

Orange



Orange Polska 2Q 2024 results

24 July 2024



Orange People



tu jest

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.

Highlights & Business review

Liudmila Climoc
Chief Executive Officer



Solid 2Q'24 commercial performance and financial results



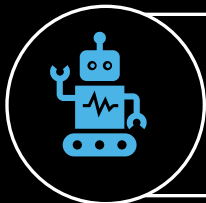
Strong commercial momentum

- Very good net customer additions in all key telecom services
- Coupled with steady pace of ARPO growth
- FiberCo JV progresses well with c.1.9m HHC and 0.5m customer lines



Solid financial results with c.4% yoy EBITDAaL growth

- Improving revenue dynamics from core telecom services offset by decline in IT&IS and energy resale
- EBITDAaL growth driven by both higher direct margin and lower indirect costs



Digital tools increasingly support our growth

- Share of digital sales in 1H at 24% (up from 20% for the FY 2023)
- Launch of Orange Business Metaverse as a platform for innovative demonstration of our Smart City services and promotion of this technology application

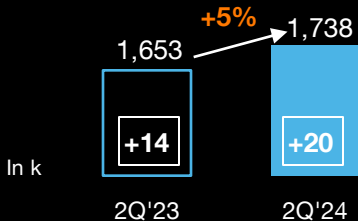


Very solid growth of customer bases and ARPO across all key services sustained in 2Q; mobile stands out



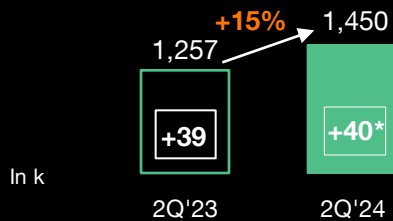
PLN 123.3 **Convergence ARPO +4.0% yoy**

Strong convergence customer base growth



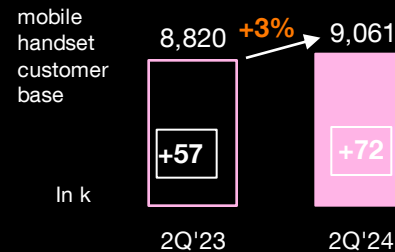
PLN 66.0 **Fixed broadband-only ARPO +3.1% yoy**

Solid fibre customer growth in a highly competitive environment



PLN 29.8 **Mobile-only handset ARPO +1.7% yoy**

Better net customer additions in mobile



net customer additions

* does not include 16k non-organic growth (acquisition of local fibre operators)



Bringing the best quality connectivity infrastructure to the Polish society



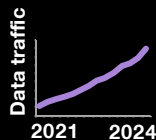
mobile

5G
rollout
on c-band

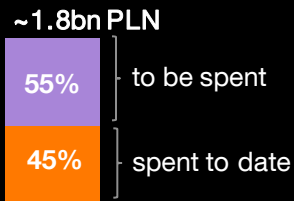
2,000 base stations
28% population coverage
280 cities

helps to
manage
steep data
traffic growth

2x in 3 years

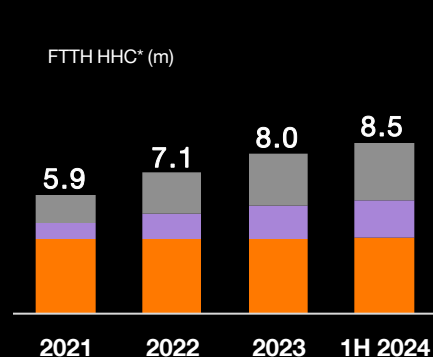


5G rollout
capex on
track



fixed

FTTH from OPL available to >50% of Polish HHs



- Own OPL network: since 2022 growth thanks to EU subsidised projects and M&A of local fibre operators (>100k HHC* footprint so far)
- FiberCo JV (50% co-owned by OPL): 1.9m HHC* (70% of planned rollout) and 0.5m customer lines
- Wholesale agreements with other infrastructure operators

Quality of our superior networks confirmed by #1 ranking in speedtest.pl in 5G and FTTH**

* Households connectable, where fibre technology can be rendered






** Orange Polska was ranked #1 in download speed for 5G internet in 5 out of first 6 months of 2024, and #1 for FTTH broadband for all first 6 months of 2024 in speedtest.pl ranking

Financial review

Jacek Kunicki
Chief Financial Officer



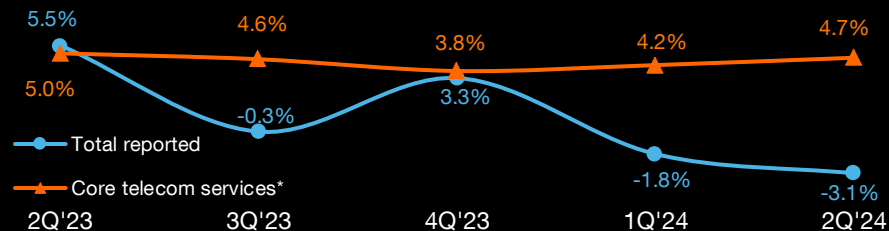
Solid 2Q/1H'24 financial results

	in PLNm	2Q'24	yoy	1H'24	yoy	
	revenues	3,123	-3.1%	6,204	-2.5%	<ul style="list-style-type: none"> Growth rate of core telco services accelerated (+4.7% yoy) offset by decline in energy resale and IT&IS
	EBITDAaL	854	+3.8%	1,653	+4.3%	<ul style="list-style-type: none"> Driven by good growth of core business & efficiency gains
	% of revenues	27.3%	+1.8pp	26.6%	+1.7pp	
	net income	231	-3%	458	-10%	<ul style="list-style-type: none"> Strong EBITDAaL offset by high comparable base for real estate sales and forex gains
	eCAPEX	383	+22%	674	+25%	<ul style="list-style-type: none"> Full pace of 5G rollout and different timing of proceeds from sale of real estate
	organic cash flow	389	-28%	411	-3%	<ul style="list-style-type: none"> Solid cash generation reflecting growing EBITDAaL and working capital reduction a year ago

2Q revenue with strong growth core telecom services and decline in energy resale and IT&IS

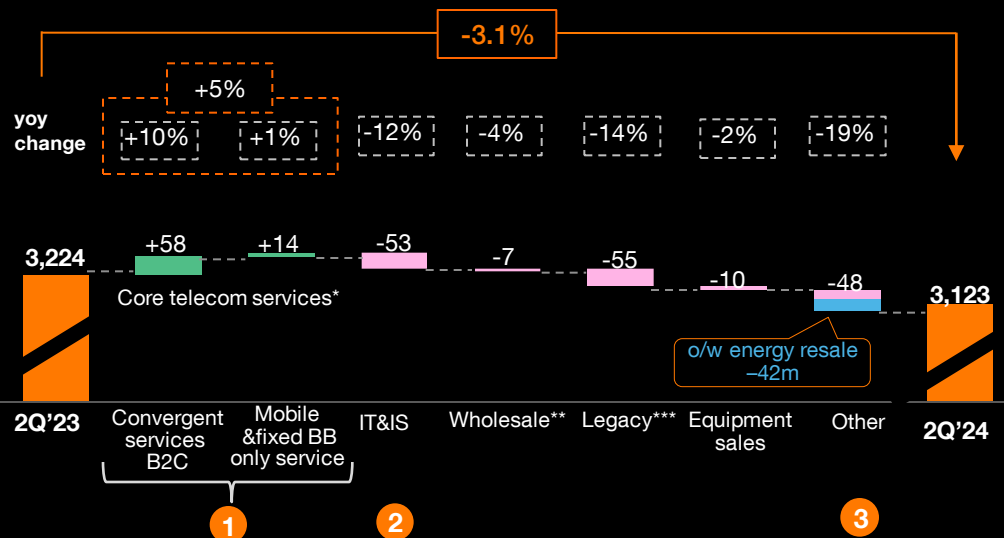
Revenue evolution

(yoy change in %)



Revenue evolution breakdown

in PLNm

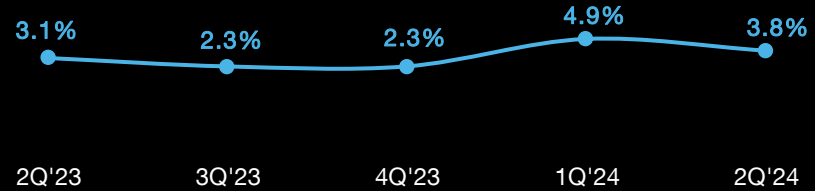


- 1 Core telecom services*** (+4.7% yoy)
Strong performance driven by both customer base and ARPO growth
- 2 IT&IS** (-12% yoy)
Reflects cyclical slowdown in the demand and very high comparable base
- 3 Orange Energia** (-40% yoy)
Due to market volatility and regulatory pressure on prices

2Q EBITDAaL +3.8% yoy with solid & consistent growth of margin from core business

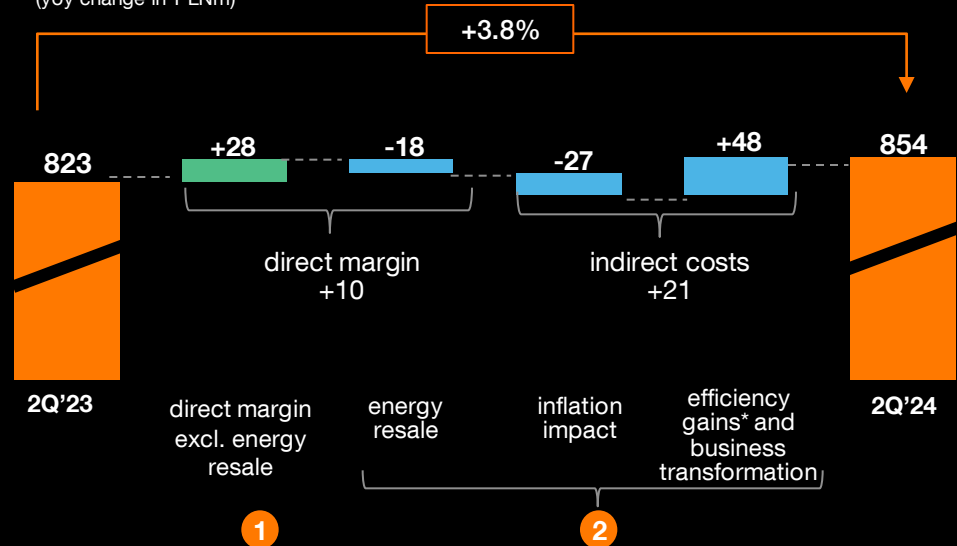
EBITDAaL evolution

(yoy change in %)



EBITDAaL evolution breakdown

(yoy change in PLNm)



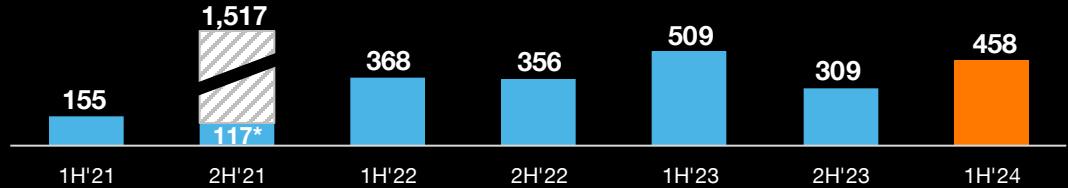
- 1 Solid and consistent performance of direct margin from underlying business
- 2 Business transformation & efficiency initiatives* compensate headwinds from CPI and energy resale

As a result growth of margin from underlying business flows through to EBITDAaL growth

* mainly margin from network rollout for the FiberCo JV (other operating income)

Solid 1H net income with yoy dynamics affected by high comparable base

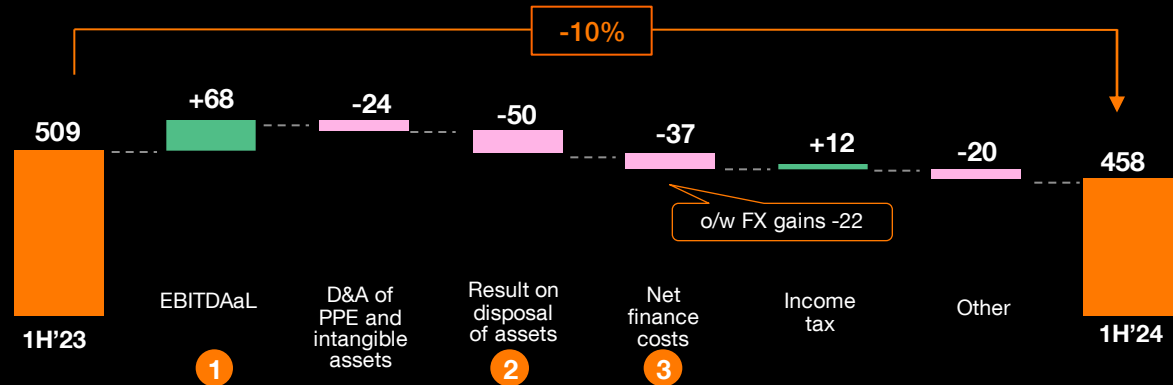
Net income level 1H 2021- 1H 2024
(PLNm)



*Net income before gain related to FiberCo transaction

- 1 +4.3% yoy EBITDAaL growth
- 2 -44% yoy gain on disposal of assets due to exceptionally high level of this gain in 1H 2023
- 3 +35% yoy net finance costs due to high FX gains in 1H 2023

Net income evolution in 1H 2024
(yoy change in PLNm)

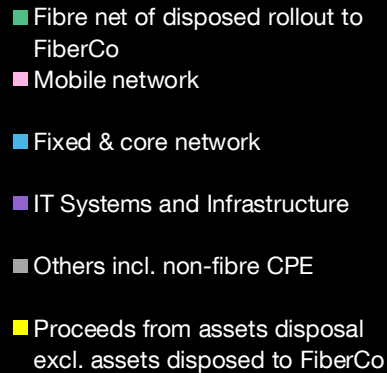


1H eCapex reflects full pace of 5G rollout and phasing of proceeds from property disposal

- Growth in **mobile** reflects full pace of 5G network rollout in core and RAN renewal
- Different phasing of projects in **IT systems & infrastructure**
- Solid **real estate proceeds** but lower yoy due to very high comparable base (different phasing)

Investment areas

(in PLNm)



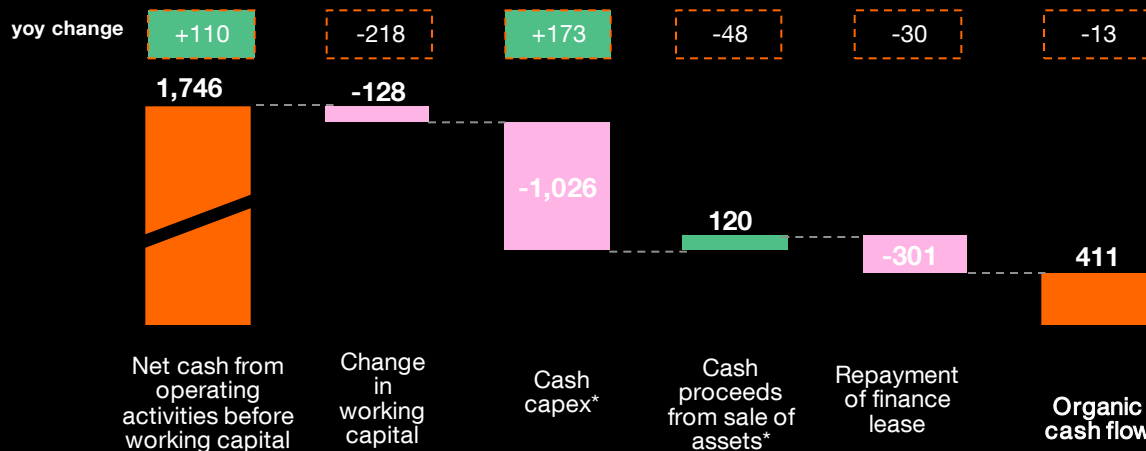
1H'23

1H'24

Solid 1H Organic Cash Flow and balance sheet

Organic Cash flow evolution breakdown in 1H 2024

in PLNm



* Cash capex reduced by PLN 12m of cash proceeds from sale of fibre network assets to FiberCo (excluded from cash proceeds from sale of assets)

OCF evolution reflects:

- EBITDAaL growth
- Lower cash capex (less payments for prior year's capex)
- Increase in working capital (high comparable base)

- PLN 1.2bn of debt refinanced in May
- Post refinancing 57% of debt maturing in 2026

Net debt

in PLNm

	Dec'23	Jun'24
net debt /EBITDAaL	3,528 1.1x	3,496 1.1x
effective interest rate on debt	3.2%	4.1%

Summary

Liudmila Climoc
Chief Executive Officer

Full-year guidance **updated**

2024 original guidance

2024 updated guidance

Revenues yoy %

low single digit growth

flat/low single digit decline

solid growth of core telecom services
offset by energy resale and IT&IS

EBITDAaL yoy %

low single digit growth

low-to-mid single digit growth

solid contribution from core telecom
business and efficiency gains

eCAPEX

PLN 1.7-1.9bn

guidance confirmed

PLN 1.7-1.9bn



Summary



Solid commercial performance and financial results in 1H allowing to improve our full-year profit outlook



Focus on increasing customer bases and the value we provide through exceptional customer experience



New EU subsidised fibre rollout program entering execution phase



Preparation for new mid-term strategic perspective

Q&A

Appendix

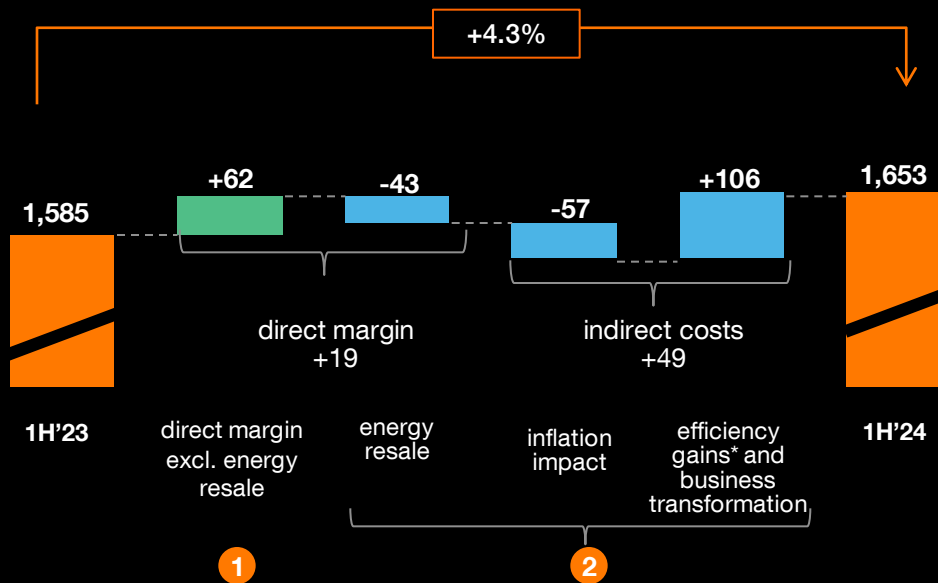
EBITDAaL evolution breakdown in 1H'2024

EBITDAaL evolution breakdown in 1H

(yoy change in PLNm)

- 1 Solid and consistent performance of direct margin from underlying business
- 2 Cost transformation & efficiency initiatives* compensate headwinds from CPI and energy resale

As a result growth of margin from underlying business flows through to EBITDAaL growth



* mainly margin from network rollout for the FiberCo JV (other operating income)

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 6 months ended 30 June 2024 (available at <https://www.orange-ir.pl/results-center/>).

<i>in PLNm</i>	2Q 2024	1H 2024	2Q 2023	1H 2023
Operating income	360	709	343	735
Less gains on disposal of fixed assets	-22	-64	-28	-114
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets*	508	1,013	502	989
Add share of loss of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	45	82	16	29
Interest expense on lease liabilities	-38	-75	-35	-66
Adjustment for the impact of employment termination programs and reorganisation costs	+1	-12	+25	+12
EBITDAaL (EBITDA after Leases)	854	1,653	823	1,585

*Includes impairment of rights of perpetual usufruct of land historically recognised as property, plant and equipment, subsequently reclassified to right-of-use assets (PLN 4 m in Q2'23, 7 m in H1' 23 and 1 m in 2Q'24 and 1H'24).

Details of bottom line evolution in 2Q and 1H 2024

in PLNm	2Q'24	2Q'23	Change	1H'24	1H'23	Change
EBITDAaL	854	823	+31	1,653	1,585	+68
Gains on disposal of assets	22	28	-6	64	114	-50
D&A of PPE and intangible assets*	-508	-502	-6	-1,013	-989	-24
Add-back interest expense on lease liabilities	38	35	+3	75	66	+9
Adjustment for the impact of employment termination programs and reorganisation costs	-1	-25	+24	12	-12	+24
Share of profit of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	-45	-16	-29	-82	-29	-53
Operating income	360	343	+17	709	735	-26
Net financial costs	-75	-45	-30	-144	-107	-37
<i>o/w foreign exchange loss/gain</i>	0	25	-25	1	23	-22
Income tax	-54	-59	+5	-107	-119	+12
Net income	231	239	-8	458	509	-51

Includes impairment of rights of perpetual usufruct of land historically recognised as property, plant and equipment, subsequently reclassified to right-of-use assets (PLN 4 m in Q2'23, 7 m in H1' 23 and 1 m in 2Q'24 and 1H'24).

Details of organic cash flow evolution in 2Q and 1H 2024

in PLNm	2Q'24	2Q'23	Change	1H'24	1H'23	Change
Net cash flow from operating activities before change in working capital	925	868	+57	1,746	1,636	+110
Change in working capital*	-11	197	-208	-128	90	-218
Net cash flow from operating activities	914	1,065	-151	1,618	1,726	-108
CAPEX	-430	-366	-64	-799	-749	-50
Change in CAPEX payables**	-5	-97	+92	-239	-516	+277
Cash proceeds from sale of fixed assets	37	59	-22	132	234	-102
Repayment of lease liabilities	-129	-119	-10	-303	-272	-31
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries	2	1	+1	2	1	+1
Organic cash flow	389	543	-154	411	424	-13

* Does not include change in the working capital related to capex which is presented separately

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

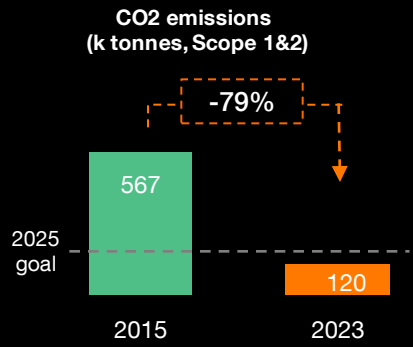
We successfully combine growth with social responsibility



Environment

CO2 emissions reduction goal met 2 years in advance (-65% in 2025 vs 2015)

- CO2 emissions (scope 1&2) -79% vs 2015:
 - energy consumption -2% yoy with 74% coming from renewables (vs. 12% in 22)



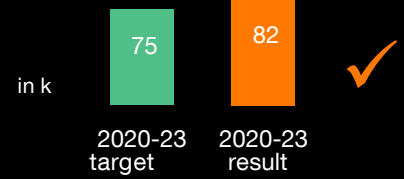
- Scope 3 (value chain) actions related mainly to circular economy
 - ~1.5m refurbished handsets and devices in 2021-23



Social

We make new technologies a supporter of social development

- 82k teachers trained in the completed Lesson:Enter programme (digital skills)



- 5.8k children in 2023 educational programmes (safety, programming)



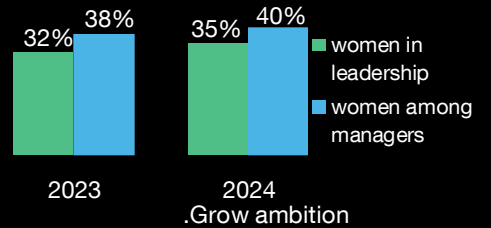
- 6.5k seniors in 2023 online courses reducing socio-digital exclusion



Governance

Responsible management and supervisions to achieve strategic goals

- Increasing diversity in employment: 32% of women in leadership and 38% among managers



- Compliance with the highest ESG reporting standards (preparation for CSRD reporting)

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. 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 with a financial benefit. Convergent services revenues do not include equipment, 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)