A top-down photograph of a summer scene. A yellow, textured mat is laid on a grassy area with white daisies. On the mat, there is a wide-brimmed straw hat decorated with a pink and yellow floral band, a pair of dark sunglasses, and a pair of white over-ear headphones. A black smartphone is partially visible at the bottom left. A bright yellow rectangular box is overlaid on the left side of the image, containing the title and date.

Orange Polska 2Q'16 results

26 July 2016



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.

Restatements to financial data

Disclosures on performance measures, including restatements, are presented in the Note 1 to Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2016 (available at <http://orange-ir.pl/results-center/results/2016>)

<i>in PLNm</i>	2Q'15	2Q'16	1H'15	1H'16
Revenue	3,013	2,903	5,943	5,706
-Revenue of Contact Center	-5	-	-10	-
Restated revenue	3,008	2,903	5,933	5,706
EBITDA	959	824	1,918	1,692
-Employment termination expense	-	-	1	-
Restated EBITDA	959	824	1,919	1,692
Capital expenditures	419	480	740	4,025
-acquisition of telecommunications licences	-	-	-	-3,168
Restated capital expenditures	419	480	740	857
Organic cash flow	152	342	107	-2,862
-LTE auction deposits / Acquisition of LTE spectrum	228	-	428	3,148
Restated organic cash flow	380	342	535	286

Contents

1. Highlights

2. Financial review

3. Conclusion

4. Q&A session

Highlights

Jean-François Fallacher
Chief Executive Officer

2Q financial results in line with our full-year plan

PLN 2.90bn
restated revenue**,
-3.5% yoy*
(+6.5% yoy in mobile)

PLN 824m
restated EBITDA**,
(FY guidance confirmed)

28.4%
restated EBITDA**
margin,
-3.5 pp yoy*

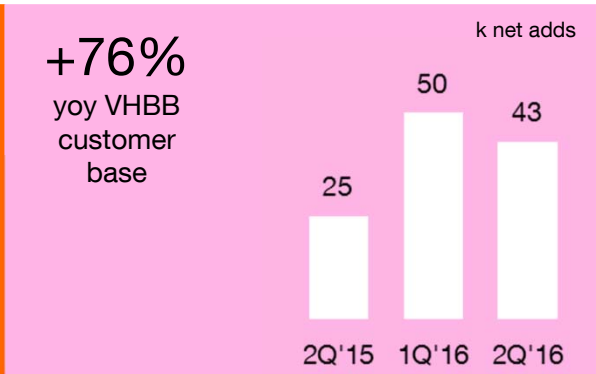
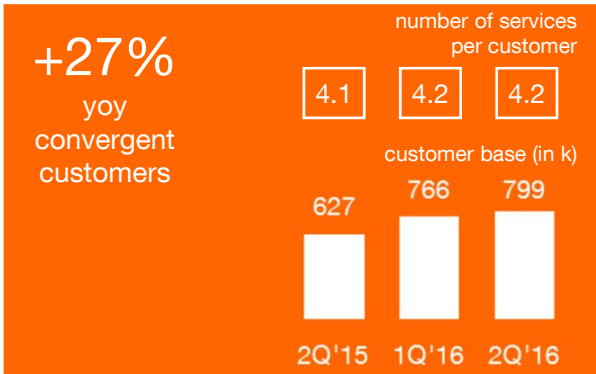
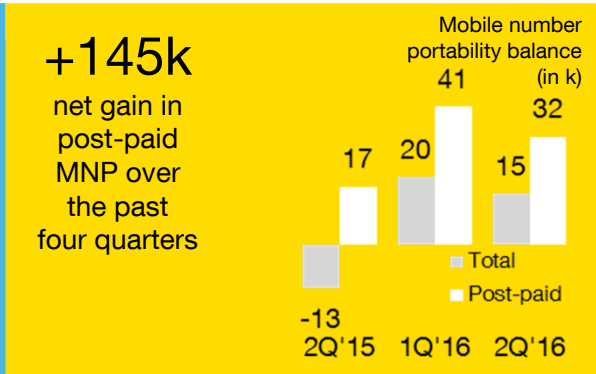
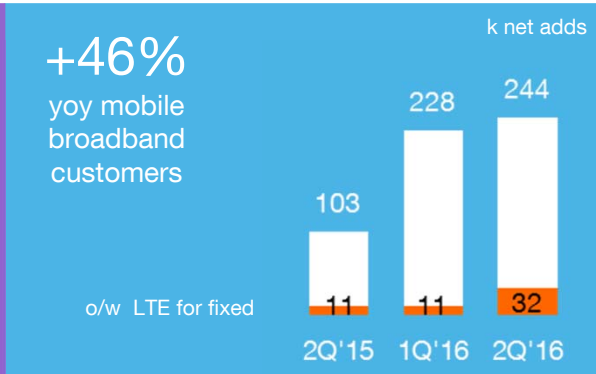
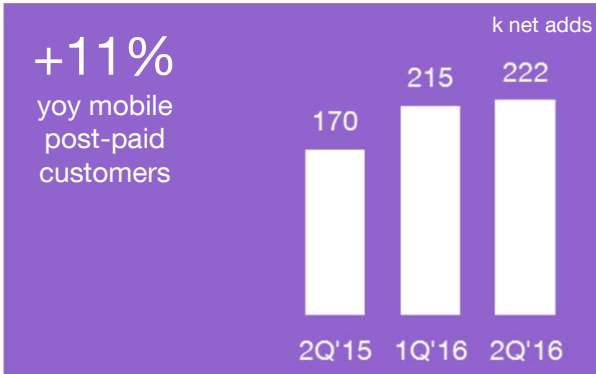
PLN 480m
restated capex**,
16.5% of revenue

PLN 342m
restated organic
cash flow**

* change calculated based on restated figures as presented in slide #3

** restated as presented in appendix slide #3

Strong commercial momentum in mobile






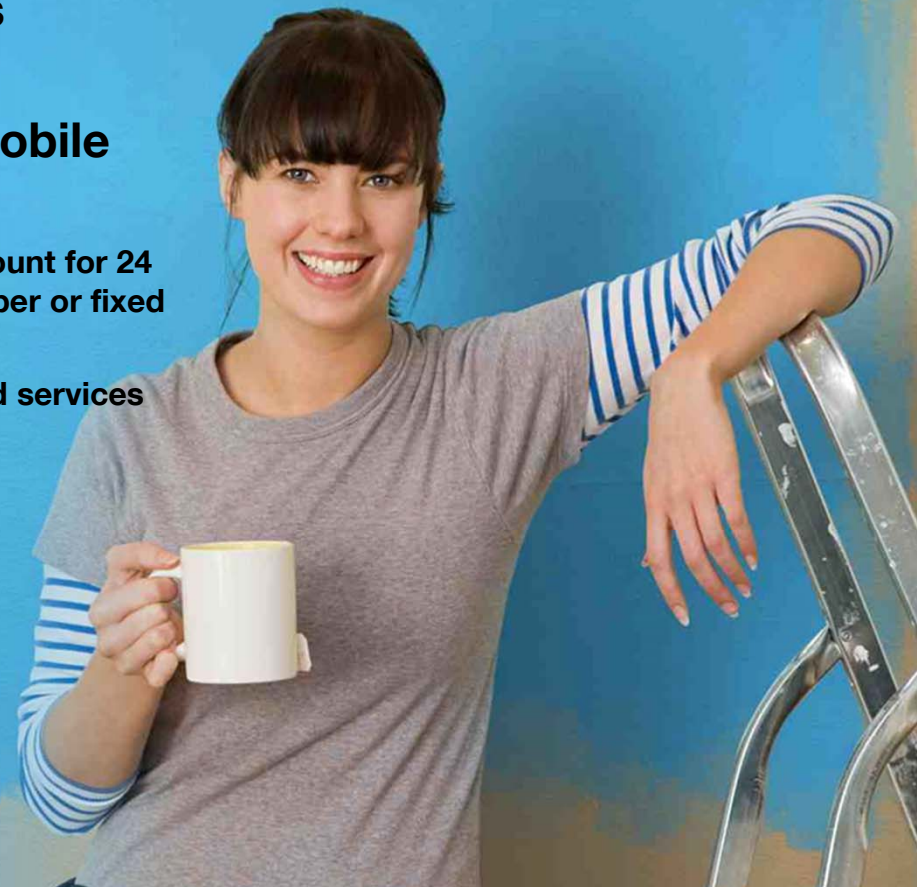
Orange Open Extra – a new convergent offer

Zamień kablówkę
na **Orange Światłowod**

- Marketing campaign directly encourages switch from cable to fibre
- Fixed customers get special bonus for mobile services
 - Mobile subscription for free for 12 months or 50% discount for 24 months for selected plans with fixed service (fibre, copper or fixed LTE)
 - Up to PLN 40 discount for any additional mobile or fixed services

Example of Orange Open Extra

	1 st year	2 nd year
 100Mb/s fibre	69.00	69.00
 TV: 91 channels incl. 25HD	free	30.90
 Smart Plan LTE unlimited voice&SMS 2GB data	free	39.99
PLN / month (incl 23%VAT)	69.00	139.89

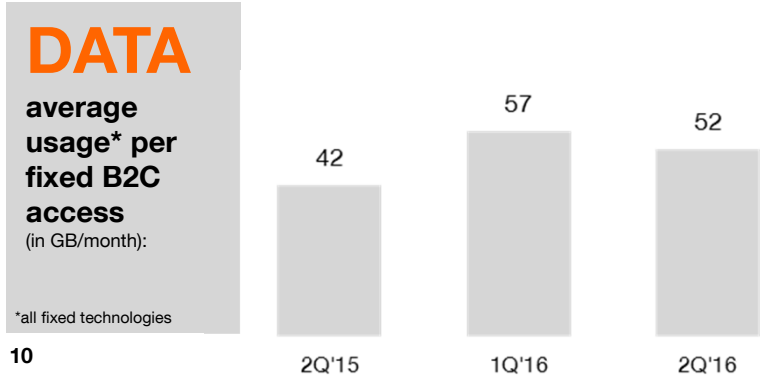
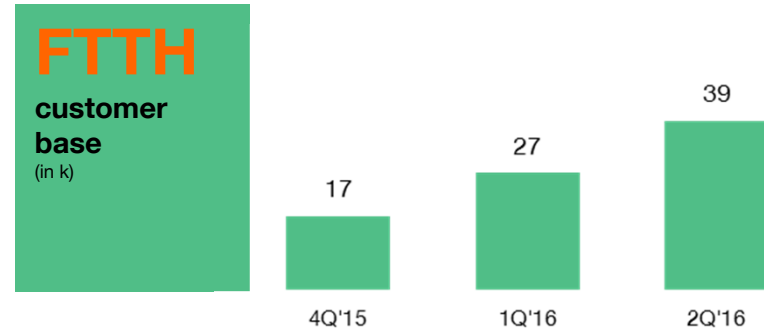
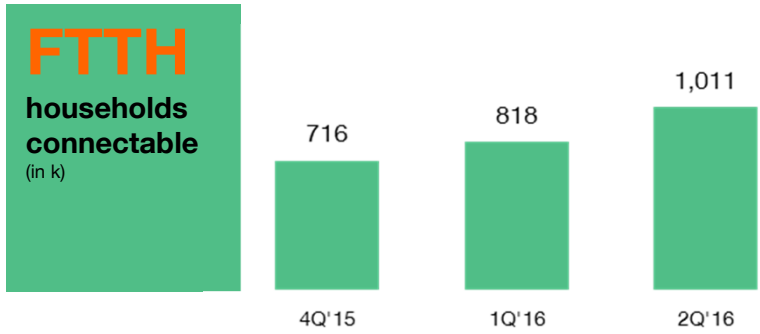


OPL ready for pre-paid registration

- **The regulation in force since 25 July 2016**
 - Activation of new pre-paid cards only with registration of personal data
 - Existing base to be registered by 1 Feb'17
- **Actions taken by Orange Polska to attract and facilitate registration process**
 - Early start of marketing campaign advertising special bonuses for registration (1k minutes & 10GB data to be used in 30 days)
 - Focus on seamless, customer friendly process
 - On-going negotiations with distributors to ensure the widest possible network of registration points

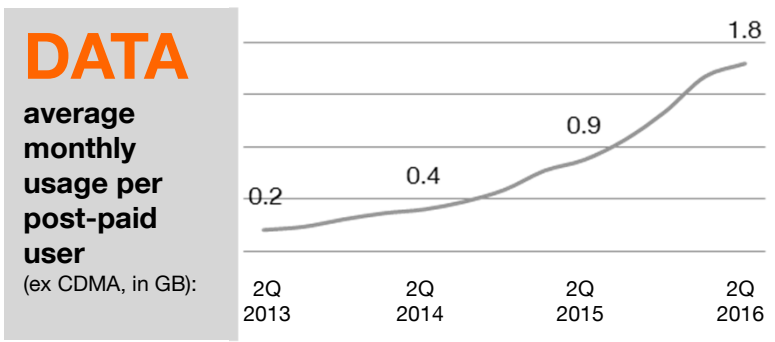
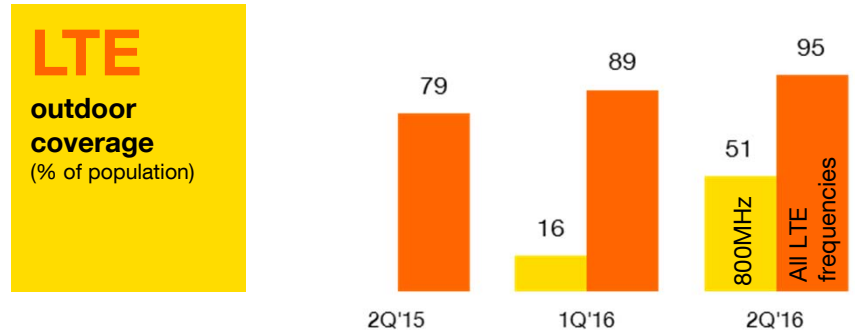
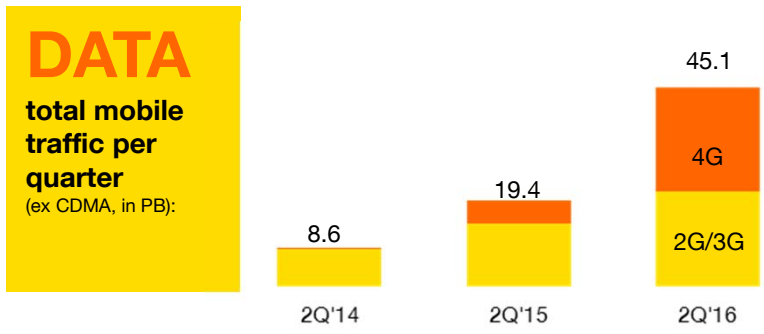


Above 1 million households connectable in fibre



- 193k new households connectable in 2Q (295k in 1H)
 - Service now available in 23 cities
 - Full-year target of additional 800k households maintained
- PLN 193m capex in 1H – in line with full-year outlook
- Marketing communication focused on increasing of awareness of fibre services to facilitate higher customer take-up

Acceleration in 800MHz network deployment



- Significant acceleration in 800MHz roll-out in 2Q - by 35pp incremental growth in outdoor area coverage
 - Already 53% of total mobile traffic is 4G
- 3,194k LTE unique users in June 2016, +32% qoq
- 64% smartphone penetration in post-paid handset customer base (vs 55% in 2Q'15)

Financial review

Maciej Nowohoński
Chief Financial Officer

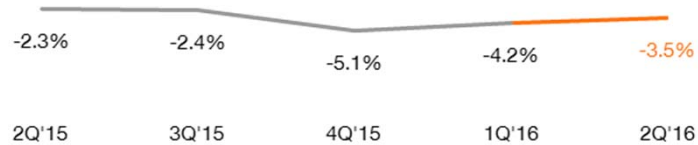
2Q/1H financial results key highlights

in PLNm	1H'16	% yoy	2Q'16	% yoy	key points for 2Q
restated revenues*	5,706	-3.8	2,903	-3.5	<ul style="list-style-type: none"> ▪ Mobile supported by equipment sales ▪ Positive one-offs in wholesale ▪ Impacted by end of infrastructure projects
restated EBITDA*	1,692	-11.8	824	-14.1	<ul style="list-style-type: none"> ▪ Total cost base up due to interconnect and commercial expenses ▪ FY EBITDA guidance confirmed
% of revenues	29.7	-2.6 pp	28.4	-3.5 pp	
restated CAPEX*	857	+15.8	480	+14.6	<ul style="list-style-type: none"> ▪ In line with FY outlook ▪ Ex-fibre capex down 5% yoy
% of revenues	15.0	+2.5 pp	16.5	+2.6 pp	
restated organic cash flow*	286	-46.5	342	-10.0	<ul style="list-style-type: none"> ▪ Supported by lower working capital requirement

Improving trend in revenue due to growing mobile

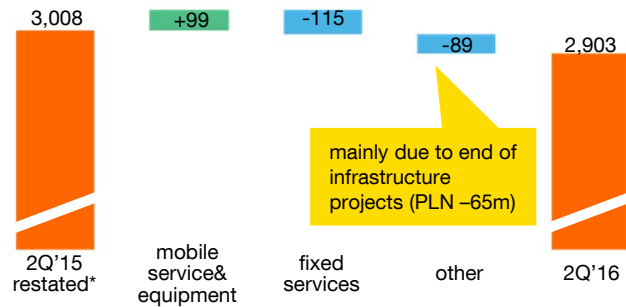
Restated revenue evolution

yoy change



Restated revenue evolution breakdown

in PLNm



* restated as presented in appendix (slide #26)

14

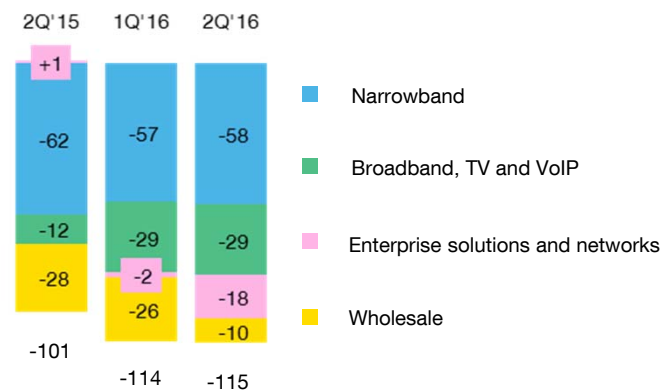
Mobile revenue

- Reflects change in the business model and value transfer from services to equipment sales
- Positive one-offs in wholesale

Fixed revenue

- Enterprise solutions affected by high base of Q2'15

(yoy in PLNm)



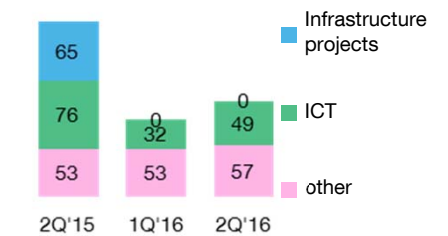
Mobile revenue (yoy in PLNm)



Other revenue

reflect completion of infrastructure projects and lower ICT revenues

(in PLNm)



Mobile supported by post-paid base growth and equipment sales

2Q mobile revenue
PLN 1,622m
+6.5% yoy

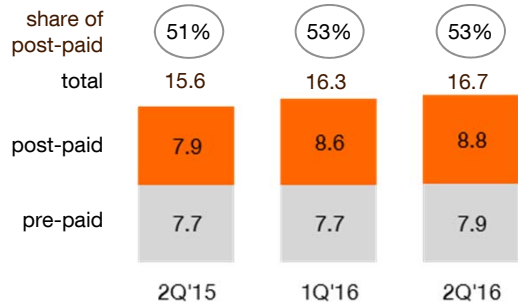
service
PLN 1,350m
-1.7%yoy

equipment
PLN 272m
+82.6%yoy

- Robust growth of mobile equipment driven by instalment offers and other sales of equipment
- Outstanding commercial performance continues reducing post-paid churn to 6-year low (2.8% per quarter)
- Post-paid ARPU trend impacted by:
 - Dilution from changes in the customer mix (instalment and more SIMO offers)
 - Convergent discounts
 - Lower growth of incoming traffic
- Pre-paid ARPU affected by marketing action boosting pre-paid usage

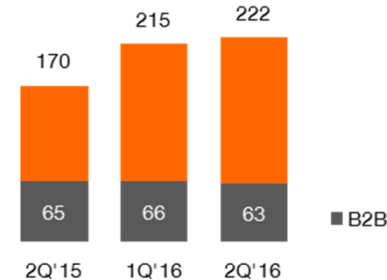
Mobile customers

in millions



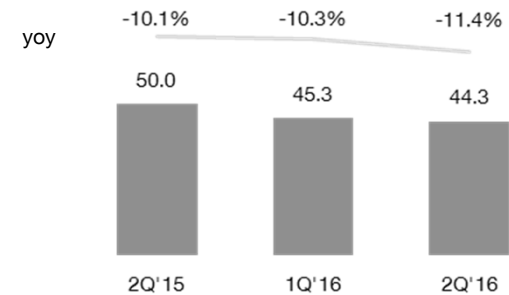
Post-paid net adds

in k



Post-paid ARPU trend

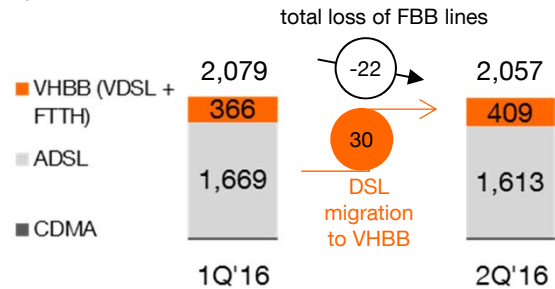
(PLN/month) and yoy % change



Take-up of fibre customers to speed up in 2H

Retail fixed broadband accesses

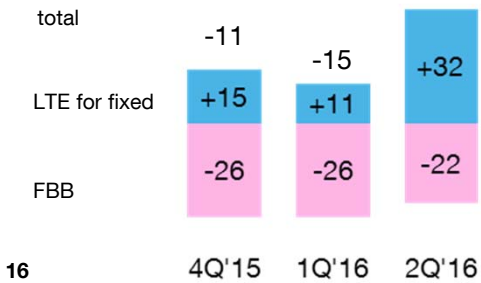
(in k)



- Total loss of FBB lines the lowest in 7 quarters but competition remained intense
 - Number of lines has increased when including LTE for fixed (substitution for fixed broadband)
- 73% of FTTH gross adds in 2Q were new clients for OPL
- Growing share of FBB customers in convergence helps to lower line losses

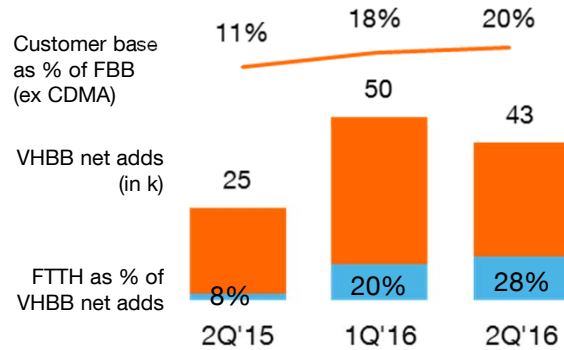
LTE for fixed offsets losses in FBB

(in k)



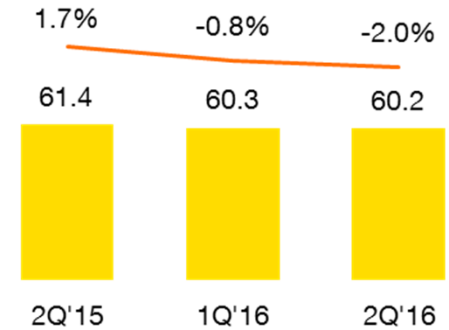
16

VHBB (VDSL+FTTH)



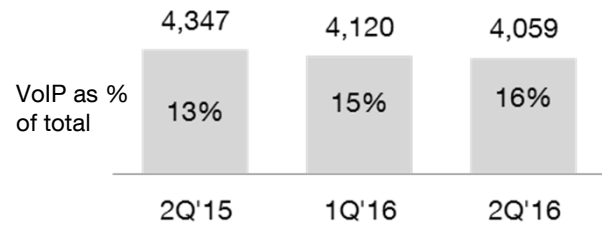
ARPU (broadband, TV, VoIP) evolution

in PLN/month and yoy % change

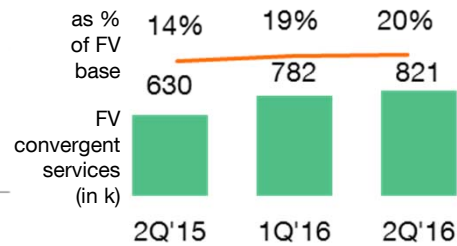


Fixed voice trends unchanged despite fixed to mobile substitution

Retail fixed voice lines evolution
in k

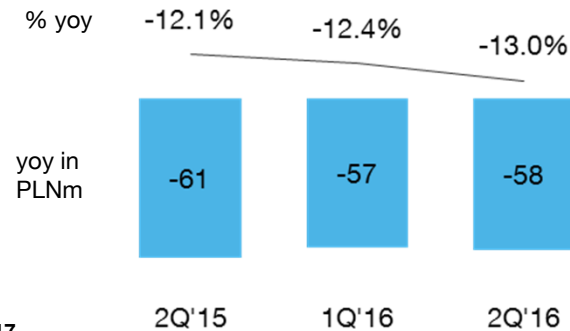


Fixed voice convergent services

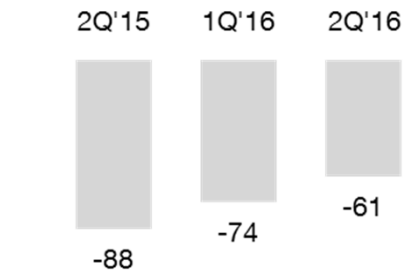


- Quarterly net line loss the lowest in seven quarters
- 20% penetration of fixed voice convergent services in total fixed voice customer base (14% in 2Q '15)

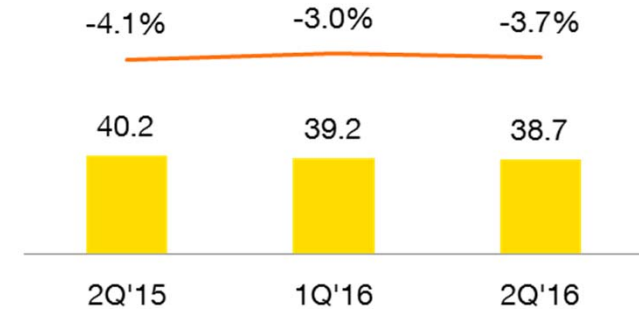
Unchanged revenue trend
yoy change in PLNm and %



Net line losses
(in k)



Retail fixed voice ARPU* evolution
in PLN/month and yoy % change

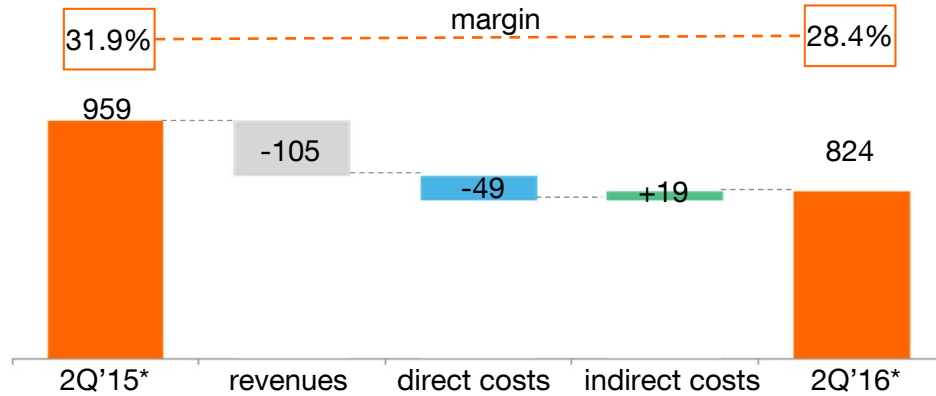


17

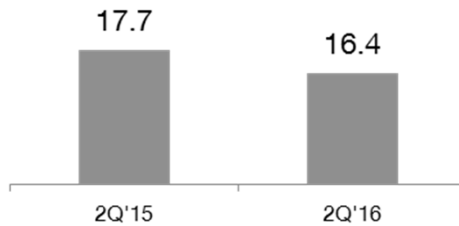
* excluding VoIP revenues which are included in broadband revenues

2Q EBITDA reflects lower revenues and higher commercial investments

Restated EBITDA* evolution
yoy change in PLNm



employment down 7.4% yoy
(in kFTE end of period)



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* restated as presented on slide #3

- **Direct costs** up yoy driven by:
 - Higher interconnect costs as a result of higher retail and wholesale traffic, in line with growing revenues
 - Commercial costs up due to higher volume of handsets sold
- **Indirect costs** further reduced by:
 - Costs of Network & IT down yoy on the back of optimisation initiatives
 - Headcount optimisation in 1H, in line with the schedule of the new social plan
 - Slightly lower year-on-year profit from real estate sales

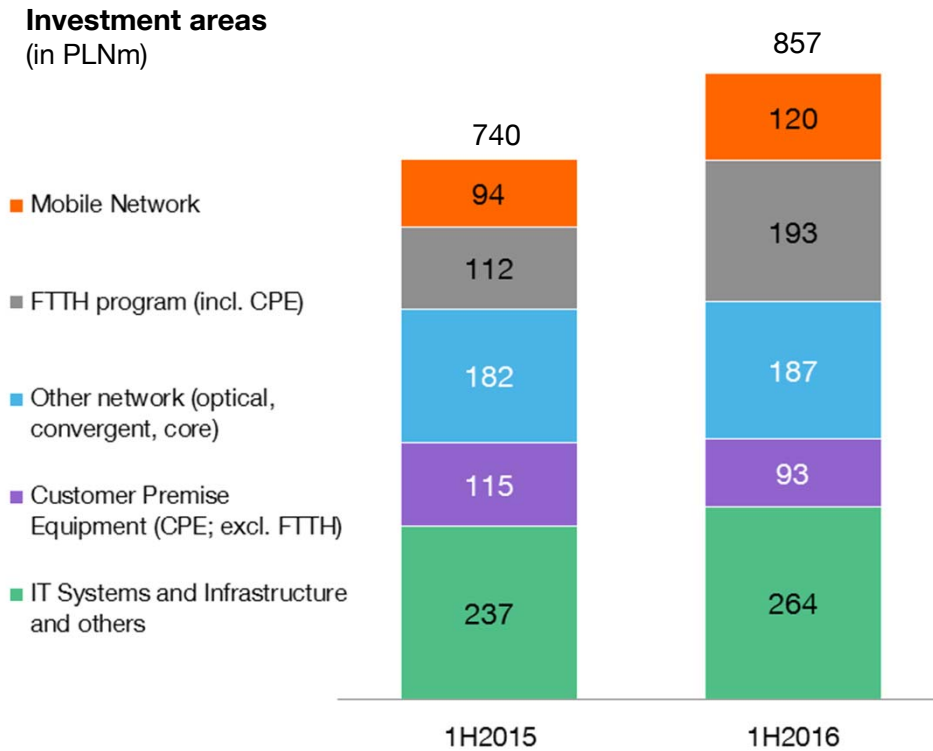
Net income reflects lower operating income and higher financial costs

in PLNm	1H'15	1H'16	2Q'15	2Q'16	change
reported EBITDA	1,918	1,692	959	824	-135
depreciation and amortization	-1,443	-1,336	-733	-683	+50
reversal of impairment of non-current assets	3	1	6	1	-5
reported operating income	478	357	232	142	-90
net financial costs	-134	-192	-76	-96	-20
income tax	-47	-50	-30	-29	+1
reported net income	297	115	126	17	-109

D&A was down as amortization of new spectrum was offset by positive effect from extension of useful life for certain network assets

Net financial costs up following increase of debt to finance LTE spectrum

Capex driven up by fixed and mobile connectivity investments



- Growth in mobile network stems only from MHz800/2600 network deployment
- FTTH capex in line with full-year outlook:
 - Capex per connectable household ~PLN 500
 - yoy capex includes much higher outlays for customer connections (incl. CPE), and capex dedicated to B2B customers
- CPE decrease results from certain B2B projects realised in 2015
- IT growth due to transformation program including new billing system

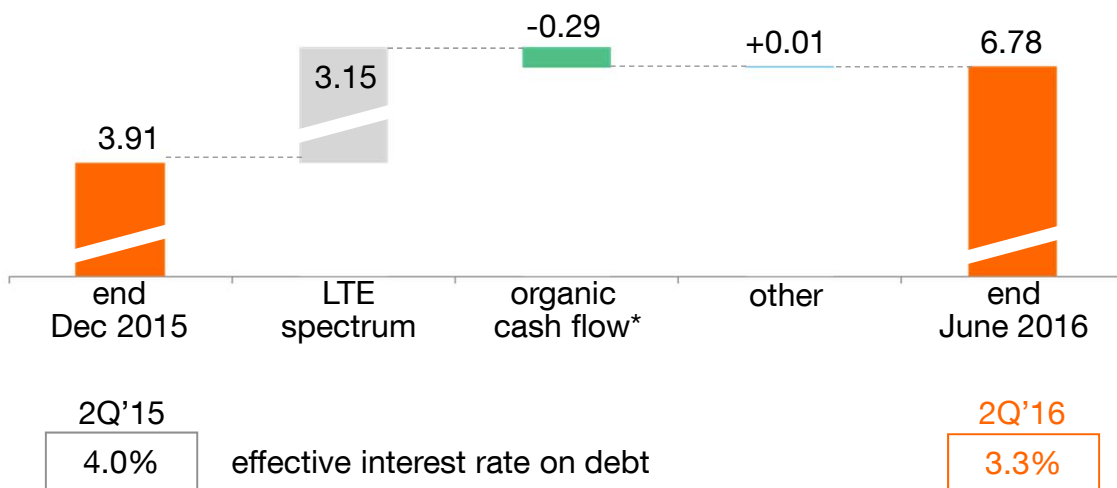
Cash flow in 2Q supported by lower working capital requirement

in PLNm	1H'15	1H'16	Change	2Q'15	2Q'16	Change
Net cash flow from operating activities before income tax paid and change in working capital	1,623	1,397	-226	784	695	-89
Change in working capital	-243	0	+243	-125	15	+140
CAPEX ex LTE spectrum*	-735	-843	-108	-421	-478	-57
Change in CAPEX payables	-180	-331	-151	36	19	-17
LTE auction deposits / Acquisition of LTE spectrum	-428	-3,148	-2,720	-228	-	+228
Income tax received/(paid)	-18	-19	-1	33	34	+1
Sales of assets	88	82	-6	73	57	-16
Reported organic cash flow	107	-2,862	-2,969	152	342	+190
LTE auction deposits / Acquisition of LTE spectrum	428	3,148	+2,720	228	-	-228
Restated organic cash flow	535	286	-249	380	342	-38

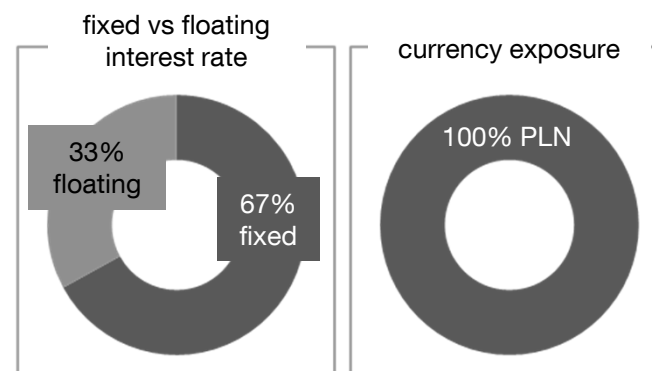
21 * including exchange rate effect on derivatives economically hedging capital expenditures, net

Higher net debt reflects payment for spectrum

net debt evolution change in PLN bn



Debt after hedging breakdown



- 3.6 years – debt average duration
- PLN 328m dividend paid on July 7
- Full-year guidance on net debt to restated EBITDA below 2.2x confirmed

Conclusions

Jean-François Fallacher
Chief Executive Officer

Conclusions

Key takeaways from 1H2016

- Competitive market environment broadly unchanged in 1H
- Post auction spectrum map finally set
- Continuation of commercial momentum in mobile
- Financial results in line with our full-year plans:
2016 EBITDA and leverage guidance confirmed

Key items on 2H agenda

- Execution of the mid-term action plan presented in February 2016
- Acceleration in fibre customer take-up
- Efficient management of pre-paid registration process
- Continued focus on customer acquisition and retention
- Stronger push on convergence
- Focus on simplification and prioritisation

Q&A

Glossary (1/3)

3P customer	a customer who purchased a bundle of fixed broadband, TV and VoIP services
4G	fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)
ARPU	Average Revenue per User
AUPU	Average Usage per User
CATV	Cable Television
CDMA	Code Division Multiple Access, second generation wireless mobile network used also as a wireless local loop for locations where cable access is not economically justified
data user	a customer who used mobile data transmission in a given month
EBITDA	Operating income + depreciation and amortization + impairment of goodwill + impairment of non-current assets
FBB	Fixed Broadband
Fibre access network project	rollout of fixed broadband access network based on fibre technology which provides the end user with speed of above 100Mbps
FTE	Full time equivalent
FTTH	Fibre To The Home

Glossary (2/3)

G.fast	a digital subscriber line (DSL) standard for local loops shorter than 500 m, with performance targets between 150 Mbit/s and 1 Gbit/s, depending on loop length
Households (HH) connectable in fibre technology	Households where broadband access service based on fibre technology can be rendered
ICT	Information and Communication Technologies
Liquidity Ratio	Cash and unused credit lines divided by debt to be repaid in the next 18 months
LTE	Long Term Evolution, standard of data transmission on mobile networks (<i>4G</i>)
LTE for fixed	mobile broadband offer dedicated to data for home or office usage
LTE user	a customer who used LTE service at least once in a given month
M2M	Machine to Machine, telemetry
MoCA	Multimedia over Coax Alliance: whole-home distribution of high speed broadband and high definition video and content over the existing in-home coaxial cabling
MVNO	Mobile Virtual Network Operator
Net Gearing	net gearing after hedging ratio = net debt after hedging / (net debt after hedging + shareholders' equity)

Glossary (3/3)

Organic Cash Flow	Organic Cash Flow = Net cash provided by Operating Activities – (CAPEX + CAPEX payables) + proceeds from sale of assets
Neotrada	Fixed broadband access service
RAN agreement	agreement on reciprocal use of radio access networks
RGU	Revenue Generating Unit
SAC	Subscriber Acquisition Costs
SIMO	mobile SIM only offers without devices
SRC	Subscription Retention Costs
VDSL	Very-high-bit-rate Digital Subscriber Line
VHBB	Very high speed broadband above 30Mbps
VoIP	Voice over Internet Protocol