

Orange Polska

25 October 2022
3Q 2022 results

.Grow



Orange People



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 Note 2 to Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the 9 months ended 30 September 2022 (available at <https://www.orange-ir.pl/results-center/>).

<i>in PLNm</i>	3Q 2022	9M 2022	3Q 2021	9M 2021
Operating income	324	905	1,856	2,196
Less gains/add losses on disposal of assets	-15	-85	-37	-24
Less gain on the loss of control of Światłowód Inwestycje	-	-	-1,543	-1,543
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	516	1,526	546	1,664
Add share of loss of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	14	48	-10	-10
Interest expense on lease liabilities	-27	-65	-13	-40
Adjustment for the impact of employment termination programs	6	-	-7	-7
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	4	13	-1	20
EBITDAaL (EBITDA after Leases)	822	2,342	791	2,256

Highlights & Business review

Julien Ducarroz
Chief Executive Officer



3Q 2022 key messages



Worsening macro environment

- CPI continues to accelerate and has exceeded 17%
- Deteriorating macroeconomic outlook (GDP, FX, wage pressures)



Resilient and good commercial performance continues

- Solid customer net additions and ARPO growth in all key subscription services
- Number of fibre clients exceeded the base of legacy copper services (xDSL)



Strong financial results

- 4% EBITDAaL growth as strong performance in key revenue lines has offset surging energy prices
- Value strategy and new cost savings measures launched to mitigate future impact of inflation



More Green initiatives to counteract energy crisis and reduce CO2 emissions

- Securing more energy from renewable sources from 2023
- New energy savings initiatives
- Encouraging customers to save energy when using our services



9M 2022 strong financial results

**2022
guidance**

low single digit
growth

flat/low single digit
growth

PLN 1.7-1.9bn

**9M 2022
Results**

in PLN

YoY



Revenues

9.1 bn

+4.0%



EBITDAaL

2.3 bn

+3.8%



eCAPEX

0.9 bn

-18%

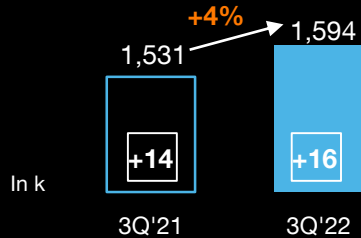


Solid and consistent performance in all key subscription services: ARPO growth coupled with customer base expansion

PLN
115.6

Convergence ARPO **+2.1% yoy**

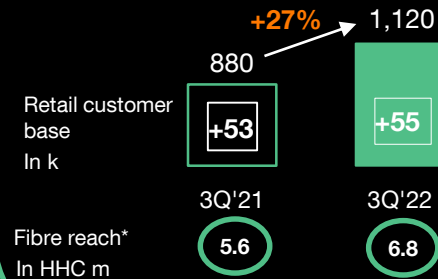
Steady growth pace of convergence customer base



6.8 M

Fibre HHC with **17.7%** adoption rate

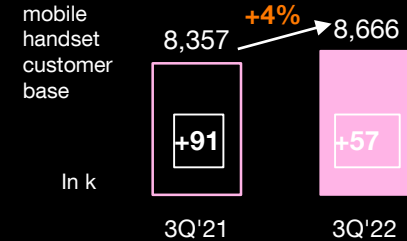
Strong demand for Orange fibre continues



PLN
28.9

Mobile-only handset ARPO **+2.1% yoy**

Good net customer additions in B2C and B2B



□ Net adds

* includes both own network and third party access



Value strategy and further cost transformation necessary to combat growing inflationary pressure

Inflation is accelerating...

...and we need both topline and costs measures to address it



value strategy








cost savings

Financial review

Jacek Kunicki
Chief Financial Officer



Strong financial results in 3Q/9M

	in PLNm	3Q'22	yoy	9M'22	yoy	
	revenues	3,123	+8.2%	9,109	+4.0%	<ul style="list-style-type: none"> Strong performance in all major lines Comparable basis for MTR/FTR
	EBITDAaL	822	+3.9%	2,342	+3.8%	<ul style="list-style-type: none"> Margin from key revenue lines mitigated surging energy prices
	% of revenues	26.3%	-1.1pp	25.7%	-0.1pp	
	net income	193	-88%	561	-68%	<ul style="list-style-type: none"> Ex. FiberCo transaction impact increase driven by growing EBITDAaL and decreasing depreciation
	ex. FiberCo transaction*		+8%*		+68%*	
	eCAPEX	323	+62%	896	-18%	<ul style="list-style-type: none"> 3Q catch-up reflects timing of mobile capex and lower yoy proceeds from asset sale to FiberCo YTD reflects decreasing direct investments in fibre and more back-end loaded mobile capex
	organic cash flow	178	-53%	826	+12%	<ul style="list-style-type: none"> 3Q decrease reflects exceptionally positive working capital last year (high comparable base) YTD growth due to better EBITDAaL and back-end loaded capex profile in 2022

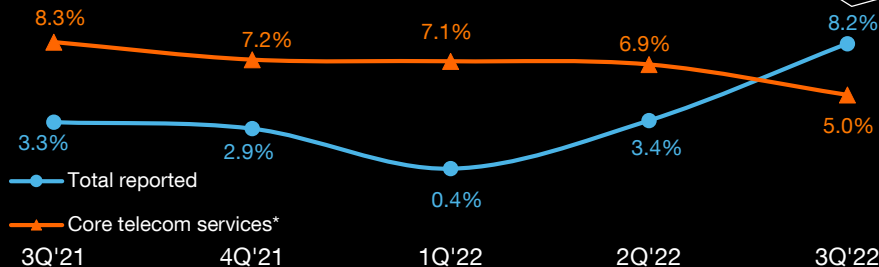
*In 3Q 2021 we recognised a one-off PLN 1,408 million gain (net of tax) related to sale of 50% stake in Światłowód Inwestycje (FiberCo)

3Q revenue +8.2% yoy with strong performance in all major lines

- Acceleration of revenue dynamics due to solid growth in major product lines and comparable MTR/FTR base
- Core telecom services*** (+5.0% yoy) driven by both customer base and ARPO growth
- IT/IS** (+23% yoy)
As we benefit from our wide competencies and demand for digitisation
- Equipment revenues** (+17% yoy)
Good reception of our commercial offers by customers
- Other revenues** (+33% yoy)
Driven by energy resale which benefits from growing unitary prices

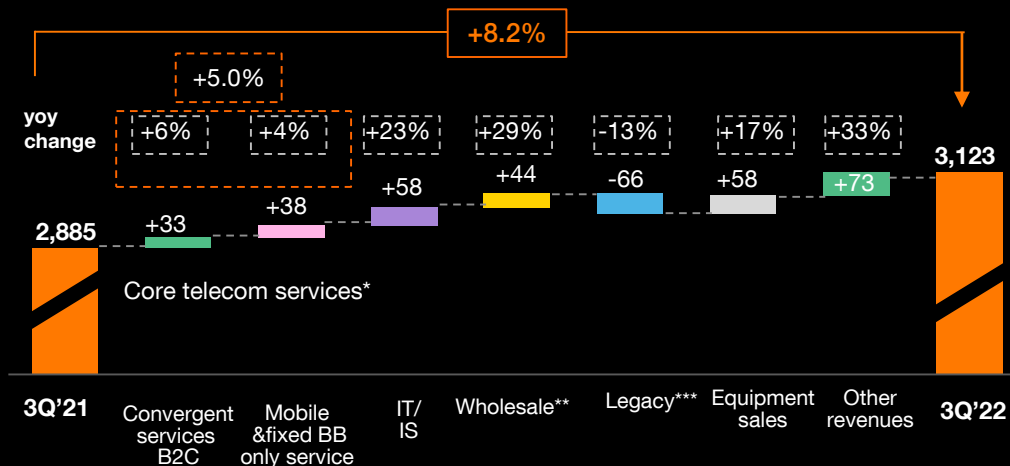
Revenue evolution

(yoy change in %)



Revenue evolution breakdown

in PLNm

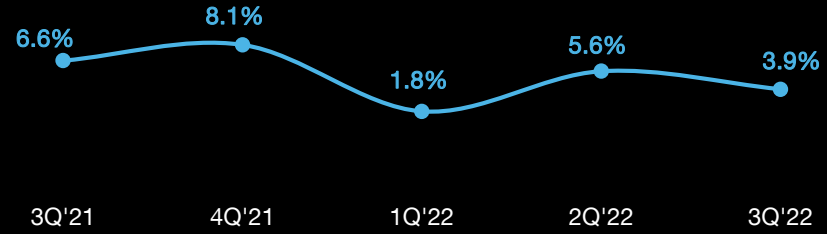


3Q EBITDAaL +3.9% yoy mainly due to very good direct margin performance

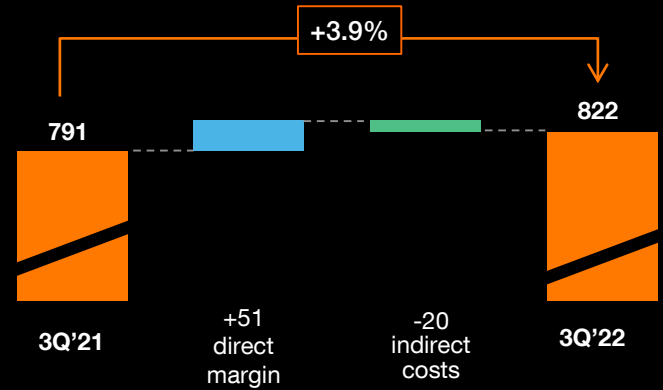
- **Direct margin up 3% yoy:**
 - Driven by expanding direct margin in all key revenue lines
- **Indirect costs growth limited to 2% yoy:**
 - Energy costs nearly doubling due to surging unitary prices
 - Cost savings executed to mitigate energy costs increase (in labour, process optimisation, facility management etc.)



EBITDAaL evolution
(yoy change in %)



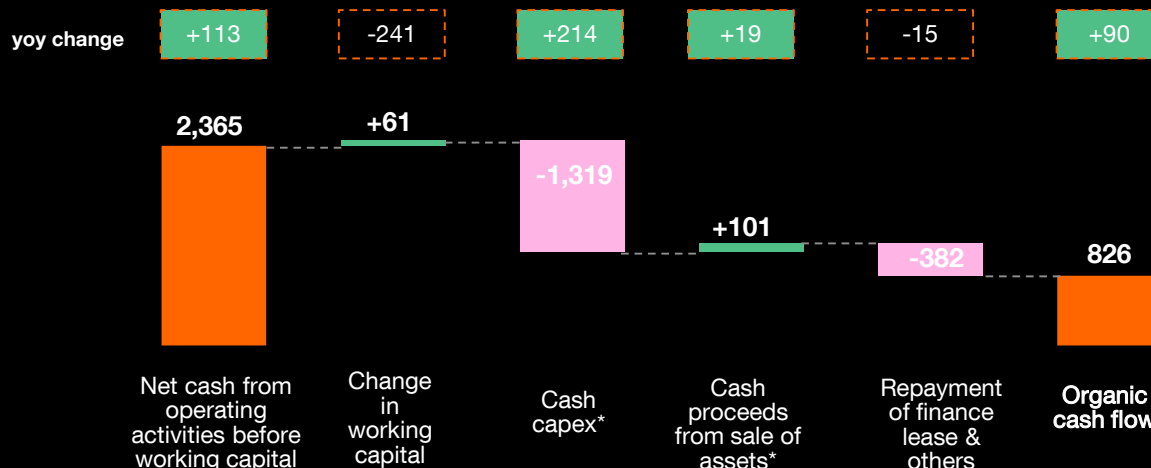
EBITDAaL evolution breakdown
(yoy change in PLNm)



Cash generation in 9M 12% higher yoy driven by EBITDAaL growth and lower cash capex

Cash flow evolution breakdown in 9M 2022

in PLNm



* Cash capex reduced by PLN 154 m of cash proceeds from sale of fibre network assets to FiberCo (excluded from cash proceeds from sale of assets)

Net debt

in PLNm

	4,076	3,605
net debt / EBITDAaL	1.4x	1.2x
	Dec'21	Sep'22
effective interest rate on debt	2.9%	3.3%

- **90%** of outstanding debt at fixed interest rate by mid-2024
- 2.9 years average debt duration
- Prolongation of 2.1GHz spectrum paid in October (PLN 352m)

Summary

Julien Ducarroz
Chief Executive Officer



Summary



Strong 9M results confirm our growth ambitions and ability to adapt to a challenging environment



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



In 4Q focus on high commercial season



All hands on board to minimise future impact of accelerating inflation

Q&A

We invite you to join our action to reduce energy consumption this winter:

www.orange.pl/razemdlaplanety/energia

Appendix

Details of bottom line evolution in 3Q and 9M 2022

in PLNm	3Q'22	3Q'21	Change	9M'22	9M'21	Change
EBITDAaL	822	791	+31	2,342	2,256	+86
D&A of PPE and intangible assets	-516	-546	+30	-1,526	-1,664	+138
Add-back interest expense on lease liabilities	27	13	+14	65	40	+25
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	-4	1	-5	-13	-20	+7
Gains/(losses) on disposal of assets	15	37	-22	85	24	+61
Adjustment for the impact of employment termination programs*	-6	7	-13	-	7	-7
Gain related to sale of 50% stake in Światłowód Inwestycje (FiberCo)	-	1,543	-1,543	-	1,543	-1,543
Share of profit/ (loss) of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture*	-14	10	-24	-48	10	-58
Operating income	324	1,856	-1,532	905	2,196	-1,291
Net financial costs	-86	-86	0	-242	-197	-45
<i>o/w foreign exchange loss/gain</i>	<i>-27</i>	<i>-16</i>	<i>-11</i>	<i>-44</i>	<i>2</i>	<i>-46</i>
Income tax	-45	-184	+139	-102	-258	+156
Net income	193	1,586	-1,393	561	1,741	-1,180

* Labour expenses, other external purchases and other operating incomes & expenses exclude adjustment due to employment termination program and some costs related to acquisition, disposal and integration of subsidiaries, and starting from Q2'22 also for elimination of margin earned on transactions with joint venture

Details of organic cash flow evolution in 3Q and 9M 2022

in PLNm	3Q'22	3Q'21	Change	9M'22	9M'21	Change
Net cash flow from operating activities before change in working capital	734	741	-7	2,365	2,252	+113
Change in working capital	-4	207	-211	61	302	-241
Net cash flow from operating activities	730	948	-218	2,426	2,554	-128
CAPEX	-363	-373	+10	-1,087	-1,259	+172
Change in CAPEX payables*	-124	-102	-22	-386	-274	-112
Cash proceeds from sale of assets	61	34	+27	255	82	+173
Repayment of lease liabilities	-126	-125	-1	-385	-374	-11
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries	-	-3	+3	3	7	-4
Organic cash flow	178	379	-201	826	736	+90

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

We successfully combine growth with social responsibility

Environment



We have clear climate/environmental goals and tangible results

- Climate goals and performance:
 - Net Zero by 2040 (for both own and entire value chain CO₂e emissions)
 - 65% own CO₂e emissions reduction by 2025 min. 60% of renewable energy in 2025
- Energy efficiency:
 - ~200 optimisation initiatives launched
 - fibre replacing copper
 - mobile network sharing
- Recycling and refurbishing of handsets and routers

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 (5,000 children in the educational programmes at schools)
- Co-operation with suppliers based on Code of Conduct covering social and environmental responsibility and CSR clauses in purchase contracts

Governance

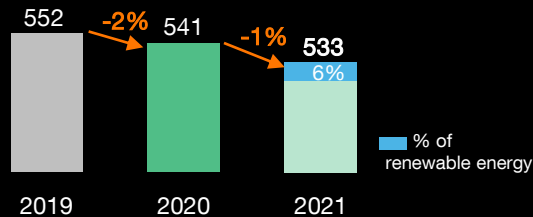


Our corporate governance is designed to provide responsible management and supervisions to achieve strategic goals and enhance value

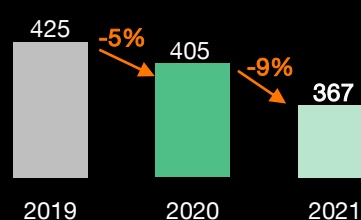
- We conduct active dialogue with all stakeholders to respond better to their expectations
- We adopt zero tolerance approach towards corruption in all aspects of our activities
- Corporate governance model ensures proper distribution of responsibilities to guarantee transparency of all management decisions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

Key Environmental Performance Indicators

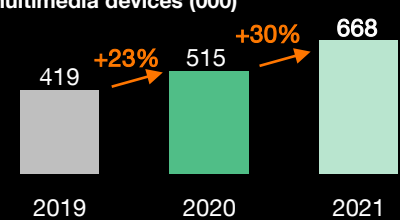
Energy consumption (GWh)



CO2 emission (000' tonnes)



Refurbished and relaunched handsets and multimedia devices (000)



Glossary (1/2)

4G/LTE	Fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)
5G	Fifth generation of mobile technology, which is the successor to the 4G mobile network standard
Adoption rate	Fibre customer base (retail + wholesale)/ Total households connectable to our fibre network (own and 3rd parties)
ARPO	Average Revenue per Offer
AUPU	Average Usage per user
Churn rate	The number of customers who disconnect from a network divided by the weighted average number of customers in a given period
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, FTTH 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 telecom services	Convergence, mobile-only and broadband-only services
EBITDAaL	EBITDA after leases, key measure of operating profitability used by management (for definition please refer to the Note 2 to IFRS Consolidated Financial Statements of the Orange Polska Group)
eCapex	Economic Capex, key measure of resources allocation used by management (for definition please refer to the Note 2 to IFRS Consolidated Financial Statements of the Orange Polska Group)
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

Glossary (2/2)

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
FTR	Fixed termination rate
HHC (Households connectable) in fibre technology	Households where broadband access service based on fibre technology can be rendered
ICT	Information and Communication Technologies
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
MTR	Mobile termination rate
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- key measure of cash generation used by management (for definition please refer to the Notes 2 to IFRS Consolidated Financial Statements of the Orange Polska Group)
PPA	Power purchase agreement
ROCE	Return on capital employed = EBIT (ex. extraordinary items) / (Shareholder's Equity + Average net debt)
VDSL	Very-high-bit-rate Digital Subscriber Line