



**Current Report (13/2019)**  
**Orange Polska S.A., Warsaw, Poland**  
**24 July, 2019**

Pursuant to Article 17(1) of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, the Management Board of Orange Polska S.A. hereby provides selected financial and operating data related to the activities of the Orange Polska Capital Group ("the Group", "Orange Polska") for 2Q and 1H 2019.

Disclosures on performance measures, including adjustments, are presented in the Note 2 to Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2019 (available at <http://orange-ir.pl/results-center/results/2019>).

**In 2Q 2019 Orange Polska implements 'more for more' value strategy on the consumer market and reports 3% year-on-year EBITDAaL growth. Full-year plans reiterated**

<b>key figures</b> (PLN million)	<b>2Q 2019</b> (IFRS16)	<b>2Q 2018</b> comparable basis (IFRS16)	<b>Change</b>	<b>2Q 2018</b> reported (IAS17)	<b>1H 2019</b> (IFRS16)	<b>1H 2018</b> comparable basis (IFRS16)	<b>Change</b>	<b>1H 2018</b> reported (IAS17)
revenue	2,759	2,704	+2.0%	2,706	5,537	5,412	+2.3%	5,416
EBITDAaL*	710	691	+2.7%	n/a	1,353	1,350	+0.2%	n/a
EBITDAaL margin*	25.7%	25.6%	+0.1 p.p.	n/a	24.4%	24.9%	-0.5 p.p.	n/a
operating income	138	n/a	n/a**	73	209	n/a	n/a**	106
net income/loss	55	n/a	n/a**	-16	53	n/a	n/a**	-66
capex*	556	528	+5.3%	551	1,019	879	+15.9%	939
organic cash flow*	83	-35	+118m	-32	-16	-194	+178m	-187

\* EBITDAaL (EBITDA after Leases) is management's new principal financial indicator of operating performance using IFRS16 figures. Since the adoption of IFRS16, EBITDA is considered less representative of operating performance because it excludes operating expenses due to leases. Operating income is considered less representative of operating performance owing to the impact of changes in asset lives. At the same time, to preserve consistency, certain other alternative performance measures (capex, organic cash flow and net debt) were slightly amended. Unaudited figures were provided for 2018 for comparative purposes including estimation of EBITDAaL. More information is presented in the Note 2 to the financial statements for 1H 2019.

\*\*Year-on-year evolution of operating income and net income is not comparable because of the changes in accounting standards. Starting from 2019 Orange Polska applied a new accounting standard IFRS16 without restatement of comparative periods. Data for 1H and 2Q 2018 were prepared under previous accounting standard IAS17.

<b>KPI ('000)</b>	<b>2Q 2019</b>	<b>2Q 2018</b>	<b>Change</b>
convergent customers (B2C)	1,307	1,137	+15.0%
mobile accesses (SIM cards)	14,964	14,484	+3.3%
post-paid	10,040	9,790	+2.6%
pre-paid	4,924	4,694	+4.9%
fixed broadband accesses (retail)	2,582	2,506	+3.0%
fixed voice lines (retail)	3,259	3,541	-8.0%

## **2Q 2019 highlights:**

- **EBITDAaL (EBITDA after Leases) up 2.7% year-on-year mainly reflecting:**
  - Improving trend in the direct margin (a difference between revenues and direct costs)
  - Further support from business transformation: indirect costs down 3% year-on-year (including PLN 41 million higher gains on sale of assets)
- **Full-year guidance for growth of revenues and EBITDAaL reiterated**
- **Revenue up 2.0% yoy, reflecting:**
  - Strong growth rate of convergence, IT/IS and equipment revenues
  - Better trend in mobile-only revenues
  - Ongoing pressure on legacy areas
- **Solid commercial performance in convergence, fibre and post-paid mobile:**
  - 15% year-on-year growth of B2C convergent customers, +31k net adds in 2Q
  - 52% year-on-year growth of fibre customers, +35k net adds in 2Q (adoption rate at 11.4%)
  - 2.6% year-on-year growth of post-paid mobile, +70k net adds in 2Q
- **Capex at PLN 556m, +5% year-on-year, reflecting mainly business development and transformation**
- **3.8 million households connectable with fibre at the end of June (252k added in 2Q)**
- **Organic Cash Flow at PLN 83 million includes proceeds from launch of sale of instalment receivables**

## **Commenting on 2Q 2019 performance, Jean-François Fallacher, Chief Executive Officer, said:**

“The second quarter was particularly important for Orange Polska and for the Polish telecom market. Pursuing our ‘more for more’ value strategy, we have revised our prices for the majority of services for mass-market customers. We were the first on the market to make these price changes. We strongly believe that ‘more for more’ strategy is key for the long term value creation of Orange Polska and its implementation builds more confidence in the success of our turnaround.

We have also launched a highly innovative Orange Flex offer during this quarter, fully manageable from a smartphone application. We believe total flexibility and digital experience will be the key factors for telecommunications services customers in the future.

Our performance in Q2 was in line with our expectations. Penetration of convergence among fixed broadband customers has reached the 60% milestone, a significant figure which, along with our fibre network reaching 3.8 million households, puts us in a favourable competitive position. In mobile we are pleased with strong customer net additions driven by lower churn rate and improving trend in ARPO: both examples of our focus on customer needs and our value strategy.

Looking forward to the second half of 2019, we will mainly concentrate on monetising our newly launched commercial actions, building on the BlueSoft acquisition and continuing our business transformation.”

## **Financial Review**

### **Revenues up by 2.0% year-on-year**

Revenues totalled PLN 2,759 million in 2Q, up 2.0% or PLN 55 million year-on-year. There were five main factors influencing the revenue trend.

Firstly, high growth of revenues from convergent services (22% year-on-year) driven by customer growth and upsell of new services. Secondly, revenues from mobile-only and fixed broadband-only services decline (5.8% year-on-year) as a result of migration to convergence, value focus reflected in service pricing and market competition. However combined revenues of these three categories were up 1.2% year-on-year in 2Q.

Thirdly, revenues from IT and integration services continued solid growth of 13% year-on-year. This is consistent with the adopted strategy of focusing on process digitalisation of business customers. Fourthly, revenues from equipment sales advanced by 15% year-on-year benefitting from our commercial push on handset sales and possibility of customers to buy smartphones on instalments during lifetime of the contract. Finally, the year-on-year trend of wholesale revenues is no longer supported by higher national roaming revenues.

### **Commercial performance reflects focus on convergence**

Our commercial activity is very much focused on delivering a package of mobile and fixed services, which we define as convergence. It is our competitive edge, it increases customer loyalty and allows us to upsell more services, winning a higher share of household media and telecom budgets.

In 2Q our B2C convergent customer base increased by 31,000 and 15% year-on-year. At the end of June, 60% of our B2C broadband customers were convergent versus 54% a year ago. In B2C mobile handset customer base, penetration of convergence increased to 48% versus 42% at the end of June 2018. The total number of services used by B2C convergent customers approached 5.4 million, which implies that on average every customer uses more than four services. ARPO from convergent customers was broadly stable, both year-on-year and quarter-on-quarter.

Total fixed broadband customer base increased in 2Q by 6,000 and 3% year-on-year. The share of high-speed broadband customers increased to 37% from 31% a year ago. It is driven by growth of fibre customer base which expanded 52% year-on-year, adding 35,000 in 2Q. Lower growth of broadband customer base versus previous periods is mainly due to our cautious commercial

approach to wireless for fixed technology. Our non-convergent broadband customer base continues to shrink as a result of migration to convergence but also due to churn. ARPO from broadband only services was down 3% year-on-year mainly because of decreasing number of customers with TV service who migrate to convergence.

Total post-paid customer base increased by 70,000 in 2Q 2019. In handset offers, net customer additions of 58,000 reflected solid performance of convergence and very low erosion of mobile-only customer base mainly owing to lower churn rate. ARPO from mobile-only handset offers was down 6% year-on-year, an improvement over 8% year-on-year decline in 1Q 2019 and 10% decline year-on-year in full-year 2018.

In fixed voice, the net loss of lines was 69,000 with key trends broadly unchanged. The number of VoIP services is growing, as they are part of the Orange Love package. Excluding VoIP services, the loss of lines is stable and continues to reflect structural negative market trends.

### **EBITDAaL up 2.7% year-on-year**

EBITDAaL for 2Q 2019 came in at PLN 710 million and was up 2.7% year-on-year. There were two main factors supporting this performance. Firstly, direct margin (a difference between revenues and direct costs) was down only PLN 8 million year-on-year (versus PLN 40 million in 1Q 2019) as growing margin on convergence, fibre and IT&IS increasingly offsets ongoing pressure on margin on legacy services. Secondly, indirect costs were down 3% year-on-year and reflected mainly further savings in labour (the second year of social plan implementation), CRM subcontracting, property expenses as well as PLN 41 million higher year-on-year gain on sale of assets.

### **Bottom line reflects EBITDAaL performance, extension of useful life of certain assets and lower financial costs**

Net profit for 2Q 2019 came in at PLN 55 million. It was a result of EBITDAaL performance, depreciation (that reflected PLN 49 million positive impact of extension of useful life of certain assets) and lower year-on-year financial costs (mainly as discount expense benefitted from favorable FX movements). The net result in 2Q 2019 is not entirely comparable with 2Q 2018 due to the change in accounting standards.

### **Organic Cash Flow reflects mainly improvement in working capital**

Organic cash flow for 2Q 2019 came in at PLN 83 million, an improvement over PLN -35 million in 2Q 2018. The improvement resulted mainly from better working capital driven by proceeds from sale of selected receivables arising from sales of mobile handsets in instalments (PLN 133 million) and settlements of roaming discounts. Capital expenditure cash outflows were PLN 540 million in 2Q 2019 and were PLN 38 million up year-on-year as a result of higher capex of the current quarter. Cash generation also benefitted from PLN 25 million higher proceeds from sale of assets.

### **Commenting on 2Q 2019 results, Maciej Nowohoński, Chief Financial Officer, said:**

“Our financial performance in 2Q 2019 was in line with our expectations. Both revenues and EBITDA after Leases (our new operating performance indicator under IFRS16 accounting standard) were higher year-on-year. I am pleased with the improving trend in the direct margin, which is important for our future growth prospects. I am also pleased that we began selling instalment receivables that will help us to optimise working capital. We continue to execute our value-oriented commercial strategy and to optimise indirect costs, which will be reflected in our performance in H2. We reiterate our guidance for growth of both revenues and EBITDAaL in 2019 as well as our outlook for capex.”

## Reconciliation of operating performance measure to financial statements

Disclosures on performance measures are presented in the Note 2 to Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2019 (available at <http://orange-ir.pl/results-center/results/2019>)

<i>in PLNm</i>	2Q 2019	2Q 2018	1H 2019	1H 2018
	IFRS16	IAS17	IFRS16	IAS17
<b>Operating income</b>	<b>138</b>	<b>73</b>	<b>209</b>	<b>106</b>
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	575	636	1,158	1,277
Interest expense on lease liabilities	-12	-1	-22	-2
Estimation of IFRS 16 impact on operating leases for Q2 and H1 2018	-	-7*	-	-13*
Depreciation of property, plant and equipment financed by finance lease in Q2 and H1 2018	-	-9	-	-18
Adjustment for the impact of employment termination programs	6	-	4	-
Adjustment for costs related to acquisition and integration of new subsidiaries	3	-	3	-
Adjustment for the impact of deconsolidation of subsidiaries	-	-1	1	-
<b>EBITDAaL (EBITDA after Leases)</b>	<b>710</b>	<b>691*</b>	<b>1,353</b>	<b>1,350*</b>

\* Data constitutes company's best estimate and was provided for comparative purposes

### Forward-looking statement

*This press release contains forward-looking statements, including, but not limited to, statements regarding anticipated future events and financial performance with respect to our operations. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like 'believe', 'expect', 'anticipate', 'estimated', 'project', 'plan', 'adjusted' and 'intend' or future or conditional verbs such as 'will,' 'would,' or 'may.' Factors that could cause actual results to differ materially from expected results include, but are not limited to, those set forth in our Registration Statement, as filed with the Polish securities and exchange commission, the competitive environment in which we operate, changes in general economic conditions and changes in the Polish and/or global financial and/or capital markets. Forward-looking statements represent management's views as of the date they are made, and we assume no obligation to update any forward-looking statements for actual events occurring after that date. You are cautioned not to place undue reliance on our forward-looking statements.*

**Orange Polska's Management Board are pleased to invite you to the Company's 2Q 2019 results presentation.**

25th July 2019

Start: 11.00 CET

Venue address:

Orange Polska S.A.

Aleje Jerozolimskie 160,

(Conference room – ground floor)

02-326 Warsaw, Poland

The presentation will also be available via a live webcast (<http://infostrefa.tv/orange/en>) and via a live conference call

Time:

11:00 (Warsaw)

10:00 (London)

05:00 (New York)

Dial in numbers:

PIN: 34399999#

Poland Toll-Free: 008001215222

Poland Toll: 48225839021

Canada Toll: 14162164194

France Toll: 33172727403

Germany Toll: 4969222225429

Netherlands Toll: 31207095119

United Kingdom Toll: 442071943759

United Kingdom Toll-Free: 08003766183

United States Toll-Free: 844286064

## Orange Polska Group Consolidated

amounts in PLN millions	2018										2019	
	1Q	1Q	2Q	2Q	3Q	3Q	4Q	4Q	FY	FY	1Q	2Q
	reported (IAS17)	comparable basis (IFRS16)*	reported (IAS17)	comparable basis (IFRS16)*	reported (IAS17)	comparable basis (IFRS16)*	reported (IAS17)	comparable basis (IFRS16)*	reported (IAS17)	comparable basis (IFRS16)*	IFRS16	IFRS16
<b>Revenues</b>												
<b>Mobile services only</b>	688	686	682	680	690	687	676	673	2,736	2,726	640	646
<b>Fixed services only</b>	627	629	628	620	610	602	596	590	2,461	2,441	569	552
Narrowband	287	285	275	274	265	263	257	255	1,084	1,077	244	233
Broadband	232	232	233	232	230	229	226	225	921	918	219	213
B2B Network Solutions	108	112	120	114	115	110	113	110	456	446	106	106
<b>Convergent services B2C</b>	291	291	316	316	336	336	353	353	1,296	1,296	369	384
<b>Equipment sales</b>	351	351	307	307	336	336	410	409	1,404	1,403	367	352
<b>IT and integration services</b>	112	112	134	144	127	138	216	225	589	618	147	163
<b>Wholesale</b>	579	579	571	572	576	576	582	582	2,308	2,309	560	568
Mobile wholesale	312	312	329	329	332	331	334	334	1,307	1,306	310	324
Fixed wholesale	188	188	176	176	176	176	176	176	716	717	177	169
Other	79	79	66	66	68	68	72	72	285	286	73	75
<b>Other revenues</b>	62	60	68	65	80	77	97	91	307	293	126	94
<b>Total revenues</b>	<b>2,710</b>	<b>2,708</b>	<b>2,706</b>	<b>2,704</b>	<b>2,755</b>	<b>2,752</b>	<b>2,930</b>	<b>2,923</b>	<b>11,101</b>	<b>11,087</b>	<b>2,778</b>	<b>2,759</b>
<b>Labour expenses**</b>	(432)	(431)	(397)	(395)	(370)	(368)	(383)	(383)	(1,582)	(1,577)	(403)	(377)
<b>External purchases</b>	<b>(1,549)</b>	<b>(1,491)</b>	<b>(1,529)</b>	<b>(1,470)</b>	<b>(1,582)</b>	<b>(1,518)</b>	<b>(1,789)</b>	<b>(1,721)</b>	<b>(6,449)</b>	<b>(6,200)</b>	<b>(1,570)</b>	<b>(1,555)</b>
- Interconnect expenses	(448)	(447)	(471)	(471)	(470)	(469)	(460)	(460)	(1,849)	(1,847)	(446)	(461)
- Network and IT expenses	(148)	(146)	(152)	(157)	(148)	(150)	(160)	(162)	(608)	(615)	(148)	(152)
- Commercial expenses	(578)	(578)	(551)	(551)	(562)	(561)	(743)	(743)	(2,434)	(2,433)	(583)	(578)
- Other external purchases	(375)	(320)	(355)	(291)	(402)	(338)	(426)	(356)	(1,558)	(1,305)	(393)	(364)
<b>Other operating incomes &amp; expenses</b>	<b>(51)</b>	<b>(46)</b>	<b>(33)</b>	<b>(31)</b>	<b>(58)</b>	<b>(56)</b>	<b>(77)</b>	<b>(70)</b>	<b>(219)</b>	<b>(203)</b>	<b>(54)</b>	<b>(55)</b>
Impairment of receivables and contract assets	(23)	(23)	(41)	(41)	(46)	(46)	(52)	(52)	(162)	(162)	(32)	(27)
Gains on disposal of assets***	19	19	3	3	93	93	77	77	192	192	5	44
Amortization and impairment of right-of-use assets		(67)		(66)		(70)		(74)		(277)	(71)	(67)
Interest expense on lease liabilities		(10)		(13)		(14)		(14)		(51)	(10)	(12)
<b>Adjusted EBITDA</b>	<b>674</b>		<b>709</b>		<b>792</b>		<b>706</b>		<b>2,881</b>			
<b>EBITDAaL (EBITDA after Leases)</b>		<b>659</b>		<b>691</b>		<b>773</b>		<b>686</b>		<b>2,809</b>	<b>643</b>	<b>710</b>
% of revenues	24.9%	24.3%	26.2%	25.6%	28.7%	28.1%	24.1%	23.5%	26.0%	25.3%	23.1%	25.7%
Depreciation, amortisation and impairment of property, plant and equipment and intangibles assets	(641)		(636)		(617)		(647)		(2,541)		(583)	(575)
Add-back of interest expense on lease liabilities											10	12
Adjustment for the impact of employment termination programs**	0		0		0		5		5		2	(6)
Adjustment for the costs related to acquisition and integration of new subsidiaries											0	(3)
Adjustment for the impact of deconsolidation of subsidiaries***											(1)	0
<b>Operating income / (loss)</b>	<b>33</b>		<b>73</b>		<b>175</b>		<b>64</b>		<b>345</b>		<b>71</b>	<b>138</b>
% of revenues	1.2%		2.7%		6.4%		2.2%		3.1%		2.5%	5.0%
Finance costs, net	(86)		(87)		(61)		(71)		(305)		(74)	(68)
- Interest expense on lease liabilities											(10)	(12)
- Other Interest expenses, net (excl. Interest expense on lease liabilities)	(62)		(54)		(54)		(52)		(222)		(50)	(45)
- Discounting expense	(24)		(33)		(7)		(19)		(83)		(14)	(11)
Income tax	3		(2)		(23)		(8)		(30)		1	(15)
<b>Consolidated net income / (loss)</b>	<b>(50)</b>		<b>(16)</b>		<b>91</b>		<b>(15)</b>		<b>10</b>		<b>(2)</b>	<b>55</b>

\*2018 comparable basis includes the following effects resulting from developments in 2019:

(1) In 2019 we made certain changes in grouping of revenue categories between IT & integration services and other lines to better reflect business performance. 2018 figures were adjusted for comparability.

(2) Impact of deconsolidation of subsidiaries

(3) Introduction of EBITDAaL as new measure of operating profitability under IFRS16 resulting in changes in certain cost categories

\*\* Labour expenses exclude adjustment due to employment termination program

\*\*\* Gains on disposal of assets exclude impact of deconsolidation of subsidiaries

## Orange Polska Group key performance indicators

### Key operational performance indicators

Customer base (in thousands)	2018				2019	
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Convergent customers</b>	<b>1,376</b>	<b>1,436</b>	<b>1,483</b>	<b>1,547</b>	<b>1,592</b>	<b>1,628</b>
o/w B2C	1,090	1,137	1,178	1,236	1,276	1,307
o/w B2B	287	298	304	311	316	321
<b>Fixed telephony accesses</b>						
PSTN	2,738	2,623	2,527	2,426	2,322	2,228
VoIP	875	918	953	981	1,006	1,031
<b>Total retail main lines</b>	<b>3,613</b>	<b>3,541</b>	<b>3,480</b>	<b>3,407</b>	<b>3,328</b>	<b>3,259</b>
o/w B2C convergent	678	718	755	755	778	800
o/w B2C PSTN convergent	110	104	100	54	44	38
o/w B2C VoIP convergent	568	614	655	701	734	762
<b>Fixed broadband access</b>						
ADSL	1,278	1,238	1,200	1,149	1,098	1,056
VHBB (VDSL+Fibre)	724	767	807	869	921	961
o/w VDSL	476	481	484	503	522	527
o/w Fibre	248	286	324	366	399	434
Wireless for fixed	475	502	522	542	557	565
<b>Retail broadband - total</b>	<b>2,477</b>	<b>2,506</b>	<b>2,530</b>	<b>2,560</b>	<b>2,576</b>	<b>2,582</b>
o/w B2C convergent	1,090	1,137	1,178	1,236	1,276	1,307
<b>TV client base</b>						
IPTV	359	386	410	435	455	476
DTH (TV over Satellite)	515	514	511	508	503	496
<b>TV client base - total</b>	<b>875</b>	<b>900</b>	<b>921</b>	<b>943</b>	<b>958</b>	<b>972</b>
o/w B2C convergent	597	641	680	725	758	788
<b>Mobile accesses</b>						
Post-paid						
Mobile Handset	7,310	7,358	7,416	7,498	7,553	7,611
Mobile Broadband	1,164	1,104	1,052	989	934	895
M2M	1,273	1,328	1,385	1,436	1,483	1,534
<b>Total postpaid</b>	<b>9,747</b>	<b>9,790</b>	<b>9,853</b>	<b>9,922</b>	<b>9,970</b>	<b>10,040</b>
o/w B2C convergent	2,085	2,183	2,259	2,369	2,434	2,486
<b>Total pre-paid</b>	<b>4,621</b>	<b>4,694</b>	<b>4,761</b>	<b>4,883</b>	<b>4,867</b>	<b>4,924</b>
<b>Total</b>	<b>14,368</b>	<b>14,484</b>	<b>14,614</b>	<b>14,805</b>	<b>14,837</b>	<b>14,964</b>
<b>Wholesale customers</b>						
WLR	507	487	467	437	408	381
Bitstream access	165	156	151	144	137	133
LLU	87	83	80	76	73	69

Quarterly ARPO in PLN per month	2018				2019	
	1Q	2Q	3Q	4Q	1Q	2Q
Convergent services B2C	100.8	102.4	103.0	101.9	101.4	101.9
Fixed services only - voice	36.6	36.4	36.2	36.5	36.3	36.2
Fixed services only - broadband	56.5	56.6	56.4	56.0	55.5	54.9
Mobile services only	21.9	21.7	21.7	20.9	20.0	20.1
Postpaid excl M2M	29.1	28.7	29.0	27.7	26.9	27.0
Mobile Handset	31.0	30.5	30.5	29.5	28.6	28.7
Mobile Broadband	19.0	18.3	17.7	17.0	16.4	15.9
Prepaid	11.9	12.3	12.6	12.2	11.4	11.6
Mobile wholesale (convergent + mono)	7.2	7.6	7.6	7.6	7.1	7.5



Other mobile operating statistics	2018				2019	
	1Q	2Q	3Q	4Q	1Q	2Q
Number of smartphones (thousands)	6,886	7,006	7,223	7,447	7,521	7,658
<b>AUPU (in minutes)</b>						
post-paid	353.9	349.7	344.6	353.3	357.9	356.6
pre-paid	162.0	166.3	164.1	163.6	161.9	163.0
blended	285.8	284.7	279.9	284.7	286.5	285.8
<b>Quarterly mobile customer churn rate (%)</b>						
post-paid	3.1	2.7	2.8	2.8	2.8	2.5
pre-paid	14.6	11.3	10.4	8.9	10.8	10.2
SAC post-paid (PLN)	75.2	79.9	95.8	116.1	82.4	76.8
SRC post-paid (PLN)	39.7	29.5	35.8	45.8	43.9	56.2
<b>Employment structure of Group as reported</b>						
<b>Active full time equivalents (end of period)</b>						
	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>
<b>Orange Polska</b>	<b>14,372</b>	<b>13,730</b>	<b>13,492</b>	<b>13,197</b>	<b>13,077</b>	<b>12,429</b>
50% of Networks	348	345	347	348	355	353
Total	14,720	14,075	13,839	13,545	13,432	12,782

#### Terms used:

**ARPO** – average revenue per offer

**Average Usage per User (AUPU)** – The average monthly total usage of minutes divided by the average number of SIM cards (excluding M2M) in a given period.

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

**Convergent services** – Revenues from B2C convergent offers (excluding equipment sales). A convergent offer is defined as an offer combining at least a broadband access (xDSL, FTTx, cable or wireless for fixed) and a mobile voice contract (excluding MVNOs) with a financial benefit. Convergent services revenues do not include incoming and visitor roaming revenues.

**Convergent services B2C ARPO** – The average monthly revenues from convergent services generated by retail customers (B2C) divided by the **average** number of B2C convergent customers in a given period.

**Fixed broadband-only services** – Revenues from fixed broadband offers (excluding B2C convergent offers and equipment sales), including TV and VoIP services.

**Fixed broadband-only services ARPO** – The average monthly revenues from fixed broadband only services divided by the average number of accesses in a given period.

**Household connectable with fibre** - an apartment in multi-family building or a single family house within the reach of our fibre to the home service that allows to provide service with a speed of at least 100Mb/s

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

**Mobile-only services ARPO** – The average monthly retail revenues from mobile only services excluding M2M connectivity, divided by the average number of SIM cards (excluding M2M) in a given period.

**Mobile-only broadband ARPO** – The average monthly retail revenues from SIM cards dedicated to mobile broadband access (excluding B2C convergent offers and equipment sales) divided by the average number of these SIM cards in a given period.

**Mobile-only handset ARPO** – The average monthly retail revenues from SIM cards dedicated to mobile handset access (excluding B2C convergent offers and equipment sales) divided by the average number of these SIM cards in a given period.

**Subscriber Acquisition Cost (SAC)** – Customer acquisition costs divided by the number of gross customers added during the respective period. Customer acquisition costs comprise commissions paid to distributors and net subsidies resulting from the sale of the handset.

**Subscriber Retention Cost (SRC)** – Customer retention costs divided by the number of customers retained during the respective period. Customer retention costs comprise commissions paid to distributors and net subsidies resulting from the sale of the handset.