

Orange Polska

2Q'21 results

29 July 2021

.Grow



Orange People



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.

Reconciliation of operating performance measure to financial statements

Disclosures on performance measures have been presented in the Notes 2 and 3 to Condensed IFRS Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2021 (available at <https://www.orange-ir.pl/results-center/>).

<i>in PLNm</i>	2Q 2021	2Q 2020	1H 2021	1H 2020
Operating income	224	109	340	197
Less gains/add losses on disposal of assets	-7	-5	13	-15
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	542	636	1,118	1,244
Interest expense on lease liabilities	-14	-16	-27	-32
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	11	4	21	7
EBITDAaL (EBITDA after Leases)	756	728	1,465	1,401

Highlights & Business review

Julien Ducarroz
Chief Executive Officer

2Q 2021 key messages



New .Grow 2021-2024 strategy announced

- Faster growth with more solid fundamentals; return to sustainable dividends from 2022



Strong financial results

- Revenue growth driving the expansion of EBITDAaL



Commercial performance reflects low customer activity on the market

- Solid fibre results



Value strategy continued

- New more for more offers in B2C mobile and convergence



FiberCo transaction on track

- Debt financing secured; contribution of existing OPL assets executed

Strong 1H financial results, in line with the increased guidance*

1H 2021

in PLN

YoY



Revenues

5.87 bn

+4.3%



EBITDAaL

1.47 bn

+4.6%



eCAPEX

0.89 bn

+8.3%

FY 2021
guidance

low single digit
growth

low-to-mid single
digit growth*

PLN 1.7-1.9bn,
(depending on
proceeds from asset
disposal)

*EBITDAaL guidance revised upwards on 28 June; previously "low single digit growth"

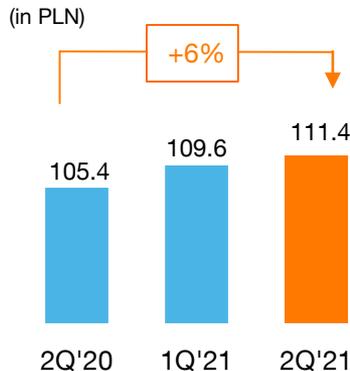
- convergence fuelled by growth of both ARPO and customer base
- good demand for fibre continues: 48k net adds in 2Q



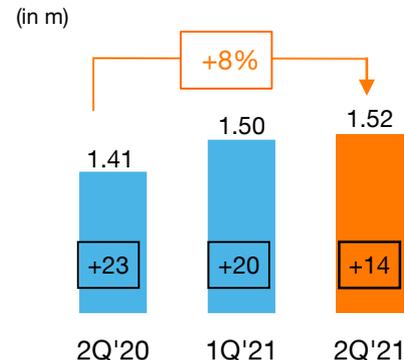
>20%

ARPO uplift on migration from copper to fibre

Convergence ARPO growth accelerating to 6% yoy

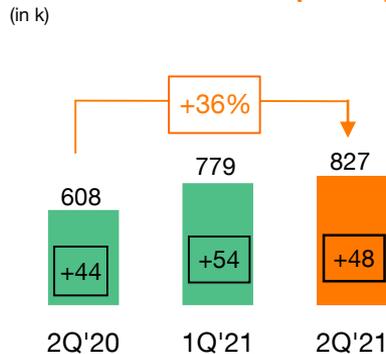


Convergent customer base up 8% yoy



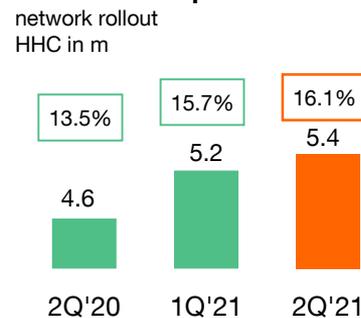
net adds in k

Fibre customer base up 36% yoy



net adds in k (retail only)

Fibre footprint at 5.4m HHC with 16% adoption rate



adoption rate % (retail + wholesale)

Mobile:

- Good growth of customer base
- Post-paid and pre-paid ARPO growing

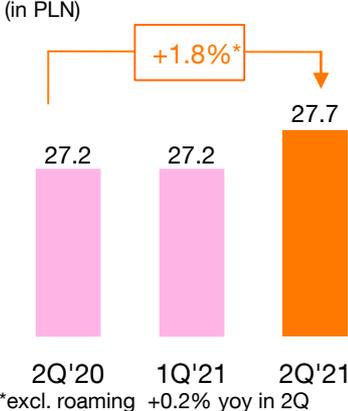


5.6 GB*

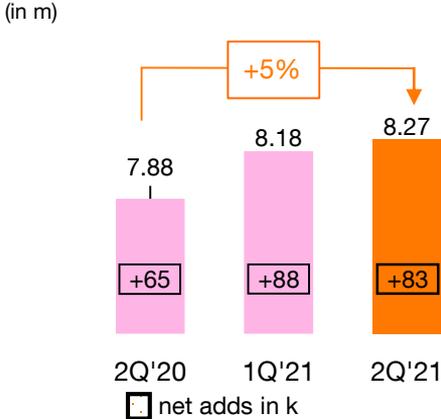
+24% yoy

*Blended data AUPU

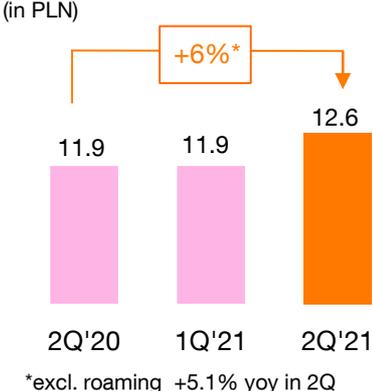
Mobile-only handset ARPO growing due to roaming



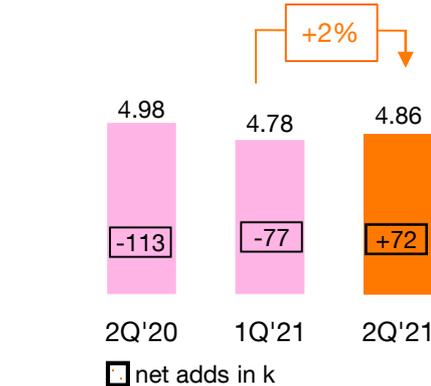
Mobile handset customer base up by 5% yoy



Pre-paid ARPO growth boosted by our value strategy and higher traffic



Pre-paid customer base up in 2Q



"More-for-more" offer update for the consumer market

Mobile post-paid offers (prices in PLN)

Plan 40	Plan 50	Plan 60 5G	Plan 80 5G
40 35*	50 45*	60 55*	80 75*
4 GB** 3 GB*	12 GB** 7 GB*	25 GB** subsidised HBOGO 15 GB*	80 GB** subsidised HBOGO 30 GB*

*previous offer

**additional GB package available in my Orange application

Mobile pre-paid offers (prices in PLN)

Pay-as-you-go

0.40 min 0.32*	0.25 SMS 0.20*
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*previous offer

31 days unlimited service (voice&SMS&MMS)
opt-in needed

30	39* 5G
15 GB	20 GB +social pass

*new offer

Love

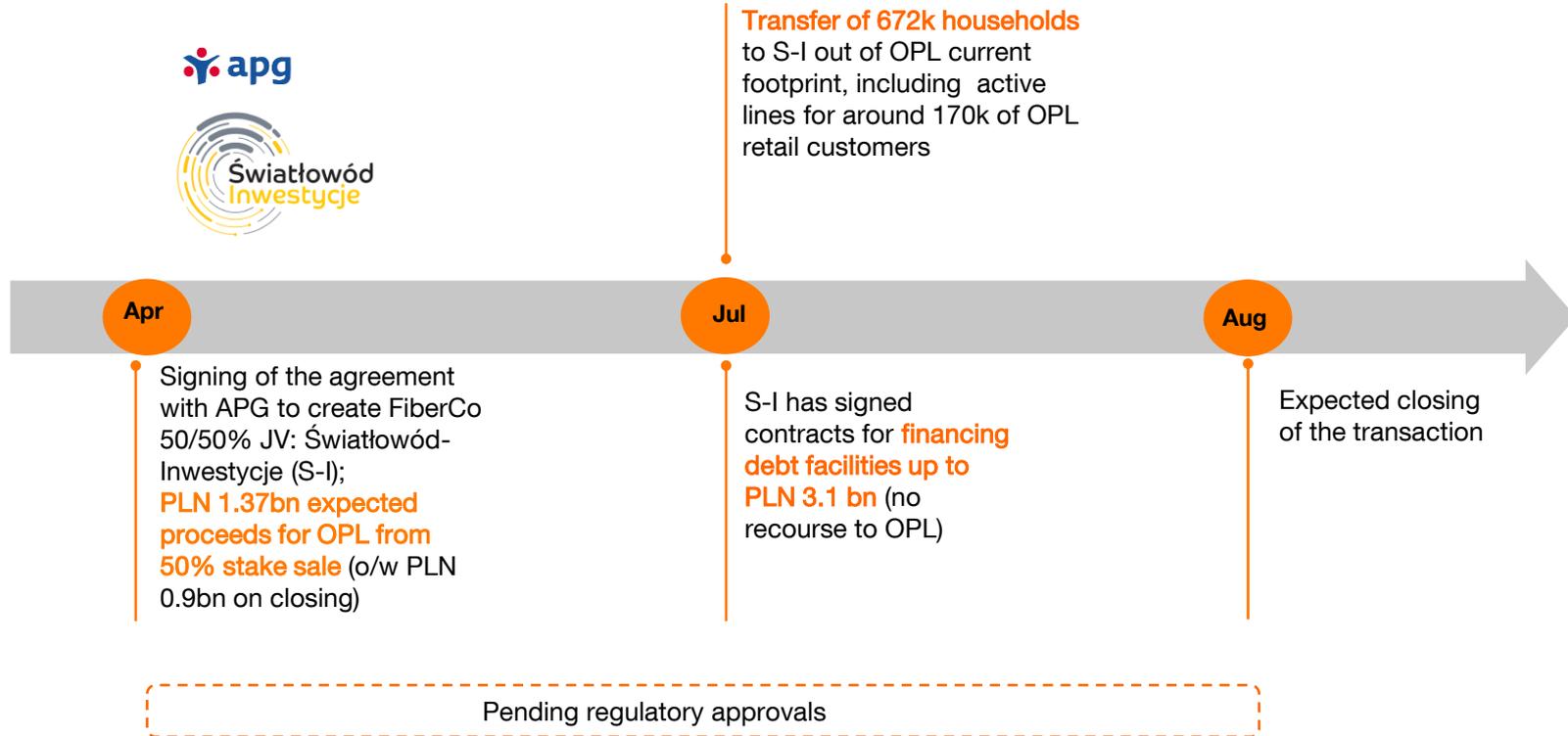
Convergence offers (prices in PLN, for the most popular 300 MB/s speed option, exclude seasonal promotions)



Mini	Standard**	Extra**	Premium**
89.99 79.99*	109.99 5G	159.99 5G	209.99 5G
15 GB 10 GB*	30 GB 10 GB*	50 GB +HBO HBOGO 40 GB*	80 GB 60 GB*

*previous offer ** Standard, Extra, Premium differ mainly by data and content packages

Important milestones concluded for the FiberCo transaction; closing expected by the end of August



Financial review

Jacek Kunicki
Chief Financial Officer

Strong financial performance in 2Q/1H

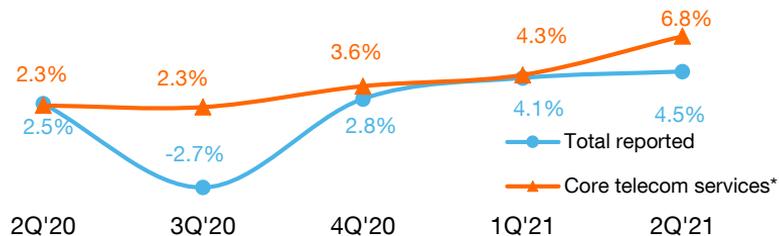
	in PLNm	1H'21	yoy	2Q'21	yoy	
	revenues	5,872	+4.3%	2,954	+4.5%	<ul style="list-style-type: none"> Driven by convergence, mobily-only and IT/IS
	EBITDAaL	1,465	+4.6%	756	+3.8%	<ul style="list-style-type: none"> Fuelled by profitable revenue expansion 2Q comparable base includes net positive impact of pandemic mitigating measures
	% of revenues	24.9%	0.0pp	25.6%	-0.1pp	
	eCAPEX	887	+8.3%	442	-7.1%	<ul style="list-style-type: none"> Reflects more evenly timed spendings and continued slowdown on real estate market
	% of revenues	15.1%	+0.6pp	15.0%	-1.8pp	
	organic cash flow	357	-3m	159	-279m	<ul style="list-style-type: none"> Solid cash flow generation, 1H stable yoy despite shift of PLN 120m payments to 3Q in 2020 (anti-crisis shield)

2Q revenue up 4.5% yoy with all major product lines contributing to the growth

- Core telecom services*** (+6.8% yoy) growth improving due to strong ARPO (commercial value strategy)
- IT/IS** (+13% yoy) Contribution of Craftware (PLN 22m) & organic rise from high comparable base
- Equipment revenues** (+7% yoy) Partial recovery vs lockdown- stricken 2Q'20
- Other revenues** (+42% yoy) Includes recovery of energy resale business

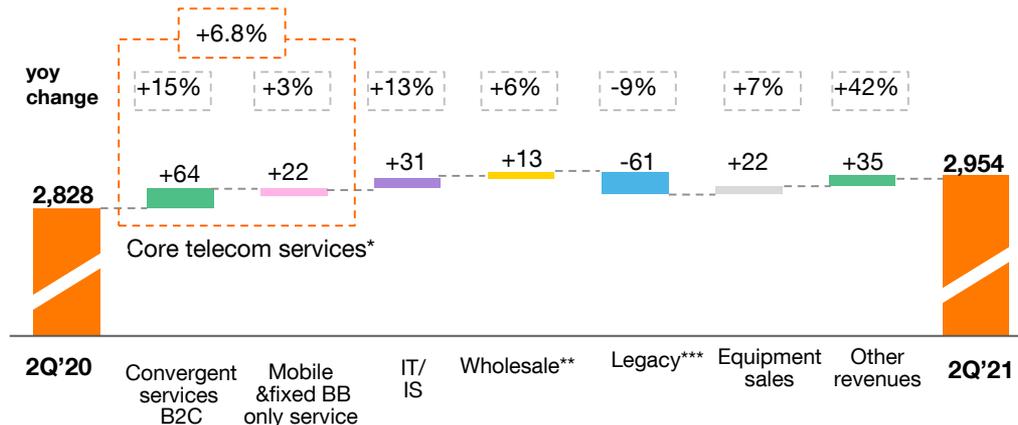
Revenue evolution

yoy change



Revenue evolution breakdown

in PLNm

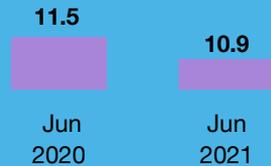


*convergence, mobile-only and broadband-only **wholesale excluding fixed wholesale and interconnect
 ***legacy: narrowband only, fixed wholesale and interconnect revenues

EBITDAaL +3.8% yoy in 2Q and +4.6% yoy in 1H

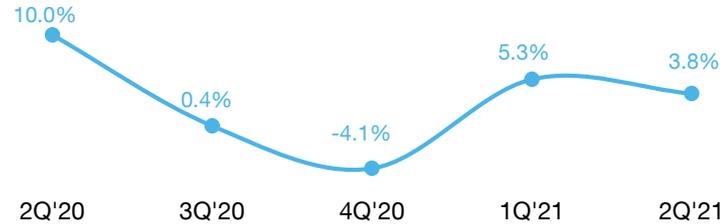
- **Direct margin up 7% yoy:**
 - Driven by growth of core telecom services & IT/IS
 - Reflects ca. PLN -40m impact of crisis-related provisions in 2Q'20
- **Indirect costs up 10% yoy:**
 - Reflects impact of crisis mitigating measures in 2Q'20 (HR provision release PLN +64m and cost freeze) vs expanding business in 2021
 - Includes ongoing savings (labour costs reflect headcount adapting)

Employment in k FTE



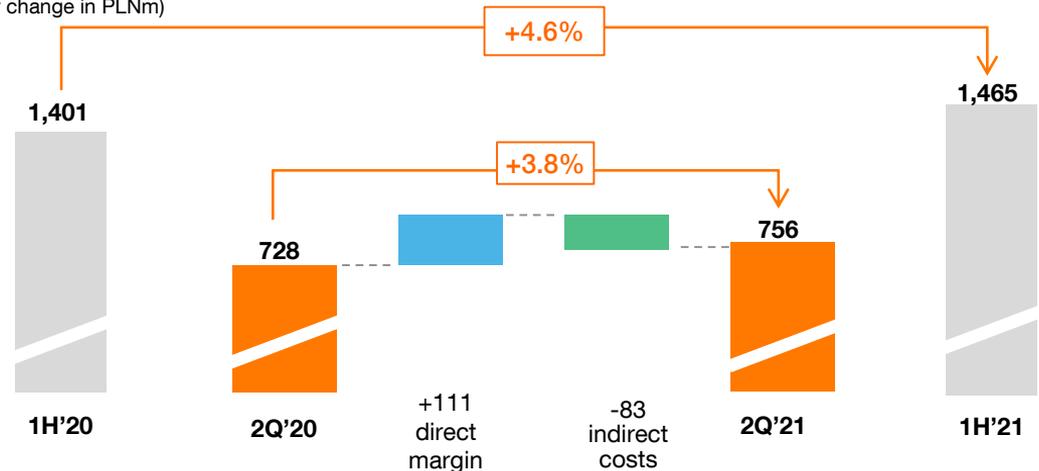
EBITDAaL evolution

(yoy change in %)



EBITDAaL evolution breakdown

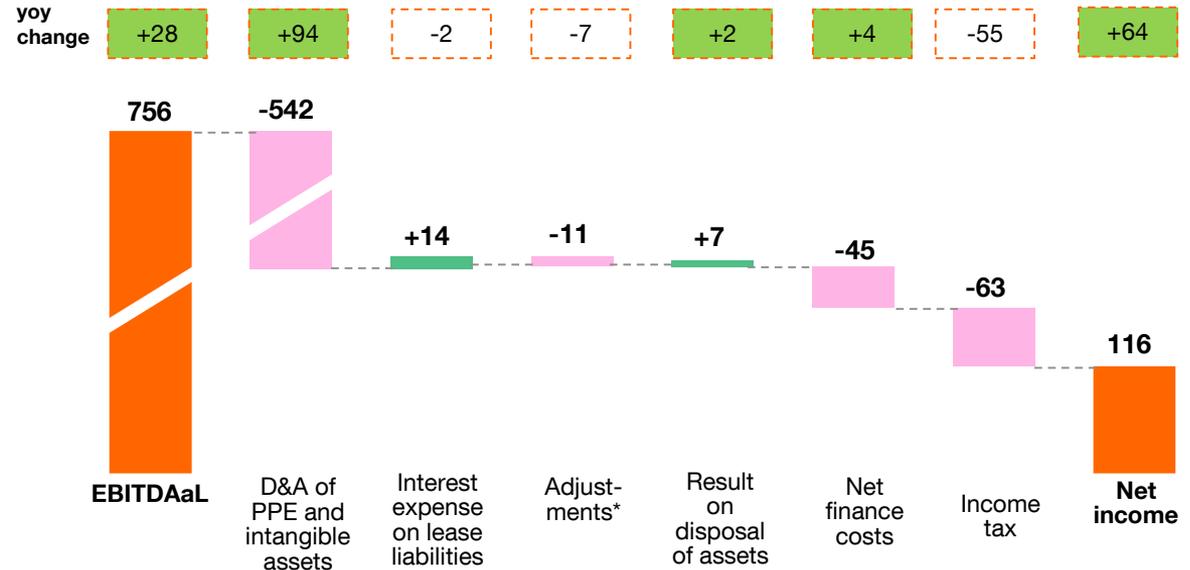
(yoy change in PLNm)



2Q net income growth

- Growing EBITDAaL
- Lower depreciation
 - PLN 32m impact of extension of economic useful life for certain assets
- Higher income tax

Evolution from EBITDAaL to the bottom line in 2Q 2021 (PLNm)



* Mainly related to M&A



1H'21 eCapex in line with full-year guidance

Small yoy growth reflects

- more evenly timed spending in IT and network
- construction of new data centre
- less mobile capex (spectrum refarming completed)
- prolonged weakness of the real estate sales market

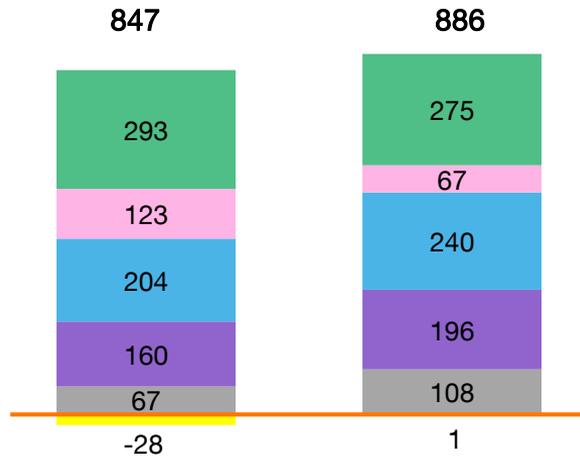


Investment areas

(in PLNm)

Gross capex spend

- FTTH rollout (incl. CPE)
- Mobile network
- Fixed & core network
- IT Systems and Infrastructure
- Others incl. non-fibre CPE
- Proceeds from assets disposal



eCapex

819

887

1H 2020

1H 2021

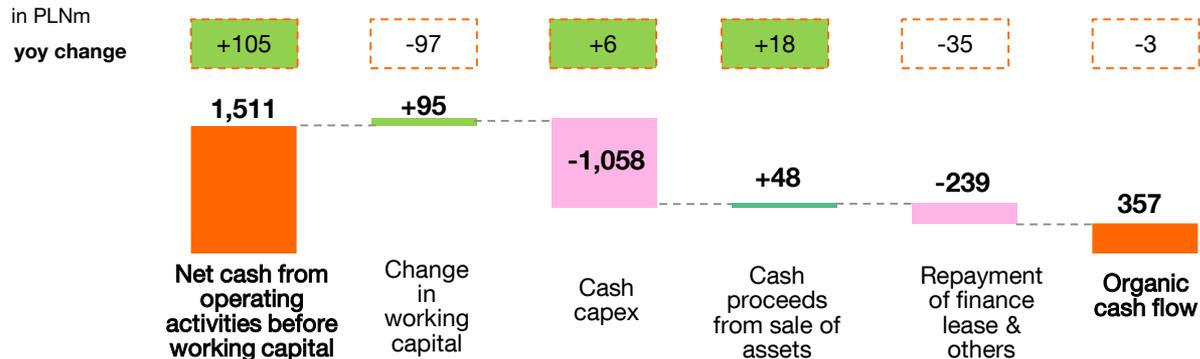
Strong underlying cash generation

1H stable yoy, despite very high comparable base of working capital requirement (WCR)

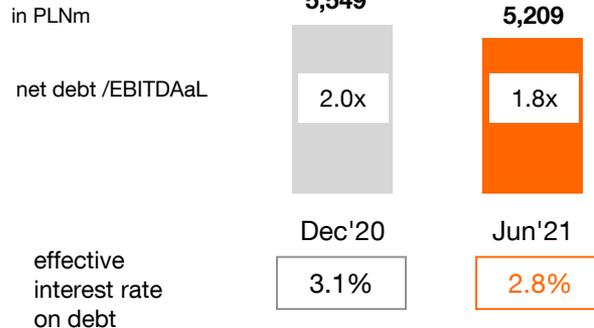
- 1H'20 WCR lowered by delay of PLN 120m of payroll tax payments to 3Q (anti-crisis regulation)
- 1H'21 WCR increased by rebound in handset sales on instalments



Cash flow evolution breakdown in 1H 2021



Net Debt



3.6 years – average debt duration

Summary

Julien Ducarroz
Chief Executive Officer

Summary



Strong 1H results driven by successful value strategy in a low sales volume environment



In 2H strong focus on commercial activity in a traditionally higher sales season



FiberCo transaction closure planned in 3Q



We are well on track to reach our full-year financial objectives

- we are carefully monitoring impact of the pandemic

Q&A

Appendix

Details of bottom line evolution in 2Q and 1H 2021

in PLNm	1H'21	1H'20	Change	2Q'21	2Q'20	Change
EBITDAaL	1,465	1,401	+64	756	728	+28
D&A of PPE and intangible assets	-1,118	-1,244	+126	-542	-636	+94
add-back interest expense on lease liabilities	27	32	-5	14	16	-2
Adjustments*	-21	-7	-14	-11	-4	-7
gains on disposal of assets	-13	15	-28	7	5	+2
operating income/ (loss)	340	197	+143	224	109	+115
net financial costs	-111	-181	+70	-45	-49	+4
<i>o/w foreign exchange loss/gain</i>	<i>+18</i>	<i>-30</i>	<i>+48</i>	<i>+25</i>	<i>12</i>	<i>+13</i>
income tax	-74	-2	-72	-63	-8	-55
net income/ (loss)	155	14	+141	116	52	+64

*Adjustment for the costs related to acquisition, disposal and integration of subsidiaries

Details of organic cash flow evolution in 2Q and 1H 2021

in PLNm	1H'21	1H'20	Change	2Q'21	2Q'20	Change
Net cash flow from operating activities before change in working capital	1,511	1,406	+105	763	695	+68
Change in working capital	95	192	-97	-50	287	-337
Net cash flow from operating activities	1,606	1,598	+8	713	982	-269
CAPEX	-886	-847	-39	-463	-489	+26
Change in CAPEX payables*	-172	-217	+45	5	35	-30
Cash proceeds from sale of assets	48	30	+18	24	15	+9
Repayment of lease liabilities	-249	-204	-45	-129	-105	-24
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries	10	0	+10	9	0	+9
Organic cash flow	357	360	-3	159	438	-279

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

We successfully combine growth with social responsibility

Environment



We implement our business goals with respect for ecology rules and in harmony with the environment.

- More energy efficient networks:
 - fibres replacing copper
 - mobile network sharing
- Recycling and refurbishing of handsets and routers
- ~200 energy consumption optimisation initiatives launched
- NetZero2040 ambition
 - ~65% CO2 emission reduction till 2025 mainly thanks to renewable sources

Social



We make new technologies a supporter of economic and social development

- Our connectivity investments positively impact local societies through:
 - digital inclusion
 - local digital activity centres
 - digital skills programmes in schools
- We actively promote safe use of internet among children (4,000 schools in the programme)
- Co-operation with suppliers based on Code of Conduct covering social and environmental responsibility and prohibited business practices

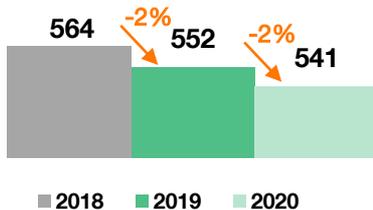
Governance



Our corporate governance is designed to provide responsible management and supervisions to achieve strategic goals and enhance value

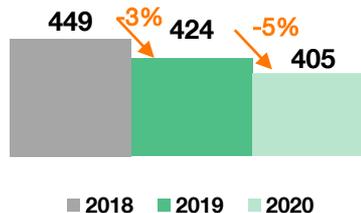
- We conduct active dialogue with all stakeholders to respond better to their expectations
- We adopt zero tolerance approach towards corruption in all aspects of our activities
- Corporate governance model ensures proper distribution of responsibilities to guarantee transparency of all management decisions

Energy consumption (GWh)

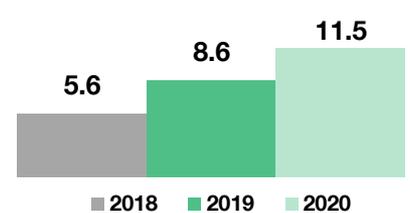


Key Environmental Performance Indicators

CO2 emission (000' tonnes)



Refurbished and relaunched handsets (000)



Glossary (1/2)

4G	fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)
ARPO	Average Revenue per Offer
data user	a customer who used mobile data transmission in a given month
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
Core future-proof areas	Areas core to future margin generation consisting of: convergent services B2C, mobile only, fixed BB only, IT and integration services, B2B network solutions, wholesale revenues excluding fixed wholesale
EBITDA	Operating income + depreciation and amortization + impairment of goodwill + impairment of non-current assets
EBITDAaL	EBITDA after leases
FBB	Fixed Broadband
Fibre	fixed broadband access network based on FTTH (Fibre To The Home) /DLA (Drop Line Agnostic) technology which provides the end user with speed of above 100Mbps
Fixed broadband-only services	Revenues from fixed broadband offers (excluding B2C convergent offers and equipment sales) including TV and VoIP services
FTE	Full time equivalent

Glossary (2/2)

Growth services	Convergent services, mobile retail and wholesale, fixed broadband, IT and integration services, equipment and B2B network solutions and adjacent services
Households (HH) connectable in fibre technology	Households where broadband access service based on fibre technology can be rendered
ICT	Information and Communication Technologies
LTE	Long Term Evolution, standard of data transmission on mobile networks (4G)
LTE user	a customer who used LTE service at least once in a given month
M2M	Machine to Machine, telemetry
VoIP	Voice over Internet Protocol
Mobile-only services	Revenue from mobile offers (excluding consumer market convergent offers) and Machine to Machine (M2M) connectivity. Mobile only services revenue does not include equipment sales, incoming and visitor roaming revenue
Wireless for fixed	fixed broadband cell-locked wireless access offered by Orange Poland for home/office zone with rich data packages
Organic Cash Flow	Organic Cash Flow = Net cash provided by Operating Activities – (CAPEX + CAPEX payables) + proceeds from sale of assets
SIMO	mobile SIM only offers without devices
VDSL	Very-high-bit-rate Digital Subscriber Line