

Orange Polska

3Q'21 results

26 October 2021



.Grow



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 have been presented in the Notes 2 and 3 to Condensed IFRS Quarterly Consolidated Financial Statements of the Orange Polska Group for the 3 months ended 30 September 2021 (available at <https://www.orange-ir.pl/results-center/>).

<i>in PLNm</i>	3Q 2021	3Q 2020	9M 2021	9M 2020
Operating income	1,856	150	2,196	347
Less gain on the loss of control of Światłowód Inwestycje	-1,543	-	-1,543	-
Less gains on disposal of other assets	-37	-6	-24	-21
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	546	618	1,664	1,862
Less share of profit of joint venture	-10	-	-10	-
Interest expense on lease liabilities	-13	-15	-40	-47
Adjustment for the impact of employment termination programs	-7	-9	-7	-9
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	-1	4	20	11
EBITDAaL (EBITDA after Leases)	791	742	2,256	2,143

Highlights & Business review

Julien Ducarroz
Chief Executive Officer

3Q 2021 performance key messages



Strong financial results

- Good ARPO trends continue
- Revenue growth affected by regulatory impact (immaterial impact on profits)



Steady commercial performance

- Strong fibre results



Return to office work in sanitary regime

- Hybrid model implemented with minimum 2 days in the office



FiberCo transaction finalised

- Gain on the sale of 50% stake supported bottom line

Strong 9M financial results, in line with the full year plans

9M 2021

in PLN

YoY



Revenues

8.76 bn

+3.9%



EBITDAaL

2.26 bn

+5.3%



eCAPEX

1.09 bn

-9.9%

FY 2021
guidance

low single digit
growth

low-to-mid single
digit growth

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

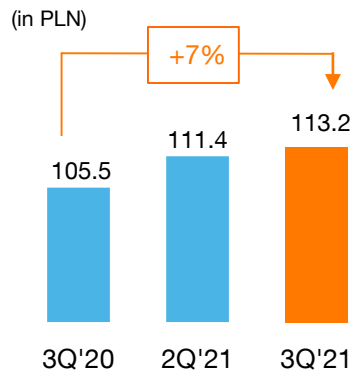
- convergence revenues fuelled by growth of ARPO and customer base
- good demand for fibre continues: 53k net adds in 3Q



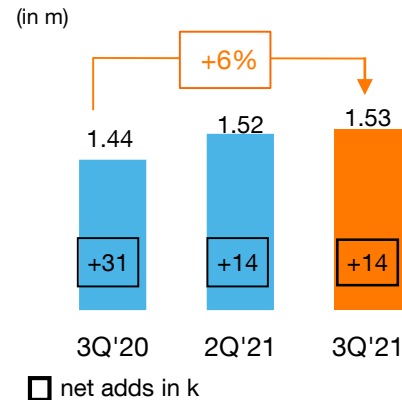
>20%

ARPO uplift on migration from copper to fibre

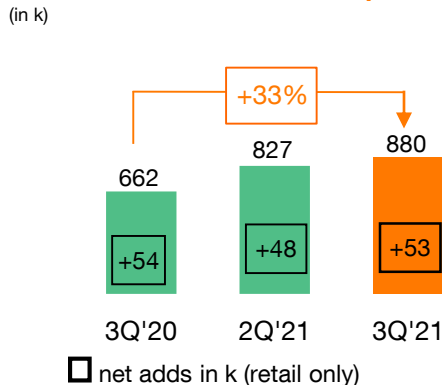
Convergence ARPO up 7% yoy



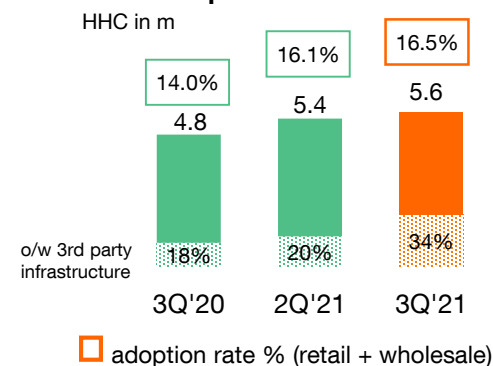
Convergent customer base up 6% yoy



Fibre retail customer base up 33% yoy



Fibre footprint at 5.6m HHC with 16.5% adoption rate



Mobile:

- Steady growth of customer base
- ARPO dynamics helped by roaming recovery

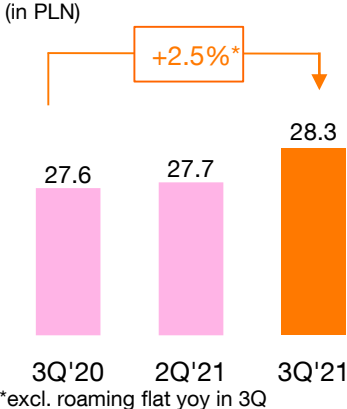


6.0 GB*

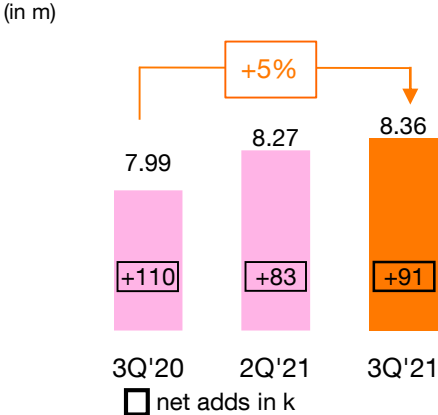
+22% yoy

*Blended data AUPU

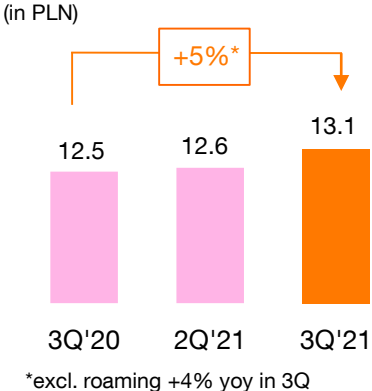
Mobile-only handset ARPO growing due to roaming



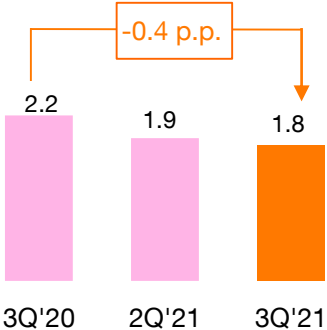
Mobile handset customer base up by 5% yoy



Pre-paid ARPO growth boosted by our value strategy







Increasing customer loyalty in mobile post-paid



Financial review

Jacek Kunicki
Chief Financial Officer

Strong financial performance in 3Q/9M

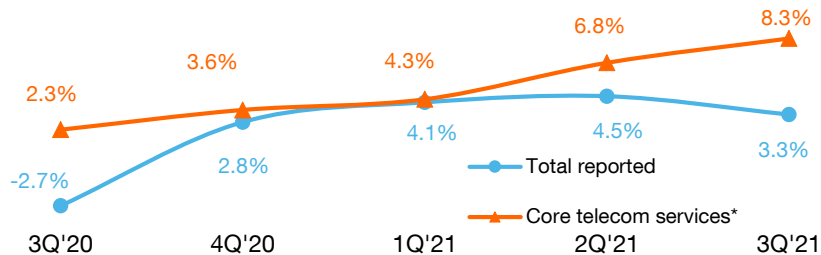
	in PLNm	9M'21	yoy	3Q'21	yoy	
	revenues	8,757	+3.9%	2,885	+3.3%	<ul style="list-style-type: none"> Driven by convergence, mobility-only, roaming recovery and IT/IS MTR/FTR cuts affect wholesale
	EBITDAaL	2,256	+5.3%	791	+6.6%	<ul style="list-style-type: none"> Fuelled by profitable revenue expansion Full-year guidance confirmed
	% of revenues	25.8%	+0.4pp	27.4%	+0.8pp	
	eCAPEX	1,087	-9.9%	200	-48.3%	<ul style="list-style-type: none"> YTD capex in line with full-year plans taking into account ongoing slowdown on real estate market 3Q reflects PLN 139m asset sale to FiberCo (transitory period)
	% of revenues	12.4%	-1.9pp	6.9%	-7.0pp	
	organic cash flow	736	+318m	379	+321m	<ul style="list-style-type: none"> 3Q strong cash generation due to EBITDAaL growth and timing of working capital

3Q revenue up 3.3% yoy driven by retail telecom services and IT/IS

- Core telecom services*** (+8% yoy)
 Growth improving due to strong ARPO (commercial value strategy and roaming recovery)
- IT/IS** (+37% yoy)
 Contribution of Craftware (PLN 26m) & strong organic rise vs low 3Q'20 comparable base
- Legacy** (-23% yoy)
 Affected by MTR&FTR cuts (c.PLN 80m impact)

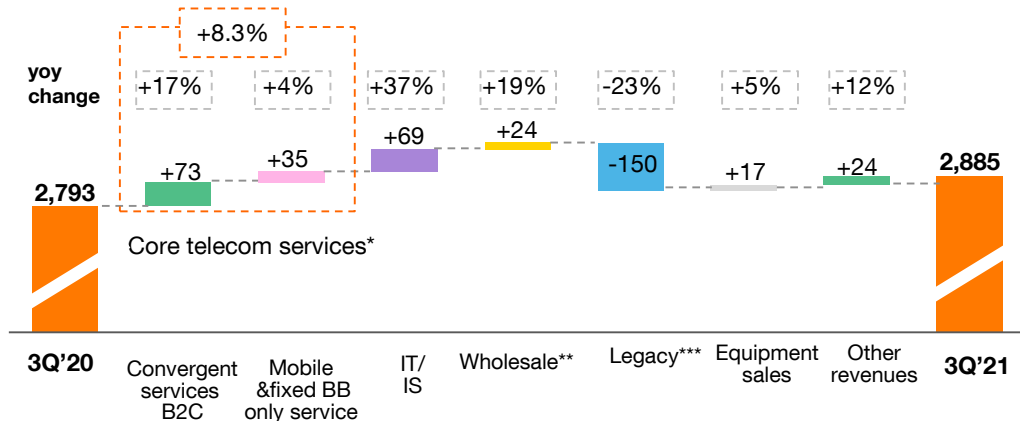
Revenue evolution

yoy change



Revenue evolution breakdown

in PLNm

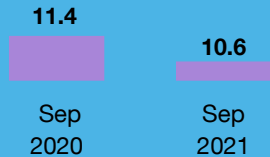


*convergence, mobile-only and broadband-only **wholesale excluding non-fibre fixed wholesale and interconnect ***legacy: narrowband only, non-fibre fixed wholesale and interconnect revenues

EBITDAaL +6.6% yoy in 3Q and +5.3% yoy in 9M

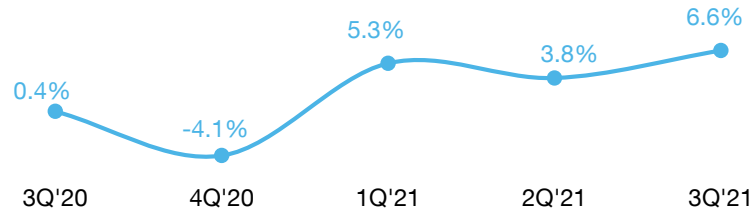
- **Direct margin up 5% yoy:**
 - Driven by growth of core telecom services & IT/IS
 - Helped by low comparable base: covid-related provisions in 3Q'20
- **Indirect costs up 4% yoy:**
 - Reflects mainly catch-up in advertising after pandemic, increased provisioning and slower pace of legacy network dismantling
 - Includes ongoing savings in many areas (e.g. labour, CRM subcontracting, general costs)

Employment in k FTE



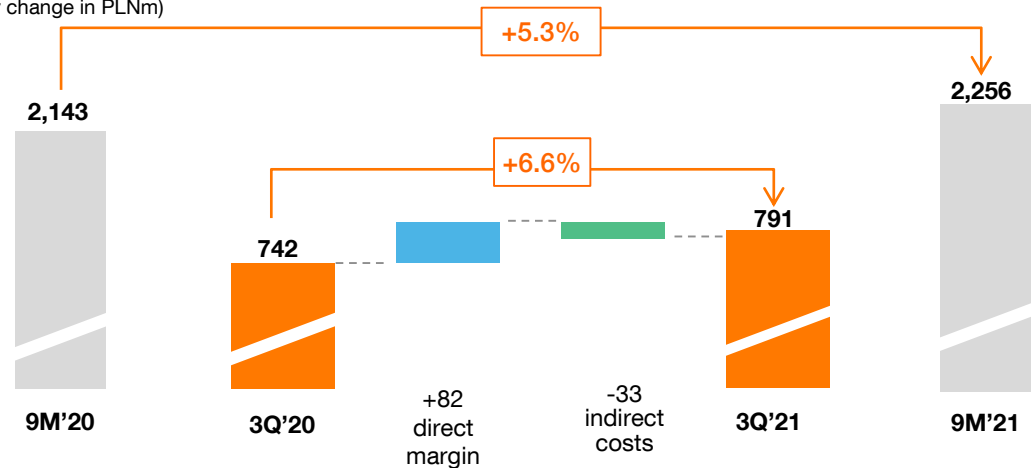
EBITDAaL evolution

(yoy change in %)



EBITDAaL evolution breakdown

(yoy change in PLNm)



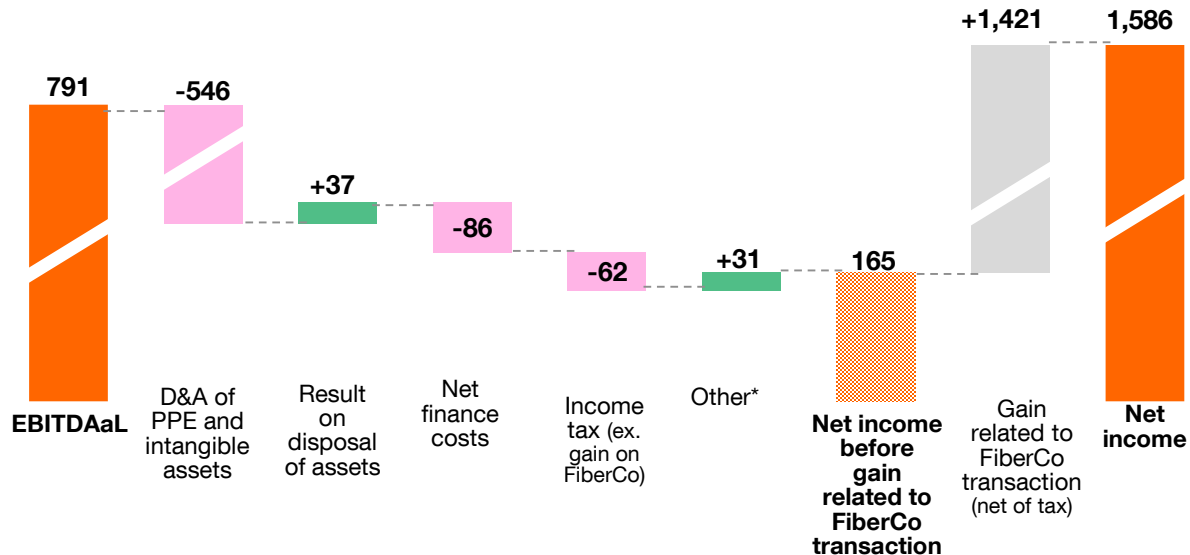
3Q net income reflects strong operating activity and gain related to FiberCo transaction

- Growing EBITDAaL
- Lower depreciation
 - PLN 28m impact of extension of economic useful life for certain assets

(PLNm)	9M 2021	9M 2020	YoY
Reported net income	1,741	67	+1,674
Net income ex. gain on FiberCo	320	67	+253

Evolution from EBITDAaL to the bottom line in 3Q 2021 (PLNm)

yoy change



* Interest expense on lease liabilities, share of profit of joint venture, and adjustments (related to the impact of employment termination programs and M&A).

EBITDAaL translates into strong cash generation

9M OCF up 76% yoy driven by:

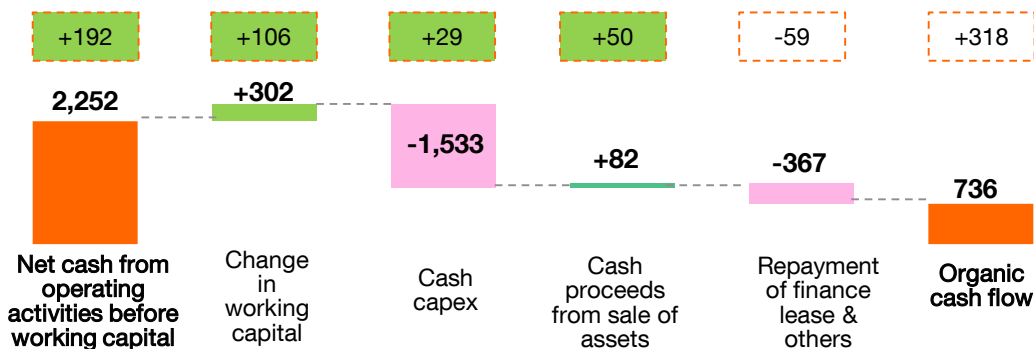
- 5% EBITDAaL growth
- Lower working capital requirement (partly due to timing)
- Broadly stable cash capital expenditures



Cash flow evolution breakdown in 9M 2021

in PLNm

yoy change

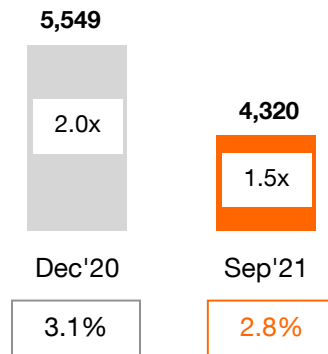


Net Debt

in PLNm

net debt / EBITDAaL

effective interest rate on debt



3.6 years – average debt duration

Summary

Julien Ducarroz
Chief Executive Officer

Summary



9M results confirm our growth ambitions



In 4Q focus on high commercial season



We are well on track to reach our full-year financial objectives



Focus to adapt to the new, inflationary environment

Q&A

Appendix

Settlements between OPL and FiberCo

Current picture of settlements between OPL and Światłowod Inwestycje (FiberCo)

Revenues

wholesale

- telco services: infrastructure rental, transmission network
-

Costs

labour costs

- investment process and network maintenance

interconnect costs

- BSA access fee per retail OPL client

network & IT

- mainly costs related to customer connections and activations

other external purchases

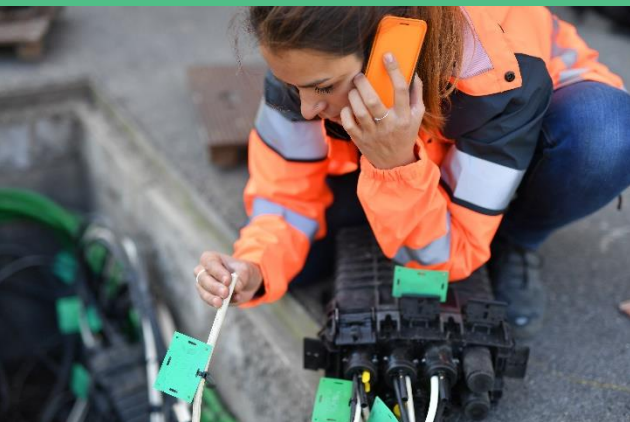
- back office services and materials inventory

other operating income/costs

- income from non-telco services delivered to FiberCo
-

EBITDAaL

- broadly neutral impact
-



Details of bottom line evolution in 9M and 3Q 2021

in PLNm	9M'21	9M'20	Change	3Q'21	3Q'20	Change
EBITDAaL	2,256	2,143	+113	791	742	+49
D&A of PPE and intangible assets	-1,664	-1,862	+198	-546	-618	+72
Add-back interest expense on lease liabilities	40	47	-7	13	15	-2
Adjustment for the impact of employment termination programs	7	9	-2	7	9	-2
Adjustments*	-20	-11	-9	1	-4	+5
Gains on disposal of assets	24	21	+3	37	6	+31
Gain on the loss of control of Światłowód Inwestycje	1,543	-	+1,543	1,543	-	+1543
Share of profit of joint venture	10	-	+10	10	-	+10
Operating income	2,196	347	+1,849	1,856	150	+1706
Net financial costs	-197	-264	+67	-86	-83	-3
<i>o/w foreign exchange loss/gain</i>	<i>+2</i>	<i>-44</i>	<i>+46</i>	<i>-16</i>	<i>-14</i>	<i>-2</i>
Income tax	-258	-16	-242	-184	-14	-170
Net income	1,741	67	+1,674	1,586	53	+1,533

*Adjustment for the costs related to acquisition, disposal and integration of subsidiaries

Details of organic cash flow evolution in 9M and 3Q 2021

in PLNm	9M'21	9M'20	Change	3Q'21	3Q'20	Change
Net cash flow from operating activities before change in working capital	2,252	2,060	+192	741	654	+87
Change in working capital	302	196	+106	207	4	+203
Net cash flow from operating activities	2,554	2,256	+298	948	658	+290
CAPEX	-1,259	-1,241	-18	-373	-394	+21
Change in CAPEX payables*	-274	-321	+47	-102	-104	+2
Cash proceeds from sale of assets	82	32	+50	34	2	+32
Repayment of lease liabilities	-374	-308	-66	-125	-104	-21
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries	7	-	+7	-3	-	-3
Organic cash flow	736	418	+318	379	58	+321

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

We successfully combine growth 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
- NetZero2040 ambition
 - ~65% CO2 emission reduction till 2025 mainly thanks to renewable sources

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

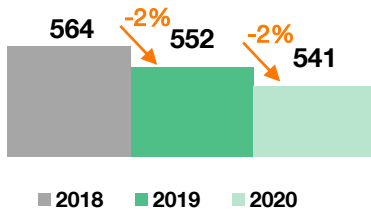
Governance



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

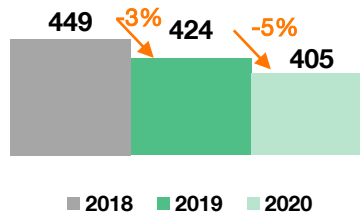
- We conduct active dialogue with all stakeholders to respond better to their expectations
- We adopt zero tolerance approach towards corruption in all aspects of our activities
- Corporate governance model ensures proper distribution of responsibilities to guarantee transparency of all management decisions

Energy consumption (GWh)

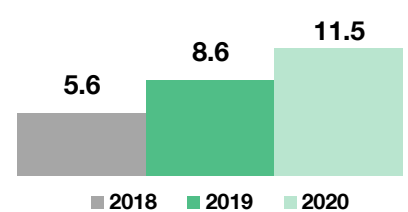


Key Environmental Performance Indicators

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
HHC (Households 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