Current Report (4/2018)
Orange Polska S.A., Warsaw, Poland
20 February, 2018

Pursuant to Article 17(1) of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, the Management Board of Orange Polska S.A. hereby provides selected financial and operating data related to the activities of the Orange Polska Capital Group ("the Group", "Orange Polska") for 4Q and full year 2017.

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 2017 (available at http://orange-ir.pl/results-center/results/2017)

Orange Polska reports strong 4Q 2017 results driven by value focused strategy and delivers 2017 full-year objectives

key figures (PLN million), IFRS	**4Q 2016**	**4Q 2017**	**change**	**FY 2016**	**FY 2017**	**change**
revenue	2,981	2,910	-2.4%	11,538	11,381	-1.4%
EBITDA	640	471	-26.4%	3,163	2,807	-11.3%
EBITDA margin	21.5%	16.2%	-5.3pp	27.4%	24.7%	-2.7pp
adjusted EBITDA[1]	640	667	+4.2%	3,163	3,011	-4.8%
adjusted EBITDA margin[1]	21.5%	22.9%	+1.4pp	27.4%	26.5%	-0.9pp
operating income/loss	-1,848	-177	N/A	-1,354	229	N/A
net loss	-1,898	-198	N/A	-1,746	-60	N/A
capex	777	673	-13.4%	5,169	1,933	-62.6%
adjusted capex[1]	777	673	-13.4%	2,001	1,933	-3.4%
organic cash flow	165	153	-7.3%	-2,528	407	N/A
adjusted organic cash flow[1]	165	123	-25.5%	620	111	-82.1%

[1] please refer to adjustment table on p.6

KPI ('000)	4Q 2016	4Q 2017	change
convergent customers	835	1,306	+56.4%
mobile accesses (SIM cards)	15,799	14,424	-8.7%
post-paid	9,262	9,726	+5.0%
pre-paid	6,537	4,698	-28.1%
fixed broadband accesses (retail)	2,206	2,438	+10.5%
TV customers	766	848	+10.7%
fixed voice lines (retail)	3,932	3,684	-6.3%

Highlights:

- **2017 adjusted EBITDA guidance achieved; in 2018 adjusted EBITDA to stabilise**
- **Commercial activity reflects focus on convergence and value:**
  - **+56% yoy convergent customers thanks to success of the Orange Love offer,**
  - **+11% yoy broadband customers, (+61k net adds in 4Q) driven by wireless for fixed and fibre**
  - **+5% yoy mobile post-paid customers, (+64k net adds in 4Q) reflects higher focus on value generation**
- **Strong 4Q and full-year results driven by value-focused strategy and growing efficiency:**
  - **2017 revenue decline limited to 1.4% (4Q decline at 2.4% yoy):**
    - **improving growth rate in fixed broadband reflects customer base increase and growing fibre network**
    - **mobile revenues reflect shift from volume to value and convergent strategy**
    - **pressure on legacy areas continues**
  - **2017 adjusted EBITDA fall contained to only 4.8% yoy (but in 4Q it was up 4.2% yoy) despite high roaming traffic boosting interconnect costs**
    - **10% yoy fall in the commercial expenses following significant reduction in handset subsidies and much higher share of SIM-only transactions**
- **c.2.5 million households connectable with fibre (1.0m added in 2017)**
  - **fibre customer base at 214k (+38k net adds in 4Q)**
  - **service adoption rate at 8.7%**
- **2017 adjusted capex at PLN 1,933m (in line with full-year outlook), down 3.4% yoy, incl. PLN 673m for the fibre network roll-out**
  - **ex-fibre capex down 14% yoy**
- **2017 adjusted Organic Cash Flow at PLN 111m reflecting lower EBITDA and higher working capital requirements**
- **Management guides for adjusted EBITDA in 2018 to be stable vs 2017 (around PLN 3.0bn)[2] reflecting lower revenue pressure, continuation of value-driven commercial strategy and acceleration of indirect costs optimisations**
- **As we prioritise investments in long-term value creation of the company and also taking into account potential payment of EC fine, the management will recommend not paying any dividend in 2018 (in line with what was stated during strategy presentation in September 2017)**

[2] Under IAS18 accounting standard.

Commenting on 2017 performance and prospects for 2018, Jean-François Fallacher, Chief Executive Officer, said:

”Last year we made significant changes to our commercial approach and announced a new strategic plan for 2017-2020 which we call Orange.one. We have become much more focused on value generation yet we were able to deliver very solid commercial results.

Our convergent strategy is working. We got the product right, we made it our top commercial priority and we are constantly improving our connectivity. In terms of gross customer additions in the consumer market, around 70% of fixed broadband and close to 50% of mobile handset customers are signing up to Orange Love packages. At the end of 2017 exactly 50% of our broadband customers also used our mobile service. We see further significant potential in convergence which we will explore in 2018.

Convergence was one of the key driving forces for the turnaround of our fixed broadband business. Customer growth in 2017 was the highest in a decade, at 11%, and allowed us to grow market share. In the pay-TV segment, we have improved our reputation as a reliable content provider. Customer growth approached 11% and was the highest in five years. In mobile post-paid, our commercial approach has achieved a better balance between volume and value.

We significantly accelerated our fibre network deployment last year and we plan to maintain this level in 2018. The adoption rate for fibre now stands at 8.7% and is improving every quarter.

I am very pleased to note that we have advanced from number 3 to number 2 in NPS (Net Promoter Score), the key drivers of this improvement being fibre and convergence. This vindicates our customer-centric focus and our efforts to make the customer experience as simple and friendly as possible.

In 2018 we will continue to follow the priorities set in Orange.one. Our goal is to create a business model that will generate sustainable growth in sales and profits. We will execute our ambitious commercial plan and explore potential new business opportunities. We will also continue to transform our business, increase efficiency and adapt our operations and internal culture for today’s digital world.”

Financial Review

Revenue decline further limited to -1.4% year-on-year, vs -2.4% in 2016 and -2.9% in 2015

Revenues totalled PLN 11,381 million in 2017, down 1.4% or PLN 157 million year-on-year. There was a considerable improvement in the trend of fixed revenues, as their erosion was contained at 3.2% vs. 7.5% in 2016, despite a continued slump of about 13% in traditional voice revenues, (affected by negative structural factors). Fixed broadband revenues improved greatly with growth of 4.5% in 2017 vs. a decline of 3.9% in 2016. This was driven by rapid customer base expansion, which increased by almost 11%.

The declining trend in mobile revenues can be mainly attributed to implementation of the value-driven commercial strategy. Focus on value and convergence was reflected in a radical reduction in handset subsidies, which resulted in a considerable rise in unit sales prices accompanied by a decline in sales volume and, consequently, a significant increase in the share of SIM-only transactions. This strategy led to an improvement in EBITDA, but had a negative impact on both mobile equipment sales and ARPU.

Other revenues jumped by 35% year-on-year, driven by sales of ICT equipment, higher sales of wireless broadband equipment and consolidation of results of acquired Multimedia Polska Energia (for less than four months).

In 4Q alone, revenues were down 2.4% or PLN 71 million year-on-year. Fixed broadband further improved its growth rate to 7.7% (the highest year-on-year growth of this revenue line in many years) while ICT equipment growth (26% year-on-year) continued its good performance. Mobile revenues (a decline of 7.4% year-on-year) reflected focus on value and convergence. Trend in mobile equipment sales was also affected by high base of last year (pre-paid registration obligation) and lower other sales of equipment.

Commercial performance driven by success in convergence

Following launch of Orange.one convergence has become even more in the centre of our commercial strategy. Convergent customer base increased in 2017 by 471,000 or 56% year-on-year to 1.3 million. This was driven by the Orange Love offer, launched in February. At the end of last year 50% of our broadband B2C customers were convergent versus 35% at the end of 2016. In B2C mobile handset customer base, penetration of convergence increased to 37% versus 24% at the end of 2016. The total number of services used by B2C convergent customers reached 4.17 million, which implies that on average every customer uses four services.

In 2017 our mobile post-paid customer base increased by 464,000 or 5% year-on-year. In handset offers, net customer additions of 419,000 (vs 589,000 in 2016), reflected the shift from volume to value in the commercial approach, focus on convergence and discontinuation of some old value-dilutive offers. Mobile broadband customer base fell by 146,000 in 2017 driven by the shift to wireless for fixed offers and growing data packages for smartphone usage available in handset tariffs. Smartphone penetration in post-paid handset customer base exceeded 70% end-2017 versus 67% in end-2016. Growth of data usage per user in post-paid handset customer base continued to double in year-on-year terms.

In 2017 our fixed broadband business was undergoing a rapid transformation. Customer base increased almost 11% year-on-year (reaching 2.44 million) which was the highest increase in a decade. It resulted from robust expansion of fibre and wireless for fixed customers, continued growth of VDSL customers, all of which more than compensated net losses in ADSL. The number of fibre customers increased by 126,000 (versus 71,000 in 2016) and reached 214,000. The share of growth technologies (fibre, wireless for fixed, VDSL) in our customer base reached 46% versus 31% end 2016.

Following improvements in our content value proposition and focus on convergence we significantly expanded pay-TV customer base. With net additions of 82,000 it went up almost 11% in 2017 which was the highest increase in five years. In 4Q alone, net additions came in at 34,000 and were the highest quarterly growth since 4Q 2010.

In fixed voice, the net loss of lines slightly decelerated to 248,000 in 2017 vs 262,000 a year ago. This is solely attributable to the growth of VoIP services, which are part of the Orange Love package.

Adjusted EBITDA fall contained to 4.8% year-on-year, proves substantial progress towards stabilisation and return to growth

2017 adjusted EBITDA came in at PLN 3,011 million and was PLN 152 million down versus 2016. Adjusted EBITDA margin stood at 26.5%, down 0.9 pp year-on-year. The decline of 4.8% was much lower than 10.1% a year ago. This was driven by an improvement in direct margin trend and optimisation of indirect costs.

Direct margin (a difference between revenues and direct costs of business) went down much less than in 2016 despite negative impact of new roaming regulations which boosted interconnect costs. The key driver of the improvement was our shift in the commercial strategy that resulted in the significant reduction of handset subsidies, much higher share of SIM-only transactions and optimisation of distribution channel mix. All of this contributed to a 10% year-on-year decline in commercial expenses, the largest cost category. The other factor was rapid improvement in fixed broadband direct margin, a consequence of much better revenue trend and operating leverage. Indirect costs in 2017 went down 2.6% year-on-year or 4.8% year-on-year if adjusted by an one-time provision reversal of PLN 94 million in labour costs in 1Q 2016. Savings in indirect costs were fuelled by labour, IT & network as well as advertising and promotion.

In 4Q alone, adjusted EBITDA came in at PLN 667 million and was up 4.2% year-on-year. The corresponding margin stood at 22.9%, up 1.4 pp year-on-year. Growth drivers were similar to the above-mentioned ones that influenced full-year performance. The magnitude of commercial costs decline however was higher than in the previous quarters partly due to pre-paid registration obligation that boosted marketing spend in 4Q 2016.

2017 net loss at PLN 60 million impacted by provisions related to the new Social Agreement

Our bottom line for 2017 stood at PLN -60 million. The loss resulted from PLN 204 million impact of the Social Agreement for the years 2018–2019 and the final settlement of the Social Agreement for the years 2016–2017. Bottom line benefited from lower depreciation (down PLN 153 million as a result of extension of useful life of certain fixed assts) and PLN 55 million lower net financial costs (mainly owing to stronger PLN vs EUR impacting discount expense).

Adjusted Organic Cash Flow at PLN 111 million due to lower EBITDA and working capital requirement

Adjusted organic cash flow for 2017 came in at PLN 111 million, down versus PLN 620 million in 2016. This year-on-year decrease stemmed from lower EBITDA and much higher year-on-year working capital requirements (PLN 381 million). The latter was mainly a consequence of handset inventory restocking, lower year-on-year positive effect of reverse factoring transactions and different timing of settlements with one of carrier customers.

Commenting on 2017 results, Maciej Nowohoński, Chief Financial Officer, said:

“Our financial performance in 2017 improved versus previous year which in our view confirms our strategic ambition of stabilisation and return to growth in the years ahead. Revenue decline was contained to just 1.4% year-on-year, the lowest in many years, despite continued pressure from legacy services (PSTN). Total adjusted costs were flat despite significant negative impact of new roaming regulations which boosted interconnect expenses. Our revised value-driven commercial strategy resulted in drastic reduction of handset subsidies, much higher share of SIM-only transactions and optimisation of distribution channel mix. These developments contributed to significant savings in commercial expenses.

In 2018 we forecast stabilisation of EBITDA, in line with the expected trend presented in Orange.one strategy. We anticipate lower pressure on revenues. Continued focus on convergence and monetisation of fibre should result in further improvement in broadband revenues. Mobile will be supported by national roaming contract with Play. These positives should increasingly offset structural decline in legacy services. We plan to continue our value focus in commercial strategy and accelerate optimisation of indirect cost.

We expect our capex in 2018 to come in the range of PLN 2.0.-2.2 billion. A small growth versus last year will result from mobile and fibre. In mobile we plan more investments in coverage and capacity. Our fibre capex will start to include POPC project.

As we prioritise investments in long-term value creation of the company and also taking into account potential payment of EC fine, the management will recommend not paying any dividend in 2018 which is in line with our statements during Orange.one presentation in September 2017.

Our adoption of IFRS15, the new accounting standard, will have an impact on our reported financial results in 2018. We set out this impact together with the formal announcement of our 2018 adjusted EBITDA guidance. The new standard does not impact cash generation. We will also provide 2018 figures under the old standard (IAS18): this is to assure the financial community of continuity of performance vis a vis past business trends, and to make it easier to track the execution of our long term plan”.

Orange Polska 2018 forecast

The Management Board of Orange Polska hereby publishes the Company's adjusted EBITDA guidance for the full-year 2018 under both old accounting standard (IAS18) and under IFRS15.

Adjusted EBITDA under old accounting standard (IAS18)	IFRS15 adjustment	Adjusted EBITDA under new accounting standard (IFRS15)
Stable vs 2017 (around PLN 3.0bn)	c. PLN 0.25bn	Around PLN 2.75bn

Under IAS18 accounting standard the management forecasts adjusted EBITDA to be stable versus 2017 (around PLN 3.0bn). In the opinion of the management it is important to provide guidance under IAS18 as it ensures continuity of performance vis a vis past business trends. 2018 results under IAS18 will be provided in the notes to financial statements.

Under the new IFRS15 accounting standard our forecast is for adjusted EBITDA to be lower by around PLN 250 million. The new standard changes the timing of revenue recognition for mobile contracts sold with subsidised handsets. It recognises more revenues upfront (as equipment revenues reflect the full value of the handset) and less revenues throughout the contract period (as service revenue are reduced by the amount of subsidy). When the standard is implemented, historic handset subsidies create a contract asset on the balance sheet and also a corresponding increase in retained earnings. This contract asset is then amortised in the years ahead against services revenues. In 2017 we significantly reduced handset subsidies as a result of our focus on value generation. One consequence of the fall in subsidies on IFRS15 accounting is that revenues and EBITDA under IFRS15 accounting will be lower versus IAS18 but our accumulated retained earnings in our opening balance sheet will be higher. We expect this impact to decrease in the future. The IFRS15 adjustment does not affect cash generation.

Stabilisation of adjusted EBITDA (under IAS18 accounting standard) should be facilitated by lower pressure on revenues, continuation of value-driven commercial strategy, lower impact of new roaming regulations and acceleration of indirect costs optimisations. Better revenue trend will mainly result from further push on convergence strategy, improvement in fixed broadband and national roaming contract with Play.

Realisation of this forecast will be monitored by the Company on an ongoing basis. Should there occur material deviation from the forecasted EBITDA level, 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'16	4Q'17	FY'16	FY'17
EBITDA	640	471	3,163	2,807
-The impact of Social Agreements net of related curtailment of long-term employee benefits	-	196	-	204
Adjusted EBITDA	640	667	3,163	3,011
Capital expenditures	777	673	5,169	1,933
-Acquisition of telecommunications licences	-	-	-3,168	-
Adjusted capital expenditures	777	673	2,001	1,933
Organic cash flow	165	153	-2,528	407
-LTE auction deposits / Acquisition of LTE spectrum	-	-	3,148	-
-Investment grants received/paid to fixed assets suppliers*	-	-30	-	-296
Adjusted organic cash flow	165	123	620	111

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

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 4Q and full year 2017 Results Presentation

Wednesday, 21st February 2018

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

Start: 11.00 CET

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

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

Dial in numbers:

Poland Toll +48 22 5839021

UK Toll +44 2071943759

Canada Toll +1 4162164194

Germany Toll +49 69222225429

France Toll +33 170710159

Netherlands Toll +31 207095119

USA Toll Free +1 8442860643

Participant PIN code: 94202965#

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 2017 (available at http://orange-ir.pl/results-center/results/2017)

amounts in PLN millions	2016								2017				2016		2017
	1Q		2Q		3Q		4Q		1Q	2Q	3Q	4Q	FY	FY	FY
Income statement	as reported	after reclassification*	as reported	after reclassification*	as reported	after reclassification*	as reported	after reclassification*	as reported	as reported	as reported	as reported	as reported	after reclassification*	as reported
Revenues															
Mobile revenues	**1,526**	**1,517**	**1,622**	**1,604**	**1,594**	**1,565**	**1,679**	**1,638**	**1,554**	**1,568**	**1,502**	**1,517**	**6,421**	**6,324**	**6,141**
Retail services	1,090	1,082	1,080	1,069	1,085	1,069	1,041	1,018	972	980	934	905	4,296	4,238	3,791
Wholesale services (including interconnect)	244	244	270	270	251	251	272	272	267	280	291	309	1,037	1,037	1,147
Mobile equipment sales	192	191	272	265	258	245	366	348	315	308	277	303	1,088	1,049	1,203
Fixed services	**1,192**	**1,200**	**1,175**	**1,186**	**1,156**	**1,172**	**1,139**	**1,162**	**1,134**	**1,135**	**1,153**	**1,149**	**4,662**	**4,720**	**4,571**
Fixed narrowband	401	401	387	387	376	376	363	363	350	337	326	314	1,527	1,527	1,327
Fixed broadband, TV and VoIP	381	389	375	386	369	385	365	388	393	395	411	418	1,490	1,548	1,617
Enterprise solutions & networks	219	219	218	218	222	222	233	233	215	223	223	233	892	892	894
Wholesale revenue (including interconnect)	191	191	195	195	189	189	178	178	176	180	193	184	753	753	733
Other revenue	**85**	**86**	**106**	**113**	**101**	**114**	**163**	**181**	**130**	**136**	**159**	**244**	**455**	**494**	**669**
Total revenues	**2,803**	**2,803**	**2,903**	**2,903**	**2,851**	**2,851**	**2,981**	**2,981**	**2,818**	**2,839**	**2,814**	**2,910**	**11,538**	**11,538**	**11,381**
year-on-year**	**-4.2%**	**n/a**	**-3.5%**	**n/a**	**-3.9%**	**n/a**	**1.9%**	**n/a**	**0.5%**	**-2.2%**	**-1.3%**	**-2.4%**	**-2.4%**	**n/a**	**-1.4%**
Labour expenses	(381)	(381)	(440)	(440)	(404)	(404)	(411)	(411)	(452)	(438)	(395)	(405)	(1,636)	(1,636)	(1,690)
External purchases	(1,476)	(1,476)	(1,580)	(1,580)	(1,535)	(1,535)	(1,841)	(1,841)	(1,554)	(1,541)	(1,555)	(1,766)	(6,432)	(6,432)	(6,416)
- Interconnect expenses	(354)	(354)	(384)	(384)	(381)	(381)	(395)	(395)	(409)	(421)	(474)	(474)	(1,513)	(1,513)	(1,778)
- Network and IT expenses	(160)	(160)	(168)	(168)	(164)	(164)	(178)	(178)	(157)	(167)	(157)	(171)	(670)	(670)	(652)
- Commercial expenses	(615)	(615)	(685)	(685)	(656)	(656)	(883)	(883)	(638)	(609)	(572)	(726)	(2,839)	(2,839)	(2,545)
- Other external purchases	(347)	(347)	(343)	(343)	(334)	(334)	(385)	(385)	(350)	(344)	(352)	(395)	(1,410)	(1,410)	(1,441)
Other operating incomes & expenses	(88)	(88)	(96)	(96)	(90)	(90)	(103)	(103)	(72)	(97)	(91)	(81)	(377)	(377)	(341)
Employment termination expenses										(8)		(200)	0	0	(208)
Gain on disposal of assets	10	10	37	37	9	9	14	14	8	57	3	13	70	70	81
Reported EBITDA	**868**	**868**	**824**	**824**	**831**	**831**	**640**	**640**	**748**	**812**	**776**	**471**	**3,163**	**3,163**	**2,807**
% of revenues	*31.0%*	*31.0%*	*28.4%*	*28.4%*	*29.1%*	*29.1%*	*21.5%*	*21.5%*	*26.5%*	*28.6%*	*27.6%*	*16.2%*	*27.4%*	*27.4%*	*24.7%*
The impact of Social Agreements net of related curtailment of long-term employee benefits										8		196			204
Adjusted EBITDA	***868***	***868***	***824***	***824***	***831***	***831***	***640***	***640***	***748***	***820***	***776***	***667***	***3,163***	***3,163***	***3,011***
% of revenues	*31.0%*	*31.0%*	*28.4%*	*28.4%*	*29.1%*	*29.1%*	*21.5%*	*21.5%*	*26.5%*	*28.9%*	*27.6%*	*22.9%*	*27.4%*	*27.4%*	*26.5%*
Depreciation & amortisation	(653)	(653)	(683)	(683)	(695)	(695)	(694)	(694)	(639)	(642)	(643)	(648)	(2,725)	(2,725)	(2,572)
(Impairement)/reversal of impairement of non-current assets	0	0	1	1	1	1	(1,794)	(1,794)	0	(1)	(5)	0	(1,792)	(1,792)	(6)
Operting income / (loss)	**215**	**215**	**142**	**142**	**137**	**137**	**(1,848)**	**(1,848)**	**109**	**169**	**128**	**(177)**	**(1,354)**	**(1,354)**	**229**
% of revenues	*7.7%*	*7.7%*	*4.9%*	*4.9%*	*4.8%*	*4.8%*	*-62.0%*	*-62.0%*	*3.9%*	*6.0%*	*4.5%*	*-6.1%*	*-11.7%*	*-11.7%*	*2.0%*
Finance costs, net	(96)	(96)	(96)	(96)	(79)	(79)	(88)	(88)	(71)	(86)	(88)	(59)	(359)	(359)	(304)
Income tax	(21)	(21)	(29)	(29)	(21)	(21)	38	38	1	(12)	(12)	38	(33)	(33)	15
Consolidated net income / (loss)	**98**	**98**	**17**	**17**	**37**	**37**	**(1,898)**	**(1,898)**	**39**	**71**	**28**	**(198)**	**(1,746)**	**(1,746)**	**(60)**

* Adjusted after recalssification of Wireless Access for Fixed from mobile retail services to Fixed broadband, TV and VoIP & from mobile equipment sales to other revenue
** Change is calculated based on adjusted figures

Orange Polska Group key performance indicators

customer base (in thousands)	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q
Convergent customers[1]	**626**	**679**	**738**	**835**	**938**	**1,084**	**1,195**	**1,306**
o/w B2C	*532*	*568*	*603*	*666*	*738*	*858*	*945*	*1,035*
o/w B2B	*94*	*111*	*135*	*169*	*200*	*227*	*250*	*271*
Fixed telephony accesses								
POTS, ISDN & WLL	3,487	3,415	3,337	3,268	3,181	3,081	2,972	2,857
VoIP	633	644	651	664	678	728	771	827
Total retail main lines	**4,120**	**4,059**	**3,988**	**3,932**	**3,859**	**3,809**	**3,744**	**3,684**
Fixed broadband access								
ADSL	1,669	1,613	1,562	1,503	1,451	1,407	1,367	1,324
VHBB (VDSL+Fibre)	366	409	436	492	544	588	633	681
o/w VDSL	339	370	379	404	427	443	457	467
o/w Fibre	27	39	57	88	117	145	176	214
CDMA	44	35	27	20	14	0	0	0
Wireless for fixed	50	82	128	191	260	328	377	433
Retail broadband - total	**2,130**	**2,139**	**2,153**	**2,206**	**2,269**	**2,323**	**2,377**	**2,438**
TV client base								
IPTV	200	213	214	234	254	277	301	333
DTH (TV over Satellite)	597	590	548	532	521	515	512	515
TV client base - total	**797**	**803**	**761**	**766**	**775**	**792**	**814**	**848**
-o/w 'nc+' packages	190	194	194	195	189	193	199	232
Mobile accesses								
Post-paid								
Mobile Handset	*6,369*	*6,491*	*6,640*	*6,851*	*7,009*	*7,112*	*7,200*	*7,270*
Mobile Broadband	*1,298*	*1,327*	*1,355*	*1,377*	*1,364*	*1,334*	*1,287*	*1,231*
M2M	*858*	*898*	*963*	*1,033*	*1,079*	*1,126*	*1,175*	*1,225*
Total postpaid	**8,526**	**8,716**	**8,957**	**9,262**	**9,452**	**9,573**	**9,662**	**9,726**
Total pre-paid	**7,689**	**7,898**	**7,309**	**6,537**	**5,820**	**4,983**	**4,696**	**4,698**
Total	**16,215**	**16,614**	**16,266**	**15,799**	**15,272**	**14,555**	**14,358**	**14,424**
Wholesale customers								
WLR	*780*	*730*	*693*	*652*	*614*	*587*	*564*	*531*
Bitstream access	*234*	*222*	*213*	*202*	*195*	*183*	*175*	*167*
LLU	*125*	*120*	*116*	*110*	*105*	*100*	*96*	*91*

[1] Since 1Q'17 convergent customer definition has been modified and reflects only a combination of fixed broadband (incl. wireless for fixed) and mobile handset offer, with financial benefit

quarterly ARPU in PLN per month	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q
Retail fixed voice ARPU	39.2	38.7	38.4	37.9	37.3	37.0	37.1	37.2
Fixed broadband ARPU (Broadband, TV & VoIP)	60.3	60.1	59.9	59.2	58.2	57.1	58.1	57.7
Mobile ARPU								
Total postpaid excl M2M	45.2	44.2	43.6	41.8	39.6	39.6	37.7	37.5
Mobile Handset	*48.9*	*48.1*	*47.6*	*45.6*	*43.2*	*43.2*	*41.0*	*40.8*
Mobile Broadband	*27.3*	*25.2*	*23.3*	*22.8*	*21.6*	*20.6*	*19.6*	*18.2*
Prepaid	12.4	11.9	12.0	12.6	12.6	15.2	17.6	17.4
Total Mobile excl M2M	28.8	28.0	27.9	28.3	28.1	30.1	30.5	30.3
retail ARPU	23.5	22.7	22.6	22.3	22.0	23.3	23.2	22.6
wholesale ARPU	5.3	5.3	5.3	5.9	6.0	6.7	7.3	7.7

other mobile operating statistics	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q
Number of smartphones (thousands)	5,809	5,996	6,057	6,291	6,312	6,441	6,552	6,744
AUPU (in minutes)								
post-paid	345.0	359.3	351.1	354.5	342.5	341.0	335.7	346.4
pre-paid	105.3	104.4	104.7	113.7	121.7	133.2	151.9	156.5
blended	225.3	231.8	230.4	244.7	248.0	259.8	269.5	278.7
Quarterly mobile customer churn rate (%)								
post-paid	3.0	2.8	2.7	2.8	3.1	2.8	2.9	3.2
pre-paid	15.7	15.2	16.9	18.1	21.3	25.0	17.5	10.9
SAC post-paid (PLN)	256.4	211.1	183.0	188.9	130.7	92.7	91.2	90.0
SRC post-paid (PLN)	222.1	176.3	169.8	179.9	64.0	36.6	39.7	56.0
4G coverage in % of population	89.2%	95.4%	97.4%	99.1%	99.2%	99.8%	99.8%	99.8%
3G coverage in % of population	99.6%	99.6%	99.6%	99.6%	99.6%	99.6%	99.6%	99.6%

Employment structure of Group as reported Active full time equivalents (end of period)	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q	2017 4Q
Orange Polska	**16,497**	**16,099**	**15,786**	**15,537**	**15,481**	**15,131**	**14,818**	**14,587**
50% of Networks	349	338	344	343	347	351	347	341
Total	16,846	16,437	16,130	15,880	15,828	15,482	15,165	14,928

Terms used:

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 in a given period divided by the weighted average number of customers in the same period.

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Fixed Broadband ARPU – the average monthly revenues from fixed broadband services (including TV and VoIP services) divided by the average number of accesses in a given period.

Mobile ARPU – the average monthly revenues from mobile services (outgoing and incoming, including connection and termination fees, visitors roaming, excluding M2M), divided by the average number of SIM cards (excluding M2M) in a given period.

Mobile Broadband ARPU – the average monthly revenues from SIM cards dedicated to mobile broadband access (all service revenues including outgoing and incoming) divided by the average number of these SIM cards in a given period.

Mobile Handset ARPU – the average monthly revenues from SIM cards dedicated to mobile handset access (all service revenues including outgoing and incoming) 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.