-66	+65
LTE auction deposits / Acquisition of LTE spectrum	-3,148	-	+3,148	-	-	-
Investment grants received**	-	266	+266	-	266	+266
Sales of assets	95	97	+2	13	10	-3
Organic cash flow	**-2,693**	**254**	**+2,947**	**169**	**290**	**+121**
LTE auction deposits / Acquisition of LTE spectrum	3,148	-	-3,148	-	-	-
Investment grants received**	-	-266	-266	-	-266	-266
Adjusted organic cash flow	**455**	**-12**	**-467**	**169**	**24**	**-145**

* including exchange rate effect on derivatives economically hedging capital expenditures, net
** relating to EU subsidies for Digital Poland Operational Programme (POPC)

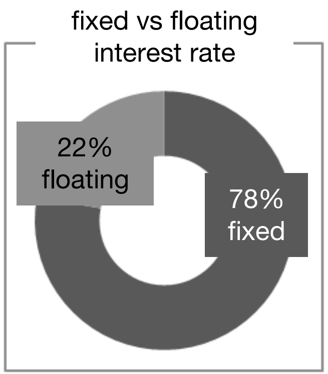
Net debt to EBITDA ratio at a stable level

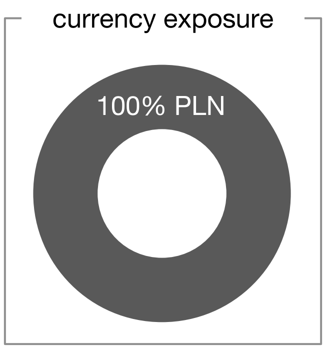
net debt evolution
change in PLNm



3Q'16		3Q'17
2.1x	net debt to adjusted EBITDA	2.2x
3.3%	effective interest rate on debt	3.4%

Debt after hedging breakdown





- 2.4 years – debt average duration

* as presented on slide #3

Conclusions

Jean-François Fallacher
Chief Executive Officer

Conclusion

- In the upcoming peak commercial season key focus on:
  - Fibre customer acquisition
  - Using new offer portfolio in convergence and mobile-only to maximise commercial success
- Full-year 2017 adjusted EBITDA guidance increased to ”around PLN 3.0bn”
  - All actions are supporting our new guidance
- Entire organisation focused and motivated to achieve goals set in the Orange.one strategy
  - We confirm goal to stabilise adjusted EBITDA in 2018

Q&A

Glossary (1/2)

3P customer	a customer who purchased a bundle of fixed broadband, TV and VoIP services
4G	fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)
ARPU	Average Revenue per User
CDMA	Code Division Multiple Access, second generation wireless mobile network used also as a wireless local loop for locations where cable access is not economically justified
data user	a customer who used mobile data transmission in a given month
EBITDA	Operating income + depreciation and amortization + impairment of goodwill + impairment of non-current assets
FBB	Fixed Broadband
Fibre access network project	rollout of fixed broadband access network based on fibre technology which provides the end user with speed of above 100Mbps
FTE	Full time equivalent
Fibre	fixed broadband access network based on FTTH(Fibre To The Home) /DLA (Drop Line Agnostic) technology which provides the end user with speed of above 100Mbps
GB	Gigabyte
Households (HH) connectable in fibre technology	Households where broadband access service based on fibre technology can be rendered
ICT	Information and Communication Technologies

Glossary (2/2)

LTE	Long Term Evolution, standard of data transmission on mobile networks *(4G)*
LTE user	a customer who used LTE service at least once in a given month
M2M	Machine to Machine, telemetry
MB	Megabyte
MVNO	Mobile Virtual Network Operator
Organic Cash Flow	Organic Cash Flow = Net cash provided by Operating Activities – (CAPEX + CAPEX payables) + proceeds from sale of assets
PB	Petabyte
RGU	Revenue Generating Unit
SAC	Subscriber Acquisition Costs
SIMO	mobile SIM only offers without devices
SRC	Subscription Retention Costs
VDSL	Very-high-bit-rate Digital Subscriber Line
VHBB	Very high speed broadband above 30Mbps
VoIP	Voice over Internet Protocol
Wireless for fixed	fixed broadband cell-locked wireless access offered by Orange Poland for home/office zone with rich data packages