Orange Polska (TPSA)
results for 3Q 2013

Warsaw
October 22nd, 2013

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.

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1 highlights

Bruno Duthoit – chief executive officer
Mariusz Gaca – chief commercial officer
Piotr Muszyński – chief operations officer

strategy execution and leveraging on our key strengths is at the core of our agenda

- Orange Polska has strong assets needed to rebound
- our priority is to improve the top-line dynamics
  - primary focus on convergent offers, leveraging on mobile and fixed assets, to better exploit the demand potential of 22 million customers of our different services
  - new product development to grow customer satisfaction and target all market niches
  - monetization of mobile data and customer traffic
  - exploring new sources of revenue in adjacent sectors, e.g. ICT
- simultaneously we must continue to find efficiency gains to benefit profitability
  - further cost optimisation is a must in order to defend the EBITDA, inevitably also including workforce optimisation
  - optimisation of capex (excl. spectrum) and disposal of non-core assets
- we will deliver the cash generation needed to support key investments and shareholder remuneration, while maintaining a sound balance sheet
  - at least PLN 1bn* of Organic Cash Flow expected in FY2013

* excluding spectrum acquisition made in 2013, change in consolidation scope and impact of risk and litigation

numerous actions initiated this year to make us better prepared for market rivalry

- commercial strategy focused around the convergent Orange Open solution has met customer demand ✓
- successful launch of the low-cost 'nju.mobile' brand – a crucial weapon to fight for the price sensitive customers in mobile ✓
- dynamic growth of the ICT activity fuelled by acquisition of Datacom System ✓
- FTTH trials launched in Warsaw ✓
- mobile network co-operation progressing, with >6,600 sites out of 10,000 already in common use with our partner and 3G coverage increased to 76.4% of population ✓
- tests of 4G services launched, based on the 1,800MHz spectrum ✓
- funding arrangement with the Orange Group, with cost optimisation ✓
- legal merger of TPSA and PTK Centertel

3Q marked by commercial progress and upswing in OCF

- visible positive commercial momentum in 3Q
  - 211,000 subscribers of Orange Open
  - 179,000 mobile customer net additions in 3Q, customer base +2.5% y-o-y
  - 203,000 customers of nju.mobile brand acquired in five months
  - 78,000 fixed voice lines lost in 3Q compared to 132,000 a year ago

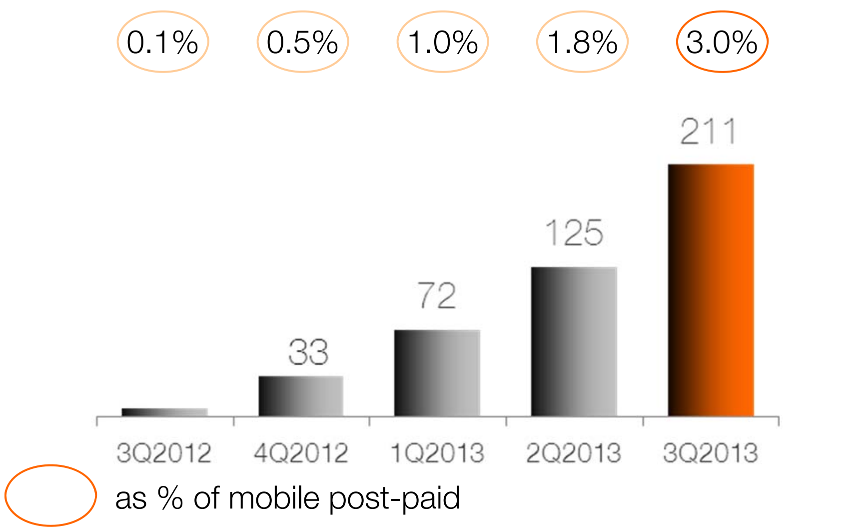
- profitability and cash flow in 3Q allow us to already deliver the "above PLN 800mn*" full-year Organic Cash Flow guidance
  - 3Q revenue excluding regulatory impact down by 2.5% year-on-year compared to -5.5% in 2Q and -3.1% in 1Q
  - 3Q EBITDA margin at 36.5% due to better revenue trend and PLN 64mn costs savings
  - organic cash flow up since 2Q, at PLN 833mn* after 3Q, allowing us to already deliver the full-year guidance

* excluding spectrum acquisition made in 2013, change in consolidation scope and impact of risk and litigation

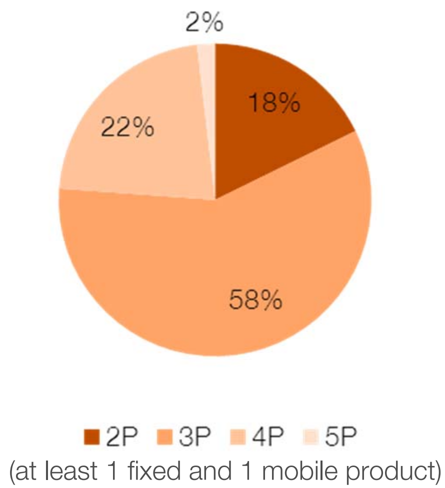
number of Orange Open customers grew by ca 70% since 2Q

convergence ambition: from <1% in 2012 to ~50% of post-paid clients in the mid-term

orange open customers (in '000)



orange open customers by number of products



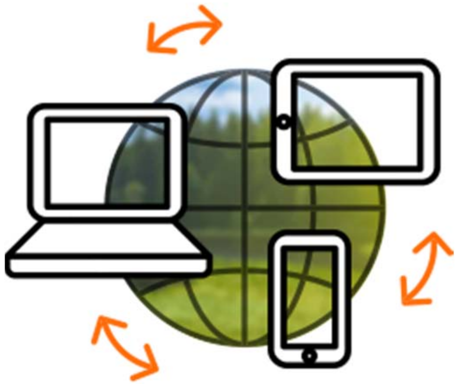
- 67% of Orange Open customers bought additional fixed or mobile services
- 82% of clients took the option of 3P or more products
  - ARPU from private customers at PLN149 per month in 3Q, preserving customer value
  - high number of services in a bundle increases customer loyalty
- new features implemented to differentiate through customer experience

new features launched in 3Q to make Orange even more appealing

FTTH 300Mb/s

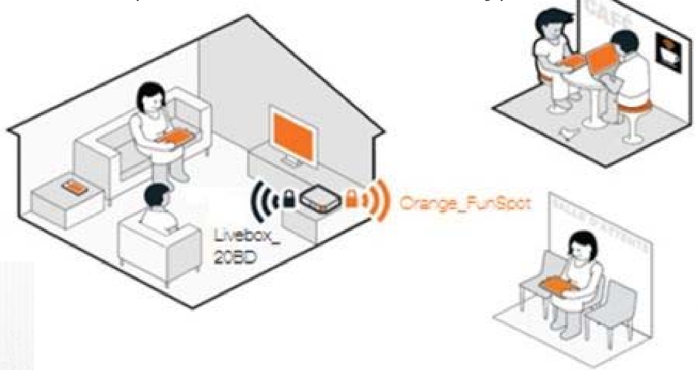
Orange Free Net

(pool of data to used on various devices)



Orange FunSpots

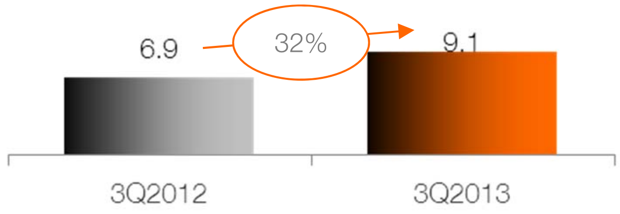
(360k Wi-Fi community)



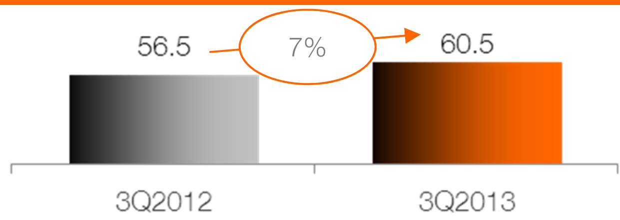
Orange Cloud

convergence contributes to our customer value

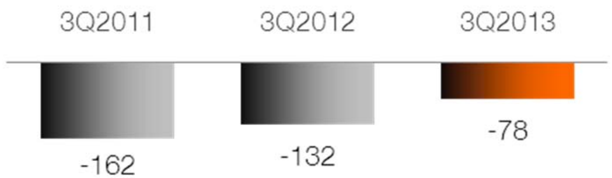
postpaid mobile data ARPU (in PLN)



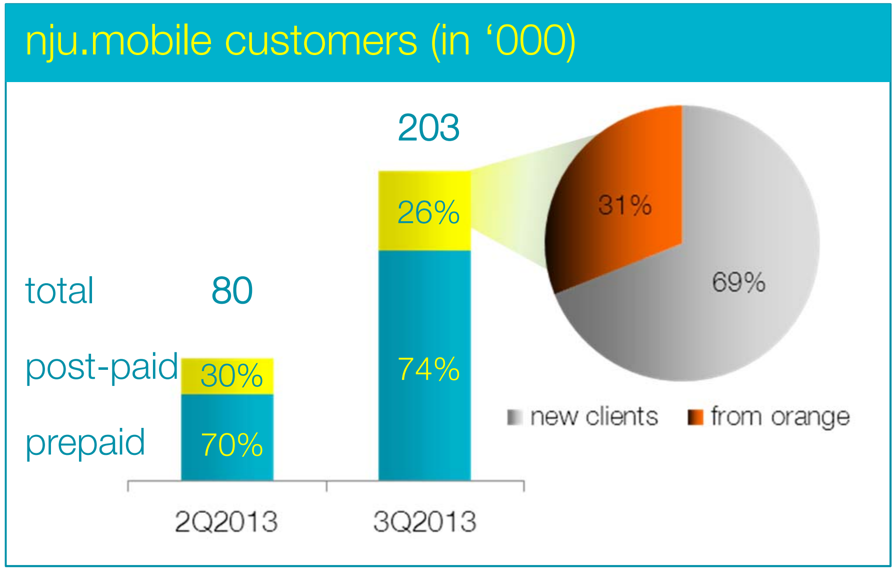
fixed broadband ARPU (in PLN)



fixed voice clients net decrease (in ‘000)



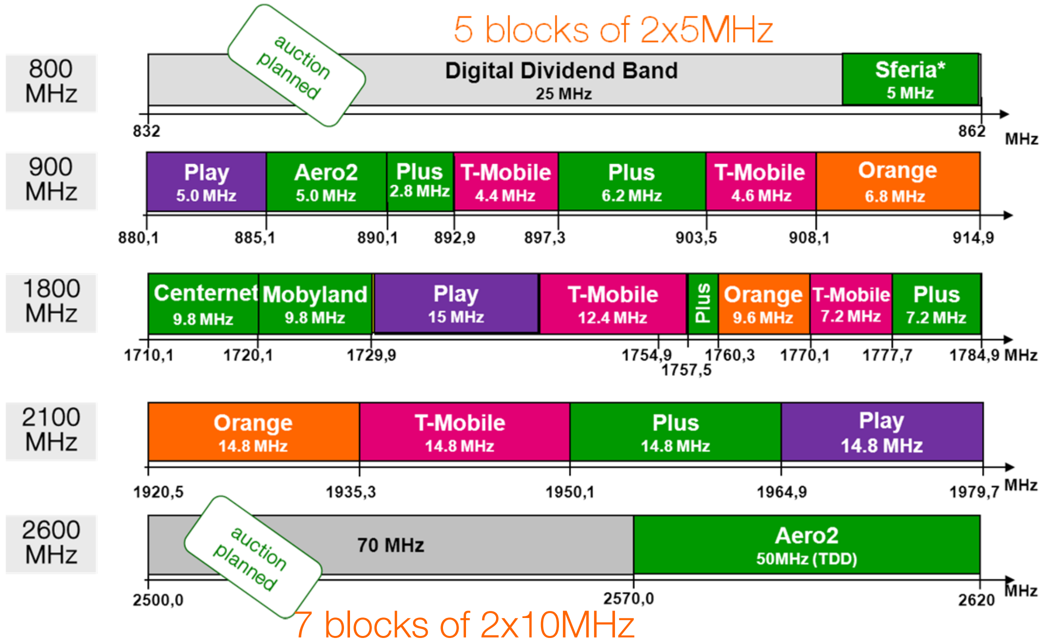
sequential growth in number of nju.mobile customers, as we continue to exploit the low-price market segment



insight

- 203,000 customers in five months since the product launch
  - including 52,000 post-paid clients
- 2/3 post-paid clients new to Orange
- nju mobile is cost effective:
  - there is no handset subsidies
  - sales and customer care are made online
- key offer features not fully matched by competition

800MHz and 2,600MHz spectrum auction is taking shape



proposed conditions

- price auction (simultaneous multiple rounds ascending)
- starting price per one block:
  - PLN 250mn in 800MHz
  - PLN 50mn in 2,600MHz
- max 2 blocks in 800MHz can be bought by any single capital group
- one operator can own max. 40MHz in total of 800MHz+900MHz
- >PLN 250mn telecom investments in 2009-2012 required to participate
- investment obligation
  - 4G service launch within 1 year
  - 90% of white spots to be covered within three years
- spectrum reservation and payment expected in 1H2014

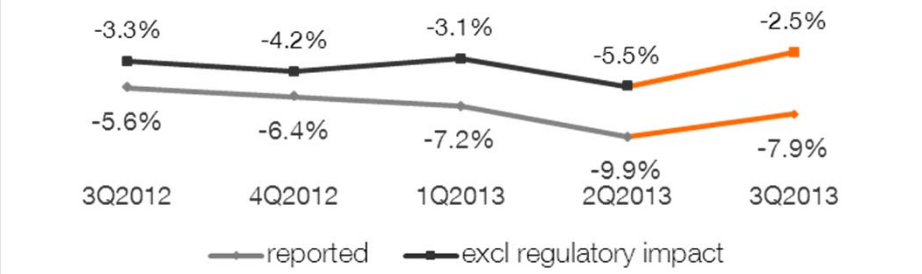
* according to the settlement between Sferia and the Ministry of Administration and Digitalization

2 financial review

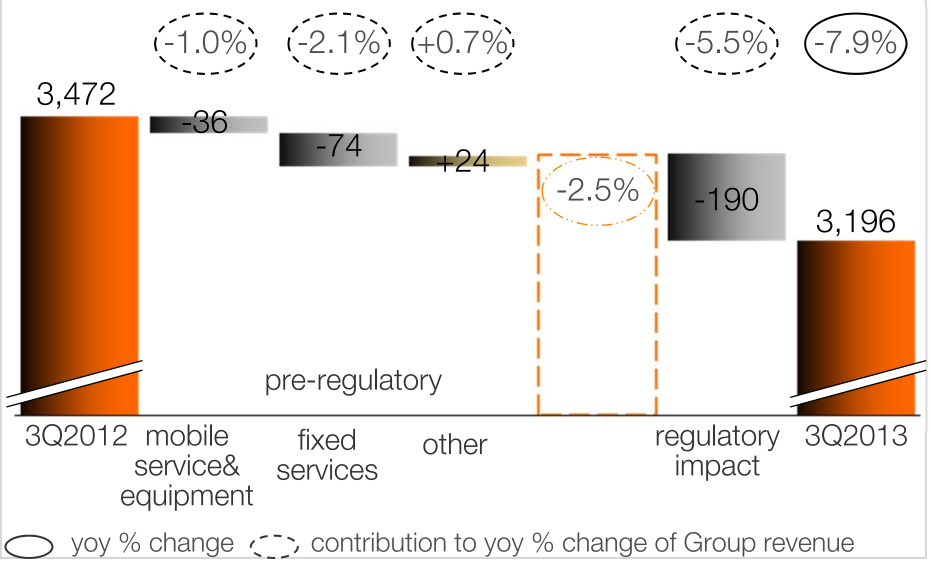
Jacques de Galzain
chief financial officer

Group's revenue trend stabilising ex-regulatory impact

Group revenue evolution (year-on-year)



Group revenue evolution (in PLN mn)

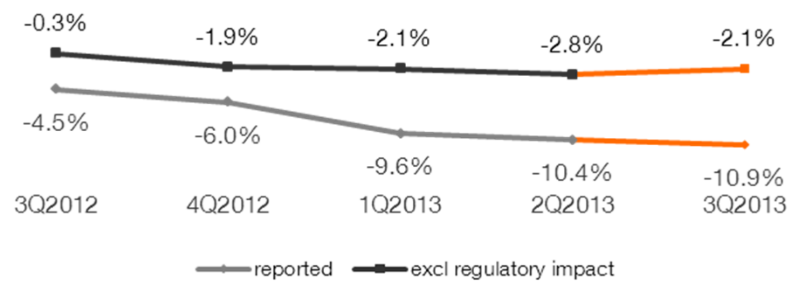


insight

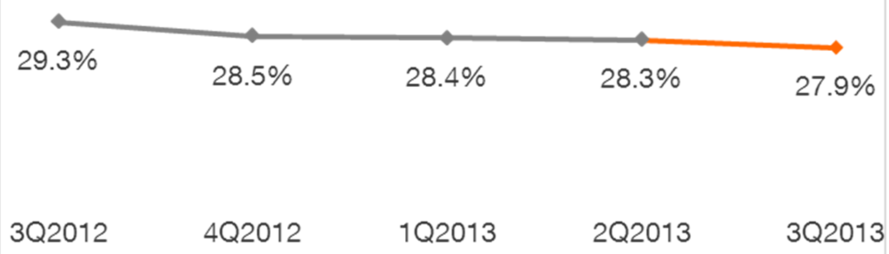
- reported 3Q revenue driven down by -5.5% annual impact of regulations:
  - PLN -157mn due to MTR cuts
  - PLN -33mn due to EU roaming rate cut and others (inc F2M)
- 3Q revenue from mobile services down by PLN 36mn year-on-year excl. regulatory:
  - customer base +2.5% year-on-year, but
  - retail ARPU down by 5.2% year-on-year
- decline of fixed service revenues ex regulatory impact limited in 3Q to PLN 74mn year-on-year vs. PLN 172mn in 2Q

3Q mobile revenue limited to PLN 36mn year-on-year excl. regulatory impact vs. PLN 51mn decline in 2Q

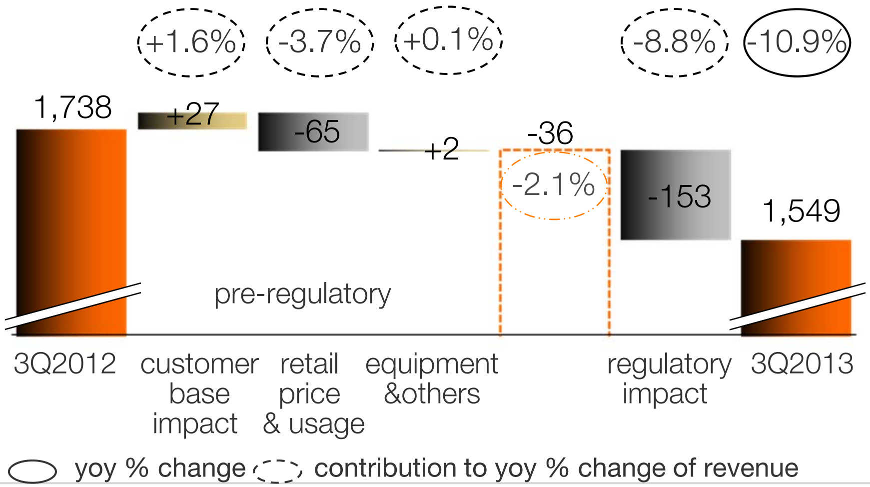
mobile services & equipment revenue evolution (year-on-year)



Orange value market share*



mobile services & equipment revenue evolution (in PLN mn)



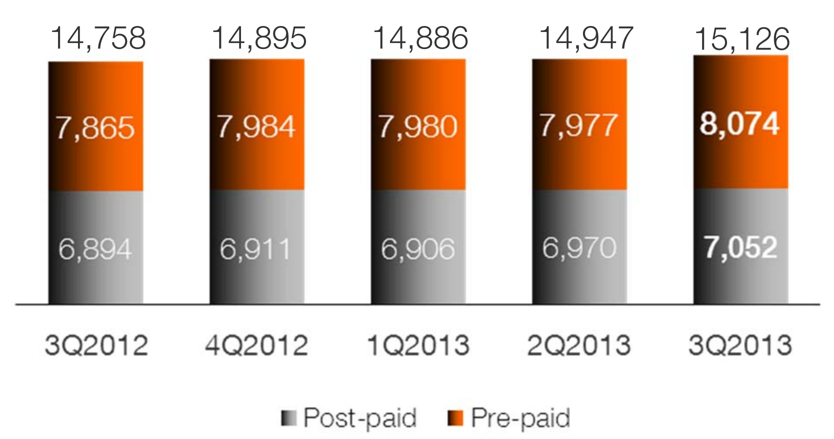
insight

- value market share at 27.9%
- excluding regulatory impact, revenue down by 2.1% year-on-year, due to price pressure for mobile voice and SMS
- regulatory impact of PLN 153mn, including the cut of the voice MTR to PLN 0.0429 from July 1

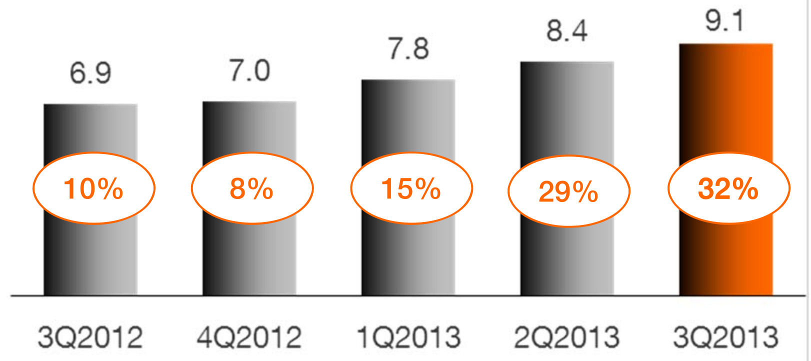
*company's estimation, taking into account total turnover of the Polish mobile operators

179,000 additional mobile customers in 3Q drive the annual growth rate to 2.5%

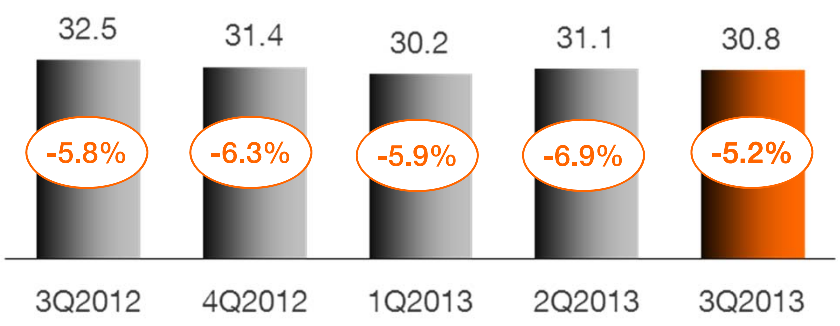
mobile customer base (in '000)



post-paid data ARPU (PLN/month) y-o-y



retail (outgoing) mobile ARPU (PLN/month) y-o-y

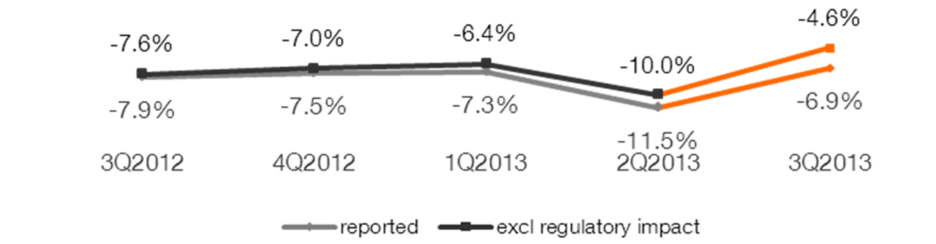


insight

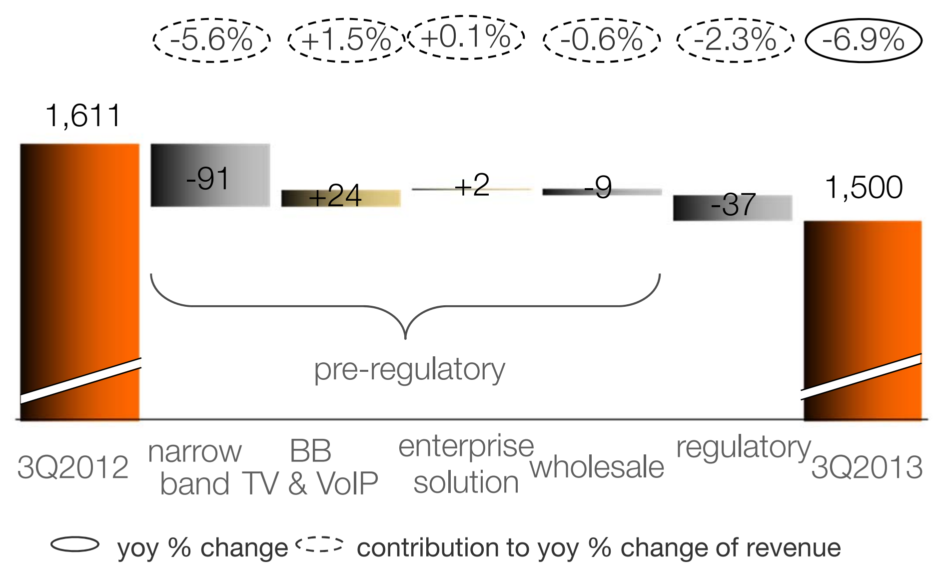
- customer base up by 179,000 since 2Q:
  - 82,000 post-paid net additions in 3Q
  - 97,000 net additions in prepaid in 3Q
- the number of mobile customers is up by 368,000 year-on-year
- retail ARPU is decreasing at a slower pace, thanks to the growth in data
- post-paid data ARPU + 32% up year-on-year, driven by over 3.6mn smartphones

slowdown in the fixed services revenue decline

fixed services revenue evolution y-o-y (in%)



fixed services revenue evolution (in PLN mn)

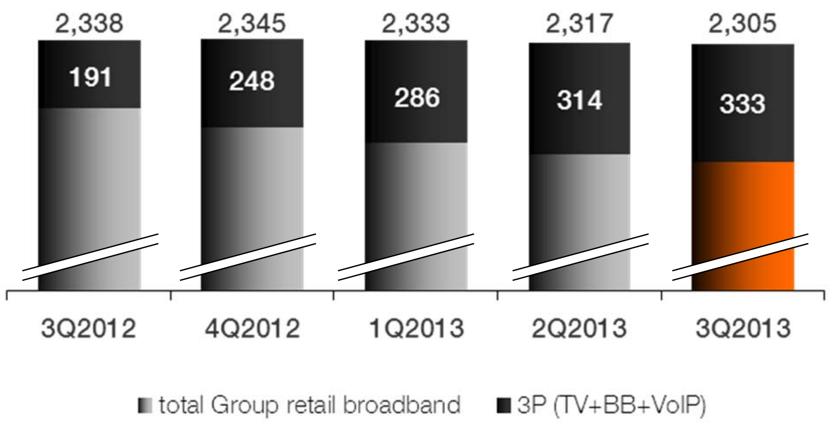


insight

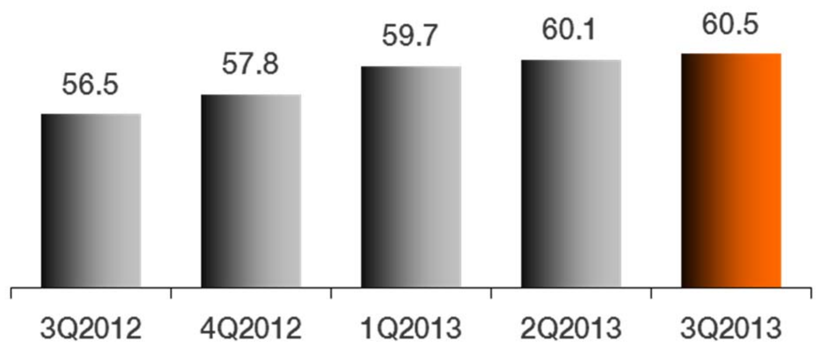
- slowdown of narrowband fixed voice revenues decline excl. regulatory impact:
  - PLN -91mn year-on-year in 3Q
  - PLN -110mn year-on-year in 2Q
  - PLN -121mn year-on-year in 1Q
- revenues from enterprise solutions stable year-on-year after a drop in Q2
- broadband, TV & VoIP revenues up by PLN 24mn year-on-year, driven by growth in ARPU
- regulatory impact includes F2M price adjustments, made mostly in May 2013

fixed broadband revenues 6% up year-on-year, due to good ARPU dynamics

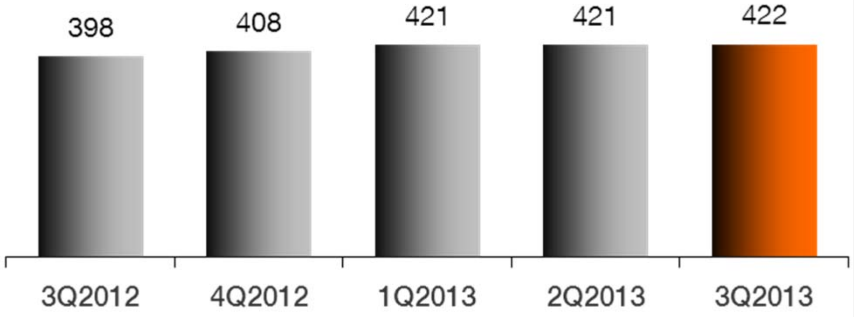
Group retail broadband accesses (in '000)



ARPU (broadband, TV, VoIP) evolution (in PLN)



fixed broadband, TV and VoIP revenue evolution (in mPLN)

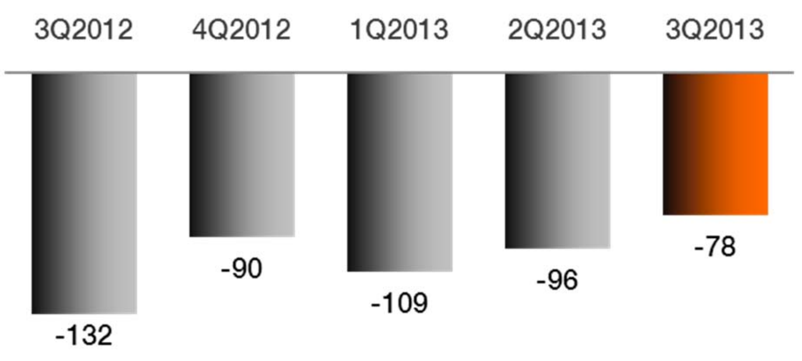


insight

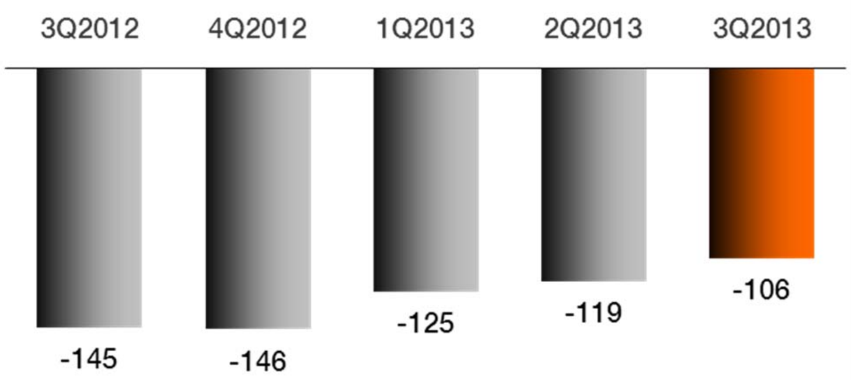
- revenues up by PLN 24mn year-on-year
- 7.1% annual growth of the ARPU, due to:
  - progressive increase in average speed
  - continued upsell of TV and VoIP
- customer base 12,000 down since 2Q due to:
  - churn of CDMA and BSA based products
  - despite small growth of Neostrada and 13,000 VDSL clients added in 3Q

sequential improvement in fixed voice dynamics

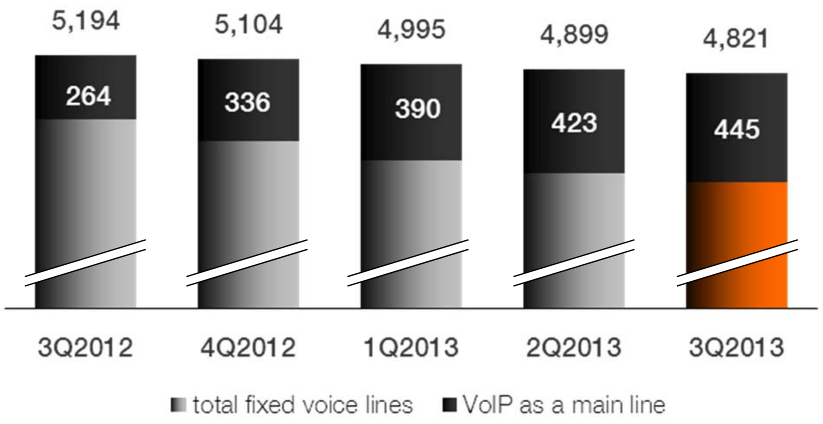
quarterly evolution of fixed voice lines (in '000)



fixed voice revenue year-on-year* (in mPLN)



retail fixed voice lines evolution (in '000)



insight

- slowdown in fixed voice customer erosion, due to:
  - competitive POTS offers (e.g. unlimited)
  - upsell of VoIP to the bundled offer (445,000 VoIP lines)
  - fixed voice included within Orange Open
- slower decline of fixed voice revenues, in line with the customer dynamics

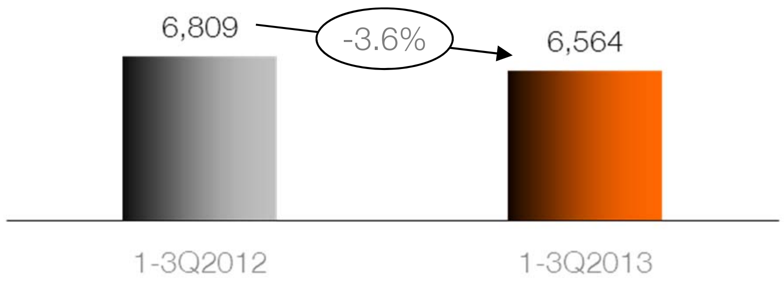
* excluding VoIP revenues which are included in broadband revenues

cost optimisation fuelled with new projects, as we defend profitability

- ongoing employment optimisation
  (active full time equivalents)

- 1,329 FTEs reduction out of 1,700 assumed in the social plan executed
- new headquarters: PLN 19mn yearly savings from 4Q 2013 onwards
- 54 less points-of-sale since 3Q last year
- share of online sales at 13.7% vs. 9.2% a year ago (consumer market)

total costs up to EBITDA (PLN mn)

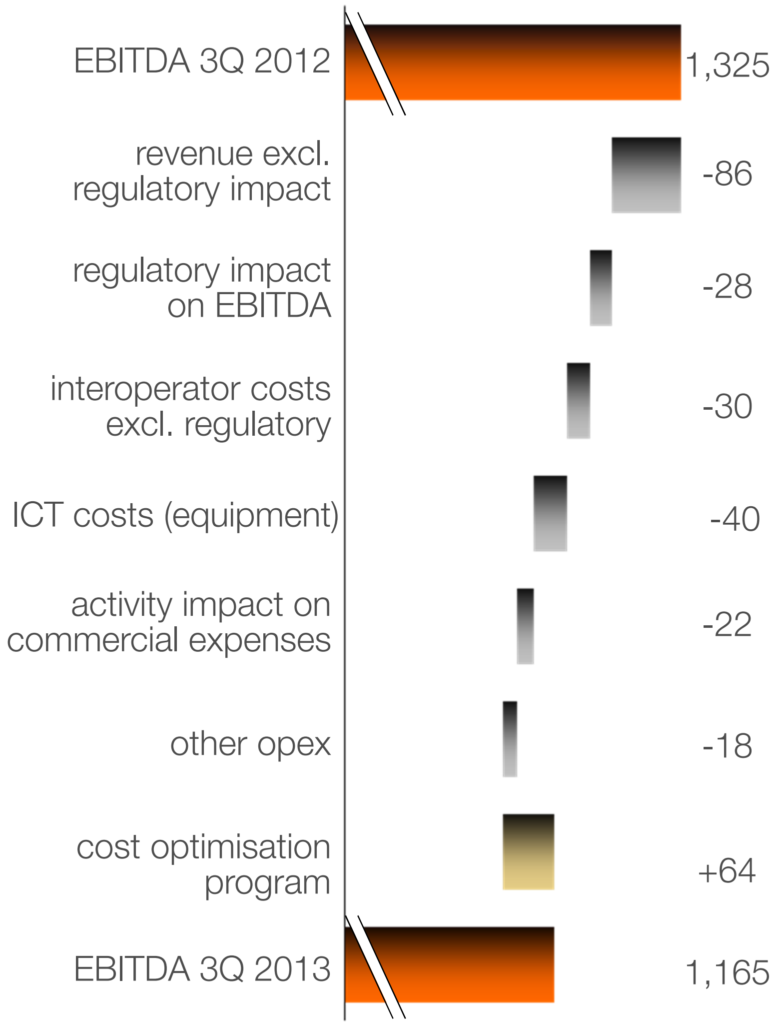


going forward

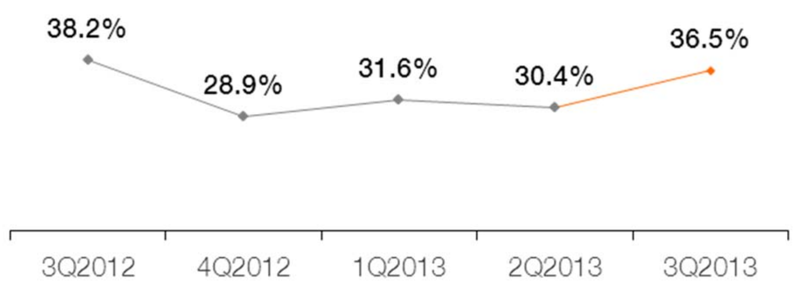
- 371 employees to leave the Group in 4Q 2013
- we will negotiate further workforce optimisation
- disposal of Wirtualna Polska
- TPSA/PTK merger expected to be approved by EGM on November 7, and finalised in 4Q

EBITDA margin at 36.5% in 3Q 2013

Group EBITDA evolution (in PLN mn)



Group EBITDA margin (in %)

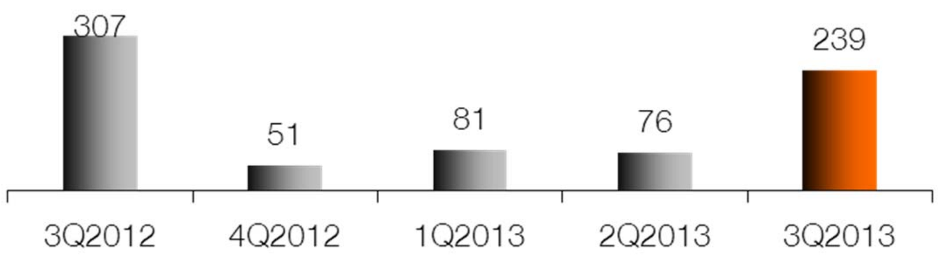


insight

- smaller revenue drag on EBITDA, versus PLN -200mn in 2Q and PLN -108mn in 1Q
- regulatory impact due to price cuts in F2M and EU roaming
- interconnect costs (ex-MTR) driven up by unlimited mobile plans
- higher ICT costs correspond to PLN +48mn growth of revenues from ICT
- PLN 64mn cost savings in 3Q bring the year-to-date total to PLN 157mn

net income significantly up since 2Q, due to higher EBITDA

net income per quarter (in PLN mn)



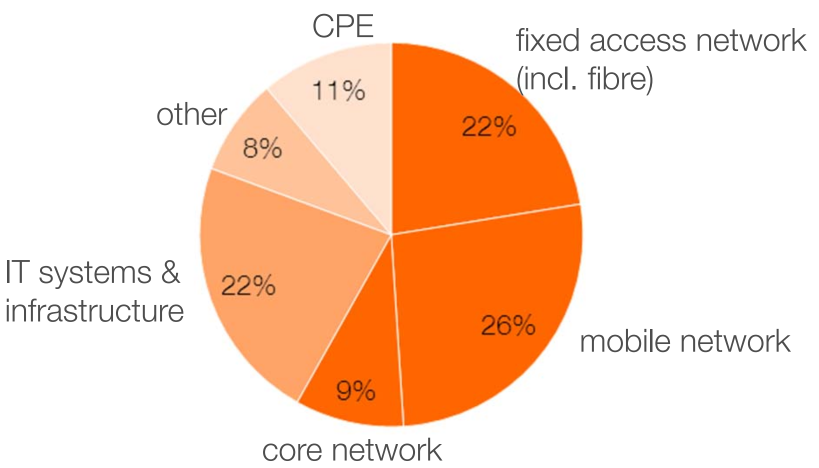
in million PLN	YTD2012	YTD2013	3Q2012	3Q2013
EBITDA	3,850	3,202	1,325	1.165
depreciation and amortization	*-2,454*	*-2,349*	-801	*-775* 1
impairment of non-current assets	*-11*	*-4*	-1	*0*
operating income	1,385	849	523	390
net financial costs	*-381*	*-360*	-146	*-118* 2
of which foreign exchange gains / (losses)	22	-2	8	-4
income tax	*-200*	*-93*	-70	*-33*
net income	804	396	307	239
as % of revenues	7.5%	4.1%	8.8%	7.5%

1 underlying trend of declining depreciation

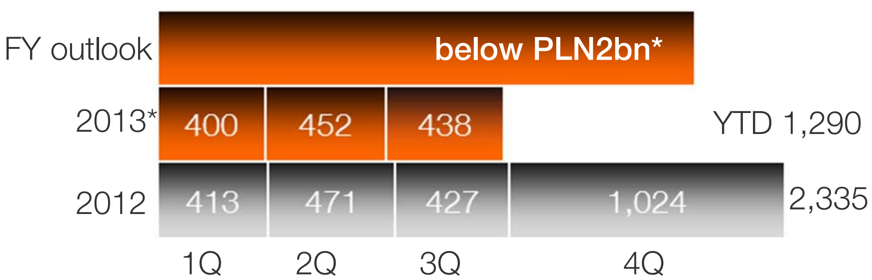
2 financial costs down due to lower interest rates

capital expenditure* in line with the outlook for 2013

key investment areas year-to-date (in %)



capital expenditure* vs. FY outlook (in PLN mn)



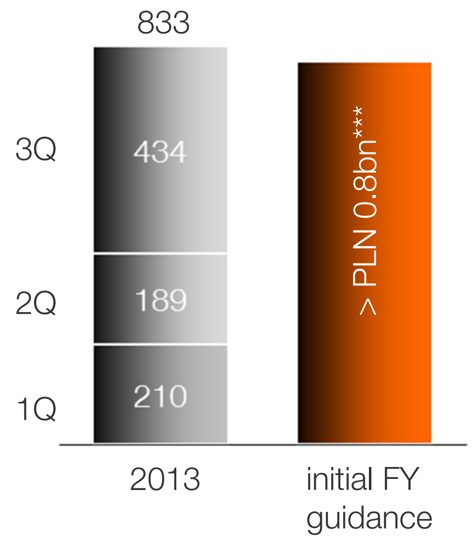
insight

- 57% of the year-to-date capex* has been spent on network investments
- 26% of capex* spent on mobile network, as the RAN co-use program accelerates
- investments as part of the MOU with UKE have been completed
- capex* in line with the guidance for 2013, more even phasing between quarters is expected versus 2012
- intangible asset recognised in relation to 1,800MHz spectrum – the contract is payable over 14.5 years

* excluding spectrum acquisition , change in consolidation scope and impact of risk and litigation

floor guidance of ‘above PLN 800mn’ Organic Cash Flow already delivered

in million PLN	YTD2012 excl. DPTG**	YTD2013	change	3Q2012	3Q2013	change
cash from operating activities before income tax paid and change in working capital	3,532	2,658	-874	1,230	1.069	-161
change in working capital	-302	-108	+194	-125	-72	+53
CAPEX*	-1.297	****-1,543	-246	-428	****-687	-259
CAPEX payables	-902	****-156	+746	-348	****129	+477
income tax paid	-13	-70	-57	-14	-15	-1
sales of assets	42	52	+10	6	10	+4
organic cash flow	**1.060**	**833**	**-227**	**321**	**434**	**+113**
as % of revenues	*9.9%*	*8,5%*	*-1.4 ppts*	*9.2%*	*13.6%*	*+4.4 ppts*



* excluding capex financed by lease and including exchange rate effect on derivatives economically hedging capital expenditures, net
** According to the settlement signed Jan. 12, 2012, TP S.A. paid DPTG a total of €550mn (PLN 2,449mn o/w change in provisions PLN -2,167mn and change in working capital PLN -282mn)
*** excluding spectrum acquisition made in 2013, change in consolidation scope and impact of risk and litigation
**** including PLN254mn on spectrum acquisition made in 2013 which increases capex and decreases cash outflow for capex payables and is neutral for organic cash flow

3 conclusion

Bruno Duthoit
chief executive officer

comments on 2013 guidance and conclusions

		initial full year guidance	YTD status	comments
guidance	Organic Cash Flow	▪ above PLN 0.8bn* in 2013	PLN +0.83bn	▪ floor guidance delivered in advance ▪ we anticipate at least PLN 1bn* Organic Cash Flow in FY 2013

conclusions

- resilient operating performance allowed for PLN 833mn of Organic Cash Flow year-to-date
- capex will be maintained below PLN 2bn in 2013, excluding spectrum acquisition
- we still observe very challenging and dynamic competitive environment, which may affect the future
- 4Q is characterised by seasonally higher commercial spending and lower EBITDA
- we have full confidence in quality of our assets to support the medium term strategy and our recovery

* excluding spectrum acquisition made in 2013, change in consolidation scope and impact of risk and litigation

4 Q&A session

glossary (1/3)

4G	fourth generation of mobile technology, sometimes called LTE or Long Term Evolution
ARPL	Average Revenue per Line
ARPU	Average Revenue per User
AUPU	Average Usage per User
BSA	Bit Stream Access
CATV	Cable Television
Catch-up	A type of VoD where broadcasters make programming available for streaming
CPE	Customer-premises equipment
DSLAM	Digital Subscriber Line Access Multiplexer
DTH	Direct To Home
DVB-T	Digital Video Broadcasting - Terrestrial
DVB-H	Digital Video Broadcast - Handheld
EBITDA	Operating income + depreciation and amortization + impairment of goodwill + impairment of non-current assets
F2M	Fixed to Mobile Calls
FTE	Full time equivalent
FTTH	Fiber To The Home

glossary (2/3)

HSPA	High Speed Packet Access
HSPA DC	High Speed Packet Access Dual Carrier
ICT	Information and Communication Technologies
IP TV	TV over Internet Protocol
IVR	Interactive Voice Response
Liquidity Ratio	Cash and unused credit lines divided by debt to be repaid in the next 18 months
LLU	Local Loop Unbundling
LTE	Long Term Evolution *(4G)*
LTO	Local Telecommunication Operator
MoU wth UKE	Memorandum of Understanding signed with UKE
MTR	Mobile Termination Rates
MVNO	Mobile Virtual Network Operator
Net gearing	net gearing after hedging ratio = net debt after hedging / (net debt after hedging + shareholders' equity)
NGA	Next Generation Access
NGN	Next Generation Network

glossary (3/3)

Organic Cash Flow	Organic Cash Flow = Net cash provided by Operating Activities – (CAPEX + CAPEX payables) + proceeds from sale of assets
POS	Point-Of-Sale
POTS	Plain Old Telephone Service
PVR	Personal Video Recorder
RIO	Reference Interconnection Offer
RLLO	Reference Leased Line Offer
SAC	Subscriber Acquisition Costs
SARC	Subscription Acquisition and Retention Costs
SMP	Significant Market Power
USO	Universal Service Offer
UKE	Office of Electronic Communications - Regulator
VAS	Value Added Services
VoIP	Voice over Internet Protocol
WLL	Wireless Local Loop - a term for the use of a wireless communications, the "first mile"
WLR	Wholesale Line Rental