Orange Polska

3Q'16 results

25 October 2016

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.

Restatements to financial data

Disclosures on performance measures, including restatements, are presented in the Note 2 to Condensed IFRS Quarterly Consolidated Financial Statements of the Orange Polska Group for the 3 months ended 30 September 2016 (available at http://orange-ir.pl/results-center/results/2016)

in PLNm	3Q'15	3Q'16	9m'15	9m'16
Revenue	2,971	2,851	8,914	8,557
-Revenue of Contact Center	-4	-	-14	-
Restated revenue	2,967	2,851	8,900	8,557
EBITDA	929	831	2,847	2,523
-EBITDA of Contact Center	-4		-4	-
-Employment termination expense	-	-	1	-
Restated EBITDA	925	831	2,844	2,523
Capital expenditures	398	367	1,138	4,392
-acquisition of telecommunications licences	-	-	-	-3,168
Restated capital expenditures	398	367	1,138	1,224
Organic cash flow	-8	169	99	-2,693
-LTE auction deposits / Acquisition of LTE spectrum	313	-	741	3,148
Restated organic cash flow	305	169	840	455

Contents

Highlights

Jean-François Fallacher
Chief Executive Officer

3Q financial results on track

* change calculated based on restated figures as presented in slide #3

** restated as presented on slide #3

PLN 2.85bn
restated revenue**, -3.9% yoy*
(+2.9% yoy in mobile)

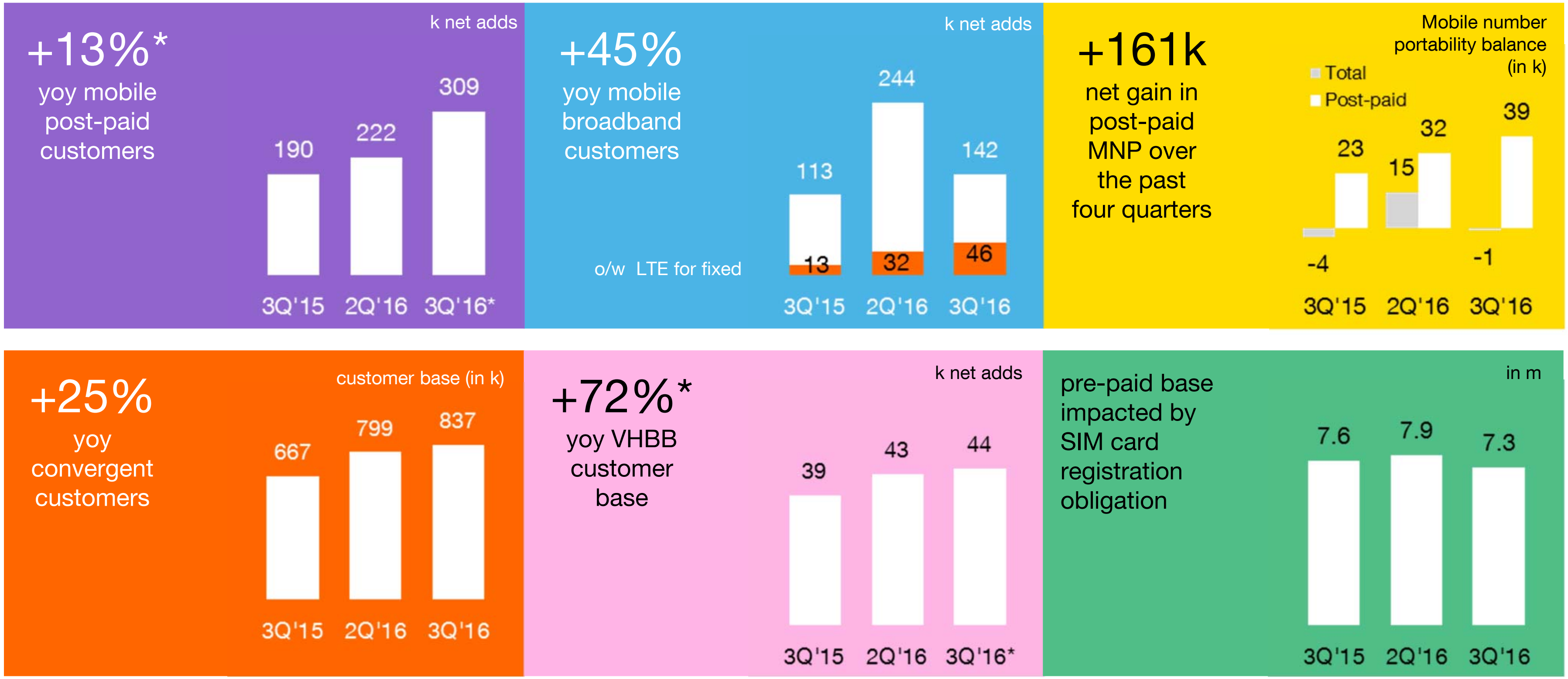
PLN 831m
restated EBITDA**, (FY guidance confirmed)

29.1%
restated EBITDA** margin, -2.1 pp yoy*

PLN 367m
restated capex** 12.9% of revenue

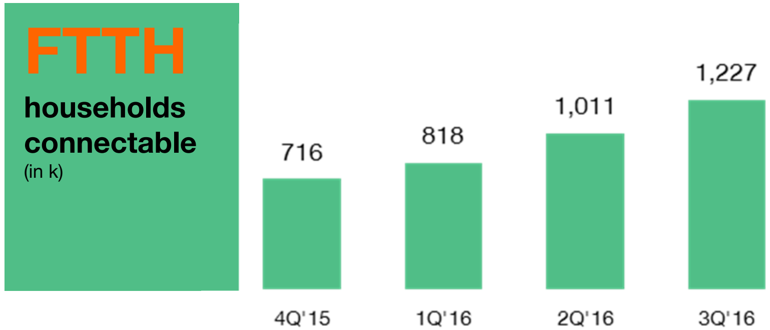
PLN 169m
restated organic cash flow**

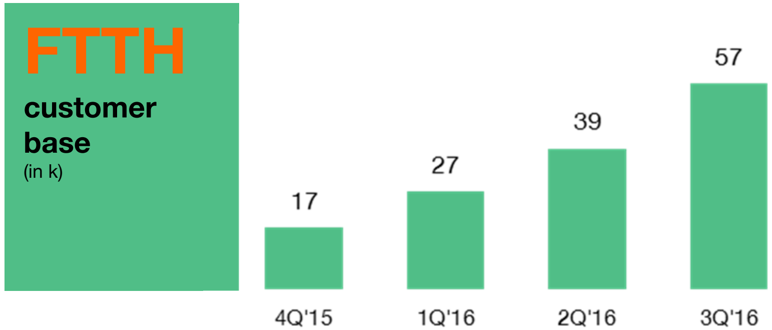
Strong commercial performance in post-paid mobile and VHBB



* Please refer to the slide #23 presenting effects of customer base revision

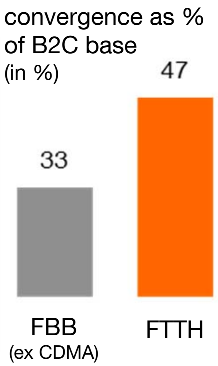
Fibre network: accelerated customer take-up

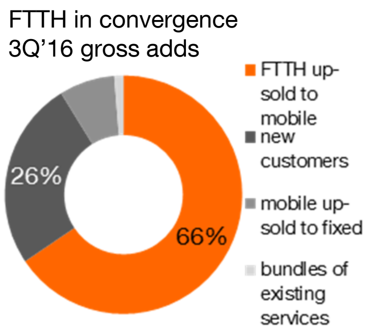




~50%

of FTTH base is convergent



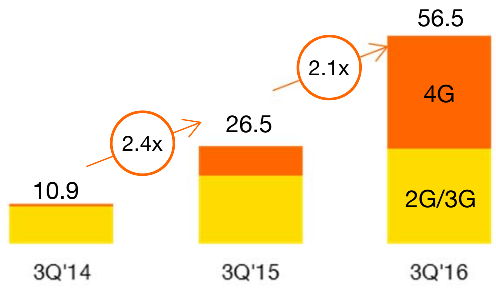


- 216k new households connectable in 3Q (511k in 9m'16)
- PLN 312m capex in 9M2016 - in line with full-year outlook
- Service available in 35 cities
- 18k net customer additions in 3Q (76% new customers to OPL) – more progress expected going forward
  - Convergence works as selling strategy
  - Sales channels include mainly POS and D2D (including Fibre Shops); growing share of on line

The fastest mobile network in Poland according to speedtest.pl

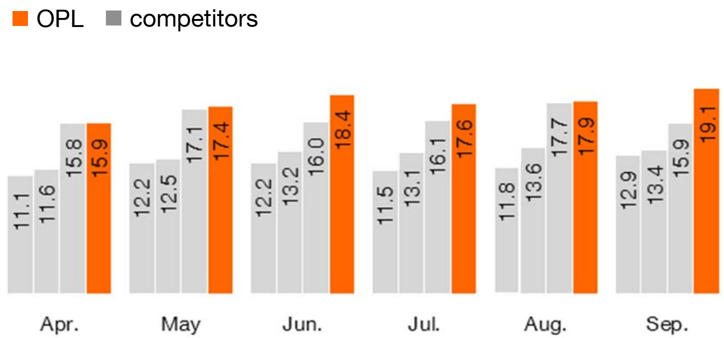
DATA

total mobile traffic per quarter
(ex CDMA, in PB):



#1 network

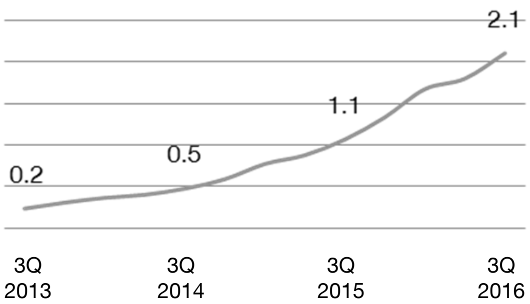
in mobile broadband speed
among operators in Poland*
(download in Mbps, all technologies)



* source: www.speedtest.pl

DATA

average monthly usage per post-paid user
(ex CDMA, in GB):



- LTE 800MHz area coverage at 74% outdoor and 37% indoor
  - 57% of total mobile traffic is 4G
- 3,799k LTE unique users in Sept. 2016, +19% qoq
- 65% smartphone penetration in post-paid handset customer base (vs 58% in 3Q'15)
- Voice over LTE launched to provide even better connectivity and quality of voice, enabling simultaneous usage of voice and broadband
- 1.9 Gb/s speed reached in OPL Labs following spectrum aggregation (800/900/1800/2100/2600 MHz)

Financial review

Maciej Nowohoński
Chief Financial Officer

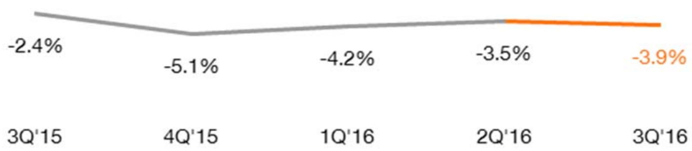
3Q/9m'16 financial results key highlights

in PLNm	9m'16	% yoy	3Q'16	% yoy	key points for 3Q
restated revenues*	8,557	-3.9	2,851	-3.9	▪ Underlying trends unchanged ▪ Still impacted by end of infrastructure projects (for the last time)
restated EBITDA*	2,523	-11.3	831	-10.2	▪ Total cost base down as optimisation in indirect costs offset commercial investments ▪ FY guidance confirmed at PLN 3.15-3.30bn
% of revenues	29.5	-2.5 pp	29.1	-2.1 pp	
restated CAPEX*	1,224	+7.6	367	-7.8	▪ Reflects full-year outlook ▪ Ex-fibre down c.20% yoy
% of revenues	14.3	+1.5 pp	12.9	-0.5 pp	
restated organic cash flow*	455	-45.8	169	-44.6	▪ Reflects decline in EBITDA and higher cash paid for capex

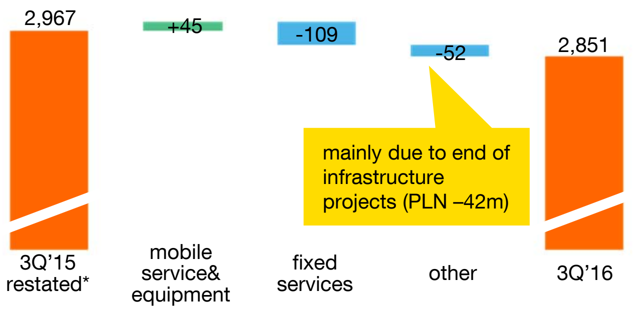
* restated as presented on slide #3

Revenue evolution – underlying trends unchanged

Restated revenue evolution
yoy change



Restated revenue evolution breakdown
in PLNm

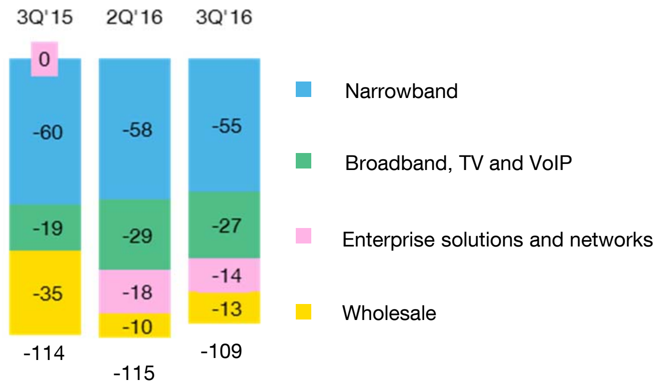


* restated as presented on slide #3

Mobile revenue
- Reflects further progress in shift towards instalment offers
- Includes first impact of pre-paid registration bonuses

Fixed revenue
- Key trends unchanged

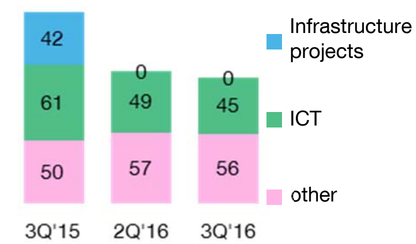
(yoy in PLNm)



Mobile revenue
(yoy in PLNm)

Other revenue
reflect completion of infrastructure projects and lower ICT revenues

(in PLNm)



Mobile supported by post-paid customer growth and equipment sales

3Q mobile revenue
PLN 1,594m
+2.9% yoy

service	equipment
PLN 1,336m	PLN 258m
-3.0%yoy	+50.9%yoy

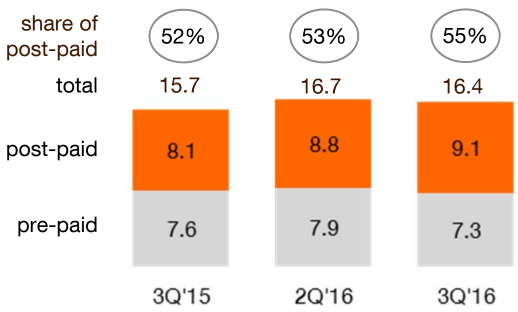
Customer base:

- Post-paid: the highest net additions in many years driven by on-going commercial push and increased migration from pre-paid (influence also on nju brand)
  - post-paid churn at multi-year low of 2.7% in Q3
- Pre-paid: sharp drop in low usage one-time activations following SIM card registration obligation (no material impact on revenues)

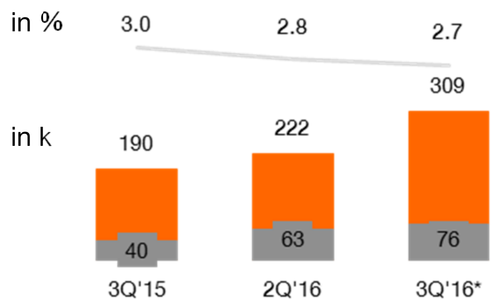
Post-paid ARPU trend unchanged versus previous quarter:

- Continued dilution caused by changes in the customer mix (more instalments and SIMo offers) and convergent discounts

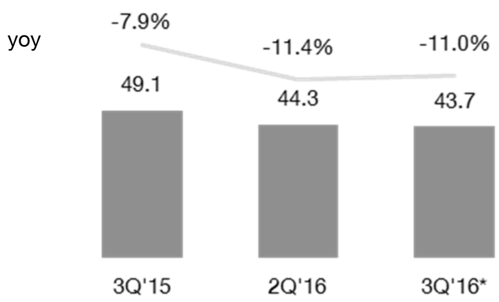
Mobile customers
in millions



Post-paid net adds & quarterly churn



Post-paid ARPU trend
(PLN/month) and yoy % change

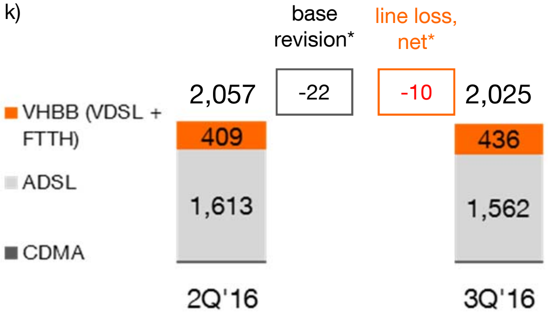


* Please refer to the slide #23 presenting effects of customer base revision

Strong net additions in high speed FBB and fixed LTE service

Retail fixed broadband accesses

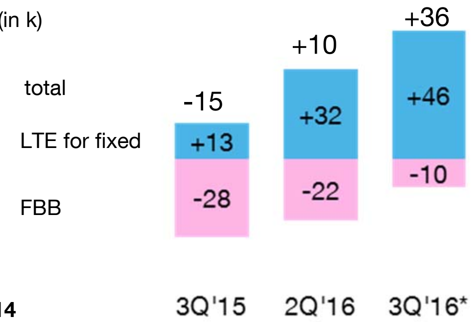
(in k)



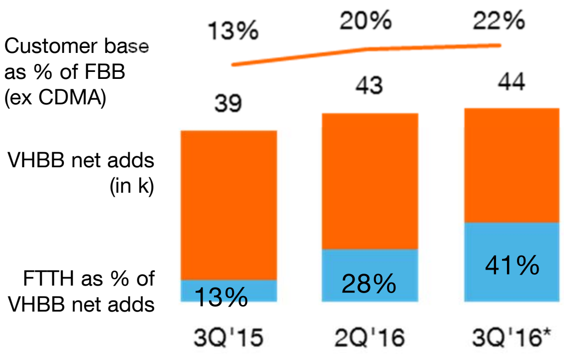
- Total loss of FBB lines the lowest in more than 2 years driven by:
  - Strong net additions to VHBB (VDSL+FTTH)
  - Lower line losses in ADSL
- LTE for fixed (substitution for fixed broadband) continues to gain momentum
- 76% of FTTH gross adds in 3Q were new clients for OPL
- ARPU still affected by lower pricing introduced in 2015

LTE for fixed offsets losses in FBB

(in k)

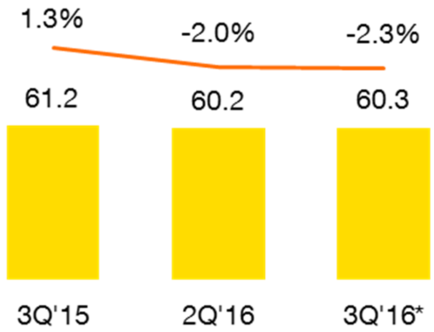


VHBB (VDSL+FTTH)



ARPU (broadband, TV, VoIP) evolution

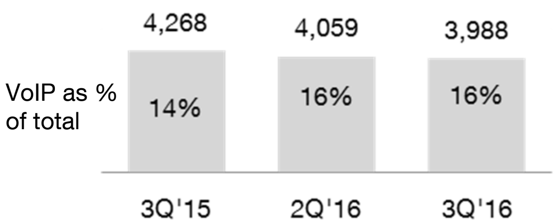
in PLN/month and yoy % change



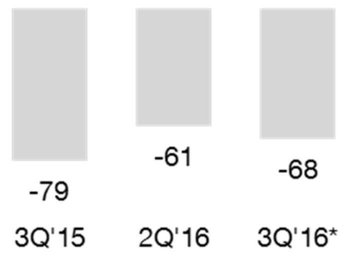
* Please refer to the slide #23 presenting effects of customer base revision

Fixed to mobile substitution drives PSTN legacy evolution

Retail fixed voice lines
(in k)

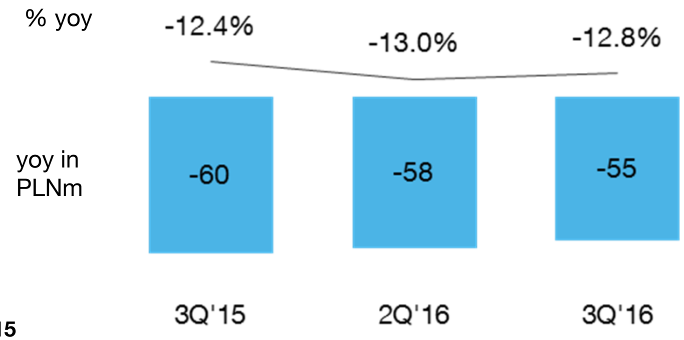


Net line losses
(in k)

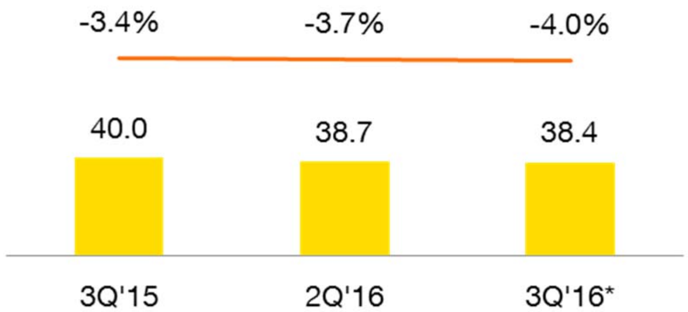


- Value of legacy relatively well defended given quick proliferation of mobile services in Poland
- Still PSTN is c.14% of total OPL revenues that almost entirely translate into EBITDA

Similar revenue trend
yoy change in PLNm and %



Retail fixed voice ARPU** evolution
in PLN/month and yoy % change

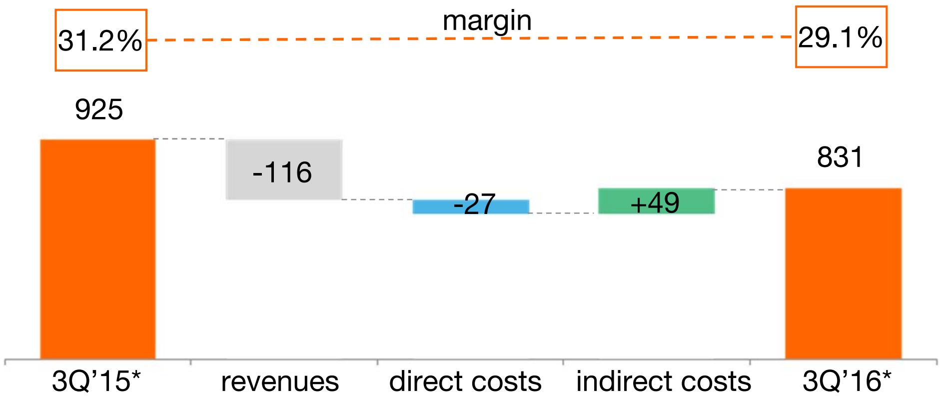


* Please refer to the slide #23 presenting effects of customer base revision

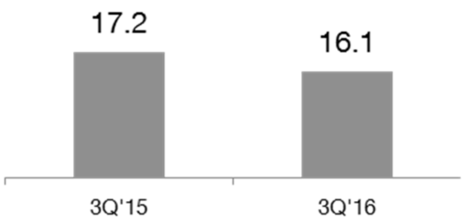
** excluding VoIP revenues which are included in broadband revenues

3Q EBITDA reflects lower year-on-year cost base

Restated EBITDA* evolution
yoy change in PLNm



employment down 6.4% yoy
(in kFTE end of period)



- **Direct costs** up yoy driven by:
  - Higher interconnect costs due to growing traffic, in line with revenues
  - Growing commercial costs reflect continued marketing push, change in mix of handsets (more smartphones) and unfavourable FX impact (weaker PLN to EURO)
- **Indirect costs** reduced mainly by:
  - Ongoing optimisation in Network & IT areas
  - Headcount decrease following implementation of social plan

* restated as presented on slide #3

Net income reflects lower operating income

in PLNm	9m'15	9m'16	3Q'15	3Q'16	change
reported EBITDA	2,847	2,523	929	831	-98
depreciation and amortization	-2,159	-2,031	-716	-695	+21
reversal of impairment of non-current assets	2	2	-1	1	+2
reported operating income	690	494	212	137	-75
net financial costs	-210	-271	-76	-79	-3
income tax	-73	-71	-26	-21	+5
reported net income	407	152	110	37	-73

D&A down as amortization of new spectrum was offset by positive effect from extension of useful life for certain network assets

Net financial costs broadly flat despite much higher debt: higher net interests costs offset by favourable FX effect in discount expense

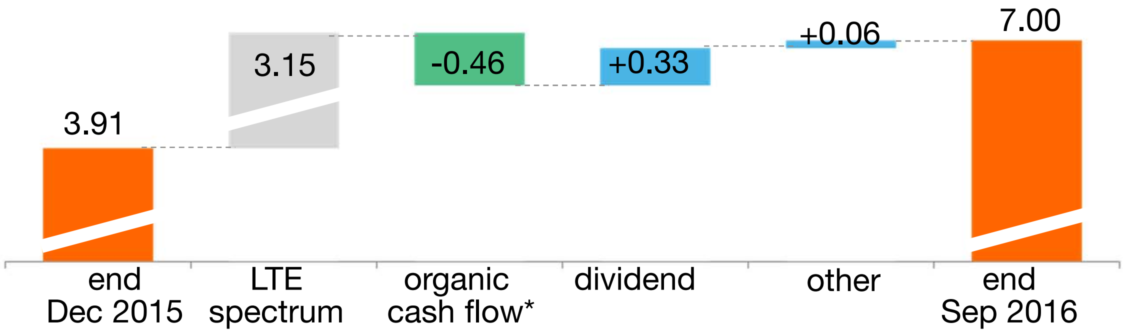
Cash flow in 3Q reflects lower EBITDA and higher cash capex

in PLNm	9m'15	9m'16	Change	3Q'15	3Q'16	Change
Net cash flow from operating activities before income tax paid and change in working capital	2,428	2,100	-328	805	703	-102
Change in working capital	-319	-45	+274	-76	-45	+31
CAPEX ex LTE spectrum*	-1,136	-1,213	-77	-401	-370	+31
Change in CAPEX payables	-201	-459	-258	-21	-128	-107
LTE auction deposits / Acquisition of LTE spectrum	-741	-3,148	-2,407	-313	-	+313
Income tax received/(paid)	-36	-23	+13	-18	-4	+14
Sales of assets	104	95	-9	16	13	-3
Reported organic cash flow	**99**	**-2,693**	**-2,792**	**-8**	**169**	**+177**
LTE auction deposits / Acquisition of LTE spectrum	741	3,148	+2,407	313	-	-313
Restated organic cash flow	**840**	**455**	**-385**	**305**	**169**	**-136**

* including exchange rate effect on derivatives economically hedging capital expenditures, net

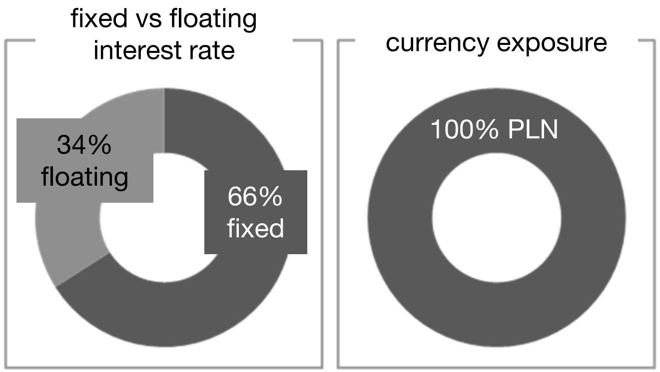
Higher net debt reflects payment for spectrum

net debt evolution
change in PLN bn



3Q'15		3Q'16
3.8%	effective interest rate on debt	3.3%

Debt after hedging breakdown



- 3.4 years – debt average duration
- Full-year guidance on net debt to restated EBITDA below 2.2x confirmed

* as presented on slide #3

Conclusions

Jean-François Fallacher
Chief Executive Officer

Conclusions

3Q2016 achievements	4Q2016 outlook
Commercial success: • +309k* mobile post-paid net adds • +44k* VHBB net adds	• Good trends to continue in mobile post-paid and VHBB; SIM card registration to affect pre-paid volumes
Restated revenue: -3.9% yoy	• Continuation of trends in fixed and mobile • No more impact of completion of infrastructure projects
Restated EBITDA: -10.2% yoy	• More favourable yoy trend due to better revenue and indirect costs evolution • On-track to reach guidance (PLN 3.15-3.30bn)

* Please refer to the slide #23 presenting effects of customer base revision

Q&A

Impact of customer base revision

customer base (in thousands)	*2Q2016*	*effect of base revision*	*net change of customers in Q3*	*3Q2016*
Fixed telephony accesses				
POTS, ISDN & WLL	3,415	-1	-77	3,337
VoIP first line	644	-2	9	651
Total retail main lines	4,059	-3	-68	3,988
Fixed broadband access				
ADSL	1,613	-5	-46	1,562
VHBB	409	-17	44	436
o/w VDSL	*370*	*-17*	*26*	*379*
o/w FTTH	*39*	*0*	*18*	*57*
CDMA	35	0	-8	27
Retail broadband – total	2,057	-22	-10	2,025
TV client base				
IPTV	213	-15	16	214
DTH (TV over Satellite)	590	-32	-10	548
TV client base – total	803	-46	4	761
3P services (TV+FBB+VoIP)	547	-34	14	527
Mobile accesses				
Post-paid	8,798	-22	309	9,085
-o/w B2B	*2,817*	*0*	*76*	*2,893*
Pre-paid	7,898	11	-600	7,309
Total	16,696	-12	-290	16,394
- of which dedicated mobile broadband accesses	2,473	0	142	2,615

- Customer base revision resulted from internal audit of the accuracy of the reporting processes.
- These processes have been amended to ensure the correctness of the reporting going forward.
- This revision has no impact on the revenues.

Glossary (1/3)

3P customer	a customer who purchased a bundle of fixed broadband, TV and VoIP services
4G	fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)
ARPU	Average Revenue per User
AUPU	Average Usage per User
CATV	Cable Television
CDMA	Code Division Multiple Access, second generation wireless mobile network used also as a wireless local loop for locations where cable access is not economically justified
data user	a customer who used mobile data transmission in a given month
EBITDA	Operating income + depreciation and amortization + impairment of goodwill + impairment of non-current assets
FBB	Fixed Broadband
Fibre access network project	rollout of fixed broadband access network based on fibre technology which provides the end user with speed of above 100Mbps
FTE	Full time equivalent
FTTH	Fibre To The Home
GB	Gigabyte

Glossary (2/3)

G.fast	a digital subscriber line (DSL) standard for local loops shorter than 500 m, with performance targets between 150 Mbit/s and 1 Gbit/s, depending on loop length
Households (HH) connectable in fibre technology	Households where broadband access service based on fibre technology can be rendered
ICT	Information and Communication Technologies
Liquidity Ratio	Cash and unused credit lines divided by debt to be repaid in the next 18 months
LTE	Long Term Evolution, standard of data transmission on mobile networks *(4G)*
LTE for fixed	mobile broadband offer dedicated to data for home or office usage
LTE user	a customer who used LTE service at least once in a given month
M2M	Machine to Machine, telemetry
MB	Megabyte
MoCA	Multimedia over Coax Alliance: whole-home distribution of high speed broadband and high definition video and content over the existing in-home coaxial cabling
MVNO	Mobile Virtual Network Operator
Net Gearing	net gearing after hedging ratio = net debt after hedging / (net debt after hedging + shareholders' equity)

Glossary (3/3)

Organic Cash Flow	Organic Cash Flow = Net cash provided by Operating Activities – (CAPEX + CAPEX payables) + proceeds from sale of assets
Neostrada	Fixed broadband access service
PB	Petabyte
RAN agreement	agreement on reciprocal use of radio access networks
RGU	Revenue Generating Unit
SAC	Subscriber Acquisition Costs
SIMO	mobile SIM only offers without devices
SRC	Subscription Retention Costs
VDSL	Very-high-bit-rate Digital Subscriber Line
VHBB	Very high speed broadband above 30Mbps
VoIP	Voice over Internet Protocol