Current Report (20/2018)
Orange Polska S.A., Warsaw, Poland
24 July, 2018

Pursuant to Article 17(1) of the Regulation (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. hereby provides selected financial and operating data related to the activities of the Orange Polska Capital Group ("the Group", "Orange Polska") for 2Q 2018.

Disclosures on performance measures, including adjustments, are presented in the Note 2 to Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2018 (available at http://orange-ir.pl/results-center/results/2018).

Orange Polska in 2Q 2018 reports record high growth of fibre customer base. EBITDA trend reflects strong positive impact of cost optimisations and deferred assets sales

key figures (PLN million)	**1H 2018 (IFRS15)**	**1H 2018 (IAS18)**	**1H 2017 (IAS18)**	**change (IAS18)**	**2Q 2018 (IFRS15)**	**2Q 2018 (IAS18)**	**2Q 2017 (IAS18)**	**change (IAS18)**
revenue	5,416	5,532	5,657	-2.2%	2,706	2,766	2,839	-2.6%
EBITDA	1,383	1,531	1,560	-1.9%	709	785	812	-3.3%
EBITDA margin	25.5%	27.7%	27.6%	+0.1pp	26.2%	28.4%	28.6%	-0.2pp
adjusted EBITDA[1]	1,383	1,531	1,568	-2.4%	709	785	820	-4.3%
adjusted EBITDA margin[1]	25.5%	27.7%	27.7%	0.0pp	26.2%	28.4%	28.9%	-0.5pp
operating income	106	254	278	-8.6%	73	149	169	-11.8%
net income/loss	-66	54	110	-50.9%	-16	46	71	-35.2%
capex	971	971	822	+18.1%	583	583	437	+33.4%
adjusted capex[1]	939	939	822	+14.2%	551	551	437	+26.1%
organic cash flow	-187	-187	-36	n/a	-32	-32	218	n/a
adjusted organic cash flow[1]	-181	-181	-36	n/a	-29	-29	218	n/a

Evolution of business trends is presented under the old IAS18 accounting standard. The new accounting standard, IFRS15, has been implemented by Orange Polska prospectively i.e. no comparative figures for past years restated to IFRS15 are provided. In the opinion of the Company, such an approach assures continuity of performance vis-a-vis the recently announced strategy and already known business trends.

[1] please refer to adjustment table on p.5

KPI (‘000)	2Q 2018	2Q 2017	Change
convergent customers (B2C)	1,137	858	+32.5%
mobile accesses (SIM cards)	14,484	14,555	-0.5%
post-paid	9,790	9,573	+2.3%
pre-paid	4,694	4,983	-5.8%
fixed broadband accesses (retail)	2,506	2,323	+7.9%
fixed voice lines (retail)	3,541	3,809	-7.0%

2Q 2018 highlights:

- **Adjusted EBITDA[2] (under IAS18 accounting) down 4.3% year-on-year, mainly reflecting:**
  - **Good underlying trends (excluding gain on sales of assets, adjusted EBITDA is up 2.5% year-on-year)**
  - **Strong support from business transformation resulting in a 10% yoy decrease in indirect costs**
  - **Longer-than-expected negotiations on real estate disposals**
- **Full-year adjusted EBITDA guidance at around PLN 3.0 billion under IAS18 and PLN 2.75 billion under IFRS15 confirmed**

- **Revenue down 2.6% yoy (under IAS18 accounting), reflecting:**
  - **Strong growth rate of convergence revenues, IT/IS and mobile wholesale**
  - **Lower equipment sales reflect lower volumes of handsets sold**
  - **Ongoing pressure on legacy areas**

- **Strong commercial performance in convergence, fibre and TV:**
  - **33% yoy growth of B2C convergent customers, +47k net adds in 2Q**
  - **97% yoy growth of fibre customers, +39k net adds in 2Q, the best ever quarterly customer take-up (adoption rate at 9.8%)**
  - **14% yoy growth of TV customers, +25k net adds in 2Q**
- **Evolution of mobile-only and fixed broadband-only customers reflects focus on convergence and value**
  - **Effective retention actions limit decline of mobile-only post-paid**
  - **+73k net additions in pre-paid**

- **Adjusted capex[2] at PLN 551m, up 26% yoy, reflecting high spending on fibre network roll-out and higher capex for mobile**
- **Above 2.9m households connectable with fibre at the end of June (228k added in 2Q)**
- **Wholesale deal signed with T-Mobile to improve monetisation of investments in fibre network and promote fibre as superfast broadband technology**
- **Adjusted Organic Cash Flow[2] at PLN -29m reflects mainly high capex of the quarter and low proceeds from sales of assets**

[2] please refer to adjustment table on p.5

Commenting on 2Q 2018 performance, Jean-François Fallacher, Chief Executive Officer, said:

"It was a very good quarter for our fibre sales, despite the fact that the lower number of working days as well as the newly introduced trading ban on some Sundays did not help overall commercial activity. Fibre customer net additions came in at 39k, our best quarterly achievement ever. Once again, more than 80% of gross additions were new customers for Orange, proving that we continue to win back market share from other operators. The fibre service adoption rate is now close to 10% and as of today it is available in almost 3 million Polish households. Convergence penetration keeps on increasing in all our key services. Every convergent customer uses on average four services and pays us more than PLN 100 a month. This average revenue per customer has now stabilised, thanks to effective upsell (each customer accounts for 1.8 SIM cards) and the value-oriented changes we introduced with the Orange Love offer.

Orange Polska's second quarter results were greatly supported by the effects of our transformation initiatives. Cost optimisations on this scale would not be possible without the simplification of business processes in all areas of our operations. It is a huge effort for which I would like to thank our entire organisation. In 2H we will concentrate on preparing for further optimisation initiatives that will bear fruit in 2019.

We are very pleased that we reached an agreement with T-Mobile on access to our fibre network. The deal will escalate convergence on fibre technology in Poland and will enable faster monetisation of our investments.

It is now almost a year since we announced our Orange.one strategy. I can confirm that we continue to follow it in every aspect, and even though the market remains very competitive we are on track with our turnaround ambitions."

Financial Review

Revenues down by 2.6% year-on-year

Revenues (under IAS18 accounting) totalled PLN 2,766 million in 2Q, down 2.6% or PLN 73 million year-on-year but flat quarter-on-quarter. There were five main factors influencing the revenue trend.

Firstly, high growth of revenues from convergent services (34% year-on-year) driven by robust customer growth and upsell of new services. Secondly, revenues from mobile-only and fixed broadband-only services declined (15% year-on-year) as a result of migration to convergence, value focus reflected in service pricing and market competition.

Thirdly, revenue performance in 2Q was affected by lower equipment sales as saturation of customer base by instalment offers and cut in subsidies translated into lower volumes of handsets sold. Fourthly, another very strong quarter for IT/IS growing 33% year-on-year driven by service contracts to large customers and growing orders from public sector. Finally, wholesale revenues benefitted from a national roaming contract with Play and support from international interconnect.

Commercial performance reflects focus on convergence and value

Our commercial activity is focused on delivering a package of mobile and fixed services, which we define as convergence. It is our competitive edge, it constitutes a good customer loyalty tool and it allows us to upsell more services, winning a higher share of household media and telecom budgets.

In 2Q our B2C convergent customer base increased by 47,000 or 33% year-on-year. At the end of June, 54% of our B2C broadband customers were convergent versus 43% a year ago. In B2C mobile handset customer base, penetration of convergence increased to 42% versus 31% at the end of June 2017. The total number of services used by B2C convergent customers reached 4.7 million, which implies that on average every customer uses more than four services. The year-on-year fall of average revenue per convergent offer (ARPO) was contained to just 2.5% in 2Q after it fell more than 10% in 1Q. This improved trend is a result of the value oriented changes in the Orange Love offer, growing upsell of TV services as well as additional mobile SIM cards.

Total fixed broadband customer base increased by 29,000 in 2Q or 8% year-on-year. It is driven by an attractive convergent offer and technological transformation. The share of ADSL customers stood at only 49% at the end of June versus 61% a year ago. Fibre customer base almost doubled year-on-year and added 39,000 in 2Q, which was the highest ever quarterly result. Our non-convergent broadband customer base continues to shrink as a result of migration to convergence but also due to churn. Drop of ARPO from broadband-only services was contained to just 1% year-on-year as a result of growing share of fibre customers and better trend on the business market.

Our pay-TV customer base continued to strongly expand following improvements in our content value proposition and focus on convergence. With net additions of 25,000 in 2Q, it reached 900,000 and increased 14% year-on-year.

Total number of mobile services increased by 116,000 in 2Q, the most in many quarters, mainly owing to improvement in pre-paid. Pre-paid customer base grew almost 2% versus 1Q as a result of attractive customer proposition and diminishing effects of the registration obligation.

Post-paid customer base increased by 43,000 in 2Q 2018. In handset offers, net customer additions of 48,000 reflected the shift from volume to value in the commercial approach and focus on convergence. Mobile broadband customer base fell another quarter in a row, again driven by the shift to wireless for fixed offers and growing data packages for smartphone usage available in handset tariffs. Similarly to broadband, evolution of non-convergent mobile customer base is influenced by migration to convergence and market competition.

In fixed voice, the net loss of lines was broadly stable at 72,000 in 2Q. This is attributable to growth of VoIP services, which are part of the Orange Love package. Excluding VoIP services, the loss of lines accelerated, as it is affected by structural negative market trends.

Adjusted EBITDA[3] down 4.3% year-on-year, reflecting costs optimisations and lower gain of sales of assets

EBITDA for 2Q 2018 came in at PLN 785 million (under IAS18 accounting) and was down 4.3% year-on-year. The year-on-year evolution was affected by lower gains of sales of assets due to longer-than-expected negotiations regarding real estate disposals. Excluding this factor, EBITDA is higher by 2.5%. A decrease in direct margin was more than offset by indirect cost optimisations. Indirect costs were down 10% year-on-year. It was a consequence of numerous transformation actions launched in many areas of operations (e.g. labour, sales & customer care, IT, network, property expenses, general expenses) resulting in simplification and automation of business processes.

Net income evolution reflects lower operating income

Net income for 2Q 2018 stood at PLN 46 million (under IAS18 accounting) versus PLN 71 million in 2Q 2017. The decline is almost entirely attributed to lower operating income. Net financial expense was flat year-on-year.

Adjusted Organic Cash Flow[3] at PLN -29 million

Adjusted organic cash flow for 2Q 2018 came in at PLN -29 million, down versus PLN 218 million in 2Q 2017 but up versus PLN -152 million in 1Q 2018. There were three main reasons behind the year-on-year decline. Firstly, operating cash flow came in at PLN 468 million in 2Q 2018, down PLN 95 million year-on-year, mainly due to higher severance payments resulting from implementation of the new Social Agreement and higher payments related to roaming. Secondly, capital expenditure cash outflows were PLN 502 million in 2Q 2018, up PLN 80 million year-on-year, as a result of high capex of the current quarter. Finally, proceeds from sale of assets came in at PLN 72 million below last year.

Commenting on 2Q 2018 results, Maciej Nowohoński, Chief Financial Officer, said:

“Our financial performance in 2Q was mainly influenced by three developments. Firstly, the very strong positive impact of cost optimisations translated into 10% year-on-year lower indirect costs. Secondly, our revenue trend on one hand was supported by strong growth in convergence, IT/IS

[3] please refer to adjustment table on p.5

and wholesale but on the other hand was affected by the decrease in equipment sales due to the lower volume of sales acts. Finally, negotiations on real estate disposals are taking longer than we expected, which affected both EBITDA trend and cash generation.

Our underlying business trends after first half of the year are stable and in line with our expectations. First half EBITDA constitutes slightly more than half of our full-year plan. We reiterate our full-year adjusted EBITDA guidance at around PLN 3.0 billion under IAS 18 and PLN 2.75 billion under IFRS 15."

Adjustments to financial data

in PLNm	2Q'18 IFRS15	2Q'18 IAS18	2Q'17 IAS18	1H'18 IFRS15	1H'18 IAS18	1H'17 IAS18
Revenue	2,706	2,766	2,839	5,416	5,532	5,657
	0	0	0	0	0	0
Adjusted revenue	2,706	2,766	2,839	5,416	5,532	5,657
EBITDA	709	785	812	1,383	1,531	1,560
– Employment termination expense	0	0	8	0	0	8
Adjusted EBITDA	709	785	820	1,383	1,531	1,568
Capital expenditures	583	583	437	971	971	822
– Telecommunication licenses**	-32	-32	0	-32	-32	0
Adjusted capital expenditures	551	551	437	939	939	822
Organic cash flow	-32	-32	218	-187	-187	-36
– Investment grants received/paid to fixed assets suppliers*	3	3	0	6	6	0
Adjusted organic cash flow	-29	-29	218	-181	-181	-36

* relates to EU subsidies for the Digital Poland Operational Programme (POPC)

** capitalised future payments for T-Mobile related to usage of the 900 MHz frequency until 2020

Forward-looking statement

This press release 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', 'adjusted' 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 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.

Orange Polska's Management Board is pleased to invite you to the Company's 2Q 2018 results presentation.

Orange Polska 2Q 2018 Results Presentation

Wednesday 25th July 2018

Venue address:
Orange Polska
Aleje Jerozolimskie 160,
(Conference room - ground floor)
02-326 Warsaw, Poland

Start: 11.00 CET

The presentation will also be available via a live webcast on our website and via a live conference call:

Time:
11:00 (Warsaw)
10:00 (London)
05:00 (New York)

Conference title:
Orange Polska 2Q 2018 Results Conference Call

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Orange Polska Group Consolidated

amounts in PLN millions	2017				2018			
	1Q	2Q	3Q	4Q	1Q		2Q	
Income statement	as reported (IAS18)	as reported (IAS18)	as reported (IAS18)	as reported (IAS18)	IFRS15	IAS18	IFRS15	IAS18
Revenues								
Mobile services only	875	879	825	794	688	747	682	729
Fixed services only	721	688	681	658	627	636	628	634
Narrowband	333	317	308	299	287	287	275	276
Broadband	272	257	258	246	232	241	233	238
B2B Network Solutions	116	114	115	113	108	108	120	120
Convergent services B2C	233	256	279	300	291	321	316	342
Equipment sales	303	304	297	352	351	309	307	288
IT and integration services	92	101	123	177	112	112	134	134
Wholesale	512	524	547	557	579	579	571	571
Mobile wholesale	268	280	291	308	312	312	329	329
Fixed wholesale	176	180	193	184	188	188	176	176
Other	68	64	63	65	79	79	66	66
Other revenues	82	87	62	72	62	62	68	68
Total revenues	2 818	2 839	2 814	2 910	2 710	2 766	2 706	2 766
year-on-year*	0,5%	-2,2%	-1,3%	-2,4%		-1,8%		-2,6%
Labour expenses	(452)	(438)	(395)	(405)	(432)	(433)	(397)	(394)
External purchases	(1 554)	(1 541)	(1 555)	(1 766)	(1 549)	(1 524)	(1 529)	(1 508)
- Interconnect expenses	(409)	(421)	(474)	(474)	(448)	(448)	(471)	(471)
- Network and IT expenses	(157)	(167)	(157)	(171)	(148)	(148)	(152)	(152)
- Commercial expenses	(638)	(609)	(572)	(726)	(578)	(553)	(551)	(530)
- Other external purchases	(350)	(344)	(352)	(395)	(375)	(375)	(355)	(355)
Other operating incomes & expenses	(54)	(71)	(65)	(65)	(51)	(51)	(33)	(33)
Impairment of receivables and contract assets	(18)	(26)	(26)	(16)	(23)	(31)	(41)	(49)
Employment termination expenses	0	(8)	0	(200)	0	0	0	0
Gain on disposal of assets	8	57	3	13	19	19	3	3
Reported EBITDA	748	812	776	471	674	746	709	785
% of revenues	*26,5%*	*28,6%*	*27,6%*	*16,2%*	*24,9%*	*27,0%*	*26,2%*	*28,4%*
The impact of Social Agreements net of related curtailment of long-term employee benefits	0	8	0	196	0	0	0	0
Adjusted EBITDA	*748*	*820*	*776*	*667*	*674*	*746*	*709*	*785*
% of revenues	*26,5%*	*28,9%*	*27,6%*	*22,9%*	*24,9%*	*27,0%*	*26,2%*	*28,4%*
Depreciation & amortisation	(639)	(642)	(643)	(648)	(641)	(641)	(636)	(636)
(Impairement)/reversal of impairement of non-current assets	0	(1)	(5)	0	0	0	0	0
Operting income / (loss)	109	169	128	(177)	33	105	73	149
% of revenues	*3,9%*	*6,0%*	*4,5%*	*-6,1%*	*1,2%*	*3,8%*	*2,7%*	*5,4%*
Finance costs, net	(71)	(86)	(88)	(59)	(86)	(86)	(87)	(87)
- Interest expenses, net	(67)	(66)	(61)	(53)	(62)	(62)	(54)	(54)
- Discounting expense	(4)	(20)	(27)	(6)	(24)	(24)	(33)	(33)
Income tax	1	(12)	(12)	38	3	(11)	(2)	(16)
Consolidated net income / (loss)	39	71	28	(198)	(50)	8	(16)	46

* Change is calculated based on IAS18 figures

Orange Polska Group key performance indicators

customer base (in thousands)	2017				2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Convergent customers	**938**	**1,084**	**1,195**	**1,306**	**1,376**	**1,436**
o/w B2C	*738*	*858*	*945*	*1,035*	*1,090*	*1,137*
o/w B2B	*200*	*227*	*250*	*271*	*287*	*298*
Fixed telephony accesses						
PSTN	3,181	3,081	2,972	2,857	2,738	2,623
VoIP	678	728	771	827	875	918
Total retail main lines	**3,859**	**3,809**	**3,744**	**3,684**	**3,613**	**3,541**
o/w B2C convergent	*449*	*530*	*577*	*630*	*678*	*718*
o/w B2C PSTN convergent	*158*	*169*	*152*	*124*	*110*	*104*
o/w B2C VoIP convergent	*291*	*362*	*425*	*506*	*568*	*614*
Fixed broadband access						
ADSL	1,451	1,407	1,367	1,324	1,278	1,238
VHBB (VDSL+Fibre)	544	588	633	681	724	767
o/w VDSL	427	443	457	467	476	481
o/w Fibre	117	145	176	214	248	286
CDMA	14	0	0	0	0	0
Wireless for fixed	260	328	377	433	475	502
Retail broadband - total	**2,269**	**2,323**	**2,377**	**2,438**	**2,477**	**2,506**
o/w B2C convergent	*738*	*858*	*945*	*1,035*	*1,090*	*1,137*
TV client base						
IPTV	254	277	301	333	359	386
DTH (TV over Satellite)	521	515	512	515	515	514
TV client base - total	**775**	**792**	**814**	**848**	**875**	**900**
o/w B2C convergent	*351*	*418*	*473*	*551*	*597*	*641*
Mobile accesses						
Post-paid						
Mobile Handset	*7,009*	*7,112*	*7,200*	*7,270*	*7,310*	*7,358*
Mobile Broadband	*1,364*	*1,334*	*1,287*	*1,231*	*1,164*	*1,104*
M2M	*1,079*	*1,126*	*1,175*	*1,225*	*1,273*	*1,328*
Total postpaid	**9,452**	**9,573**	**9,662**	**9,726**	**9,747**	**9,790**
o/w B2C convergent	*1,366*	*1,601*	*1,760*	*1,959*	*2,085*	*2,183*
Total pre-paid	**5,820**	**4,983**	**4,696**	**4,698**	**4,621**	**4,694**
Total	**15,272**	**14,555**	**14,358**	**14,424**	**14,368**	**14,484**
Wholesale customers						
WLR	*614*	*587*	*564*	*531*	*507*	*487*
Bitstream access	*195*	*183*	*175*	*167*	*165*	*156*
LLU	*105*	*100*	*96*	*91*	*87*	*83*

quarterly ARPO in PLN per month	2017				2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Convergent services B2C	112.5	105.0	102.8	103.1	100.8	102.4
Fixed services only - voice	37.5	36.9	37.1	37.1	36.9	36.9
Fixed services only - broadband	58.0	57.3	58.8	56.6	56.6	56.8
Mobile services only	*21.8*	*23.5*	*23.5*	*23.0*	*21.9*	*21.7*
Postpaid excl M2M	*32.8*	*32.9*	*30.9*	*30.3*	*29.2*	*28.7*
Mobile Handset	35.1	35.5	33.1	32.5	31.1	30.5
Mobile Broadband	22.3	20.9	20.3	19.4	19.1	18.4
Prepaid	9.3	11.3	13.0	12.6	11.9	12.3
Mobile wholesale (convergent + mono)	6.0	6.7	7.3	7.7	7.2	7.6

other mobile operating statistics	2017				2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Number of smartphones (thousands)	6,312	6,441	6,552	6,744	6,886	7,006
AUPU (in minutes)						
post-paid	342.5	341.0	335.7	346.4	353.9	349.7
pre-paid	121.7	133.2	151.9	156.5	162.0	166.3
blended	248.0	259.8	269.5	278.7	285.8	284.7
Quarterly mobile customer churn rate (%)						
post-paid	3.1	2.8	2.9	3.2	3.1	2.7
pre-paid	21.3	25.0	17.5	10.9	14.6	11.3
SAC post-paid (PLN)	130.7	92.7	91.2	90.0	75.2	79.9
SRC post-paid (PLN)	64.0	36.6	39.7	56.0	39.7	29.5

Employment structure of Group as reported Active full time equivalents (end of period)	2017				2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Orange Polska	**15,481**	**15,131**	**14,818**	**14,587**	**14,372**	**13,730**
50% of Networks	347	351	347	341	348	345
Total	15,828	15,482	15,165	14,928	14,720	14,075

Terms used:

ARPO – average revenue per offer

Average Usage per User (AUPU) – the average monthly total usage of minutes divided by the average number of SIM cards (excluding M2M) in a given period.

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, FTTx, cable 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.

Convergent services B2C ARPO - the average monthly revenues from convergent services generated by retail customers (B2C) divided by the average number of B2C convergent customers in a given period.

Fixed broadband-only services – Revenues from fixed broadband offers (excluding B2C convergent offers and equipment sales) including TV and VoIP services.

Fixed broadband-only services ARPO – the average monthly revenues from fixed broadband only services divided by the average number of accesses in a given period.

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.

Mobile-only services ARPO – the average monthly retail revenues from mobile only services excluding M2M connectivity, divided by the average number of SIM cards (excluding M2M) in a given period.

Mobile-only broadband ARPO – the average monthly retail revenues from SIM cards dedicated to mobile broadband access (excluding B2C convergent offers and equipment sales) divided by the average number of these SIM cards in a given period.

Mobile-only handset ARPO – the average monthly retail revenues from SIM cards dedicated to mobile handset access (excluding B2C convergent offers and equipment sales) divided by the average number of these SIM cards in a given period.

Subscriber Acquisition Cost (SAC) – Customer acquisition costs divided by the number of gross customers added during the respective period. Customer acquisition costs comprise commissions paid to distributors and net subsidies resulting from the sale of the handset.

Subscriber Retention Cost (SRC) – Customer retention costs divided by the number of customers retained during the respective period. Customer retention costs comprise commissions paid to distributors and net subsidies resulting from the sale of the handset.