

**Current report (18/2017),
Orange Polska S.A. – Warsaw, Poland
4 September 2017**

Pursuant to Art. 17 clause 1 of the Regulations (eu) no 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, the Management Board of Orange Polska S.A. (“Orange Polska”) hereby announces new strategic plan for years 2017-2020.

Orange Polska announces *Orange.one*: new strategic plan for long-term value creation

Orange.one represents an intensification of existing medium-term initiatives and articulates the company’s strategic vision to 2020.

Orange Polska aims to become Poland’s telecommunications operator of first choice for consumers and businesses at the same time as creating a company business model that will generate sustainable sales and profit growth.

The new *Orange.one* strategic plan expects to achieve these objectives by developing an unmatched quality of services and products, supported by a comprehensive development of its fibre network and digital capabilities, and by increasing significantly its operational effectiveness and efficiency.

CEO Jean-François Fallacher commented:

“The positive results of the action plan announced in February 2016 have convinced us that we are on the right track to turn our company around. With *Orange.one*, we are now taking this strategy to the next level. I would call it a new momentum. We want to achieve more than a turnaround; we want to establish a business model that will help create value over the longer term.

To achieve this goal, we will need better execution, clearer focus and more speed and agility. All our decisions and actions will be driven by value creation. All customer propositions will be driven by simplicity and consistency.

Consumers expect a digital experience from their service providers while businesses need a trusted and competent partner to help them manage the challenges and leverage the opportunities of a digital world.

As a result, we will continue to invest in our fibre network to become the undisputable leader in high-speed connectivity in Poland, further push convergence as a key proposal for Polish households and small businesses as well as develop the digital capabilities of our sales organisation and distribution channels.

In order to fund these value-creating investments, we need to improve our operating efficiency, by focusing only on activities that generate value and by optimising our cost structure.

In this way, we aim to achieve sustainable growth of both our revenues and our EBITDA from 2020. In parallel, we will develop and grow new and adjacent areas to lay the foundations for profitable growth beyond 2020.”

As part of its *Orange.one* strategy, Orange Polska has published new business objectives for 2020 and revised medium-term financial guidance:

Selected business objectives by 2020

Business-to-Consumer

- Increase of convergent customer base by an additional 1 million to 1.5 million by the end of 2020 (vs. 858,000 in 1H2017)
- Increase of fibre customer base 5-6 times by the end of 2020 (vs. 140,000 in 1H2017)
- Increase of TV customer base by an additional 300,000 to 600,000 by the end of 2020 (vs. 792,000 in 1H2017)
- Achieving number one position in NPS (Net Promoter Score) ranking on the Polish market by 2020

Business-to-Business

- Reaching 55% of convergent customers in SOHO/SME segment by the end of 2020 (versus 24% in 1H2017)
- Increase of mobile handset customer base by an additional 600,000 by the end of 2020 (versus 2.4 million in 1H2017)
- Achieving number one position in NPS (Net Promoter Score) ranking on the Polish market by 2020

Key financial targets 2017-2020

- Sales revenues stabilisation in 2019 and growth afterwards, driven by
 - significant growth of convergent customer base and convergent services,
 - more focus on value generation,
 - successful development and high growth of adjacent business areas (ICT, Orange Energy, Orange Finance, Orange Smart Care, sales of devices), and
 - diminishing share of legacy services in total revenues
- EBITDA stabilisation in 2018 and growth afterwards driven by
 - improving revenue trend,
 - operating leverage
 - and continued cost optimisations (reduction of underlying indirect costs by 12-15% by 2020 versus 2016)
- Capex PLN 2.0-2.2 billion in 2018 and capex ambition of PLN 2.0-2.2 billion in 2019 and ca. PLN 2 billion in 2020, reflecting connectivity programme and business transformation needs
 - Includes ambition to spend c. PLN 2.8 billion for fibre network deployment (2018-2020) to cover more than 5 million households by the end of 2020
- 2017 guidance confirmed:
 - Adjusted EBITDA in range of PLN 2.8-3.0bn
 - Net debt to adjusted EBITDA not higher than 2.6x

CEO Jean-François Fallacher concluded:

“Our goals are ambitious. However, we are determined to succeed and, with *Orange.one*, we are confident that we are putting into place the right plans, the right structures and the right resources.

Thanks to the new share-based incentive scheme that was also announced today, Orange Polska management is now fully aligned with the *Orange.one* sales and profit growth objectives.

As we deliver over the coming months and years against our sustainable value creation agenda, we hope and expect that this will be reflected in the share price of Orange Polska.”