

Orange Polska

1Q'21 results

22 April 2021



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, including information on data restatements are presented in the Note 2 and 4 to Condensed IFRS Quarterly Consolidated Financial Statements of the Orange Polska Group for the 3 months ended 31 March 2021 (available at <https://www.orange-ir.pl/results-center/>).

<i>in PLNm</i>	1Q 2021	1Q 2020
Operating income	116	88
Less gains/add losses on disposal of assets	20	-10
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	576	608
Interest expense on lease liabilities	-13	-16
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	10	3
EBITDAaL (EBITDA after Leases)	709	673

Highlights & Business review

Julien Ducarroz
Chief Executive Officer

1Q 2021 key messages



FiberCo partnership facilitates further fibre expansion

- Rollout to new 1.7m households independent of OPL balance sheet



Solid commercial performance despite pandemic restrictions

- Strong demand for fibre continues



Strong 1Q financial results in line with full-year plans

- Driven by value strategy



Green targets adopted

- Goal of Net Zero Carbon by 2040

Strong 1Q financial results benefit from our successful commercial strategy of the last quarters

1Q 2021

in PLN

YoY



Revenues

2.92 bn

+4.1%



EBITDAaL

0.71 bn

+5.3%



eCAPEX

0.45 bn

+30%

**FY 2021
guidance**

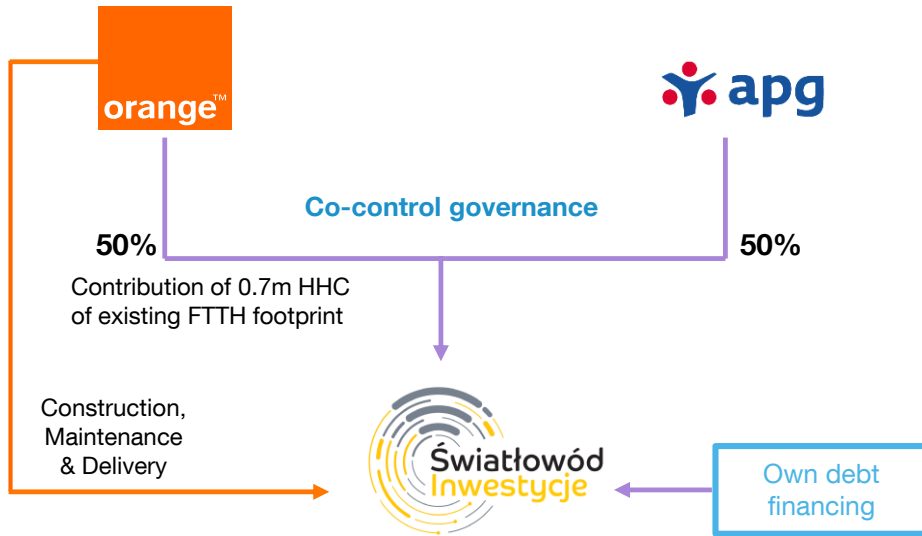
low single digit
growth vs 2020

low single digit
growth vs 2020

PLN 1.7-1.9bn,
(depending on
proceeds from asset
disposal)

FiberCo (Światłowód Inwestycje) as a new concept to continue fibre footprint expansion

Strong customer demand, low broadband penetration outside of big cities and good returns on investment so far motivate us to continue fibre rollout



c.PLN 2,748m
100% EV of FiberCo

c.PLN 1,374m
Proceeds for OPL from 50% stake sale

o/w PLN 887m paid on closing (by end of Aug)	o/w PLN 487m paid in 2022-26 after delivering agreed rollout plan
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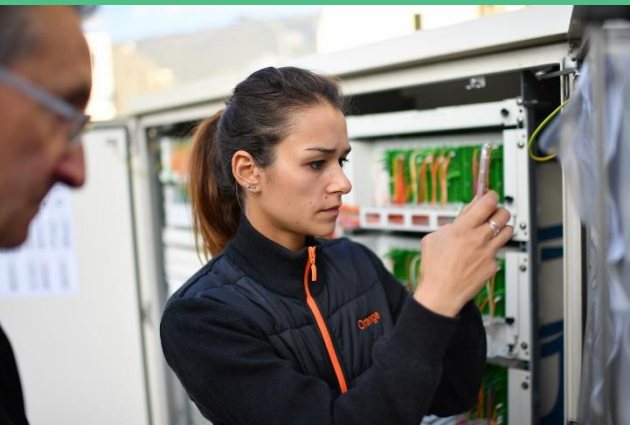
1.7m new fibre households
(by 2025)

In open access model

In low and mid competition areas

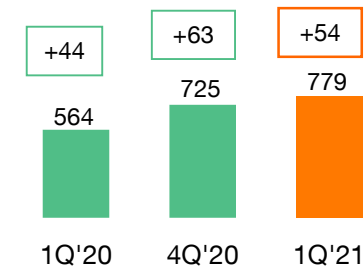
Strong demand for fibre continues +54k net adds in 1Q

- OPL fibre available in 168 cities
 - c.50% of the footprint in small and mid size cities
 - 10 cities with adoption rate >30%



Fibre customer base up 38% yoy and 7% qoq

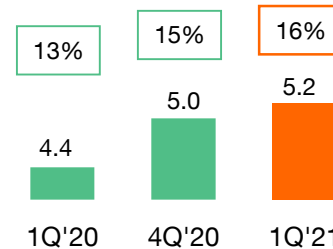
(in k)



net adds in k (retail only)

Adoption rate reaches 16%

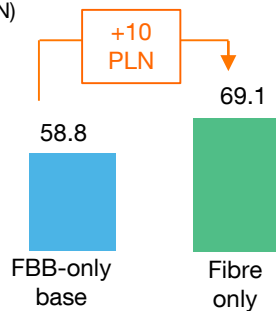
network rollout
HHC in m



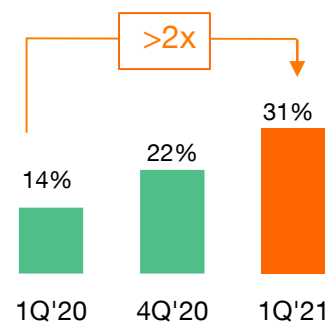
adoption rate % (retail + wholesale)

1Q fibre ARPO PLN 10 above FBB-only total ARPO

(in PLN)



Share of higher speed options in new sales >30%

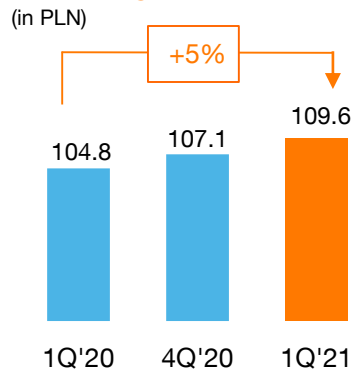


Convergence and FBB:

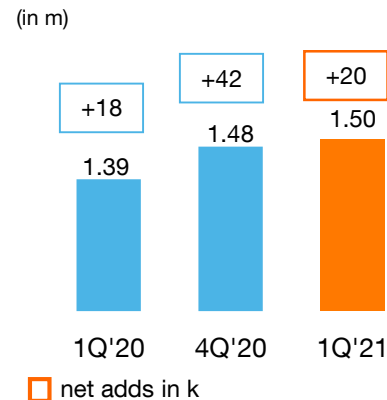
- solid growth thanks to value
- volumes lower due to pandemic restrictions



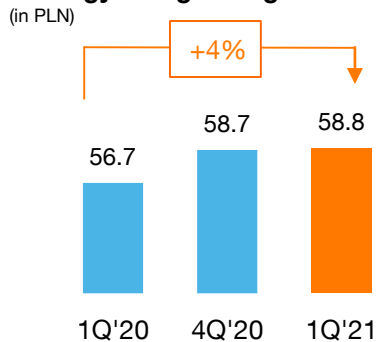
Convergence ARPO growth accelerating to +5% yoy



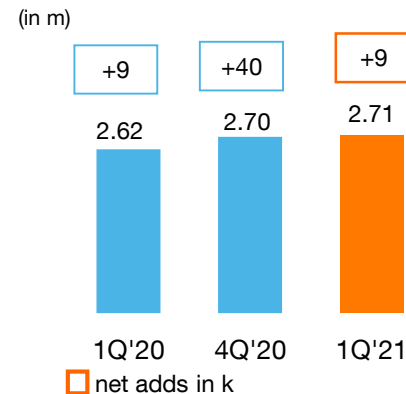
Convergent customer base up 8% yoy



FBB-only ARPO driven by our value strategy and growing share of fibre



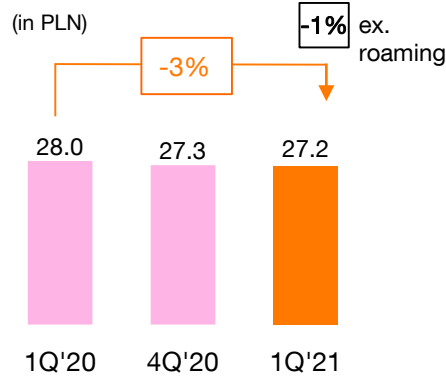
FBB customer base up 4% yoy



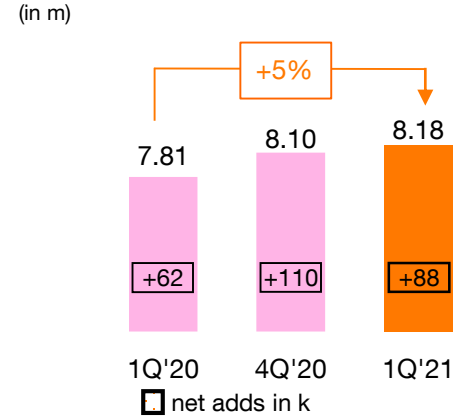
Improving trends in mobile reflect effective value strategy



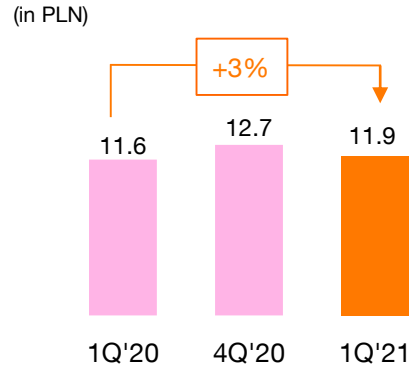
Mobile handset ARPO trend improved



Mobile handset customer base up by 5% yoy



Prepaid ARPO growth reflects higher traffic



Post-paid handset
data AUPU (in GB)

+20% yoy

#OrangeGoesGreen

Orange Polska to
achieve goal of Net
Zero Carbon by 2040



Climate responsibility is an indispensable part of our strategy and our daily activities

By 2025 Orange Polska will achieve -65% reduction in CO2 emissions in Scopes 1 and 2 of the GHG Protocol (vs 2015)

through the following measures:





- **min. 60% of energy from renewable sources contracted directly from producers**
- **continued optimisation of energy consumption**
- **further deployment of more energy-efficient technologies such as fibre or 5G**
- **optimisation of its real estate portfolio and vehicle use**



Financial review

Jacek Kunicki
Chief Financial Officer

1Q financial results key highlights

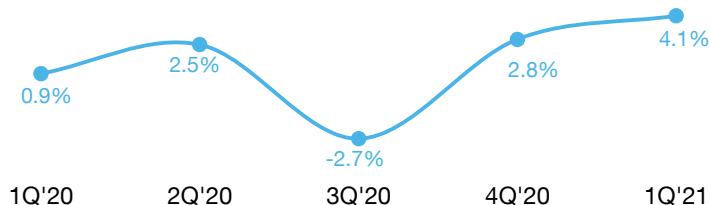
	in PLNm	1Q'21	yoy	
	revenues	2,918	+4.1%	<ul style="list-style-type: none"> Driven by growth of convergence, equipment, IT/IS and energy resale
	EBITDAaL	709	+5.3%	<ul style="list-style-type: none"> Growth becomes more sustainable as it is derived from both direct margin and cost savings
	% of revenues	24.3%	+0.3pp	
	eCAPEX	445	+30%	<ul style="list-style-type: none"> More even phasing of capex expected in 2021 vs 2020 1Q reflects lower proceeds from real estate sales
	% of revenues	15.3%	+3.1pp	
	organic cash flow	198	+276m	<ul style="list-style-type: none"> Cash generation helped by EBITDAaL growth and timing of working capital

1Q revenue up 4.1% yoy driven by core telecom services, equipment, IT/IS and energy resale

- Core telecom services*** (+4.3% yoy) growth improving as a result of strong customer volumes and better ARPO trends
- Equipment revenues** (+12% yoy) Growth from low base of 1Q'20 already affected by the pandemic
- Other revenues** (+37% yoy) Successful customer acquisition in energy resale business
- IT/IS** (+7% yoy) Reflects contribution of Craftware (PLN 21m)

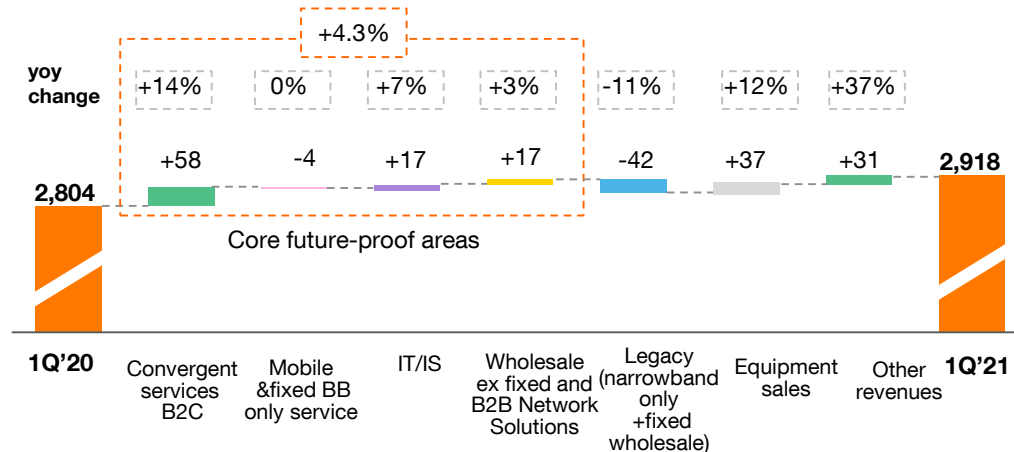
Revenue evolution

yoy change



Revenue evolution breakdown

in PLNm

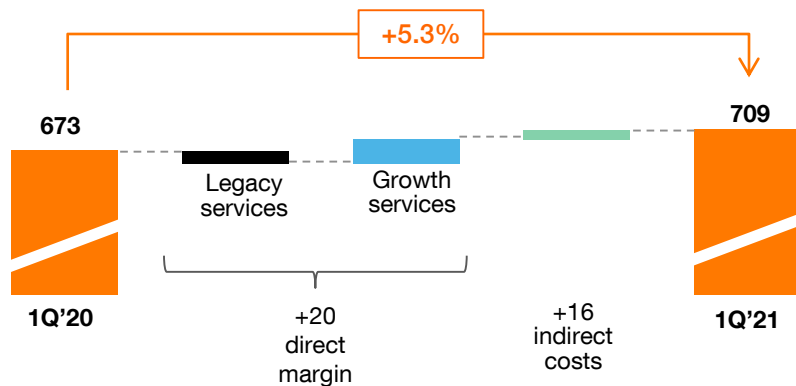


* convergence, mobile only and broadband only

1Q EBITDAaL up 5.3% yoy reflecting growing direct margin and cost savings

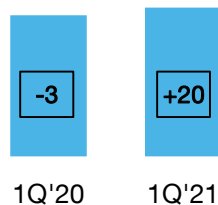
EBITDAaL evolution

(yoy change in PLNm)



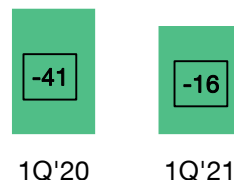
- Direct margin up 1% yoy:
 - Driven by growth of core telecom services & IT/IS
- Indirect costs down 2% yoy reflect ongoing savings:
 - Labour costs reflect ~1k yoy headcount optimisation

Improving direct margin trend



□ yoy change in PLNm

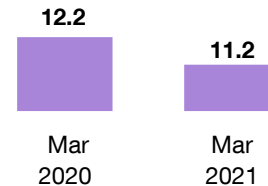
Indirect costs optimisation continues



□ yoy change in PLNm

Employment evolution reflects social plan

in k FTE



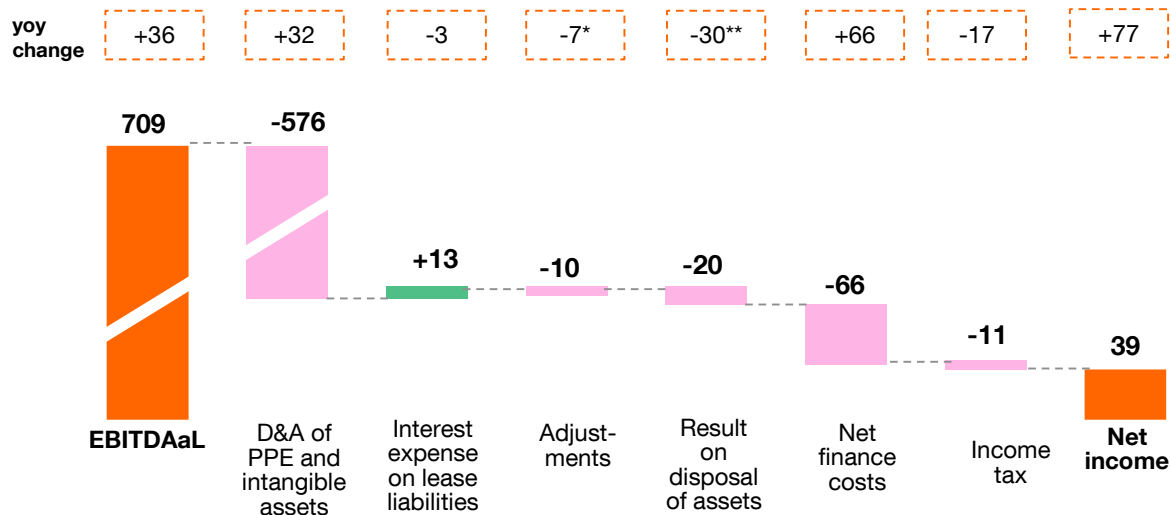
Net income evolution supported by

- growing EBITDAaL
- lower depreciation (PLN 33m impact of asset useful life extension)
- lower finance costs



Evolution from EBITDAaL to the bottom line in 1Q 2021

(PLNm)

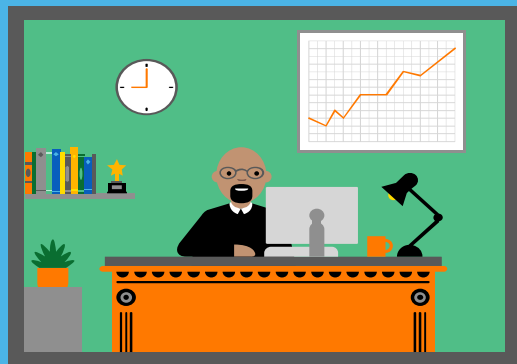


* Mainly related to M&A

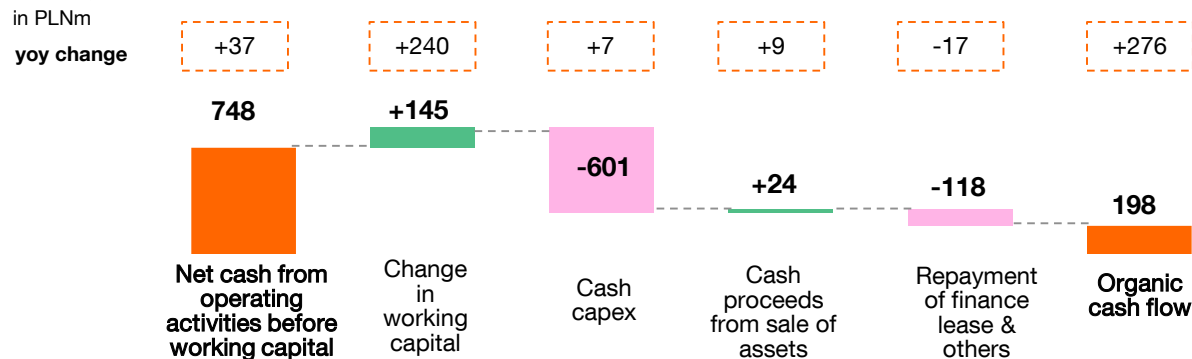
** Proceeds accrued on disposal of assets were negative in 1Q 2021 due to changes in the estimated amount of consideration accrued in previous periods.

Cash flow generation reflects

- growing EBITDAaL
- working capital supported by different timing of payments

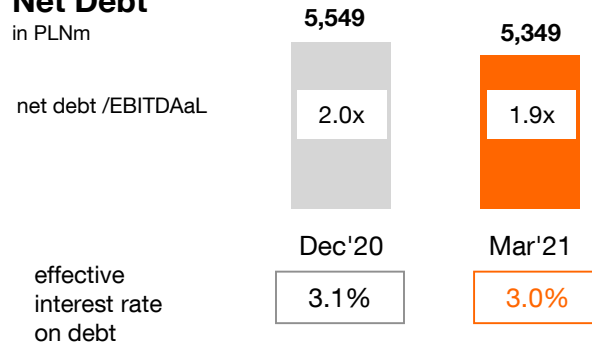


Cash flow evolution breakdown in 1Q 2021



Net Debt

in PLNm



3.5 years – average debt duration

Summary

Julien Ducarroz
Chief Executive Officer

Summary



1Q results in line with full-year plans driven by successful volume and value performance in 2H 2020



In 2Q strong focus on commercial activity and further digital transformation



FiberCo project allows us to continue fibre rollout and be prepared for upcoming 5G rollout



We are well on track to reach our full-year financial objectives and we very closely monitor the pace of the economic recovery



Strategy update to be announced in June

Q&A

Appendix

We successfully combine business turnaround with social responsibility

Environment



We implement our business goals with respect for ecology rules and in harmony with the environment.

- More energy efficient networks:
 - fibres replacing copper
 - mobile network sharing
- Recycling and refurbishing of handsets and routers
- ~200 energy consumption optimisation initiatives launched

Social



We make new technologies a supporter of economic and social development

- Our connectivity investments positively impact local societies through:
 - digital inclusion
 - local digital activity centres
 - digital skills programmes in schools
- We actively promote safe use of internet among children (4,000 schools in the programme)
- Co-operation with suppliers based on Code of Conduct covering social and environmental responsibility and prohibited business practices

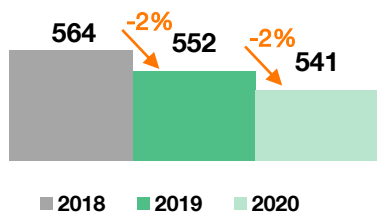
Governance



Our corporate governance is designed to provide responsible management and supervisions to achieve strategic goals and enhance value

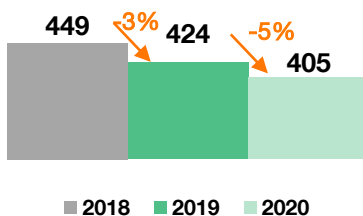
- We conduct active dialogue with all stakeholders to respond better to their expectations
- We adopt zero tolerance approach towards corruption in all aspects of our activities
- Corporate governance model ensures proper distribution of responsibilities to guarantee transparency of all management decisions

Energy consumption (GWh)

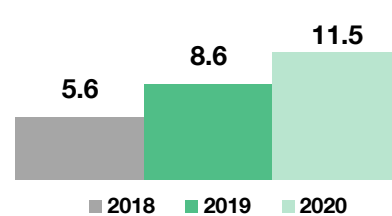


Key Environmental Performance Indicators

CO2 emission (000' tonnes)



Refurbished and relaunched handsets (000)



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
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
ICT	Information and Communication Technologies
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