Current Report (30/2016)
Orange Polska S.A., Warsaw, Poland
April 25, 2016

Pursuant to art. 56, clause 1, item 1 of the Law of July 29, 2005 on public offering and the conditions for introducing financial instruments to the organised trading system and on public companies (Journal of Laws of 2005, No. 184, item 1539, with amendments), the Management Board of Orange Polska S.A. hereby provides selected financial and operating data related to the activities of Orange Polska Capital Group ("Group", "Orange Polska") for 1Q 2016.

Orange Polska reports in 1Q 2016 continuation of outstanding commercial momentum in mobile post-paid and financial results in line with expectations

1Q 2016 highlights:

- **1Q revenue[1] down 4.2% year-on-year vs. -5.1% in 4Q 2015**
  - **mobile revenues up 1.7% year-on-year, fuelled by sales of equipment and increasing customer base**
- **strong commercial momentum maintained in most areas:**
  - **+11% yoy mobile post-paid customers, +214k net adds in 1Q**
  - **+40% yoy mobile broadband customers, +228k net adds in 1Q**
  - **+77% yoy VHBB customers, +50k net adds in 1Q, (ADSL under pressure with 65k net losses partly due to migration to VHBB and LTE)**
  - **+30% yoy convergent customers, +38k net adds in 1Q**
  - **stable fixed voice line erosion, at 74k (-74k in 4Q 2015)**
- **restated EBITDA[1] margin at 31.0%, down by 1.8pp year-on-year, reflecting lower year-on-year commercial spending and continued cost savings; FY guidance in the range of PLN 3.15-3.30bn confirmed**
- **capex[1] at PLN 377m (up 17% year-on-year), of which PLN 66m related to fibre network roll-out**
  - **818k households connectable in fibre network, of which 102k added in 1Q**
- **Organic Cash Flow at PLN -58m impacted by payments to capex vendors from 4Q 2015**

key figures (PLN million), IFRS	**1Q 2016**	**1Q 2015**	**change**
Group revenue[1]	2,803	2,925	-4.2%
restated EBITDA[1]	868	960	-9.6%
restated EBITDA[1] (as % of revenue)	31.0%	32.8%	-1.8 pp
net income	98	171	-42.7%
organic cash flow	-58	152	n/a

[1] please refer to restatement table on p.4

commenting on 1Q 2016 performance, Bruno Duthoit, Chief Executive Officer, said:

"In line with recently announced strategy we continued strong commercial push in 1Q, with great success, especially in mobile. Our total mobile customer base increased by more than 2% in the first quarter. Post-paid continued its very strong growth pace for another consecutive period, while this quarter was also good for pre-paid. It is attributed to new appealing customer proposals supported by effective communication. In fixed business, we are pleased with growth of our high-speed broadband services. Net additions in 1Q were the highest ever, also thanks to gradual growth of fibre customers. In the first quarter we added more than 100k new households to our FTTH network. We confirm our full-year target to add around 800k households.

Mobile data usage per customer continues to double in year-on-year terms. On top of that, the number of smartphones keeps on increasing at around 20%. To accommodate this booming traffic we develop our LTE coverage and capacity based on the newly purchased spectrum: our outdoor population coverage has approached 90% and indoor 70%.

Looking forward, we believe that good appetite for our mobile offers will continue also in 2Q. We need to further improve performance in fixed, which should be facilitated by more attractive offers supported by marketing activities, local approach and growing experience of our sales force.

This was my last quarter at Orange Polska. At the end of this month I will pass my duties as CEO to Jean-François Fallacher. I would like to thank Orange Polska employees for their dedication to our customers, and thank our shareholders for their trust and support."

Financial Review

1Q revenue decline at 4.2% year-on-year vs. -5.1% in 4Q 2015

Consolidated revenues totalled PLN 2,803 million in 1Q, down -4.2% or PLN 122 million year-on-year. The decrease resulted mainly from fall in fixed services (stemming mainly from structural erosion of fixed voice and wholesale) and lower other revenues being a consequence of completion of infrastructure projects and lower ICT revenues. These negatives were partially offset by higher mobile revenues supported by growth of equipment sales (due to high popularity of instalment offers) and by robust customer take-up.

In line with our strategy we continued strong marketing push in 1Q, especially in mobile. Our total mobile customer base grew by 4.8% year-on-year and 2.3% versus end of 2015. Post-paid segment continued excellent commercial momentum with net additions at 214,000 (vs. 48,000 in 1Q 2015). They were again well balanced between business customers, consumers and machine-to-machine. 1Q was also good for pre-paid with net additions coming at 144,000. That was mainly driven by sub-brand Nju Mobile and mobile broadband, and resulted from more appealing customer proposals supported by effective communication.

The number of customers using our LTE network reached more than 2.4 million, growing close to 20% in 1Q. The share of LTE in total mobile data transmission has approached 50%. Growth of data usage per user in mobile post-paid continues to exceed 100% yoy.

Mobile blended ARPU in 1Q was down 4.3% year-on-year. The rate of decline was higher than in the previous few quarters, which is attributed to lower growth of ARPU from incoming traffic, changes in the customer mix and ongoing pricing pressure (mainly in B2B segment). Customer mix has been evolving towards a higher share of SIM-only contracts (mainly on the back of high popularity of Family Offers) and instalment offers as well as a higher share of mobile broadband. All these factors have a dilutive effect on the ARPU evolution.

The number of convergent customers has continued to expand and was higher by 30% year-on-year (38,000 net additions in 1Q). The total number of services used by convergent customers exceeded 3.3 million which implies an average of more than four services per customer.

In fixed broadband, net additions to our high speed services (VDSL and FTTH) came in at 50,000 in 1Q and were the highest ever. Total customer base was down 26,000 (similarly to 4Q) as our ADSL base suffered from competition from mobile broadband and we continued losses in legacy CDMA technology. The share of high speed services in total base (ex-CDMA) is now at 18% vs.

10% a year ago. In fixed voice, structural decline have continued, with net loss of lines similar to the previous quarter.

KPI ('000)	1Q 2016	1Q 2015	change
convergent customers	766	591	+29.6%
3P customers (BB, TV and VoIP)	531	441	+20.4%
number of mobile customers	16,264	15,518	+4.8%
post-paid	8,575	7,727	+11.0%
pre-paid	7,689	7,791	-1.3%
mobile broadband accesses	2,229	1,590	+40.2%
fixed voice lines (retail)	4,120	4,435	-7.1%
fixed broadband accesses (retail)	2,079	2,198	-5.4%
number of TV customers	797	756	+5.4%

1Q restated EBITDA[2] margin at 31.0% reflecting lower revenues and effective commercial spending; full-year guidance confirmed

Restated EBITDA for 1Q 2016 amounted to PLN 868 million and was lower by PLN 92 million versus prior year. Corresponding margin stood at 31.0%, down 1.8 pp year-on-year. The fall of EBITDA was lower than erosion of revenues. Total costs up to EBITDA were PLN 30 million lower year-on-year as growth of direct costs was more than offset by a decline in indirect expenses. Direct costs were up, driven by higher interconnect costs reflecting growing mobile traffic. Despite much higher year-on-year mobile net additions, direct commercial expenses were lower due to high share of SIM-only contracts in sales acts. Indirect expenses were down PLN 61 million versus prior year on the back of cost saving initiatives and reversal of provisions in labour costs (PLN 94 million in 1Q, higher by PLN 36 million year-on-year).

1Q net income at PLN 98 million, impacted by lower EBITDA and higher financial costs

Orange Polska's net income for 1Q 2016 came in at PLN 98 million, versus PLN 171 million in 1Q 2015. The drop is attributed to lower EBITDA and PLN 38 million year-on-year higher net financial costs following payment for new spectrum in February. These negatives were partially mitigated by PLN 57 million lower depreciation. Depreciation of the new spectrum (for one month in the first quarter) was offset by a positive effect from extension of useful life for certain network assets.

Organic Cash Flow[3] at PLN -58 million reflecting higher payments to capex vendors

Organic cash flow for 1Q 2016 stood at PLN -58 million versus PLN 152 million in 1Q 2015. Deterioration stemmed from two factors. Firstly, net cash from operating activities (before income tax and change in working capital) was down PLN 137 million mainly as a result of lower EBITDA. Secondly, cash paid for capex was PLN 185 million higher largely due to payments to capex vendors as a consequence of significant investments realised in 4Q 2015. On the positive side, cash flow was helped by lower requirement for working capital chiefly following a decrease of receivables from one of carrier customers.

commenting on 1Q 2016 results, Maciej Nowohoński, Chief Financial Officer said:

"We delivered satisfactory financial results in 1Q. Mobile revenues performed well, with growing equipment sales driven by increasing popularity of handset sales on instalments, which is reflecting overall market trend. In fixed business, key trends remained unchanged, while other revenue category was affected by lack of infrastructure projects and seasonally weaker ICT revenues. EBITDA eroded less than revenues. Direct commercial expenses were down despite much higher year-on-year net customer additions in mobile. As previously indicated, very high capex realised in

[2] restated for PLN 1mn adjustment for employment termination expense in 1Q 2015
[3] Organic Cash Flow without new licences paid

4Q 2015 affected our cash generation in 1Q. Our performance is on track with our plans and we reiterate our full-year EBITDA and leverage guidance."

Restatements to financial data

in PLNm	1Q'15	1Q'16
Revenue	2,930	2,803
-Revenue of Contact Center	-5	-
Restated revenue	2,925	2,803
EBITDA	959	868
-Employment termination expense	+1	-
Restated EBITDA	960	868
Capital expenditures	321	3,545
- Acquisition of telecommunications licences	-	-3,168
Restated capital expenditures	321	377

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', '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 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 Q1 2016 Results Presentation
Tuesday 26th April 2016

Venue address:
Orange Polska
Aleje Jerozolimskie 160,
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 Q1 2016 Results Conference Call

Conference code:
4838613

Dial in numbers:
UK/Europe: +44 (0)20 3427 1916
US: +1 646 254 3360

Toll free numbers:
UK: 0800 279 5736
US: +1 877 280 1254

Orange Polska Group Consolidated

profit & loss statement

amounts in PLN millions	2015								2016
	1Q		2Q		3Q		4Q		1Q
	as reported	pro forma*	as reported	pro forma*	as reported	pro forma*	as reported	pro forma*	as reported
Revenues									
Mobile services	**1,367**	**1,363**	**1,380**	**1,374**	**1,384**	**1,378**	**1,367**	**1,361**	**1,334**
Voice traffic revenue	689	689	682	682	669	669	626	626	583
Data, messaging, content and M2M	470	466	475	469	490	484	488	482	507
Wholesale revenue (including interconnect)	208	208	223	223	225	225	253	253	244
Mobile equipment sales	**138**	**138**	**149**	**149**	**171**	**171**	**185**	**185**	**192**
Fixed services	**1,306**	**1,306**	**1,290**	**1,290**	**1,263**	**1,265**	**1,224**	**1,230**	**1,192**
Fixed narrowband	458	458	444	445	431	431	413	413	401
Fixed broadband, TV and VoIP	410	410	404	404	396	396	391	391	381
Enterprise solutions & networks	221	221	237	236	234	236	224	230	219
Wholesale revenue (including interconnect)	217	217	205	205	202	202	196	196	191
Other revenue	**119**	**118**	**194**	**195**	**153**	**153**	**150**	**150**	**85**
Total revenues	**2,930**	**2,925**	**3,013**	**3,008**	**2,971**	**2,967**	**2,926**	**2,926**	**2,803**
year-on-year**	**-1.7%**	**n/a**	**-2.3%**	**n/a**	**-2.4%**	**n/a**	**-5.1%**	**n/a**	**-4.2%**
Labour expenses	(430)	(427)	(457)	(453)	(430)	(429)	(396)	(396)	(381)
External purchases	(1,476)	(1,474)	(1,562)	(1,561)	(1,524)	(1,521)	(1,709)	(1,709)	(1,476)
- Interconnect expenses	(321)	(321)	(333)	(333)	(342)	(342)	(349)	(349)	(354)
- Network and IT expenses	(176)	(176)	(181)	(181)	(180)	(180)	(197)	(197)	(160)
- Commercial expenses	(644)	(644)	(662)	(663)	(638)	(638)	(801)	(801)	(615)
- Other external purchases	(335)	(333)	(386)	(384)	(364)	(361)	(362)	(362)	(347)
Other operating incomes & expenses	(69)	(69)	(78)	(78)	(98)	(98)	(122)	(122)	(88)
Employment termination expenses	(1)	(1)					(128)	(128)	0
Gain/(loss) on disposal of assets	5	5	43	43	10	10	13	13	10
Reported EBITDA	**959**	**959**	**959**	**959**	**929**	**929**	**584**	**584**	**868**
% of revenues	*32.7%*	*32.8%*	*31.8%*	*31.9%*	*31.3%*	*31.3%*	*20.0%*	*20.0%*	*31.0%*
- Employment termination expenses net of related curtailment of long-term employee benefits	1	1					89	89	
- Gain on disposal of Contact Center						(4)			
Restated EBITDA	***960***	***960***	***959***	***959***	***929***	***925***	***673***	***673***	***868***
% of revenues	*32.8%*	*32.8%*	*31.8%*	*31.9%*	*31.3%*	*31.2%*	*23.0%*	*23.0%*	*31.0%*
Depreciation & amortisation	(710)	(710)	(733)	(733)	(716)	(716)	(712)	(712)	(653)
(Impairment)/reversal of impairment of non-current assets	(3)	(3)	6	6	(1)	(1)	10	10	
EBIT	**246**	**246**	**232**	**232**	**212**	**212**	**(118)**	**(118)**	**215**
% of revenues	*8.4%*	*8.4%*	*7.7%*	*7.7%*	*7.1%*	*7.1%*	*-4.0%*	*-4.0%*	*7.7%*
Finance costs, net	(58)	(58)	(76)	(76)	(76)	(76)	(81)	(81)	(96)
Income tax	(17)	(17)	(30)	(30)	(26)	(26)	46	46	(21)
Consolidated net income	**171**	**171**	**126**	**126**	**110**	**110**	**(153)**	**(153)**	**98**

* Pro forma adjusted for deconsolidation of Contact Center(1Q'15-3Q'15) and after reclassification of wholesale SMS service revenue from "Data, messaging, content and M2M" to "Enterprise solutions & networks"
** Change is calculated based on pro forma figures

Orange Polska Group key performance indicators

customer base (in thousands)	2015 1Q	2015 2Q	2015 3Q	2015 4Q	2016 1Q
Convergent customers[1]	591	627	667	728	766
Fixed telephony accesses					
POTS, ISDN & WLL	3,880	3,780	3,681	3,580	3,487
VoIP first line	555	567	587	614	633
Total retail main lines	**4,435**	**4,347**	**4,268**	**4,194**	**4,120**
Fixed broadband access					
ADSL	1,902	1,850	1,794	1,734	1,669
VHBB (VDSL+FTTH)	207	232	271	316	366
CDMA	89	77	66	55	44
Retail broadband - total	**2,198**	**2,159**	**2,131**	**2,105**	**2,079**
TV client base					
IPTV	150	156	169	184	200
DTH (TV over Satellite)	606	605	605	603	597
TV client base - total	**756**	**761**	**774**	**787**	**797**
-o/w 'nc+' packages	158	158	164	182	190
3P services (TV+BB+VoIP)	441	455	478	507	531
Mobile accesses					
Post-paid	7,727	7,897	8,087	8,361	8,575
-o/w B2B	*2,496*	*2,561*	*2,601*	*2,688*	*2,754*
Pre-paid	7,791	7,690	7,606	7,545	7,689
Total[2]	**15,518**	**15,587**	**15,693**	**15,906**	**16,264**
- of which dedicated mobile broadband accesses	1,590	1,693	1,806	2,001	2,229
Wholesale customers					
WLR	*991*	*933*	*886*	*832*	*780*
Bitstream access	*263*	*261*	*254*	*245*	*234*
LLU	*146*	*141*	*136*	*131*	*125*

1 Convergent customers are included in fixed telephony, broadband and mobile
2 all SIM cards, including voice, M2M, data

quarterly ARPU in PLN per month	2015 1Q	2015 2Q	2015 3Q	2015 4Q	2016 1Q
Retail fixed voice ARPU	40.4	40.2	40.0	39.3	39.2
Broadband ARPU (Broadband, TV & VoIP)	60.8	61.4	61.2	61.2	60.3
Mobile ARPU					
post-paid	50.5	50.0	49.1	47.1	45.3
-o/w B2B	*57.1*	*55.0*	*53.9*	*49.8*	*48.8*
pre-paid	12.1	12.9	13.2	12.7	12.4
blended	30.2	30.6	30.6	29.8	28.9
retail ARPU	25.6	25.7	25.6	24.5	23.6
wholesale ARPU	4.6	4.9	5.0	5.3	5.3
voice ARPU					
post-paid	30.0	29.3	28.0	26.2	23.9
pre-paid	7.8	8.4	8.8	8.2	7.9
blended	18.3	18.4	18.1	17.1	15.9
data ARPU					
post-paid	10.7	11.2	12.1	12.0	12.8
pre-paid	1.0	1.3	1.3	1.4	1.7
blended	5.6	6.0	6.5	6.7	7.3
SMS&MMS and other ARPU					
post-paid	9.8	9.5	9.0	8.9	8.6
pre-paid	3.2	3.2	3.1	3.1	2.8
blended	6.3	6.2	6.0	6.0	5.7

other mobile operating statistics	2015				2016
	1Q	2Q	3Q	4Q	1Q
MVNOs customers (thousands)	11	8	8	7	7
Number of smartphones (thousands)	4,768	4,965	5,256	5,470	5,809
volumes & churn					
AUPU (in minutes)					
post-paid	335.6	345.0	341.3	342.5	345.0
pre-paid	100.0	106.0	107.8	107.5	105.3
blended	210.9	220.1	221.1	223.9	225.3
Quarterly mobile customer churn rate (%)					
post-paid	3.7	3.2	3.0	3.0	3.0
pre-paid	16.7	16.1	17.0	16.9	15.7
subsidies					
SAC post-paid (PLN)	375.1	320.8	306.8	336.4	265.7
SRC post-paid (PLN)	292.3	259.0	214.6	277.6	221.1
network coverage					
4G coverage in % of population	72.0%	78.8%	79.0%	83.7%	89.2%
3G coverage in % of population	99.4%	99.4%	99.6%	99.6%	99.6%

Employment structure of Group as reported **Active full time equivalents (end of period)**	2015				2016
	1Q	2Q	3Q	4Q	1Q
Orange Polska	**17,887**	**17,393**	**16,871**	**16,599**	**16,497**
50% of Networks	369	354	356	368	349
Total	18,256	17,747	17,227	16,967	16,846

Terms used:

Monthly Mobile ARPU – ARPU are calculated by dividing the Group revenues from mobile customers' (outgoing and incoming) voice and non voice services, including one-time connection and termination fee, visitors roaming, excluding "machine to machine", by the average number of customers, excluding "machine to machine".

Monthly Fixed Broadband ARPU – ARPU of fixed broadband services (including TV and VoIP services) are calculated by dividing the monthly revenues from customers' broadband services by the average number of accesses.

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.

Churn rate – The number of customers who disconnect from a network in a given period divided by the weighted average number of customers in the same period.

ICT – Information and Communication Technology