

Orange Polska

1Q'2020 results

.one

29 April 2020

orange™

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.

Reconciliation of operating performance measure to financial statements

Disclosures on performance measures are presented in the Note 2 to Condensed IFRS Quarterly Consolidated Financial Statements of the Orange Polska Group for the 3 months ended 31 March 2020 (available at <http://orange-ir.pl/results-center/results/2020>)

<i>in PLNm</i>	1Q 2020 IFRS16	1Q 2019 IFRS16
Operating income	87	71
Less gains on disposal of assets	-10	-4
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	608	583
Interest expense on lease liabilities	-12	-10
Adjustment for the impact of employment termination programs	-	-2
Adjustment for the costs related to acquisition and integration of new subsidiaries	3	-
EBITDAaL (EBITDA after Leases)	676	638

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Highlights


Jean-François Fallacher
Chief Executive Officer

1Q performance confirms solid OPL fundamentals built within the Orange.one strategy


- **Strong commercial and financial results in 1Q underscore OPL turnaround...**
 - 0.9% yoy revenue increase driven by expanding core telco services and very strong ICT performance
 - Solid commercial volumes, with outstanding growth of fibre
 - 6% yoy EBITDAaL growth driven by improving direct margin trend and continued cost efficiencies
- **...While COVID-19 crisis will impact outcomes of the next quarters**
 - We swiftly adapted to the crisis outbreak but...
 - ... unprecedented situation creates a lot of uncertainty and risks
 - We are working to address the dynamic situation and compensate some of the impact

Initial impact of COVID-19 pandemic on OPL

 Telecom networks more essential than ever: fixed network critical

 Distribution: c.50% of POS closed since mid March, strong push on online and telesales; sanitary protective measures for employees working in the field

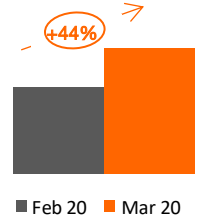
 Key areas of impact so far: equipment sales, roaming, lower commercial volumes, lower customer churn

 Key uncertainties: duration of the lockdown, impact on the economy (incl. real estate market) and payment situation of our customers

 Strong liquidity maintained, no refinancing needs in 2020

 Crisis likely to bring long-term opportunities as businesses will go even more digital

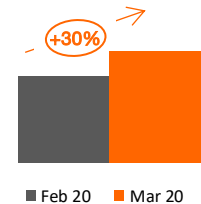
Mobile voice traffic (in min)



Mobile data traffic (in GiB)

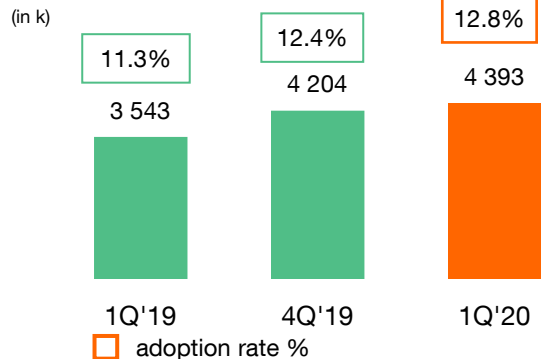


FBB data traffic (in GiB)

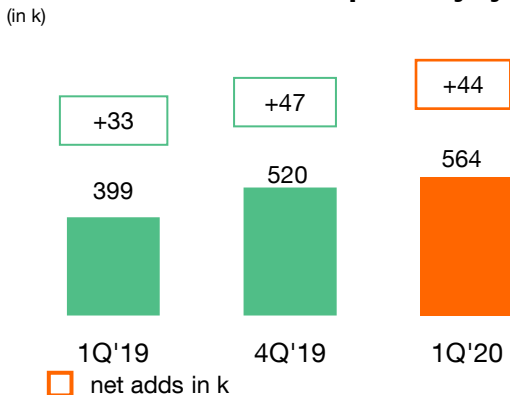


Strong fibre customer growth in 1Q

Fibre households connectable – network rollout on track

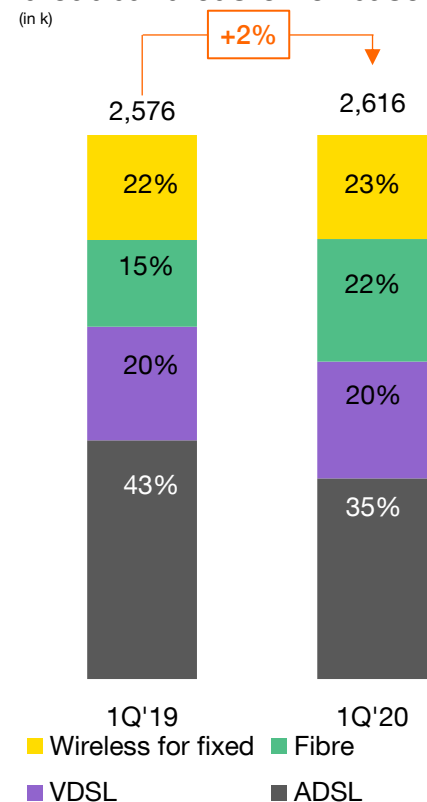


Fibre customer base up 41% yoy



- 44k net customer additions in 1Q, second best quarter ever
- 189k new households connectable in 1Q, further network rollout likely to be affected by the pandemic
- Fibre services available in 147 cities:
 - In 80 cities coverage exceeds 50% of all households
 - In 20 cities adoption rate exceeds 20%

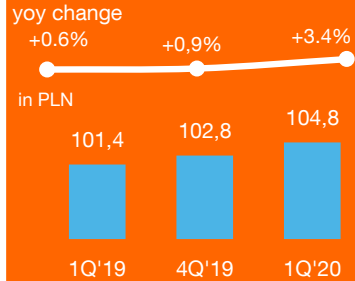
VHBB (fibre+VDSL): 42% of total broadband customer base



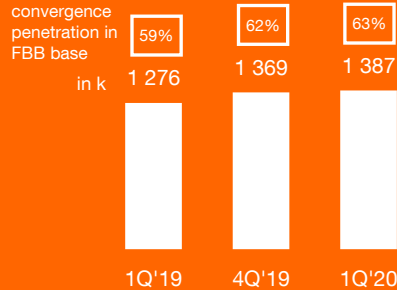
Value creation visible through growing customer base, improving ARPO trend and ongoing business transformation

COMMERCIAL

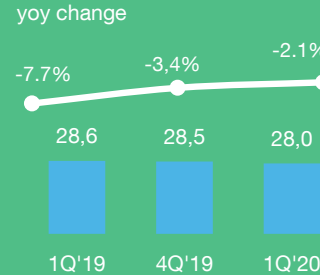
Growing convergence ARPO



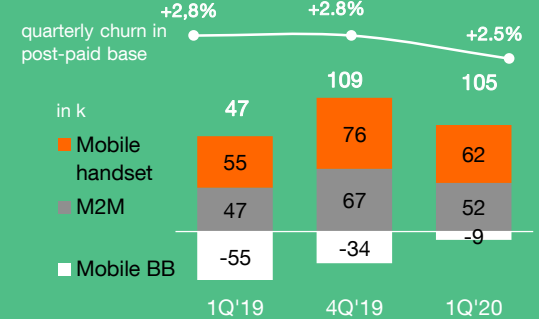
Growing B2C convergent customers



Improving mobile handset ARPO trend

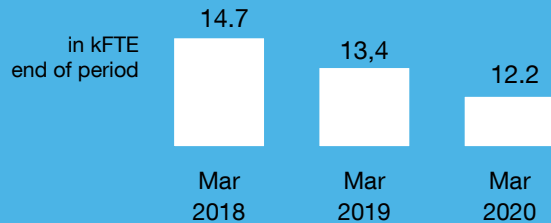


Strong mobile post-paid net adds

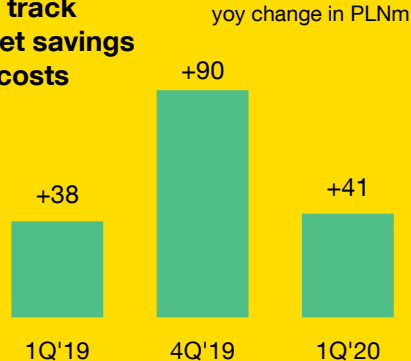


TRANSFORMATION

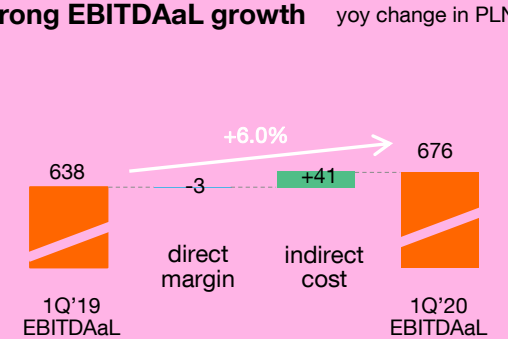
Simplification and automation drive employment evolution



Consistent track record in net savings in indirect costs



Strong EBITDAaL growth



Financial review

Jacek Kunicki
Chief Financial Officer

1Q'20 financial results key highlights

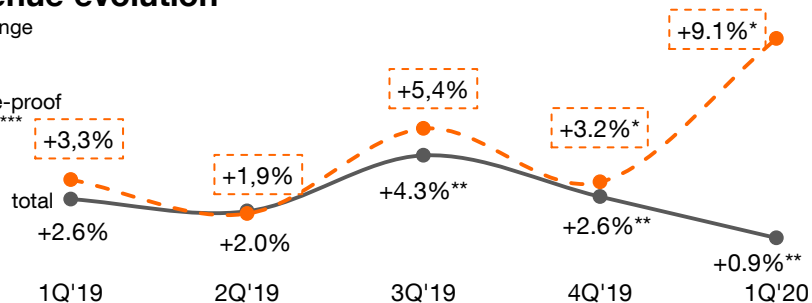
in PLNm	1Q'20	YoY	key points
revenues	2,804	+0.9%	<ul style="list-style-type: none"> +9% yoy growth of core revenues driven by much better trend in core telco services and very strong quarter for IT/IS
EBITDAaL	676	+6.0%	<ul style="list-style-type: none"> Driven by improving direct margin evolution and further indirect costs optimisations (-4% yoy)
% of revenues	24.1%	+1.1pp	
eCAPEX	343	-24%	<ul style="list-style-type: none"> Reflects different phasing of fibre network rollout in the year
% of revenues	12.2%	-4.0pp	
organic cash flow	-78	+21%	<ul style="list-style-type: none"> Reflects EBITDAaL growth and seasonally high payments for capex

Revenue growth driven by core telecom services and IT/IS

Revenue evolution

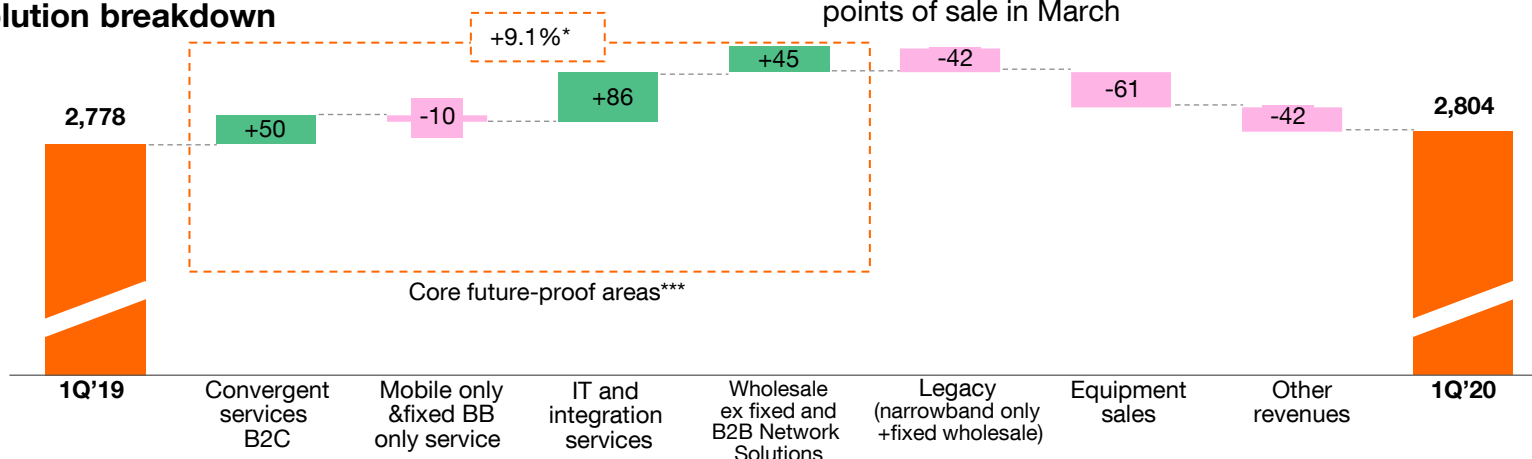
yoy change

core future-proof areas***



Revenue evolution breakdown

in PLNm



- Revenues combining convergence, mono mobile and mono broadband up 3.3% yoy (vs +1.4% in Q4'19 and in Q3'19) mainly due to better ARPO trend (value strategy and some monetisation of higher traffic in prepaid)
- +59% yoy growth of IT/IS combines robust 33% organic growth and consolidation of BlueSoft (PLN 38m)
- Mobile wholesale revenues reflect much higher voice traffic since the start of the pandemic
- Decline in equipment sale reflects closure of major part of points of sale in March

* core future-proof areas: ex. BlueSoft: +3.0% yoy for 3Q'19, +1.3% yoy for 4Q'19 and +7.1% yoy in 1Q'20

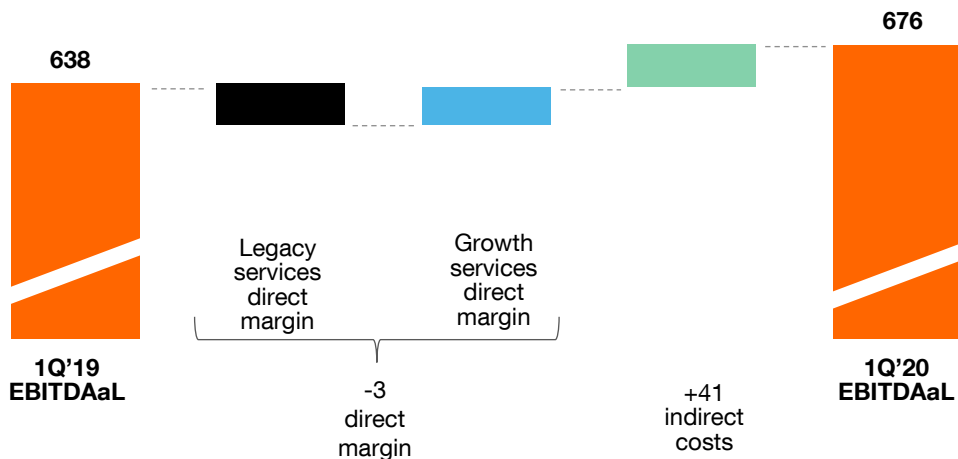
** total revenues: ex. BlueSoft: +2.5% yoy for 3Q'19, +1.3% yoy for 4Q'19 and -0.4% in 1Q'20

*** areas core to future margin generation

1Q EBITDAaL +6% yoy due to improving direct margin and 4% yoy drop in indirect costs; no material impact of COVID-19 crisis in 1Q

EBITDAaL evolution

(yoy change in PLNm)



Direct margin:

- Reflects much better trend in core service revenues and in IT/IS
- Ongoing pressure from legacy services (PSTN revenues down 15% yoy)

Indirect costs:

- Labour costs reflect start of new Social Plan implementation but also different accounting method for sales bonuses
- Significant savings in advertising & promotion and general expenses
- IT&Network costs reflect optimisations and growth of energy costs (higher unit price)

employment down

9% yoy

(in kFTE end of period)

13,4

1Q'19

12,2

1Q'20

Bottom line affected by non-cash foreign exchange losses on EURO denominated long-term leasing liabilities

in PLNm	1Q'20 IFRS16	1Q'19 IFRS16	Change
EBITDAaL	676	638	+38
D&A of PPE and intangible assets	-608	-583	-25
interest expense on lease liabilities	12	10	+2
adjustments	-3	2	-5
gains on disposal of assets	10	4	+6
operating income	87	71	+16
net financial costs	-128	-74	-54
o/w foreign exchange losses	-42	-	-42
income tax	5	1	+4
net income / (loss)	-36	-2	-34

Cash flow in 1Q reflects EBITDAaL growth, seasonally high payments for capex and lower cash proceeds from sale of assets

in PLNm	1Q'20 IFRS16	1Q'19 IFRS16	Change
Net cash flow from operating activities before change in working capital	690	630	+60
Change in working capital	-95	-101	+6
Net cash flow from operating activities	595	529	+66
CAPEX	-358	-463	+105
Change in CAPEX payables*	-252	-201	-51
Cash proceeds from sale of assets	15	103	-88
Repayment of lease liabilities	-78	-67	-11
Organic cash flow	-78	-99	+21

* including exchange rate effect on derivatives economically hedging capital expenditures, net

Conclusions

Jean-François Fallacher
Chief Executive Officer

1Q results confirm our turnaround, while next quarters will require compensating measures to limit the impact of the COVID-19 crisis

- Strong commercial and financial results in 1Q
 - Monetisation of more for more strategy coupled with ongoing cost transformation
 - Illustration of strength of OPL fundamentals and successful turnaround
- COVID-19 crisis will impact the near future
 - OPL core operations relatively immune to the economic crisis vs other industries...
 - ... but pandemic creates risks and uncertainties
 - Future impact depends on factors beyond our control (length and severity affecting wider economy)
 - Long-term opportunities possible as businesses will go even more digital
- In response to the crisis, the management is adopting counteractive measures in many areas, therefore, in line with what was communicated on 2 April 2020, **as of today we do not change our 2020 EBITDAaL growth guidance**. However taking into account uncertainty we will closely monitor the situation and re-evaluate the COVID-19 impact on our results on continuous basis

Q&A

Orange Polska published 2019 Integrated Report

available at:
<http://orange-ir.pl/results-center/annual-reports>



Glossary (1/2)

4G	fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)
ARPO	Average Revenue per Offer
data user	a customer who used mobile data transmission in a given month
Convergent services	Revenues from B2C convergent offers (excluding equipment sales). A convergent offer is defined as an offer combining at least a broadband access (xDSL, FTTx, cable or wireless for fixed) and a mobile voice contract (excluding MVNOs) with a financial benefit. Convergent services revenues do not include incoming and visitor roaming revenues
Core future-proof areas	Areas core to future margin generation consisting of: convergent services B2C, mobile only, fixed BB only, IT and integration services, B2B network solutions, wholesale revenues excluding fixed wholesale
EBITDA	Operating income + depreciation and amortization + impairment of goodwill + impairment of non-current assets
EBITDAaL	EBITDA after leases
FBB	Fixed Broadband
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
Fibre access network project	rollout of fixed broadband access network based on fibre technology which provides the end user with speed of above 100Mbps
Fixed broadband-only services	Revenues from fixed broadband offers (excluding B2C convergent offers and equipment sales) including TV and VoIP services
FTE	Full time equivalent

Glossary (2/2)

Growth services	Convergent services, mobile retail and wholesale, fixed broadband, IT and integration services, equipment and B2B network solutions and adjacent services
Households (HH) connectable in fibre technology	Households where broadband access service based on fibre technology can be rendered
IT/IS	IT and Integration Services
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
VoIP	Voice over Internet Protocol
Mobile-only services	Revenue from mobile offers (excluding consumer market convergent offers) and Machine to Machine (M2M) connectivity. Mobile only services revenue does not include equipment sales, incoming and visitor roaming revenue
Wireless for fixed	fixed broadband cell-locked wireless access offered by Orange Poland for home/office zone with rich data packages
Organic Cash Flow	Organic Cash Flow = Net cash provided by Operating Activities – (CAPEX + CAPEX payables) + proceeds from sale of assets
SIMO	mobile SIM only offers without devices
VDSL	Very-high-bit-rate Digital Subscriber Line
VHBB	Very high speed broadband above 30Mbps