Current Report (3/2019)
Orange Polska S.A., Warsaw, Poland
20 February, 2019

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 4Q and full year 2018.

Disclosures on performance measures, including adjustments, are presented in the Note 3 to IFRS Consolidated Financial Statements of the Orange Polska Group for the year ended 31 December 2018 (available at http://orange-ir.pl/results-center/results/2018).

Orange Polska reports in 2018 adjusted EBITDA[1] growth for the first time in 12 years driven by improvement in core operations and cost optimisations
2019 objectives fully consistent with 2020 Orange.one strategy ambitions

key figures (PLN million)	**4Q 2018 (IFRS15)**	**4Q 2018 (IAS18)**	**4Q 2017 (IAS18)**	**change (IAS18)**	**FY 2018 (IFRS15)**	**FY 2018 (IAS18)**	**FY 2017 (IAS18)**	**change (IAS18)**
revenue	2,930	2,964	2,910	+1.9%	11,101	11,296	11,381	-0.7%
EBITDA	711	744	471	+58.0%	2,886	3,109	2,807	+10.8%
EBITDA margin	24.3%	25.1%	16.2%	+8.9pp	26.0%	27.5%	24.7%	+2.8pp
adjusted EBITDA[1]	706	739	667	+10.8%	2,881	3,104	3,011	+3.1%
adjusted EBITDA margin[1]	24.1%	24.9%	22.9%	+2.0pp	26.0%	27.5%	26.5%	+1.0pp
operating income/loss	64	97	-177	n/a	345	568	229	+148.0%
net income/loss	-15	11	-198	n/a	10	190	-60	n/a
capex	813	813	673	+20.8%	2,282	2,282	1,933	+18.1%
adjusted capex[1]	813	813	673	+20.8%	2,250	2,250	1,933	+16.4%
organic cash flow	299	299	153	+95.4%	-252	-252	407	n/a
adjusted organic cash flow[1]	351	351	123	+185.4%	453	453	111	+308%

Evolution of business trends is presented under IAS18 accounting standard. IFRS15 accounting standard has been implemented by Orange Polska in 2018 prospectively, i.e. no comparative figures for past years restated to IFRS15 were provided. In the opinion of the Company, such an approach provides continuity of performance measurement vis-à-vis the strategy announced in 2017.

[1] please refer to adjustment table on p.7

KPI ('000)	4Q 2018	4Q 2017	Change
convergent customers (B2C)	1,236	1,035	+19.4%
mobile accesses (SIM cards)	14,805	14,424	+2.6%
post-paid	9,922	9,726	+2.0%
pre-paid	4,883	4,698	+3.9%
fixed broadband accesses (retail)	2,560	2,438	+5.0%
fixed voice lines (retail)	3,407	3,684	-7.5%

Highlights:

- **FY adjusted EBITDA[2] growth for the first time in 12 years (under IAS18 accounting) – guidance exceeded. Adjusted EBITDA was up 3.1% year-on-year, mainly reflecting:**
  - Better revenue trend
  - Very strong cost optimisations: indirect costs down 10% year-on-year in 2018
  - Record-high gains on sale of assets
- **4Q adjusted EBITDA[2] up 10.8% year-on-year**
- **Revenue evolution in 2018 improved to only -0.7% yoy (under IAS18 accounting), reflecting mainly:**
  - Continued strong growth rate of convergence revenues which increasingly offsets decline in mobile-only and broadband-only revenues
  - 20% year-on-year growth in IT/IS revenues as we develop our competencies, benefit from strategic partnerships and strong position in the public sector
  - Mobile wholesale benefited from national roaming contract with Play
  - Ongoing pressure on legacy areas
- **Strong commercial performance in convergence, fibre and mobile services:**
  - 19% yoy growth of B2C convergent customers, +58k net adds in 4Q
  - 71% yoy growth of fibre customers, +42k net adds in 4Q, the best ever quarterly customer take-up (adoption rate at 10.8%)
  - 2% yoy growth of post-paid customers, +69k net adds in 4Q, the best in 5 quarters
  - 4% yoy growth of pre-paid customers, +122k net adds in 4Q, the best in more than 2 years
- **2018 adjusted capex[2] at PLN 2,250m, up 16% yoy,** reflecting connectivity investments (fixed and mobile), business development projects and transformation
- **c.3.4m households connectable with fibre at the end of December (211k added in 4Q)**
- **2018 adjusted Organic Cash Flow[2] at PLN 453m** supported by payments from T-Mobile, proceeds from asset disposals and lower working capital requirement
- **Following implementation of IFRS16 accounting standard in 2019 our main profitability measure will become EBITDA after leases (EBITDAaL), which is close to EBITDA reported under IFRS15**
  - **Management guides for EBITDAaL in 2019 to be higher versus 2018 on comparable basis**
- **Unchanged approach to dividends:** As we prioritise investments in long-term value creation and also taking into account uncertain outlook regarding 5G spectrum allocation, the management will not recommend paying any dividend in 2019 (in line with what was stated during strategy presentation in September 2017)

[2] please refer to adjustment table on p.7

Commenting on 2018 performance and prospects for 2019, Jean-François Fallacher, Chief Executive Officer, said:

"I am very pleased to say that **our adjusted EBITDA in 2018 was up 3% year-on-year** – outperforming the stabilisation that we promised to investors in our guidance. The significance of this achievement is huge: it is the first growth after 12 successive years of decline. This is compelling evidence that the strategy we adopted in 2017 - based on convergence, fibre and efficiency gains - is working, and is being executed well in a challenging environment. I would like to thank our entire organisation for the tremendous effort, especially with respect to our outstanding results in cost optimisation.

Convergence continues to be a powertrain of our strategy. In 2018 our convergence customer base increased by 201,000 (or close to 20%) and revenues increased 30%. In the coming months we will make our flagship Orange Love offer even more attractive for customers.

After growing more than 70% last year, our **fibre** customer base already accounts for 14% of total fixed broadband base. Average usage of data per customer in our fibre network has exceeded 100GB per month and continues to grow 20% year-on-year. In view of this data usage boom, we have no doubts that only fibre can accommodate the demand.

Despite aggressive promotions on the part of some of our competitors, Q4 was a very favourable period for our **mobile** business both in post-paid and pre-paid. This is because we are focusing on convergence, enhancing retention in mobile-only service, and improving the structure of customer acquisitions.

We are confident that we will be able to **sustain the growth in 2019**. We are aware that it will be challenging. In pursuit of this goal, we will stick to the priorities set in our Orange.one strategy. We will face headwinds on the regulatory front and from the inflation of certain costs. But we also see a number of opportunities. Poland's macroeconomic situation is very favourable, while Polish society is very open to new technologies. We expect to benefit from these trends. Our commercial approach in 2019 will continue to reflect our focus on value generation. We will press on with our ambitious commercial plans and explore new business opportunities. Further business transformation and efficiency increases will also be necessary to reach our goals."

Financial Review

Revenue decline limited to -0.7% year-on-year, vs -1.4% in 2017 and -2.4% in 2016

Revenues (under IAS18 accounting) totalled PLN 11,296 million in 2018. The year-on-year decline was contained to just 0.7% or PLN 85 million despite continued structural pressure on legacy business lines (traditional retail and wholesale fixed telephony).

Strategic engine of the improvement is convergence. Convergence revenues were up 30% in 2018 which was broadly similar pace as in 2017. It was accompanied by a decrease in mobile-only and fixed broadband-only revenues as a result of migration to convergence, value focus reflected in service pricing and market competition. However, it is important to underline that the growth rate of convergent service revenues increasingly offsets decline of mobile-only and fixed broadband-only revenues. Combined revenues of these categories were down 4.1% year-on-year in 2018, as compared to 6.5% year-on-year decline in 2017.

Revenues from IT and integration services maintained around 20% growth rate. This is consistent with the adopted strategy of focusing on process of digitization of business customers.

There was also an improvement in wholesale revenues, which grew 8% year-on-year, benefitting mainly from a national roaming contract with Play and growth in international interconnect.

In 4Q alone, revenues were up 1.9% or PLN 54 million year-on-year. It was mainly supported by three factors. Firstly, 11% growth in equipment revenues as a consequence of introduction of possibility for customers to buy a new handset on instalment anytime during the lifetime of the contract. Secondly, 22% growth in revenues from IT and integration services as we benefitted from our strategic partnerships and strong position in the public sector procurement. Finally, successful development of energy resale boosted other revenue category.

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 2018 our B2C convergent customer base increased by 201,000 or almost 20% year-on-year. At the end of December, 57% of our B2C broadband customers were convergent versus 50% a year ago. The total number of services used by B2C convergent customers exceeded 5 million, which implies that on average every customer uses more than four services. The decrease of average revenue per convergent offer (ARPO) was contained to less than 4% (after it fell 12% year-on-year in 2017) as a result of value focus in the Orange Love offer, growing upsell of additional mobile SIM cards as well as TV services. In 4Q alone customer net additions were at 58,000, which was the most in all quarters of last year.

Total fixed broadband customer base increased by 122,000 in 2018 or 5% year-on-year. It is driven by an attractive convergent offer and technological transformation. The share of ADSL customers stood at only 45% at the end of December versus 54% a year ago. Fibre customer base reached 366,000 and added 42,000 in 4Q, which was the highest ever quarterly result. Our non-convergent broadband customer base continued to shrink as a result of migration to convergence but also due to churn.

Our pay-TV customer base continued to expand following improvements in our content value proposition and focus on convergence. With net additions of 95,000 in 2018, it reached 943,000 and increased 11% year-on-year. Already 77% of our TV services are part of convergent packages.

Total number of mobile services increased by 381,000 in 2018 (2.6%) with the growth coming both from pre-paid and post-paid. Around 50% of that growth came from 4Q when the customer base expanded by 191,000, the most in more than two years.

Post-paid customer base increased by 196,000 in 2018. In handset offers, net customer additions came in at 228,000 (vs 419,000 in 2017) as a result of implementation of value strategy and focus on convergence. However in 4Q alone this customer base improved the most in five quarters (by 82,000) owing to strong take-up in convergence and low erosion of non-convergent mobile customer base. This was a consequence of more effective retention, changes in customer offers introduced in 2Q and improvement in business segment. Mobile broadband customer base continued to decrease, again driven by the shift to wireless for fixed offers and growing data packages for smartphone usage available in handset tariffs. ARPO from mobile-only (post-paid) services was down 10% year-on-year in 2018 (vs. 13% year-on-year decline in 2017) mainly as a result of increased popularity of multi-SIM offers, market competition, significant falls in ARPO from mobile broadband (coming mainly from structural decline in this line of business) and roaming. However trend in ARPO improved in 2H.

Pre-paid customer base expanded by 185,000 in 2018 (almost 4%). Majority of this growth materialised in 4Q when the customer base increased by 122,000 the most since introduction of pre-paid cards registration obligation in mid-2016. This was driven by attractive changes in the offer supported by effective communication and distribution.

In fixed voice, the net loss of lines was 277,000 with key trends broadly unchanged. The number of VoIP services is growing, as they are part of the Orange Love package. Excluding VoIP services, the loss of lines continues to reflect structural negative market trends.

Adjusted EBITDA[3] up 3.1% year-on-year; growth for the first time in 12 years

2018 adjusted EBITDA came in at PLN 3,104 million (under IAS18 accounting) and was PLN 93 million higher versus 2017. Adjusted EBITDA margin stood at 27.5%, up 1.0 pp year-on-year. This adjusted EBITDA performance has stopped 12 consecutive years of EBITDA decline. It was driven

[3] please refer to adjustment table on p.7

by very strong cost optimisations and record-high gains on disposal of assets. These positives offset slightly higher decline of the direct margin. Direct margin evolution was significantly affected by a turmoil on the debt collection market in Poland that resulted in lower prices for sold receivables. Excluding this effect its trend improved driven mainly by further reduction of handset subsidies (albeit this factor contributed much less than in 2017), value strategy in service pricing and national roaming contract with Play. Indirect costs were down 10% year-on-year (close to PLN 400 million) in 2018. It was a consequence of numerous transformation actions launched in many areas of operations (e.g. labour, customer care, IT and network, property and general expenses) resulting in simplification and automation of business processes.

Bottom line evolution reflects much higher reported EBITDA

Net income for 2018 stood at PLN 190 million (under IAS18 accounting) versus a net loss of PLN 60 million in 2017. Significant improvement is mainly a consequence of much higher reported EBITDA which in 2017 was affected by provisions related to Social Agreement PLN 204 million). Net financial expense was at the similar level as in 2017. Higher income tax is a consequence of higher pre-tax profit and also higher non tax-deductible costs.

Adjusted Organic Cash Flow[4] at PLN 453 million in 2018 much above 2017

Adjusted organic cash flow for 2018 came in at PLN 453 million and increased significantly versus PLN 111 million in 2017. The most significant factor behind this improvement was receipt of PLN 275 million from T-Mobile related to the wholesale agreement signed in July. Organic cash flow was also supported by better operating cash flow (resulting from higher EBITDA and lower working capital requirement) and proceeds from disposal of assets (higher PLN 43 million year-on-year). Capital expenditure cash outflows were PLN 2,161 million in 2018, up PLN 95 million year-on-year, as a result of higher capex of the year.

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

“Our financial performance in 2018 was better than expected. Despite consistent pressure from legacy services and turmoil on the debt collection market (that resulted in lower prices for sold receivables), we managed to grow our adjusted EBITDA[4]. We benefitted from a continued focus on value in commercial strategy (both in convergence and mono), the growing maturity of our fibre project, improving trends on the business market and our national roaming contract with Play. As promised we accelerated our optimisation of indirect costs: we cut them 10% (almost PLN 400 million) in 2018 and we are ahead of the planned 12-15% cut by 2020 (versus 2016). Gains on assets disposals more than doubled as compared to 2017.

Results for 2018 make us confident regarding our 2020 turnaround ambitions. In 2019 we anticipate our efforts will be further supported by convergence and improving trends on mono services. Our value focus in commercial activity should gradually translate into ARPO recovery. Equipment revenues should continue to benefit from more flexible offers that we introduced in 2H 2018. The structural decline in legacy services will continue, and we may also be under pressure from regulations. Our profitability will also be supported by further cost optimisations.

In line with our statements during the Orange.one strategy presentation in September 2017, the management will once again recommend not paying a dividend in 2019. On the one hand, we will continue to invest in our fibre network roll-out at full speed. On the other hand, we still await clarity regarding the outlook for 5G spectrum distribution.

Following the implementation of IFRS16 accounting standard in 2019 we will slightly revise our alternative performance measures (APMs). Our main profitability measure will become EBITDA after leases (EBITDAaL), which is close to EBITDA currently reported under IFRS15. It ensures similar treatment of operating and financing leases, and most accurately reflects the internal management of the company.”

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[4] please refer to adjustment table on p.7

Orange Polska 2019 forecast

The Management Board of Orange Polska hereby publishes the Company's guidance for the full-year 2019.

From 2019 the Company will report its financial results under the new accounting standard IFRS16. The key objective of the new standard is to provide a single accounting method for all lease contracts. All contracts currently defined as finance leases or operating leases will be accounted in the similar way as finance leases are today. In the P&L, expenses related to operating leases - currently booked as operating costs - will be booked below EBITDA under IFRS16 (as amortisation of the right of use and lease interest expense).

The implementation of IFRS16 does not change the business fundamentals and sources of our value generation. In our view, expenses related to leasing contracts are part of operating activity and operating profitability. Therefore the management decided to create under IFRS16 an alternative performance measure to report operating profitability. It is called EBITDAaL, which stands for EBITDA after leases. EBITDAaL will add back in the right-of-use amortisation and lease interest expense related to both finance and operating leases. In the view of the management, EBITDAaL will reflect the way the Company is managed internally more adequately than EBITDA derived directly from income statement based on IFRS16.

EBITDAaL under IFRS16 is quite similar to EBITDA under IFRS15. The differences relate to: (1) impact of contracts previously accounted for as finance leases and (2) IFRS16 impact of discounting effect on contracts previously accounted for as operating leases.

In the table below we provide our estimate for EBITDAaL for 2018 that constitutes the comparable base for performance in 2019.

2018 adjusted EBITDA (IAS18)	2018 adjusted EBITDA (IFRS15)	2018 EBITDAaL (comparable base) (unaudited)	2019 guidance EBITDAaL
PLN 3,104 million	PLN 2,881 million	PLN 2,811 million	Growth versus 2018

The management forecasts that EBITDAaL will grow in 2019. The growth will be mainly facilitated by further push from convergence strategy, improving trends on mono services, continued value focus in commercial activity and further cost optimisation.

Realisation of this forecast will be monitored by the Company on an ongoing basis. Should there occur material deviation from the forecast, the Company will make a revision to the forecast and immediately publish it in the form of a current report.

Adjustments to financial data

in PLNm	4Q'18 IFRS15	4Q'18 IAS18	4Q'17 IAS18	FY 2018 IFRS15	FY 2018 IAS18	FY 2017 IAS18
Revenue	2,930	2,964	2,910	11,101	11,296	11,381
	0	0	0	0	0	0
Adjusted revenue	2,930	2,964	2,910	11,101	11,296	11,381
EBITDA	711	744	471	2,886	3,109	2,807
– Employment termination expense	-5	-5	196	-5	-5	204
Adjusted EBITDA	706	739	667	2,881	3,104	3,011
Capital expenditures	813	813	673	2,282	2,282	1,933
– Telecommunication licences**	0	0	0	-32	-32	0
Adjusted capital expenditures	813	813	673	2,250	2,250	1,933
Organic cash flow	299	299	153	-252	-252	407
– Investment grants (received)/paid to fixed assets suppliers*	52	52	-30	59	59	-296
– Payment of European Commission fine	0	0	0	646	646	0
Adjusted organic cash flow	351	351	123	453	453	111

* 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 4Q and full year 2018 results presentation.

Orange Polska 4Q and full year 2018 Results Presentation

Thursday, 21st February 2019

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 4Q 2018 Results Conference Call

Dial in numbers:

PIN: 91274344#

Poland Toll-Free: 008001215222

Poland Toll: +48225839021

Canada Toll: +14162164194

France Toll: +33172727403

Germany Toll: +4969222225429

Netherlands Toll: +31207095119

United Kingdom Toll: +442071943759

United Kingdom Toll-Free: 08003766183

United States Toll-Free: 8442860643

Orange Polska Group Consolidated

Disclosures on performance measures, including adjustments, are presented in the Note 3 to IFRS Consolidated Financial Statements of the Orange Polska Group for the year ended 31 December 2018 (available at http://orange-ir.pl/results-center/results/2018).

amounts in PLN millions	2017				2018								2017	2018	
	1Q	2Q	3Q	4Q	1Q		2Q		3Q		4Q		FY	FY	
Income statement	as reported (IAS18)	as reported (IAS18)	as reported (IAS18)	as reported (IAS18)	IFRS15	IAS18	IFRS15	IAS18	IFRS15	IAS18	IFRS15	IAS18	as reported (IAS18)	IFRS15	IAS18
Revenues															
Mobile-only services	**875**	**879**	**825**	**794**	**688**	**747**	**682**	**729**	**690**	**734**	**676**	**710**	**3 373**	**2 736**	**2 920**
Fixed-only services	**721**	**688**	**681**	**658**	**627**	**636**	**628**	**634**	**610**	**614**	**596**	**599**	**2 748**	**2 461**	**2 483**
Narrowband	333	317	308	299	287	287	275	276	265	266	257	257	1 257	1 084	1 086
Broadband	272	257	258	246	232	241	233	238	230	233	226	229	1 033	921	941
B2B Network Solutions	116	114	115	113	108	108	120	120	115	115	113	113	458	456	456
Convergent services B2C	**233**	**256**	**279**	**300**	**291**	**321**	**316**	**342**	**336**	**357**	**353**	**368**	**1 068**	**1 296**	**1 388**
Equipment sales	**303**	**304**	**297**	**352**	**351**	**309**	**307**	**288**	**336**	**312**	**410**	**392**	**1 256**	**1 404**	**1 301**
IT and integration services	**92**	**101**	**123**	**177**	**112**	**112**	**134**	**134**	**127**	**127**	**216**	**216**	**493**	**589**	**589**
Wholesale	**512**	**524**	**547**	**557**	**579**	**579**	**571**	**571**	**576**	**576**	**582**	**582**	**2 140**	**2 308**	**2 308**
Mobile wholesale	268	280	291	308	312	312	329	329	332	332	334	334	1 147	1 307	1 307
Fixed wholesale	176	180	193	184	188	188	176	176	176	176	176	176	733	716	716
Other	68	64	63	65	79	79	66	66	68	68	72	72	260	285	285
Other revenues	**82**	**87**	**62**	**72**	**62**	**62**	**68**	**68**	**80**	**80**	**97**	**97**	**303**	**307**	**307**
Total revenues	**2 818**	**2 839**	**2 814**	**2 910**	**2 710**	**2 766**	**2 706**	**2 766**	**2 755**	**2 800**	**2 930**	**2 964**	**11 381**	**11 101**	**11 296**
year-on-year*	**0.5%**	**-2.2%**	**-1.3%**	**-2.4%**	**n/a**	**-1.8%**	**n/a**	**-2.6%**	**n/a**	**-0.5%**	**n/a**	**1.9%**	**-1.4%**	**n/a**	**-0.7%**
Labour expenses	(452)	(438)	(395)	(405)	(432)	(433)	(397)	(394)	(370)	(366)	(383)	(381)	(1 690)	(1 582)	(1 574)
External purchases	(1 554)	(1 541)	(1 555)	(1 766)	(1 549)	(1 524)	(1 529)	(1 508)	(1 582)	(1 582)	(1 790)	(1 786)	(6 416)	(6 450)	(6 400)
- Interconnect expenses	(409)	(421)	(474)	(474)	(448)	(448)	(471)	(471)	(470)	(470)	(460)	(460)	(1 778)	(1 849)	(1 849)
- Network and IT expenses	(157)	(167)	(157)	(171)	(148)	(148)	(152)	(152)	(148)	(148)	(160)	(160)	(652)	(608)	(608)
- Commercial expenses	(638)	(609)	(572)	(726)	(578)	(553)	(551)	(530)	(562)	(562)	(743)	(740)	(2 545)	(2 434)	(2 385)
- Other external purchases	(350)	(344)	(352)	(395)	(375)	(375)	(355)	(355)	(402)	(402)	(426)	(426)	(1 441)	(1 558)	(1 558)
Other operating incomes & expenses	(54)	(71)	(65)	(65)	(51)	(51)	(33)	(33)	(58)	(58)	(77)	(77)	(255)	(219)	(219)
Impairment of receivables and contract assets	(18)	(26)	(26)	(16)	(23)	(31)	(41)	(49)	(46)	(53)	(52)	(58)	(86)	(162)	(191)
Employment termination expenses		(8)		(200)							5	5	(208)	5	5
Gain on disposal of assets	8	57	3	13	19	19	3	3	93	93	77	77	81	192	192
Reported EBITDA	**748**	**812**	**776**	**471**	**674**	**746**	**709**	**785**	**792**	**834**	**711**	**744**	**2 807**	**2 886**	**3 109**
% of revenues	*26.5%*	*28.6%*	*27.6%*	*16.2%*	*24.9%*	*27.0%*	*26.2%*	*28.4%*	*28.7%*	*29.8%*	*24.3%*	*25.1%*	*24.7%*	*26.0%*	*27.5%*
The impact of Social Agreements net of related curtailment of long-term employee benefits		8		196							(5)	(5)	204	(5)	(5)
Adjusted EBITDA	***748***	***820***	***776***	***667***	***674***	***746***	***709***	***785***	***792***	***834***	***706***	***739***	***3 011***	**2 881**	**3 104**
% of revenues	*26.5%*	*28.9%*	*27.6%*	*22.9%*	*24.9%*	*27.0%*	*26.2%*	*28.4%*	*28.7%*	*29.8%*	*24.1%*	*24.9%*	*26.5%*	*25.9%*	*27.5%*
Depreciation & amortisation	(639)	(642)	(643)	(648)	(641)	(641)	(636)	(636)	(619)	(619)	(648)	(648)	(2 572)	(2 544)	(2 544)
(Impairment)/reversal of impairment of fixed assets	0	(1)	(5)	0	0	0	0	0	2	2	1	1	(6)	3	3
Operting income / (loss)	**109**	**169**	**128**	**(177)**	**33**	**105**	**73**	**149**	**175**	**217**	**64**	**97**	**229**	**345**	**568**
% of revenues	*3.9%*	*6.0%*	*4.5%*	*-6.1%*	*1.2%*	*3.8%*	*2.7%*	*5.4%*	*6.4%*	*7.8%*	*2.2%*	*3.3%*	*0.0%*	*3.1%*	*5.0%*
Finance costs, net	(71)	(86)	(88)	(59)	(86)	(86)	(87)	(87)	(61)	(61)	(71)	(71)	(304)	(305)	(305)
Income tax	1	(12)	(12)	38	3	(11)	(2)	(16)	(23)	(31)	(8)	(15)	15	(30)	(73)
Consolidated net income / (loss)	**39**	**71**	**28**	**(198)**	**(50)**	**8**	**(16)**	**46**	**91**	**125**	**(15)**	**11**	**(60)**	**10**	**190**

* Change is calculated based on IAS18 figures

Orange Polska Group key performance indicators

Key operational performance indicators

customer base (in thousands)	2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Convergent customers	**938**	**1 084**	**1 195**	**1 306**	**1 376**	**1 436**	**1 483**	**1 547**
o/w B2C	*738*	*858*	*945*	*1 035*	*1 090*	*1 137*	*1 178*	*1 236*
o/w B2B	*200*	*227*	*250*	*271*	*287*	*298*	*304*	*311*
Fixed telephony accesses								
PSTN	3 181	3 081	2 972	2 857	2 738	2 623	2 527	2 426
VoIP	678	728	771	827	875	918	953	981
Total retail main lines	**3 859**	**3 809**	**3 744**	**3 684**	**3 613**	**3 541**	**3 480**	**3 407**
o/w B2C convergent	*449*	*530*	*577*	*630*	*678*	*718*	*755*	*755*
o/w B2C PSTN convergent	*158*	*169*	*152*	*124*	*110*	*104*	*100*	*54*
o/w B2C VoIP convergent	*291*	*362*	*425*	*506*	*568*	*614*	*655*	*701*
Fixed broadband access								
ADSL	1 451	1 407	1 367	1 324	1 278	1 238	1 200	1 149
VHBB (VDSL+Fibre)	544	588	633	681	724	767	807	869
o/w VDSL	427	443	457	467	476	481	484	503
o/w Fibre	117	145	176	214	248	286	324	366
CDMA	14	0	0	0	0	0	0	0
Wireless for fixed	260	328	377	433	475	502	522	542
Retail broadband - total	**2 269**	**2 323**	**2 377**	**2 438**	**2 477**	**2 506**	**2 530**	**2 560**
o/w B2C convergent	*738*	*858*	*945*	*1 035*	*1 090*	*1 137*	*1 178*	*1 236*
TV client base								
IPTV	254	277	301	333	359	386	410	435
DTH (TV over Satellite)	521	515	512	515	515	514	511	508
TV client base - total	**775**	**792**	**814**	**848**	**875**	**900**	**921**	**943**
o/w B2C convergent	*351*	*418*	*473*	*551*	*597*	*641*	*680*	*725*
Mobile accesses								
Post-paid								
Mobile Handset	*7 009*	*7 112*	*7 200*	*7 270*	*7 310*	*7 358*	*7 416*	*7 498*
Mobile Broadband	*1 364*	*1 334*	*1 287*	*1 231*	*1 164*	*1 104*	*1 052*	*989*
M2M	*1 079*	*1 126*	*1 175*	*1 225*	*1 273*	*1 328*	*1 385*	*1 436*
Total postpaid	**9 452**	**9 573**	**9 662**	**9 726**	**9 747**	**9 790**	**9 853**	**9 922**
o/w B2C convergent	*1 366*	*1 601*	*1 760*	*1 959*	*2 085*	*2 183*	*2 259*	*2 369*
Total pre-paid	**5 820**	**4 983**	**4 696**	**4 698**	**4 621**	**4 694**	**4 761**	**4 883**
Total	**15 272**	**14 555**	**14 358**	**14 424**	**14 368**	**14 484**	**14 614**	**14 805**
Wholesale customers								
WLR	*614*	*587*	*564*	*531*	*507*	*487*	*467*	*437*
Bitstream access	*195*	*183*	*175*	*167*	*165*	*156*	*151*	*144*
LLU	*105*	*100*	*96*	*91*	*87*	*83*	*80*	*76*

quarterly ARPO in PLN per month	2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Convergent services B2C	112.5	105.0	102.8	103.1	100.8	102.4	103.0	101.9
Fixed services only - voice	37.5	36.9	37.1	37.1	36.9	36.9	36.9	36.7
Fixed services only - broadband	58.0	57.3	58.8	56.6	56.6	56.8	56.6	56.3
Mobile services only	*21.8*	*23.5*	*23.5*	*23.0*	*21.9*	*21.7*	*21.7*	*21.0*
Postpaid excl M2M	*32.8*	*32.9*	*30.9*	*30.3*	*29.2*	*28.7*	*28.7*	*27.8*
Mobile Handset	35.1	35.5	33.1	32.5	31.1	30.5	30.5	29.6
Mobile Broadband	22.3	20.9	20.3	19.4	19.1	18.4	17.8	17.0
Prepaid	9.3	11.3	13.0	12.6	11.9	12.3	12.6	12.2
Mobile wholesale (convergent + mono)	6.0	6.7	7.3	7.7	7.2	7.6	7.6	7.6

other mobile operating statistics	2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Number of smartphones (thousands)	6,312	6,441	6,552	6,744	6,886	7,006	7,223	7,447
AUPU (in minutes)								
post-paid	342.5	341.0	335.7	346.4	353.9	349.7	344.6	353.3
pre-paid	121.7	133.2	151.9	156.5	162.0	166.3	164.1	163.6
blended	248.0	259.8	269.5	278.7	285.8	284.7	279.9	284.7
Quarterly mobile customer churn rate (%)								
post-paid	3.1	2.8	2.9	3.2	3.1	2.7	2.8	2.8
pre-paid	21.3	25.0	17.5	10.9	14.6	11.3	10.4	8.9
SAC post-paid (PLN)	130.7	92.7	91.2	90.0	75.2	79.9	95.8	116.1
SRC post-paid (PLN)	64.0	36.6	39.7	56.0	39.7	29.5	35.8	45.8

Employment structure of Group as reported Active full time equivalents (end of period)	2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orange Polska	**15,481**	**15,131**	**14,818**	**14,587**	**14,372**	**13,730**	**13,492**	**13,197**
50% of Networks	347	351	347	341	348	345	347	348
Total	15,828	15,482	15,165	14,928	14,720	14,075	13,839	13,545

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 – Revenues from mobile offers (excluding consumer market convergent offers) and Machine to Machine (M2M) connectivity. Mobile-only services revenues do not include equipment sales and incoming and visitor roaming revenues.

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.