więcej z życia w Orange
przez 24 godziny

Orange Polska (TPSA) results for 2Q 2012

Warsaw
July 25th, 2012

orange™

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.

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2Q highlights

Maciej Witucki
president of the board and CEO

2Q marked by improving revenue trend and solid commercial KPIs

pillars of action plan

re-focus on core business

re-engage with markets

re-balance operating model

- top-line dynamics improving significantly since 1Q, helped by revenue from the ICT activity, Broadband and EURO 2012,
- satisfactory commercial activity, with 144,000 net adds in mobile and an improvement in fixed line evolution,
- EURO 2012 technical partnership a success, despite rigorous conditions from UEFA,
- 2Q EBITDA margin at 35.3%, on track to meet the full-year objective
- solid 2Q net income, up by 13% versus comparable figure* last year
- PLN 2bn dividend paid in July, at PLN 1.5 per share

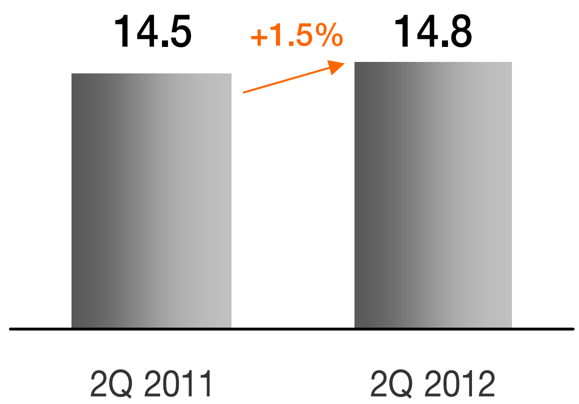
2012 outlook and guidance reiterated

* 2011 pro-forma adjusted for deconsolidation of Emitel & Paytel, excluding gain on disposal of Emitel (PLN +1,188mn) and provision for European Commission fine (PLN -458mn)

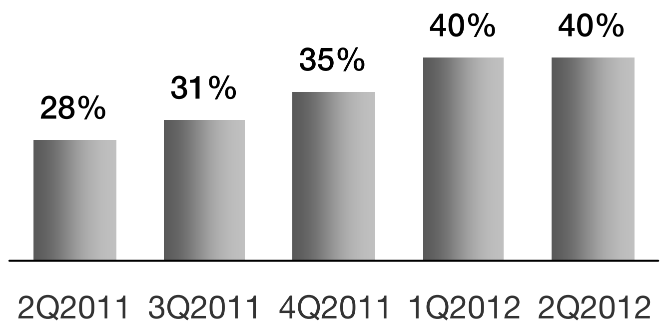
mobile: focus on value customers & convergence delivers effects

- value market leadership maintained
- post-paid data ARPU +10% year-on-year
- rising smartphone penetration
- unlimited voice offers included in the convergent Orange Open package
- HSPA DC available to 62.7% of population
- network sharing upgrades initiated, further work will benefit customers in 2012

growing customer base (mn)



share of smartphones in post-paid sales*

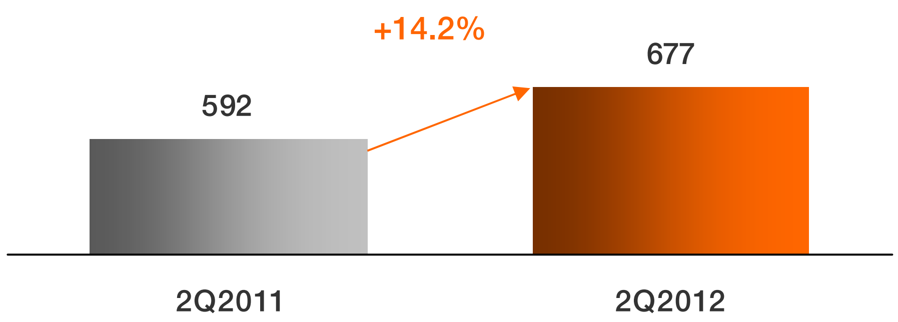


* total smartphones in acquisition and retention in the period

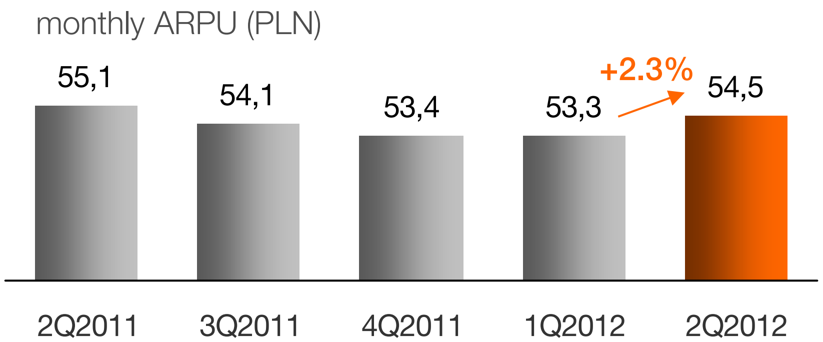
broadband: revenue growth restored due to 151,000 3P clients

- simplicity and competitiveness of FunPack bundles attracted 151,000 clients
- quarter on quarter revenue and ARPU growth driven by 3P bundles
  - revenue up by ~2%
  - ARPU up by 2,3%

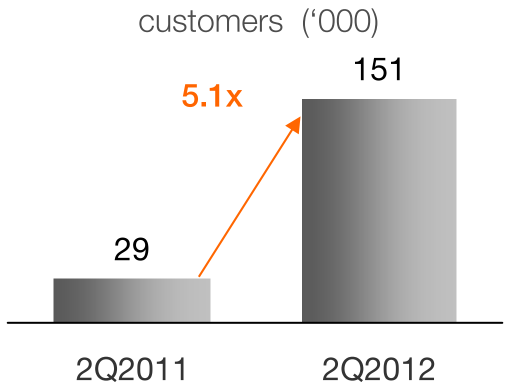
growing TV customer base ('000)



broadband ARPU rebounded

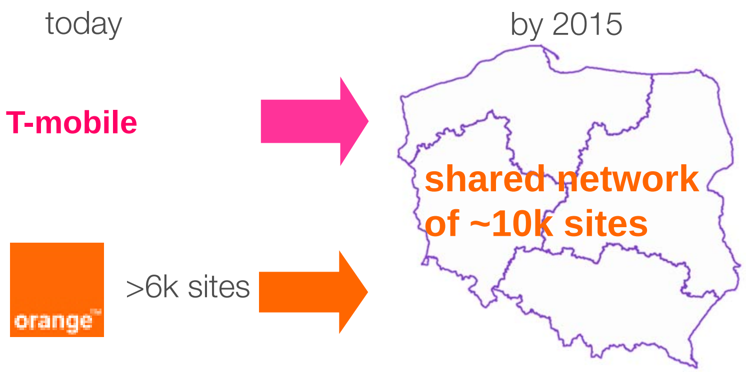


3P services in FunPack (TV + BB+ VoIP)

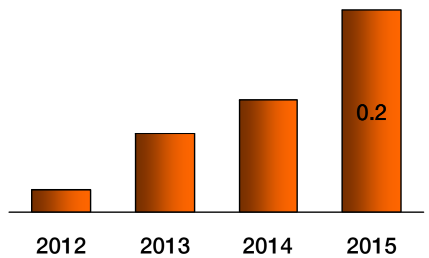


network sharing has entered into the execution phase

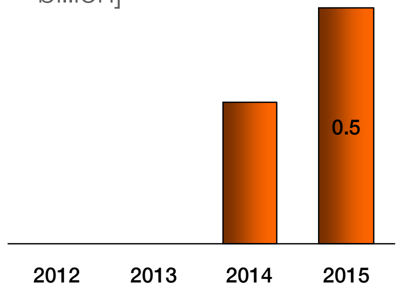
targeted network situation by 2015



full cost savings run rate of PLN 0.2bn p.a.
[cost savings p.a. in PLN billion]



capex savings mostly after 2014,
[capex savings in PLN billion]



progress

✓ vendors chosen: Huawei and Nokia Siemens Networks

✓ June '12 – co-used network in 7 areas (out of 360):

- 71% rise in number of sites used by Orange customers in these regions
- 23 ppts ave. increase in 3G indoor population coverage

next steps

- up to 2,600 base stations in shared network till the end of 2012
- dismantling / sale of decommissioned locations to achieve opex savings

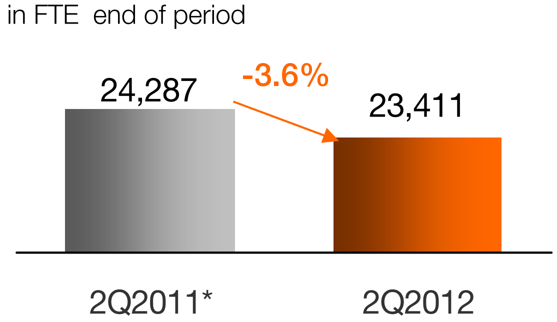
2012-2013 headcount optimisation started

headcount optimisation commenced with over 2,500 FTEs to take part in voluntary leaves in 2012-2013

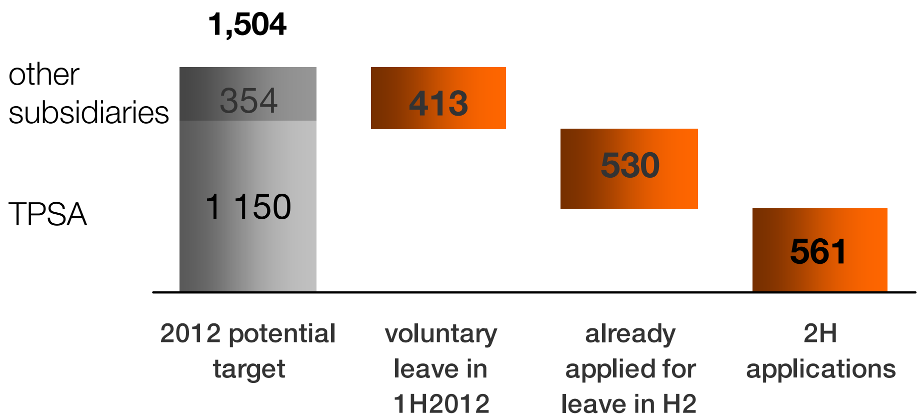
- PLN 172mn restructuring provision booked in 4Q'11 accounts in relation to restructuring
- once completed, the program will generate annual savings of over PLN 200mn

- 413 employees left the Company under the Social Agreement in 1H2012
  - another ~1,1k employees will leave in 2H

Orange Polska employment



2012 restructuring (FTE)



* pro-forma adjusted for de-consolidation of Emitel and Paytel

1H results confirm the Group on track to deliver 2012 targets

in PLN mn	1H2011	**1H2012**	2Q2011	**2Q2012**	key points
revenue*	7,357	**7,190**	3,711	**3,669**	▪ significant improvement in revenue dynamics in 2Q ▪ 1H top-line evolution well within FY outlook
year-on-year		-2.3%		-1.1%	
EBITDA**	2,670	**2,519**	1,369	**1,295**	▪ EBITDA margin up since 1Q, despite pressure on commercial costs ▪ further improvement expected in 3Q
as % of revenues	36.3%	**35.0%**	36.9%	**35.3%**	
capex*	897	**884**	555	**471**	▪ capital expenses broadly at the same level as last year ▪ 2012 capex profile to be more front-loaded than 2011
as % of revenues	12.2%	**12.3%**	15.0%	**12.8%**	
Net Free Cash Flow	909	**709**	514	**457**	▪ cash generation evolving as anticipated ▪ FY guidance reiterated

* pro-forma adjusted for de-consolidation of Emitel and Paytel

** adjusted for de-consolidation of Emitel and Paytel and gain on disposal of Emitel and increase in provision for European Commission fine imposed in 2Q2011, amounting to +PLN 1.2 bn and -PLN 0.46 bn respectively,

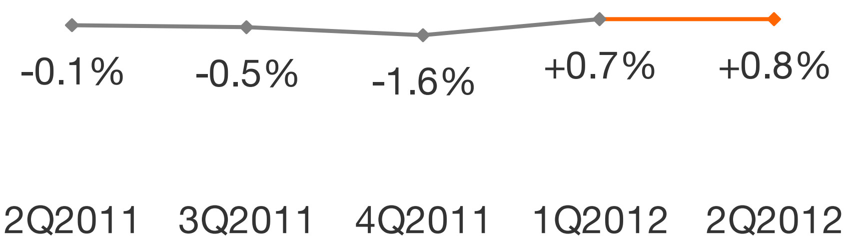
2 financial review

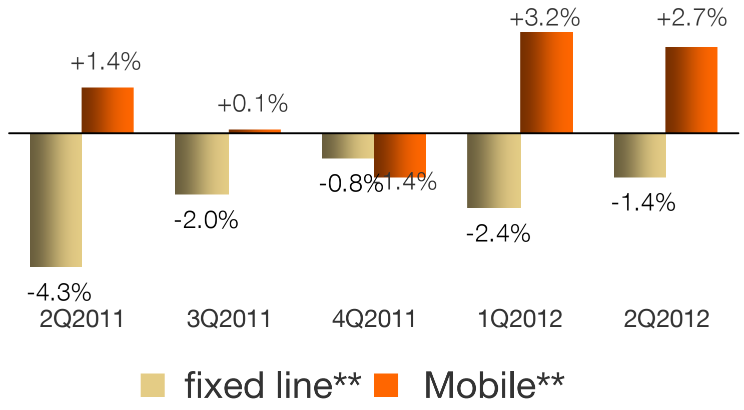
Jacques de Galzain
chief financial officer

market value trends stabilised, despite MTR cuts

market value year-on-year evolution

total telecommunication market*





*market value is an aggregate of operators' retail and wholesale telecommunication revenue, market data are Company's preliminary estimates

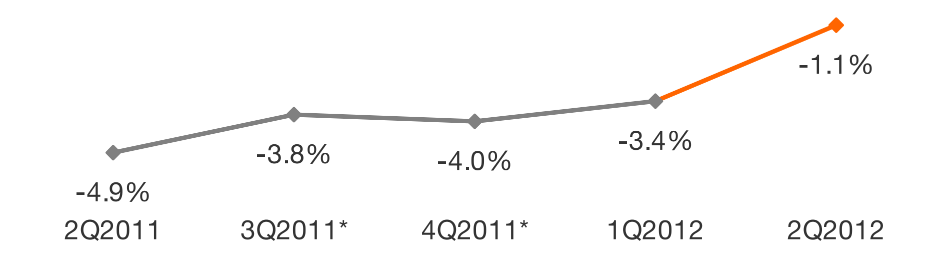
** segment value according to total operators' revenues, market data are Company's preliminary estimates

insight

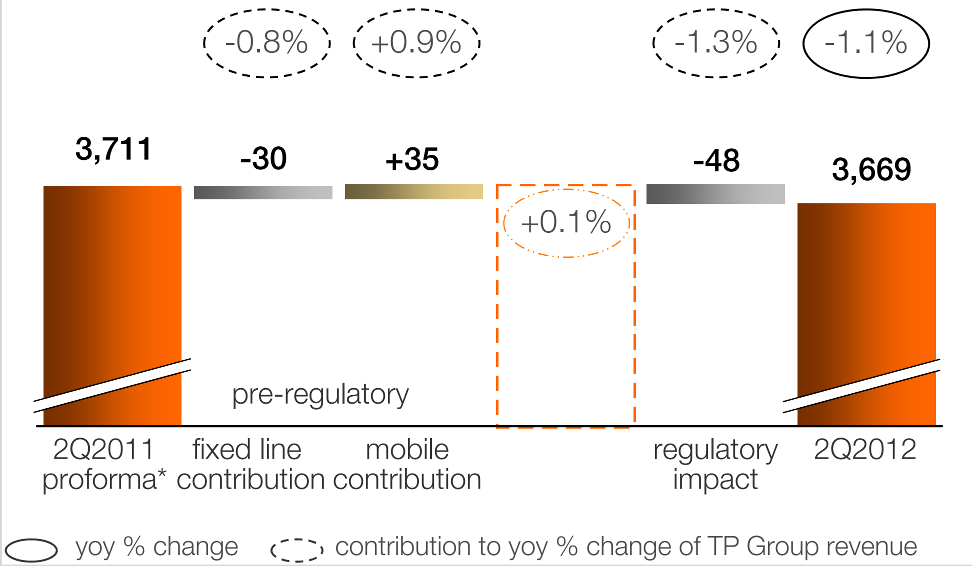
- MTR cuts on July 1st 2012
  - SMS MTR cut to 5gr from 6gr
  - Voice MTR cut to 12.2gr from 15.2gr,
  - EU roaming rates cut from July 1st
- total telecom market has increased by +0.8% in 2Q 2012
- mobile market rose by 2.7% in 2Q, driven by volume growth and data
- fixed market decreased by 1.4% in 2Q vs -4.3% a year ago
  - continued substitution to mobile
  - broadband market still driven by CATV

Group revenue up by 0.1% year-on-year, excl. regulatory impact

Group revenue evolution y-o-y (in %)



Group revenue evolution (in PLN mn)



insight

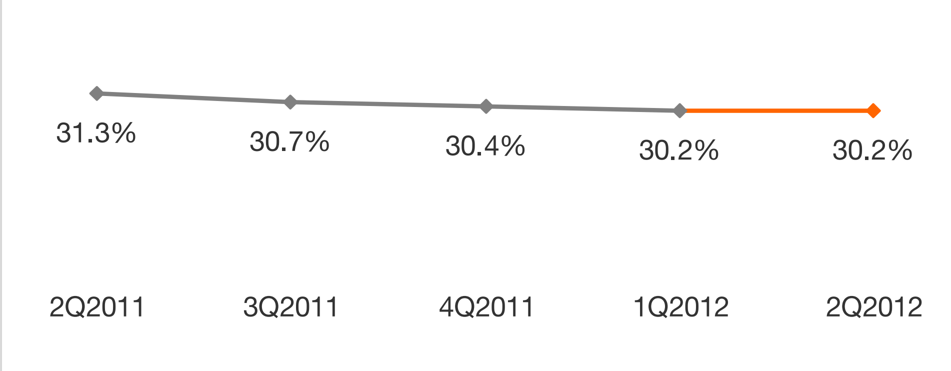
- Group revenue dynamics improving significantly since 1Q
  - revenue down by 1.1% year-on-year vs. -3.4% in quarter 1
- pre-regulation, mobile segment contributing +0.9% to Group's dynamics
  - growing number of customers
  - retail ARPU up since 1Q, at PLN32.2
- significant improvement in fixed segment's revenue evolution
  - restored growth of the broadband top-line
  - fixed segment helped by PLN 80mn from ICT services

* vs. pro-forma, adjusted for de-consolidation of Emitel and Paytel

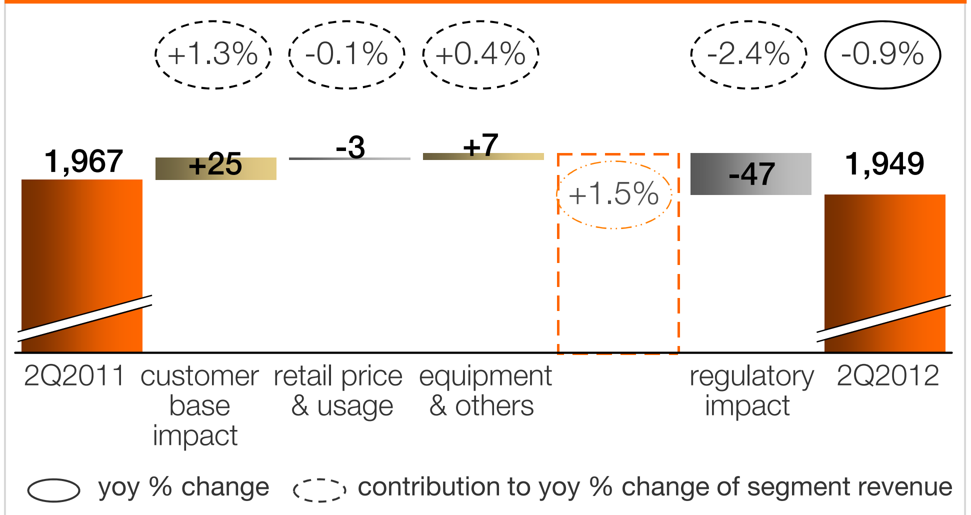
mobile segment revenue up by 1.5% excl. regulatory impact

mobile segment revenue* evolution y-o-y (in%)

Orange value market share evolution y-o-y (in%) **



mobile segment revenue* evolution
(segment statutory in PLN mn)



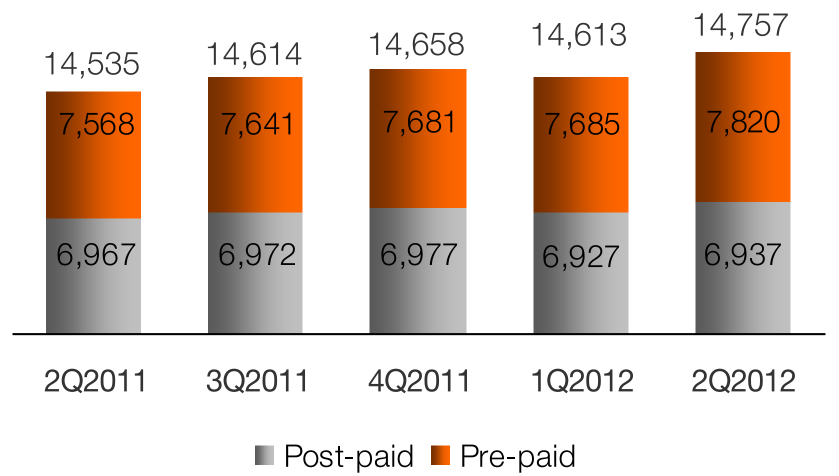
insight

- Orange maintained value market leadership
  - focus on value stabilised our market share since 1Q
- excl. regulatory impact, 2Q sales are +1.5% year-on-year
  - driven by 222,000 net adds since last year
  - retail price pressure mitigated by strong growth of data and robust usage

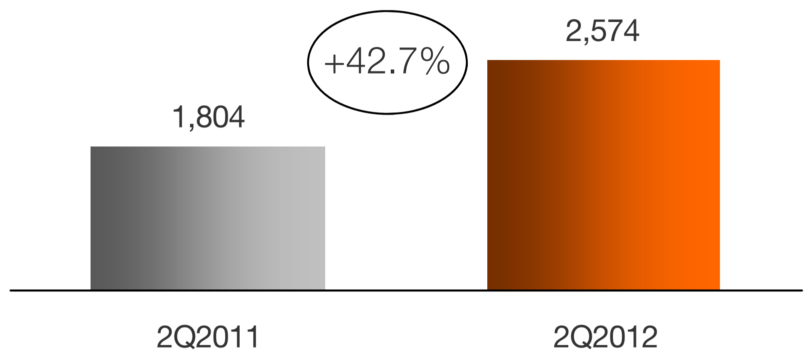
* incl. revenue from fixed services provided by PTK **company's estimation, 2011 updated with the latest data for PLAY

successful commercial development reflects our focus on value

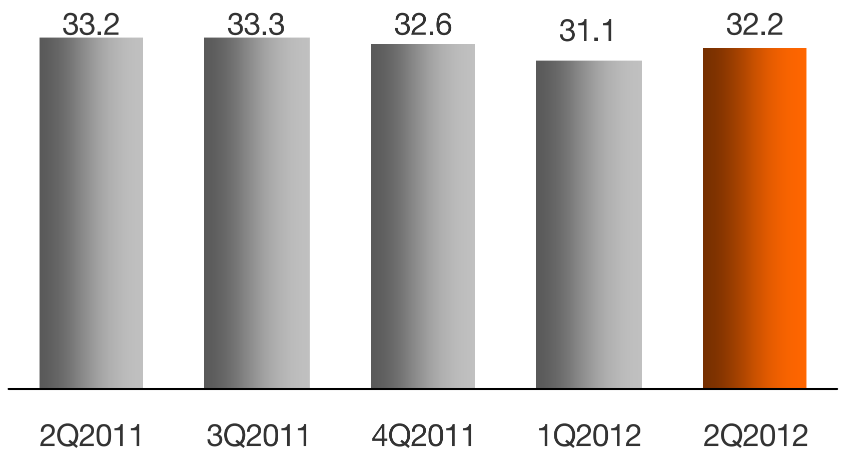
customer base evolution (in '000)



number of smartphones (in '000)



retail ARPU evolution (PLN/month)

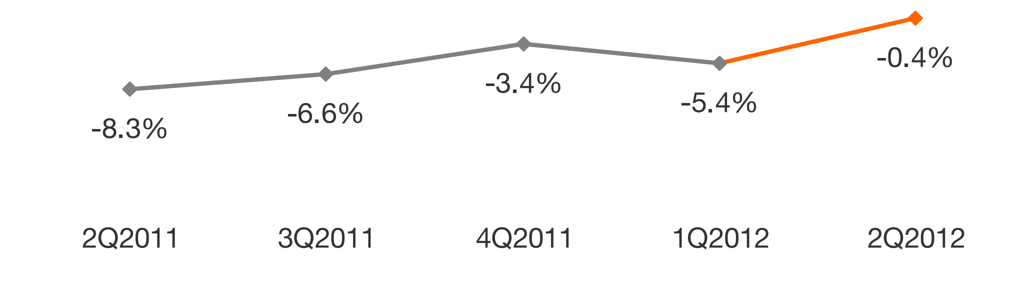


insight

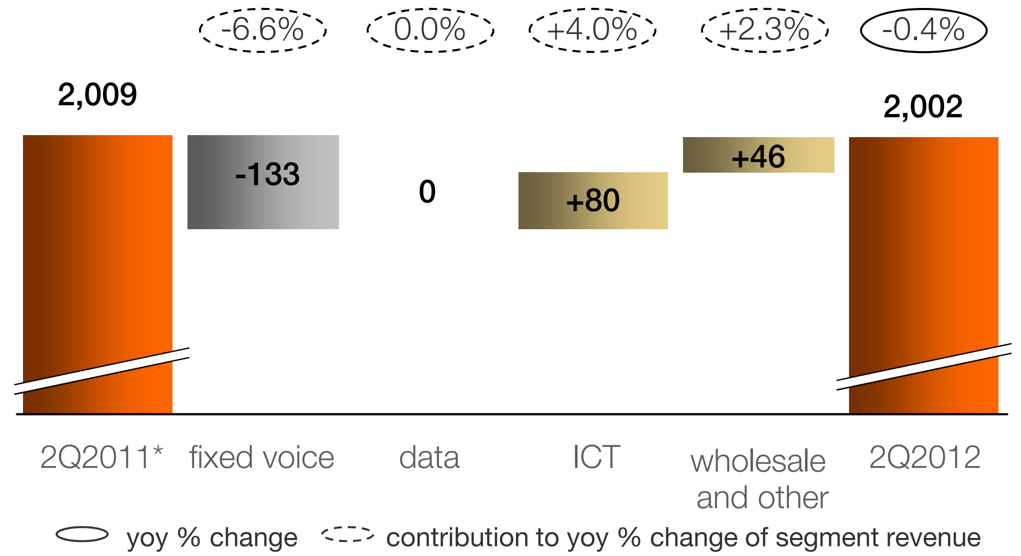
- robust development of our customer base
  - 144,000 net additions in 2Q
- number of smartphones continues to rise
  - helping to defend the retail ARPU, albeit it is also reflected in commercial costs
- retail ARPU rebounding since 1Q

fixed segment's revenue down by only 0.4% in 2Q

fixed segment revenue evolution y-o-y (in%)*



fixed segment revenue evolution
(segment statutory in PLN mn)



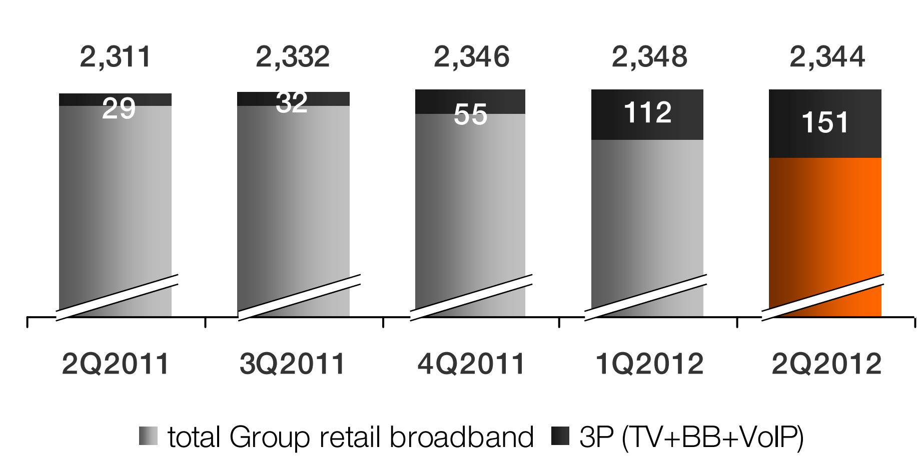
insight

- revenue trends systematically improving over the last 12 months
- fixed voice revenue decrease slowed down, due to product bundling and migration to VoIP
- Broadband top-line growth restored, up by 1.9% since 1Q
  - helped by the success of our 3P offering
  - ARPU has grown by 2.3% since 1Q
- fixed segment revenue evolution helped by +PLN 80mn from ICT services
  - this includes technical partnership contract with UEFA, and strong sales of our ICT subsidiary

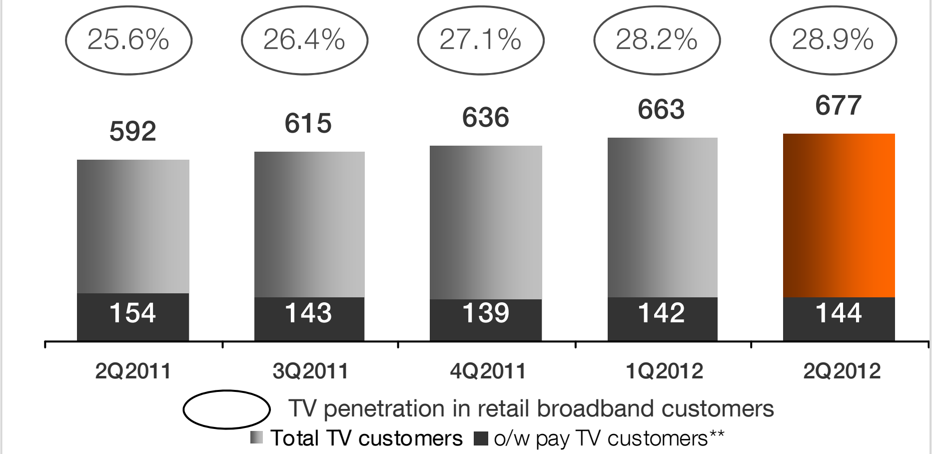
* pro-forma, adjusted for the deconsolidation of Emitel and Paytel

fixed line churn limited thanks to VoIP within our 3P bundles

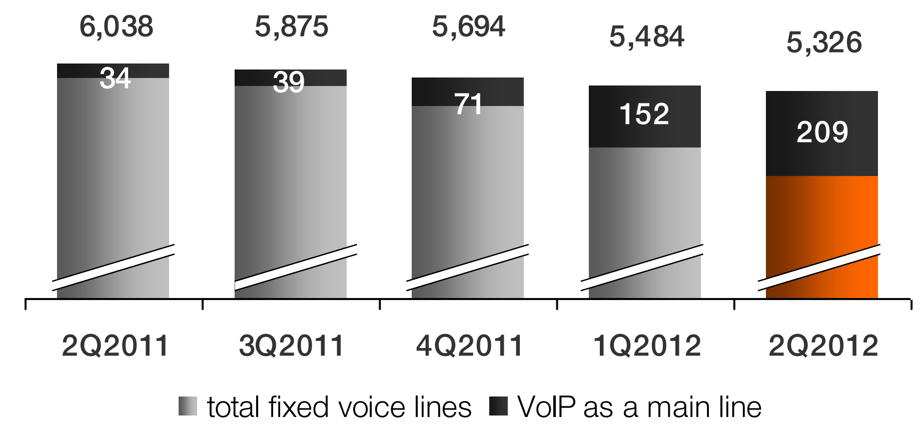
Group retail broadband accesses* (in '000)



TV customer base evolution (in '000)



retail voice subscribers evolution (in '000)



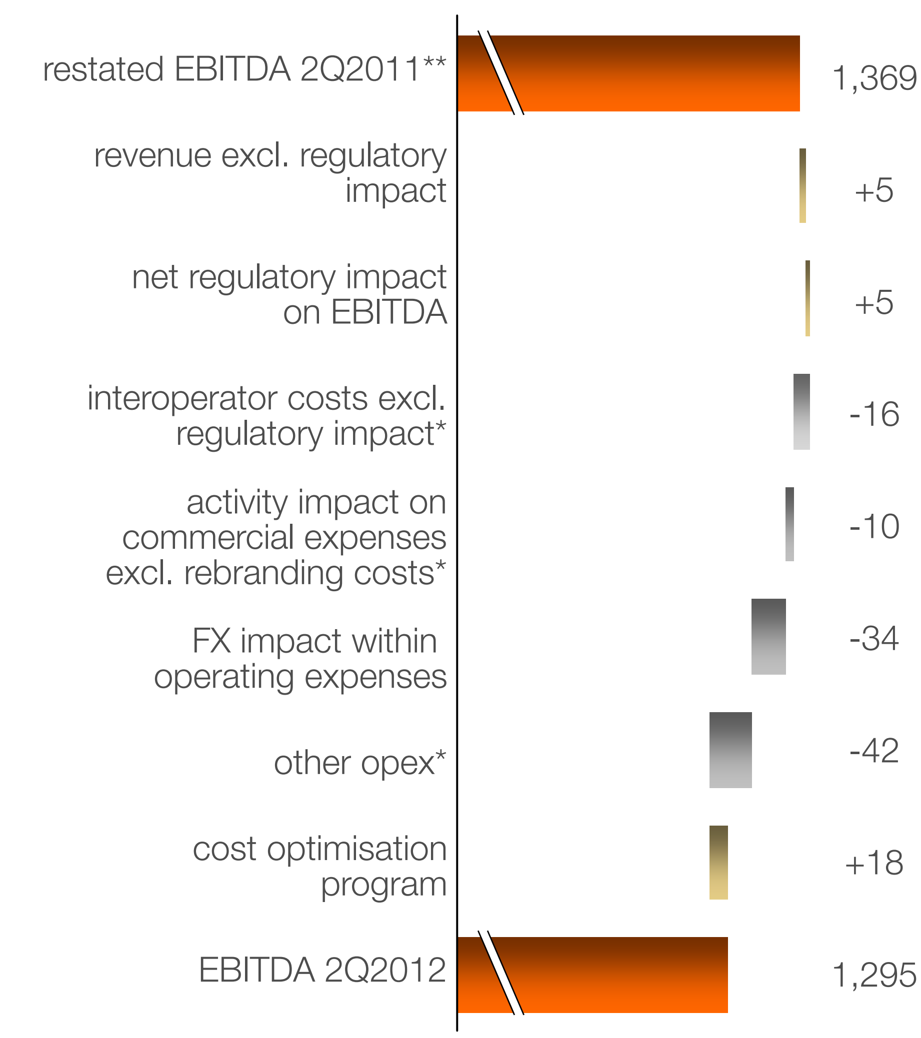
insight

- significant improvement in fixed line evolution
  - quarterly decrease limited to 158k after ~200k in the previous quarters
  - >200,000 clients use VoIP as their main voice line
- more than 151,000 clients took our 3P bundle (BB+TV+VoIP)

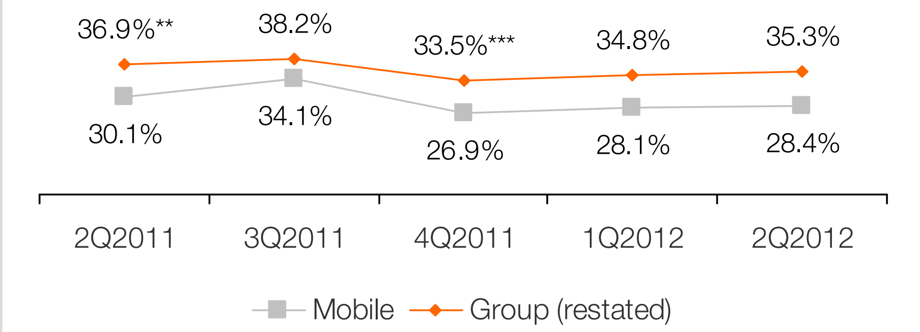
*Including CDMA and Orange Freedom
** includes TP's M-, L – packages, Orange Sport, HBO and 'n' packages

EBITDA margin rebounded in 2Q, further boost to come in 3Q

Group EBITDA evolution (in PLN mn)



EBITDA margin (in %)



insight

- no revenue impact on EBITDA thanks to ICT revenues
  - however, ICT sales come at low margin, affecting Group profitability
- interconnect and commercial costs affected EBITDA by PLN 26mn in total
- FX impact still visible in EBITDA evolution
- other costs rise due to ICT related expenses
- rebranding expenses fully reimbursed by brand owner

* excluding FX impact and effect of cost transformation program
** pro-forma adjusted for the deconsolidation of Emitel and Paytel, excluding gain on disposal of Emitel (PLN +1,188) and increase in provision for European Commission fine imposed (PLN -458mn)
***pro-forma adjusted for the deconsolidation of Emitel and Paytel, excluding add. costs on Emitel disposal (PLN -5mn), restructuring provision (PLN -172mn) and increase in DPTG provision (PLN -35mn)

net income increasing since last year

in million PLN	1H2011**	1H2012	2Q2011**	2Q2012
EBITDA	2,212	2,519	911	1,295
depreciation and amortization	*-1,953*	*-1,650*	*-989*	*-833* 1
impairment of non-current assets	*-4*	*-10*	*-4*	*-6*
share of profit of investments accounted for using the equity method		*2*	*-*	*1*
operating income	255	861	-82	457
*net financial costs**	*-220*	*-235*	*-89*	*-127* 2
of which foreign exchange gains / (losses)	12	14	7	5
income taxes	*-101*	*-129*	*-61*	*-75*
net income	-66	497	-232	255

1 decrease vs. 2011 due to underlying trend & less accelerated charges

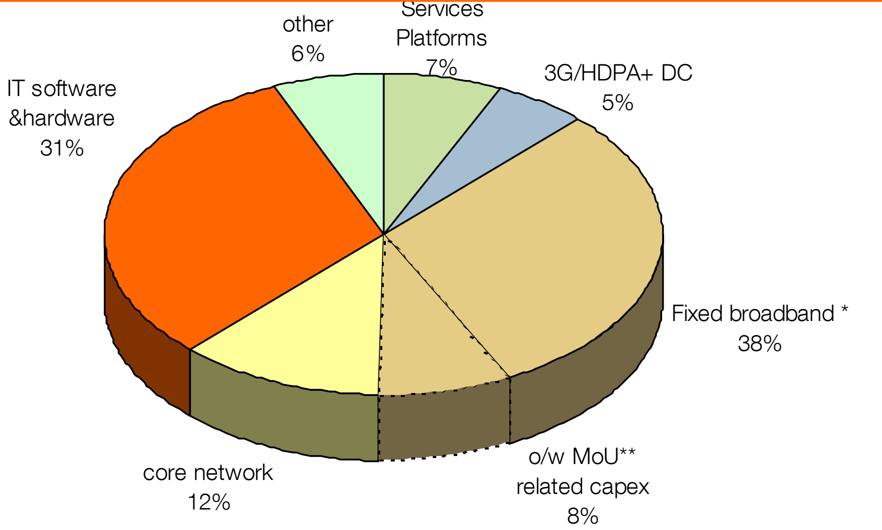
2 less cash drives financial costs up – due to DPTG settlement

* including discounting expenses

** pro-forma, adjusted for de-consolidation of Emitel and Paytel

2Q capex at PLN 471mn, driven by broadband and IT

Group key investment areas in 2Q2012 (in %)

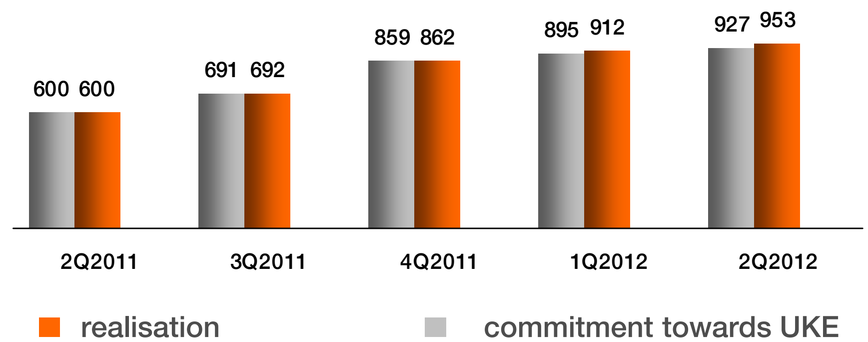


insight

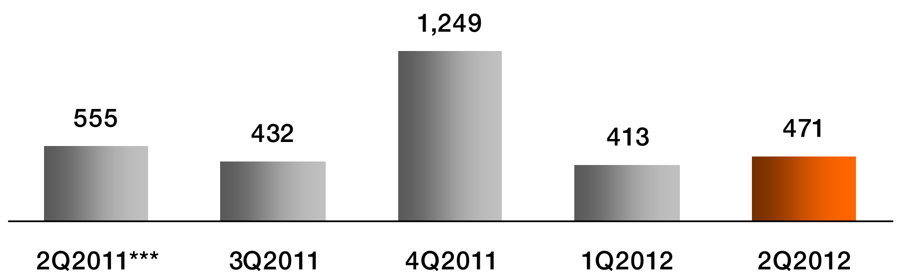
- capex resulted from MoU with UKE amounted to PLN 35 mn in 2Q2012
- total capex spent on the MoU to-date amounts to PLN 1.9bn
- 953k Broadband lines have been delivered to-date (102.8% of MoU target).

UKE 'Memorandum of Understanding
(investment declaration)

accumulated broadband production ('000 lines)



Group capital expenditure evolution (in PLN mn)



*including capex for customer premises equipment ** MoU - Memorandum of Understanding signed with UKE *** adjusted for the deconsolidation of Emitel

cash flow generation benefitting from lower capex, on track for the full-year target

in million PLN	1H2011 reported	1H2012 reported excluding DPTG***	change	2Q2011 reported	2Q2012 reported	change
net cash flow from operating activities before income tax paid and change in working capital	2,539	2,296	-9.6%	1,298	1,091	-15.9%
o/w exchange rate effect on derivatives paid, net	*-7*	*184*	*n/a*	*36*	*54*	*50.0%*
change in working capital	50	-181	n/a	-112	-112	0.0%
CAPEX*	-924	-866	-6.3%	-568	-470	-17.3%
o/w Emitel contribution	*-28*	*-*	*n/a*	*-18*	*-*	*n/a*
CAPEX payables**	-673	-542	-19.5%	-78	-58	-25.6%
income tax paid	-83	2	n/a	-26	6	n/a
net free cash flow after tax paid	**909**	**709**	**-22.0%**	**514**	**457**	**-11.1%**
as % of revenues	*12.1%*	*9.9%*	*-2.2ppts*	*13.6%*	*12.5%*	*-1.1ppts*
sales of assets	18	36	100.0%	13	24	84.6%
Decrease/(increase) in receivables related to leased fixed assets	-3	-3	0.0%	-2	-1	50.0%
organic cash flow	**924**	**742**	**-19.7%**	**525**	**480**	**-8.6%**

* excluding capex financed by lease and including exchange rate effect on derivatives economically hedging capital expenditures, net
** including decrease/(increase) in receivables related to leased fixed assets
*** According to the settlement signed Jan. 12, 2012, TP S.A. paid DPTG a total of €550mn (PLN 2,449mn o/w change in provisions PLN -2,167mn and change in working capital PLN -282mn)

3 conclusion

Maciej Witucki
president of the board and CEO

full year 2012 outlook and guidance reiterated

		FY outlook and guidance reminder	1H status	comments
outlook on trends	market value and revenue	▪ market value affected by MTR cuts, nearing stabilisation ▪ revenue is anticipated to decline by not more than 3%**	-2.3%	▪ 2H evolution will be helped by further contribution from 3P bundles and ICT
outlook on trends	costs and EBITDA	▪ cost optimisation continued, costs base expected to decrease yoy ▪ EBITDA margin anticipated between 35%** and 37%**	35%	▪ 2H will benefit from lower labour costs due to holiday period and restructuring program ▪ additional cost savings actions launched to increase the EBITDA margin in 2H
outlook on trends	capex to sales	▪ capex anticipated between 15% and 17% of revenue**, broadband investment program continued	12.3%	▪ capex expected well within the outlook range, due to a seasonal ramp-up expected ▪ potential spectrum acquisition is not included
guidance	net free cash flow	▪ net free cash flow expected of at least PLN 2bn**	**PLN 0.7bn**	▪ cash flow full-year target reiterated ▪ potential spectrum acquisition not included in guidance

** excluding €550mn payment to DPTG, exceptional items, change in consolidation scope

conclusion for 2Q

- thus far, 2012 progressing in line with expectations
  - financial results on track to meet 2012 targets
  - satisfactory 2Q commercial performance, facilitating improvement in top-line trend
  - key transformation projects progressing in line with the roadmap

- our agenda for 2H is a mix of commercial and financial actions
  - we will continue to progress with our plan for broadband, using the 3P and 4P bundles to drive ARPU and the customer base up
  - we will step-up with initiatives on the cost side, to secure the EBITDA outlook
  - our network sharing and headcount restructuring projects will begin to deliver 1st savings, in 2012 while they will prepare us for the future

5 Q&A session

glossary (1/3)

ARPL	Average Revenue per Line
ARPU	Average Revenue per User
AUPU	Average Usage per User
BSA	Bit Stream Access
CATV	Cable Television
Catch-up	A type of VoD where broadcasters make programming available for streaming
CPE	Customer-premises equipment
CPS/CS	Carriers Pre-Selection/ Carriers Selection
DLD	Domestic Long Distance Calls
DSLAM	Digital Subscriber Line Access Multiplexer
DTH	Direct To Home
DVB-T	Digital Video Broadcasting - Terrestrial
DVB-H	Digital Video Broadcast - Handheld
EBITDA	Operating income + depreciation and amortization + impairment of goodwill + impairment of non-current assets
F2M	Fixed to Mobile Calls
FTE	Full time equivalent
FTTH	Fiber To The Home

glossary (2/3)

HFC	Hybrid Fibre Coax
HSDPA	High Speed Downlink Packet Access
HSPA	High Speed Packet Access
HSPA DC	High Speed Packet Access Dual Carrier
ICT	Information and Communication Technologies
ILD	International Calls
IP TV	TV over Internet Protocol
IVR	Interactive Voice Response
LC	Local Calls
Liquidity Ratio	Cash and unused credit lines divided by debt to be repaid in the next 18 months
LLU	Local Loop Unbundling
LTE	Long Term Evolution *(3GPP 4G technology)*
LTO	Local Telecommunication Operator
MoU wth UKE	Memorandum of Understanding signed with UKE
MTR	Mobile Termination Rates
MVNO	Mobile Virtual Network Operator
Net FCF	Net Free Cash Flow = Net cash provided by Operating Activities – (CAPEX + CAPEX payables)
Net gearing	net gearing after hedging ratio = net debt after hedging / (net debt after hedging + shareholders' equity)

glossary (3/3)

NGA	Next Generation Access
NGN	Next Generation Network
POS	Point-Of-Sale
POTS	Plain Old Telephone Service
PVR	Personal Video Recorder
RIO	Reference Interconnection Offer
RLLO	Reference Leased Line Offer
RUO	Reference Unbundling Offer
SAC	Subscriber Acquisition Costs
SDI	Permanent (Rapid) Access to Internet
SMP	Significant Market Power
USO	Universal Service Offer
UKE	Office of Electronic Communications - Regulator
VAS	Value Added Services
VDSL	Very High Speed Digital Subscriber Line
VoIP	Voice over Internet Protocol
WLL	Wireless Local Loop - a term for the use of a wireless communications, the "first mile"
WLR	Wholesale Line Rental