

ORANGE POLSKA

CONFERENCE CALL TO DISCUSS ORANGE POLSKA NEW STRATEGY

Company: Orange Polska

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Participants:

- Julien Ducarroz, Chief Executive Officer
- Jacek Kunicki, Chief Financial Officer
- Jolanta Dudek, Deputy CEO
- Bożena Leśniewska, Deputy CEO
- Maciej Nowohoński, Board Member
- Witold Drożdż, Board Member
- Artur Stankiewicz, Chief Digital Officer

Julien Ducarroz:

Good morning Ladies and Gentlemen. Thank you for being with us this Monday morning. 4 year ago Orange presented our .One strategy. We had the big live event at the Warsaw Stock Exchange and were able to talk to at least some of you in person. When Jean-François spoke about Orange's ambition, we were in a difficult position. Many of you were sceptical it could be done. The market was in decline – still suffering from years' long price war and value erosion. Today, we are living in a world that is different. We are meeting online, working from home, and telecom importance in everyday life is growing. This transition mirrors the changes that Orange went through.

The last four years have been busy for us, investing in customer care, ICT competences, rolling out our fibre, and deploying a new convergence proposal. All of this has translated into stopping and reversing the long-term negative trends in our business. This wouldn't have happened without Orange employees. Today we are a different company than we were in 2017. Our customer proposition is reinvented with Love bundles that are very successful and we have a simplified portfolio. We went from dozens of offers to a set of flagship products that are easy to navigate and understand.

Our B2B proposal is on another level. The new ICT competencies we have acquired allow us to offer end-to-end solutions. Our customer care is also improved. We have the best net promoter score among telecom and technology supporting seamless experience for our customers. Our networks are improved allowing us to bring new value to the market. Last, but definitely not least we have improved, and I mean the people of Orange and the way we work as a company.

Back in 2017 Orange took a risk and it paid off. Let me remind you that the markets were not so happy when we launched our fibre program. Today we are the biggest investor on the telecom market in Poland and the biggest fibre operator in the country. We wanted to become the fibre brand for Poland and we did it. Fibre is our greatest asset, our differentiator on the market that support our value creation model. It has been instrumental to our turnaround. This is what enabled us to close the technology gap and gain technological edge.

There are so many opportunities to do more. When you think about necessities, the basics that we need to effectively participate in the economic and social life, we naturally think of food on the table, roof over our heads, and other essential. Today connectivity is an indispensable as water or electricity. Not only are digital solutions the way forward- we have seen this clearly in the past year with the Coronavirus lockdown. Fast internet is essential, a good of first necessity. This mean that our business is essential. However, there are still many people that do not have a fast internet connection or don't know how to make use of it. It is our purpose to offer everyone the keys to the digital world. Therefore, the market offers great potential in term of fast broadband penetration, driven by this new demand and growing needs. The blurring of work, home, and on-the-go is creating infinite possibilities and ever increasing demand because this is more than just broadband. Connectivity enables digital services for consumer, drive ICT, and new businesses. We are in the perfect spot to fulfil customer needs, answer their demand, and benefit from it. Plus our economic environment is supporting of the digital transformation.

This demand for broadband indispensably linked to the growth of the country economy. Disposable income is growing. People want to become more digital, driving further growth. Polish economy has been growing in many years and proved fairly resilient among the COVID-19 slowdown.

European funds are undoubtedly playing a great role in filling in the white spot on the map, equipping local communities with high quality modern internet access. Continuing in this direction under the new European budget and Recovery Plan will contribute to that goal.

All this bring us here to this day. Four years ago we were a different company in a different position and different world. The market was stale and in decline. If I had to boil down .One and the situation we were in back then to a single word, I would say that would be 'must'. We had to stop the declines. The choice was to change or to fail. There was no other way. And we changed thanks to a joint effort by all of our Orange people.

Did we fulfil our ambition? Yes, we did. We made convergence happen. We made fibre happen, became the leader in business solution. And we deliver all our annual financial ambition guided in .One. This was a story about recovery and we have recovered and turned around long-term negative trends. Our business is healthy now. After a decade of decline, we have moved on our path back to growth. This is the time for us to grow. Not only do we want to sustain growth but reach further, grow faster, and become better. Don't get me wrong- what we are going to present today will be an evolution rather than a revolution. Orange.One fixed our core business. And now we are able to make the most of new opportunities.

Now we are ready to take the next step forward and .Grow. Why .Grow? Well, first let me tell you that the "dot" at the beginning is not a mistake. With .One, it symbolized the end of a certain chapter. It was not a happy chapter and we wanted to close it with that "dot". Now we want to capitalize on the progress made in the last four years. The "dot" is a memento. It stands for the tremendous work that has been done. Because that is why today we can go for more and grow. So going back to the fundamental question, why .Grow? The answer is because for us this is an entirely new chapter. It's a breakthrough. Our first growth strategy in 15 years. If "must" was a word behind that .One, .Grow can be boiled down to "opportunity".

The image you see is our strategy in a nutshell. This who we are as Orange. This is what .Grow means to me. Our power stems from what we offer to our customers, from how we use our assets. It comes from

the way we work with each other, and the way we respect the world around us- communities and the environment.

So let's travel to the future for a moment. We are in 2024. Based on what I've just shown you, what is Orange in 2024? We are the most loved brand for Polish consumer when they think about convergence. When they think Orange, they think 'my'. We are digital leader in the market, offering a new dimension of tailored customer experience based on data, supported by digital tools, and providing the human inside when needed. We are growing together with the Polish businesses, supporting on their digital journey co-creating the new digital economy. We have the best infrastructure in the country. We are strong as the leader in green transformation in Poland offering real change, not only among telecoms. We are growing with our environment, customer, and stakeholders, because we believe that growth can only be inclusive. This is what I want Orange to be in four years and beyond.

And here is how we plan to do it. So let me start with our core business. It is the absolute bedrock of our strategy and our future success. If I were to eliminate all the other parts of the strategy and only have this one, we will still thrive. But if we eliminate the core, there is nothing else left. Orange has been deploying fibre extensively for quite some time now. This investment plan was bold and unique on the market. When we started, we were the only big player doing it. Many people ask is this really necessary? Couldn't you do the same with mobile internet? Now, we are reaping the fruits of these investments. Our network, supreme mobile connectivity with 4G and 5G and more 5G in the future plus our fibre is more than just infrastructure. It is a building stone of our consumer business proposition, a comprehensive offer for the household, comprising connectivity and entertainment based on cutting edge technology. This is what allow us to grow organically.

We bet on convergence many years ago when it wasn't the market trend. And now we are ahead of our competitor. Today they are turning to convergence for growth. Even the ones that not long ago were saying this is not how they see their future. Today the home has become the new frontier. This became clearer than ever in 2020. Our homes became our offices and schools. The pandemic is hopefully receding, but the changes that is generated will be with us for the long term. This is why we are focusing our B2C value proposal on the home.

And the home is where Orange is strong. We are the leader in convergent services in Poland, including customer satisfaction with #1 Net Promoter Score in this segment. It works" the number of Orange Love customers is constantly growing now exceeding 1.5 million. And not only is the number, but also the average income that we have from each offer. Our strategy is working. And we want to stick to it and focus on execution. In the future we want to grow convergence even more. Both, in term of number of households that we reach and in what we offer.

In 2024, we want to have 20% more convergence customer, continued investment in our fibre footprint, and our proposition for the household will enable this growth. But we do not want to chase volume blindly. We want to build value. This is why we will bring new solutions to the convergence world, extending our proposition for the home.

So convergence will continue to be a key driving force for our growth. With 5G on the horizon, we will have new ways of evolving our 360° household approach and creating more value both for customer and for the company. And we will remain a key investor on the Polish market rolling out our 5G network. According to a recent study, Poland has a highest consumer awareness of 5G among all of Orange European market. One in three respondents say their knowledge of 5G is high and almost half say they will choose a 5G device when changing their phone. This also opens new opportunities for enhancing the home experience. Our strong core will allow us to bring this 360° approach toward the household further to the augmented home. We do feel that our next battle ground will be home in the broad sense being private or business. We like to see our role as a provider of enhanced digital services for your home.

Obviously our main service will remain connectivity, fixed and mobile, but we would certainly like to explore and test in the future value added services, such as entertainment, cyber security, work from home proposition, smart home, and green energy. Besides infrastructure, we have highly skilled technician, sales representatives, and sales network to install and advise our customer on those area. Those assets will give us unique positioning to develop and design new services.

We want to extend our fibre potential. As you know, we have created a new joint venture, FibreCo. It will be an infrastructural partner on the wholesale market for Orange, and for other companies. It will be powered by some of the network that we have already built, and by an external financial investor. Over time, it will roll out its own network. Partnership with other company from the market, such as FibreCo, will allow us to continue investing. As a result in 2024, we want to reach up to 8 million Polish household, 60% more than today.

We want to actively seek new wholesale customers for our fibre network and mobile network. We are not a lazy incumbent. We have top quality infrastructure, the best in Poland. I'm sure that right now, many of you are thinking, but Julien, why to do it? Why let the fox into the henhouse and open your most priced asset to other players? We believe it will create more value in an open model, especially considering the profile of the covered area.

Thanks to the turnaround effort, new services generated more margin and bring value to the company, outweighing the legacy business. All these allow us to pursue a new opening on the wholesale market.

Let me say this again, loud and clear: Orange is a leading convergence operator. This is our philosophy. Now we see more and more interest in this direction. It is logical for us to open up our network and monetize this move towards convergence even further. Because it's going to happen anyway, with or without us. And by opening our wholesale proposal, we can benefit from that fundamental shift on the market. We want to have six time more wholesale customer using our fibre in 2024 than we have today. The demand for connectivity is growing rapidly, both in term of fibre and mobile. We have the infrastructure and backhaul to answer that demand. We want to monetize existing infrastructure better extending national roaming services. We have just announced, an extension of the national roaming agreement with Play. We also want to address the MVNO segment. This is what maximizing call means to us. Now let's hear from Jola our new VP for the consumer market, and Maciek, in charge of wholesale at Orange.

Jolanta Dudek:

The saying "My home is my fortress" has taken on a new meaning nowadays. In this exceptional pandemic situation, which we have had to function in for over a year now, for many of us, the home has also become an office, a school, and even an entertainment center.

Our customers' behaviour has changed, which we can see clearly. Therefore, home-related needs will be the key component of our offer for customers.

The basis for convergent services is a super-fast and efficient network, i.e. optical fibre. It enables the delivery of the highest quality online entertainment today. The coverage of a growing number of households translates into an increase in the number of customers. That is why Orange seeks to provide access to its fibre optic services to more than half of Poland's households by 2024. Optical fibre allows us to build value both for our customers who receive top quality service and for our company as thanks to this technology we can prepare new up-to-date offers. It is also worth emphasizing that customers using fibre optics are definitely more likely to recommend Orange services.

The next step that lies ahead is the augmented home, an extended vision of the home. We want to reach customers with new offers that will make their everyday life easier thanks to modern technologies. We

believe that thanks to the expansion of converged packages, customers will be more likely to opt for new services and having a complete solution for the home – they will stay with us long-term.

We plan to add further elements to the offer for the home: security services, smart devices, new possibilities of using digital entertainment and solutions related to the use of environmentally friendly, clean energy.

Speaking of the environment – replacing the copper network with optical fibers brings us closer to our climate ambitions, because this technology means 80% less carbon dioxide emissions than customary solutions.

Maciej Nowohoński:

But that's not all, because we expect more from optical fibres. We can already see today that great infrastructure is our asset on both the retail and wholesale market. To fully tap into this potential, we need to keep investing in our networks. The development of the 5G network is ahead of us, but we do not forget about optical fibres. The way we invest in this network will change.

Today, thanks to infrastructure cooperation with other operators, fibre-optic internet from Orange is available to one million households. Orange Polska collaborates on the wholesale market with several dozen operators, making its network available on an open basis or using the existing infrastructure belonging to other companies. This allows us to expand coverage without unnecessary duplication of infrastructure and to invest smarter.

We have created Światłowód Inwestycje (FiberCo), a wholesale operator that is to build 1.7 million new fibre optic lines. The network managed by this company will cover 2.4 million households in total and will be open to other retail operators, including Orange, who will be able to provide their services using this network.

Światłowód Inwestycje is a unique project in the Polish market. This undertaking will allow us to reach new customers more effectively and help combat digital exclusion. We already have the first wholesale customers using optical fibres offered by Orange. Thanks to FiberCo, we can enter the market with a new proposal and generate additional value. According to our estimates, this solution will significantly increase the use of our fibre-optic network.

At the same time, we are opening up to the wholesale market again, including the mobile segment. We want to use the potential of our mobile network on a greater scale, also in relation to virtual operators.

Julien Ducarroz:

If I were to compare the first two pillars of our strategy, I would say that maximizing the core is the bedrock that we have today, for the things we will have tomorrow. And new opportunities are the driver of our future growth beyond 2024.

This is a story about disruption. It is caused by technologies, by the digital transformation that has sped up immensely in the last two years- some say that in 2020 alone companies introduced digital changes that were forecasted to happen within a decade.

There's this saying: the future is here, but it's distributed unevenly. To me this means that what matters most is the vision. The ability to choose and prepare for what's coming. This is exactly what Orange did with fibre.

Now we are on the threshold of a new era in business services, and we are well-prepared for building a new foundations for the future. Some of you may know that I'm quite enthusiastic about the startup community and mindset. In the world of startup, venture capitals invest in ideas that they believe as a potential to win the market. You can never know for sure if your project is going to be successful, but if it is you win big time. This is a kind of approach that I have towards those new opportunities on the B2B market and the culture I want to develop within Orange for the coming years. We have the asset and we have the guts to invest it in new ideas, new business line, such as Big Data and AI. Will all of these ideas work? Probably not, but we are ready for this learning curve because this is the only way to grow. There is no success without risk. What matter is that we are well-prepared to take it.

Today Orange is a unique player on the B2B market. We aren't anymore, a pure telco. We are an integrator and provider of complex end-to-end solution made to fit and enable business transformation. Within last four years, we have more than double ICT revenues reaching 1 billion zloty, driving the growth of the entire B2B market. And we aim for further, very strong growth. In our new strategy, we plan to grow ICT revenue by about 10% every year, faster than the anticipated market growth. How? By playing our strongest cards and not being afraid to bet on the future. Today, thanks to investment in our core, thanks to our experience and expertise in cybersecurity, and digital competencies, we are able to say to our customer: okay, so you want to have an online retail business scattered around the country with offices, warehouses and representatives? We can do that for you. We can equip you with a secure internal network, customer relations software, and a great app for your brand. And by the way, did you know that one in five small and medium enterprises in Poland suffered a cyber attack in 2020 alone? Clearly, there is much to do in this area.

We will build on our unique blend of skills. We will continue building value in core business area: connectivity, both mobile and fixed, security, network and communication, as well as IT infrastructure. Additionally, after two successful acquisitions of IT- companies BlueSoft and Craftware- we will further develop our offer of software and application offering and enhanced CRM. Thanks to synergies within the subsidiaries ecosystem, we will offer more options for digitalization of business customers.

In a new top 200 report on the ICT market published last week, all our subsidiaries were ranked in top 10 in their categories. All have improved since last year. This proves that thanks to the synergies that we have already created, we can grow even more and even faster. It will be complimented with best customer experience, delivering those big and comprehensive projects.

The next big opportunity for B2B will come together with deployment of 5G. It will usher a new era of connectivity, specifically for business customer, with the potential of network slicing, creating on dedicated and secure private network within company. 5G will open the door to automatization, process simplification and digitalization on a new level.

5G will unleash the full potential of smart cities, transport, logistic, health-related services and industry 4.0. Those are the area that we are already exploring. Orange enables new growth in the 4.0 economy with IoT solutions, enhanced community and Big Data analytics. These opportunities may not generate huge value in the initial stage, but for us, they are investment in the future, which will pay off in the next business cycle. Now let's hear Bożena, with a deeper dive into those opportunity.

Bożena Leśniewska:

The digital transformation of companies in Poland has become a fact. Over the last two years, we have observed a dynamic acceleration in this area involving all industries.

Orange Polska has been a key partner and provider of business solutions in the market for many years. It uniquely combines communications and communication services with digital security, counselling, services in the field of software, and applications. It supports enterprises and institutions on their transformational and technological journey.

The 2017 strategy provided for a dynamic pace of business digitisation. Thanks to this, we have stabilised the situation in the area of telecommunications services on the B2B market, and we have entered an upward trend. In addition, in the area of ICT we have tripled our revenues. Therefore, we will continue this strategy and we will strengthen our position as an integrator of transformational solutions. We will continue to accompany businesses on their digital path, expanding the portfolio of solutions of the future.

We have planned a 10% annual growth rate in ICT. We will achieve this thanks to the use of our key resources, that is, a reliable mobile and fibre-optic network enriched with a wide portfolio of services creating the full value chain of digital transformation. The further stable development of our co-partnership - Integrated Solutions - the third largest integrator in the Polish market - will play a key role. We will achieve acceleration by monetising investments in new areas and new competences, that is BlueSoft and Craftware companies.

We plan the greatest increases in the area of cybersecurity as well as software and applications, using both the experience of subsidiary companies and competences built for the internal purposes of Orange.

We will intensify activities in the area of migration to the cloud. Companies in Poland still lag behind the European average in terms of adopting cloud solutions.

Today, we see that the cloud market will be strongly stimulated by investment from large public cloud providers located in our region. By entering into partnerships with them as well as our own platform cloud solutions, we will enrich the offer with professional services. As a provider of multi-cloud and hybrid solutions, we will counsel our clients and implement optimal solutions for them.

Orange Polska offers its clients a variety of its own cloud services as well as in partnership with hyperscalers and public cloud providers. It is more than just simple data storage in the cloud - it is comprehensive counselling, integration, and professional services. It is also virtualization - that is, transferring services traditionally related to telecommunications into the world of ICT.

Cloud computing and network virtualization is the first step in the digital transformation of business. The next steps will be automatic data analysis, which will increase thanks to the implementation of 5G, and the use of artificial intelligence to create the solutions of the future. This is an area in which Orange Polska will expand its portfolio of services.

In 2020, 5 billion gigabytes of data flowed through our network. This is a huge amount of data that, when properly structured, will help our clients improve their businesses. We will provide this structure and propose analytical tools enabling efficient drawing of conclusions. As a consequence: better matching of

their products and services to the needs of the market. For Orange, this means creating a new business line providing a new source of revenues.

5G will be a catalyst for the ICT market, especially for the Internet of Things. The new network will be faster and more efficient. It will be able to handle millions of connected objects simultaneously. Companies will be the first to take advantage of its opportunities.

For enterprises, the Internet of Things brings measurable benefits: from increasing effectiveness to reducing energy consumption. The 5G network will enable them to connect all objects in the factory, machines, production lines, temperature or pressure sensors, security systems, into one common network that will allow them to talk to each other in real time. This will be possible thanks to private 5G networks, built with the specific needs of a given company in mind.

Today we can boast the implementation of the first mobile private networks in Poland operating in the target 5G, 3.6 GHz frequencies. By 2025, we will create 40 such networks together with our clients. Using the competences of our own companies - Integrated Solutions, BlueSoft as well as the ecosystem of partners including

start-ups, we will offer complete infrastructure and software solutions that allow you to build modern, automated enterprises.

The development of the 5G network will bring new benefits and new development opportunities, especially for business. The Internet of Things, virtualisation of everyday operations, process automation, and good use of huge amounts of data, supported by algorithms of artificial intelligence, will transfer business in Poland to the next level of digital development.

Orange Polska is a leader in all business segments of the telecommunications market and a leading player in the ICT market. The implementation of the "Grow" strategy will secure a leading position for us in the field of counselling and integration of comprehensive transformation services for business, enabling enterprises and institutions to efficiently function in the new digital world.

Julien Ducarroz:

So now you see that our third priority for the next three years is realizing our potential. Another lesson that we have learned from COVID-19 is that we can do huge things, like switching 10,000 people to online work in a matter of days. This shows that we have the power of a great potential, built thanks to enormous transformation effort made in .One. If the first two priorities were about our business, what we do, this is about how we do it.

Let me be blunt, we have to be digital inside to help our customer grow in a digital world, and I mean that very literally. We are the first company in the Orange Group to appoint a Chief Digital Officer, but we do not want to make it just another division within the company. This digital approach will cut across all markets and our operation becoming integral to our day to day business. The new structure will be our competence hub working for and with all business line and operation.

Our ambition is to be digital operator for Poland. Putting it in numbers; in four years, we want one in four sales that we make to go through online channel and three out of four customer care contact happening via digital. This is a major shift to world efficiency: automating routine tasks, making customer contact with Orange easier, better and more suited to our customer needs. Wherever they are, whenever they want. We have strong assets and experience to build on: Flex, Max and all the solutions that are already

in place. We know how to do it and we are confident looking into the digital future. Let me introduce Artur, our first ever Chief Digital Officer, to tell you a bit more about that.

Artur Stankiewicz :

The pandemic has clearly demonstrated the growing importance of the digital. Digital solutions are our present. At Orange, we already have a lot to be proud of.

Orange Flex is the first fully digital telecommunications service on the Polish market. You can deal with any issue you want directly in the application here – starting from selecting or transferring your number, through managing your services as per your needs, up to purchasing devices in the Flex Shop.

Flex is getting more and more popular, mostly due to its flexibility. We can observe that the formula involving fully managing your services directly in the application is something the customers really like, and they tell their friends about it. Every fifth customer using Flex came here because somebody else recommended it to them.

A fully digital cellular network like this one is a unique solution on our market, and the customers are getting more and more convinced about it. We can clearly see that awareness of the advantages of digital solutions is growing. The COVID-19 pandemic has undoubtedly accelerated this process. After two years on the market, Orange Flex already has over 100,000 active users. The number of users doubled from April 2020 to April 2021.

Good morning, I'm Max. The voice of the Orange artificial intelligence. They're testing me right now. I'll be happy to help you - just tell me what issue you'd like to talk about.

Digital solutions also help us in our relations with the customers, making sure their contact with the company is a comfortable one. You've just heard MAX – the voice of the artificial intelligence from Orange. MAX has been working with us for three years now. This is an example of how some tasks are automated, thanks to which we can improve the contact with the customer.

We also put emphasis on digital when we want to make things easier. Thanks to the already-operational platform for ordering technical support, getting in touch with a technician is easier and more convenient for the customer. On the other hand, using augmented reality for guiding the customers through the installation process of, for example, a modem, allows them to independently proceed with the basic activities related to the devices they use without any need for technical intervention.

The U-TECH platform makes it possible for the customers to remotely contact the technical team, which is similar to the popular applications enabling you to order a transport. It lets you choose the time of the visit, determine its scope, and be up to date with your request. The customers can see the history of their case, can check or change the technician's visit date, and know who will come to handle the repair and where they are currently located. Finally, they can confirm if their services are working correctly.

Augmented reality will also be supporting Orange customers in basic activities related to the devices they own, such as connecting a modem, without the necessity of reading any complicated manuals. All you need is a mobile app – it identifies the individual elements, which it "sees" via the phone's camera, suggests what the sockets and cables are for and how to connect them, and will also confirm if we did everything correctly.

These are only a few examples of what we already have and what we can keep building on. The future is undoubtedly digital, especially since we see the tangible benefits, both for Orange and for our customers. As many as 94% UTECH users are happy with this solution.

We are living in the times of the fastest technological acceleration in global history.

We know how to create digital tools. We want to go further today: we want to create digital solutions that will make things easier and solve any problem our customers may have. We have to be digital ourselves to be able to digitally support our customers, to make people associate the future with Orange.

Julien Ducarroz:

So digital is the way to go. At the same time, we understand that not all customer will want to go online with all their business with Orange. This is why we believe in an omni-channel approach, making it easy to start where you want, online, offline, and to go through the journey and to touch base with our people in the shop or on the phone. Because we understand that relationships are based on empathy and companionship, and you cannot simulate that with AI, this need for human contact is another thing that we saw vividly during COVID 19. So we want to be digital, but we know that there is no digital without people inside.

There are several ways that we want to employ digital solution to become leaner and more efficient. We have already touched on introducing Big Data and AI solution to enhance customer care using the example of Max. Big Data will allow us to better position and tailor a specific offer for specific customer translating, for example, into increasing loyalty. Big Data and AI can be used in network planning and management. Employing AI for network diagnostic can help us prevent failures based on the analysis of data about the network behaviour. It can support investment processes by helping us recommend specific locations for rollout based on actual traffic and customer needs. We want to go to the market with those solutions and further monetize that Big Data and AI. As Bozena mentioned, our goal is to support our customer with managing and harvesting the data that they already have and they are generating every minute.

To release our potential, we need to carry on simplifying and focus on building those strong foundation for the future. This apply to swapping or even shedding some of our current belongings. We need to make room for the future. This includes phasing out all their access technology that we will gradually be replacing: 3G by the end of the plan, and as well copper- we will time by time reduce it. They will be replaced by next generation mobile and fixed network, improving efficiency and curbing the cost of legacy systems. Clearly this also apply to our real estate portfolio. We will continue our strategy in this area.

Now that I have told you about our business and how we want to work to thrive, I want to talk more about the things that define us as a business. This is who we are and who we want to be. I recently had the pleasure of speaking with professor Muhammad Yunus, a Nobel peace prize winner, who has basically spent his entire professional life fighting exclusion. He does this through business projects implemented with organizations, including a bank and a telecommunications company. Muhammad's ideas of social business oriented toward the local community and solving specific everyday problem might seem almost utopian to many. To me, it is inspiring. Can we, a large publicly- traded company, orient ourselves exclusively to social causes? Obviously we cannot, but we can act on that philosophy- considering the communities around us, in our business operation, contributing to their improvement, focusing on all stakeholders. In .Grow, we must do just that, act responsibly. There is no growth without the human inside. And responsibility is not a marketing slogan, it is the DNA of our company, embedded in our daily business logic. I believe that this is the only way to go. Our only authentic engagement brings value to all stakeholder instead of just generating costs like focusing on empty slogans does. This is especially true for

environmental issues. I'm sure you are aware that going green is a major priority for us. It is our public commitment and we will deliver it because we understand our role on the larger scale, the scale of our planet's future. Let's hear from Maria Andrzejewska, representing UNEP GRID Warsaw, on why it is important for companies to understand their role in all of this.

Maja Andrzejewska:

We all strive for development, both as countries, individually, and on the corporate level.

The economic development observed in recent decades is based on the exploitation of natural resources and the consumption of services provided by natural ecosystems, often in a way that leads to devastation of those resources.

Greenhouse gas emissions, deforestation, plastic pollution, the extraction of deposits that completely destroy the balance of groundwater, or the exploitation of natural ecosystems have all led to a climate and biodiversity crisis.

We have already crossed 4 of 9 planetary boundaries contributing to the disturbance of the earth system, which threatens our safe functioning on the planet.

So, what is the role of business in preventing climate crisis? Undeniably huge! And it is not only about maintaining good living conditions on our planet but also about the future of the business as such.

Without access to water, energy, and raw materials, it will not be possible for any business to develop.

The climate and biodiversity both require changes in business models as well as changes in the measurements of development. The exploitation and destruction of natural capital must absolutely be included in the costs of production. Even more important seems to be the need to switch to a regenerative economy and engage in the reconstruction of damaged or dying ecosystems, not forgetting to protect the values that we still have.

The planet is our home, our common good, we share responsibility for it.

Julien Ducarroz:

Right now, there is a lot of talk about being green, including in the business world. There are a growing number of myths surrounding being green, and in my experience, two of them seem to be dominant.

First, that working with the environment in mind must be expensive. And second, that it's just a nice addition to what we call, "business as usual," that can be shown in advertisement on the television. Meanwhile, customers' awareness and expectations are rising. In a recent study called 'Earthlings Attack', nearly 80% of respondents agreed that the current state of the planet required immediate action. Nearly 30% of the polls believe that business should get involved in the fight against climate change. And 17% are ready to give up buying a product or service if its provider harms the environment. And all this amid the pandemic that has defined our century.

Despite that, only a handful of company listed on the WIG 20 index have specific climate targets. I'm proud that Orange Polska is one of them. Let me be very clear on this: we don't want greenwashing. It is exactly what is more expensive and makes no sense. We want to act, not just say we are acting. This is why we have set our final goal of carbon neutrality, which we want to achieve by 2040. And we decided to make

it clear that addressing the energy problem will be our priority along the way, because the energy that power our infrastructure account for 90% of our emissions.

We are ready and want to be held accountable for our promises. Thinking of the distant year, 2040, as the final stop on our road to neutrality, we have set the closer, more tangible milestone, a 65% reduction in emissions compared to the 2015 baseline by 2025. Over these four years, we also want to transform our energy mix so renewable account for at least 60% of our energy consumption.

And we are doing it the smart way by purchasing clean energy directly from the producer. This is what will allow us to have Orange Flex as the first climate neutral telecom service. We believe that this is the future.

When talking to Muhammad Yunus, one other things caught my attention. He was telling me about their telecommunication business- how it started, to basically combat connectivity exclusion in rural area. Digital exclusion is a real struggle happening right here, right now.

In the 2020 lockdown's forced shift to online schooling, shopping, and basically tackling as many daily needs as possible, have shown that there are people that are digitally excluded right here in the middle of Europe. It can be your next door neighbour, who thinks he's too old to learn how to use a computer. And it could be a family that you meet every day in your neighbourhood.

Survey conducted during the lockdown have shown that some pupils literally disappeared from the educational system for months. They have been left behind, and this all happened after several years of massive investment in telecommunication infrastructure, deploying fibre and 4G. Today, internet access is more often not a pre-condition for participation in economic and social life. Internet access should be widespread- we have to recognize the effort made by the government, aimed at filling in white spots. Orange is the biggest private investor in POPC and we intend to continue our support for the elimination of white spot in Poland. For more on that, let's hear from Witold .

Witold Drożdż:

Without access to the digital world, it is difficult to imagine taking part in social, cultural, professional, or public life today. The experiences related to the pandemic also clearly demonstrated this as, suddenly, most of our lives moved online. Preventing social and digital exclusion is gaining more and more importance.

Digital inclusion has an important social dimension today. On the one hand, this means making access to high-speed Internet more available, and on the other hand - education and developing digital competences. We are active in both of these fields. We invest in optical fiber, also by using public funds, so as to reach the areas located far from cities as well. These areas often lack infrastructure and access to modern services. And in addition, we have been supporting the digital education of Poles for over 15 years through our Orange Foundation.

Even small children start using smartphones and computers nowadays, and so, it is good for them to develop healthy digital habits from an early age. To learn how to maintain a balance in using screens, and how to creatively apply technology, not only for their own entertainment.

Our Orange Foundation is committed to this and implements digital education programs in schools. Over 5,000 children will take part in them each year. Along with our social partners, we also train teachers as part of the project called Lesson: Enter, which is co-financed by the European Union. This is the largest initiative of this type in Poland. 75,000 teachers in total will benefit from the program. We develop their skills of conducting interesting, engaging lessons and efficiently using digital tools. Not only are such lessons more interesting, but they are also better adjusted to the needs of the children and teenagers, as

well as to the reality in which they are functioning on a daily basis. We will also develop the activities aimed at parents who want their children to be safe online.

We also care for the needs of the elderly, who quite often find it hard to handle technology.

Thanks to the free courses, the elderly can learn how to take their first steps online, so as to be able to take care of their own important daily matters. Nowadays, the courses are handled online, but previously, they used to take place, for example, in the multimedia Orange Studios - the local activity centers. We have opened such studios for residents of all ages in 100 small towns and villages. They work together for the benefit of the local community, they learn, and they develop.

Technology has entered virtually every sphere of our lives. These technologies have great potential to improve the comfort of living for the people, and for the communities. We believe that no social group should be excluded with regard to access to such technologies, neither in terms of the infrastructure, nor of the competencies. This is why we focus on educating various social groups about technologies, as well as to supporting those who are facing digital exclusion. This is also our responsibility.

Julien Ducarroz:

To make use of our online potential we need both access and competencies. This was clearly visible during the COVID lockdowns. We want to support our senior customer, and we will know we have succeeded when we reached the best Net Promoter Score in that group. The Orange Foundation has been fostering digital skills for over 15 years, and we will not let up on those efforts. We have to work together so that no one is left behind. This is the only way to boost the economy and generate healthy condition for people and company to grow in the long haul.

I believe that we can tackle the challenges that we have already talked about only if we have an open culture. And an open culture must mean diversity. The data that proves that diverse team are more effective and work better. This apply to all levels of an organization from the frontline to the management board.

Unfortunately, there are still stereotypes and bias that we have to fight. I see this in ICT, an industry that there's a reputation of being a men's world and it should be our joint fight to create a supporting environment and promote balance. During my career, along the way I've met inspiring women who thrive in ICT industry. I'm proud that I could work with them and promote their talents. I'm proud that within the stereotypically man's industry 40% of Orange Polska employees are women, and I'm proud that Orange is part of the Polish chapter of the 30% club, an initiative promoting a 30% share of women management board and supervisory board members. And that just two weeks ago, we were recognized with the Fair for Women Award, but we want to push you more opportunities and greater diversity. Now we focus on increasing the share of woman leaders up to 35% and 40% share of women managers.

This brings me to the underlying condition that determines our success in all this area, there will be no growth without the people. We can have the most elaborate system and a top quality network, but if there is no team to make it work and make sense to our customer, we will fail. This is why people are essential to our new strategy. The Orange team is at the root of all endeavours and successes. We have to and want to grow with our experts by bringing new talents on board and encouraging our people to grow, sometime changing their skillset. By 2024, we want to equip 70% of our employees with data skills. Half of the team will have their skills transformed to be ready for technology of the future. This entails Digital, 5G, IT and programming, cloud cybersecurity as well Big Data and AI. We will invest in this more than 50 million złoty, but this is the best investment we can make.

COVID-19 has changed the way we work. As a workplace, we have entered what is often called the new normal, or even the never normal. We want to be smarter workplace able to better address to the challenges ahead. We will do that with a well thought out and balanced hybrid model called SMILE. It entails mixing office work, for example for creative meeting and brainstorming with remote. It ensures safety, mobility, and integration, and the much needed human touch.

Driving innovation, wellbeing, diversity- we want our culture to mirror our strategy goals and enable us to achieve them by encouraging an open digital mindset with agile cooperation at its' core. This is the only way to go. This is the only way to grow.

So you heard all about our ambition, who we are, where we are going and how we want to get there. Let me give the floor to Jacek who will put all of this into the context of very specific data.

Jacek Kunicki:

Thank you, Julien. Good morning, everyone. Let me share with you, how our strategy will deliver a strong financial performance and shareholder value. Over the last three years, we've successfully implemented a turnaround of Orange Polska. We broke a long-term trend of financial decline and strengthened our balance sheet. We also prepared Orange Polska for the future, with products that are demanded by customers, assets that support these products and a more efficient cost structure. All of this is visible in our results. With the Grow strategy we're taking this to the next level. We are entering a path of faster and more sustainable growth based on solid foundations. We will expand the revenues and use our high operating leverage to accelerate the growth of EBITDAaL and cash flows. This is the financial key to our strategy and what makes it stand out from our past performance. Doing so ,we'll monetize our investments in the key areas of fiber and mobile and increase shareholder value.

Our journey starts with revenues. We will expand revenues at an average rate of low single digit. To give you a better understanding of how we plan to achieve this, we've divided them into three groups, each with different dynamics and future potential.

Core services are the key to our development in this medium term, they make up 75% of our revenues, including convergence, fibre, mobile, and ICT. They are well-positioned with high customer demand. We plan to consistently increase them, at low to mid-single digit pace, so faster than during the last three years. At the same time, we will continue enhancing their profitability, increasing our operating leverage.

Legacy services include traditional fixed line and interconnect. Fixed line will continue on its current decline. Interconnect from handling other operators' traffic will fall sharply due to regulated cuts of the termination rates. However, its impact on profit will be immaterial with less revenues, but also lower costs of the outgoing traffic. By the end of the plan, legacy will represent less than 10% of total revenues, so this further impact will be very limited.

Looking ahead, we will devise new service: new areas of growth. These may be small today, but they are very future oriented and will multiply at a high pace. Julien and Bożena shared some good examples of this already. They are not key to our financial performance until 2024, but their development will be critical for us in the next strategic cycles.

As you can see, the overall single digit revenue expansion combine some declining trends in legacy and a higher, dynamic growth of our core business. Let's now zoom into this part.

We have a solid plan to enlarge our core business powered by three strong drivers. First is our convergent household strategy for the consumer. Convergence has become our number one growth driver with a solid track record. It is centred around serving the needs of the household, from fast connectivity – both at home & when mobile – all the way to entertainment, home security & automation. There is definitely

more room for potential for growth in convergence. This includes new households in our widening fibre each. This also includes serving more needs of the households, providing them with more value.

The second driver is ICT and is giving new energy to our entire B2B segment. We have already developed its good momentum and solid margins. We have a strong mix of competencies in the area that are critical to the B2B: integration, IT and cybersecurity. We will capitalize on this in the post COVID environment and also develop new sub-segments, including cloud, big data and 5G services.

Finally, listening to Julien and Maciej earlier on, you won't be surprised that we consider wholesale as a value driver. There is high demand for our infrastructure, both fibre and mobile, giving us an opportunity to accelerate in wholesale. We're confident that we can compete through differentiation in retail while the new opening in wholesale will maximize the monetization of our assets and return on capital employed. These areas will be the main levers that will power our EBITDAaL.

We will expand EBITDAaL at low to mid-single digit pace. How will we do it? Well, we've achieved the EBITDAaL at turnaround through cost optimization while direct margin was still contracting. This means that we had one engine fully operational, and we were progressively fixing the other. Now this is changing. Our future is based on two engines. EBITDAaL growth will be predominantly driven by the expanding direct margin as high operating leverage will allow us to benefit from higher revenues. This will be supported by continued efficiency gains, which we will discuss in a minute.

Growth through commercial development will make our fundamentals more solid and sustainable for the long-term. What makes us confident in this strategy is that it's already happening. When you saw our Q1 results the EBITDAaL was up by 5% year over year, driven both by higher direct margin and by cost savings. Now, top-line growth does not mean that we will forget about cost efficiency, and as usually we have a busy agenda in this area.

In 2017, we've set an ambitious targets to cut indirect costs and we've delivered on these targets. We've optimized costs by almost 600 million złoty or 15%. We will continue the cost transformation along all the elements of our business model. We will further enhance our efficiency, this is part of our DNA. And we have new levers to achieve that. Let me give you just few examples. We will benefit from this switch to digital in sales, in customer care and in the back office, you've seen some good examples earlier today. We will make better use of big data, for example, to limit network energy consumption or in preventive network maintenance. Our new post-COVID work environment will require less office space. And finally, we will switch to cheaper, renewable, green sources of energy.

Transformation will counter some strong pressures that will inevitably swell our cost base. These obviously include inflation, which recently exceeded 4% by pressure coming from higher taxation and costs needed to sustain a larger business like more ICT subcontractors or costs of 5G.

Nonetheless, we will continue to deliver efficiency gains, and this will be best visible through an increase of our EBITDAaL margin, EBITDAaL rates. Turning to growth again, and this is a growth strategy, let's now focus on the investments that will fuel it.

Our investments in fibre have been instrumental in making of our turnarounds. They provided us with the right tools to win. They will now deliver us solid returns on investments. Consequently we're stepping up the development of the growth and value driving infrastructure. We will enlarge our fiber reach and simultaneously invest in an important upgrade of our mobile network- to be done on the occasion of the 5G roll-outs.

Not all of these developments would require our direct CAPEX engagements. The biggest fibre roll-out will be done by the FibreCo. It will invest roughly 3 billion złoty to build over 1.7 million new fibre lines in very attractive areas. And most of this will be done until 2024. We will complement this with rollout of EU

-subsidised fibre in the countryside and more lease or third-party networks that are now becoming more widely available.

At the same time, we will embark on a landmark modernization of our mobile network. It's critical in order to ensure that we cope with the explosion of data, which is already taking place and that will only be accelerating in the future. As you have seen in the past, we are able to monetize higher data consumption through our ARPO growth. So I am confident that these investments will create value.

This investment strategy enables us to fuel the growth of the company while maintaining the current eCAPEX corridor of 1.7 to 1.9 billion zloty, on average, throughout the period of the plan. As you can see, we plan to grow the EBITDA and at the same time to maintain CAPEX within the current range, this will improve cash generation. We plan to share the benefits of this with investors. Let's now look at this area.

We're happy to be able to return to remunerating shareholders. This is possible due to hard work leading to our financial turnaround, as well as due to solid growth prospects for the future.

We commit to serve a dividend of 25 grosz per share out of the 2021 profits with one clear leverage condition that reflects the uncertainty of the upcoming 5G auction.

Our policy for the future is very transparent. The 25 grosz per share is a sustainable floor dividend. We will work tirelessly to generate further upwards potential for shareholders in a sound and sustainable way. We will consider further changes to the dividend policy on the yearly basis, and while doing so we will evaluate our updated financial projections at that time, as well as the forecasted leverage.

Now, let's recap our main financial ambitions. We will create value through growth. This starts with a solid plan for the top line. It's a combination of consequence in execution of our convergence strategy, opportunities in ICT and a new wholesale. Benefiting from high operating leverage and efficiency gains we will convert this growth into more profits.

Our strategy will be supported by modern fibre and mobile networks while we will keep CAPEX within the current range. Here we will strongly benefit from the FiberCo JV. In consequence, we will multiply our returns and cash generation.

We will also keep looking to extract more shareholder value from our assets. . The FiberCo is a good example of this thinking. Right now, we're fully engaged to complete this transaction, but we will also review other opportunities in the future.

To conclude, our strategy will grow shareholder value. First, as shareholders will own a larger business that is generating higher returns. Second, as we will come back to serving a dividend. With this note, I will end the financial strategy and hand the floor back to Julien for the conclusion.

Julien Ducarroz:

Thank you, Jacek. Ladies and gentlemen, while listening to Jacek, I was thinking about one simple analogy. If I had to pinpoint Orange somewhere on the chart of effort, hope and faith that we will succeed, this spot would have changed within the past four years. We started our transformation with high hopes, obviously, there were many tough moments and many doubts along the way, but all of these led us to a good place. Today we can say, "Yes, we can. Yes, we can grow." The whole company has worked hard to be here and to be able to believe that the future is bright for Orange. If COVID-19 has taught us anything, it's that we do not live in a vacuum. The world is interconnected in a million different ways, that is why we cannot think about growing without thinking about our environment. We have set the bar high, but I firmly believe that in four years, we will be able to, once again, say "we did it!" and we are proud to be here. In four years, Orange Polska will be a different company, digital and strong on the market, thanks to our people.

We will grow sustainably. We will grow with our customer, making them more digital. We will grow with Polish business, supporting and guiding them on the highway to the digital economy. We will grow responsibly and conscientiously because we have no other planet. We will grow with local communities and stakeholders, introducing real answer to real challenge. Because that's the only way we can generate value for the company, for our shareholders and for our customers. I believe that going in this direction will allow us to grow what's best at Orange. And this is just not my vision jotted down in my office somewhere on the Orange campus, this is a conviction that we all share. And we are all in this together, myself, the management board and the Orange team. We believe in this plan and to finish I want as well to say that we have built a long term incentive plan for the management.

And the targets you have seen today, especially the green one are embedded in these long-term incentive plan. And I think we are the first Polish company to do so. So to conclude, we will grow together. I invite you to grow with us. Thank you very much.

Leszek Iwaszko:

Welcome now to Q&A session dedicated for investors and analysts. There are six management members that will answer your questions. Let me introduce starting from Julien Ducarroz our CEO, to his left, Jolanta Dudek, Deputy CEO in charge of consumer market to his right, Bożena Lesniewska Deputy CEO in charge of business market. Jacek Kunicki our CFO, and we also have Maciej Nowohoński who is in charge of wholesale market, and Witold Drożdż responsible for strategy and corporate affairs. We will start the session with answering questions from teleconference listeners. Operator, please.

Operator

Thank you very much for the presentation. We'll now be doing the Q&A from the voice line, please press star two if you have any questions, that's star two, for any questions on the phone line. We'll get a minute or so for the questions to come in. Thank you. Our first question comes from Mr. Titus Krahn from Barclays. Please go ahead.

Titus Krahn:

Yes. Hello. First, thank you very much for a very detailed presentation and also for taking my question, just two for now. So the first question is on your wholesale ambition. On the fibre wholesale side, you want to increase, if I understand this correctly, the wholesale penetration six times. This compares, I think, to relatively limited non-Orange penetration at around 1% or so at the moment. What do you think is your ideal non-Orange penetration rates of your own fibre going forwards? And how do you plan to balance the wholesale opportunity with a clear ambition of Play and T-Mobile who can retain market share and fixed? And the second question would be on the 5G CAPEX coming ahead, and you provide the very helpful guidance for the split in 2023-24, including the round renewal. How would you expect the spending to develop thereafter? Do you expect more 5G investment to come or could there even be a gradual drop in annual CAPEX after these run and 5G expenses?

Maciej Nowohoński,:

So, Maciek Nowohoński, speaking. I will take the first question about the wholesale ambition and well here, clearly, the situation for our plan is that recovery of the economy is very much related to the further digitalization of business processes, but also households and fibre plays a key role here. So this is obviously important for our retail business, but this is equally important for our wholesale business. And in that respect, we have initiated and launching right now, our co-control Światłowód Inwestycje which will be

playing a very key role to the popularization of the wholesale access along some other undertakings that have been already initiated a few years ago on that wholesale market.

But here clearly Światłowod Inwestycje plays a very key role, but we should not forget that Orange Polska has very key assets still to share and to monetize on the wholesale front. And we talk about around 4 million households, fibre plaques that are accessible to our operators on the Polish market. And we are going to be very active on that front in the respective horizon of the strategy and the ambition that we have put here is purely reflecting how active we are going to be.

Jacek Kunicki:

Thank you. The second question, I can take the question about CAPEX. So I think when on our CAPEX guidance in generally on the CAPEX that we spent, it's important to reflect on what the returns are on the CAPEX we have already invested. And we're very happy with the way that our investments programs have been able to bring us from the situation of having a technology gap into today's situation, where we have the technological edge over the competition. That's why we are confident to invest in the mobile network and in the fibre network for the next four years.

Now, where will we be in 2024? The renewal of the network will be, not entirely but mostly done, so this part should gradually decrease. We will be embarked, but again, this one we will not be mostly done. We will be embarked on the rollout of the 5G network, and here the pace has not been fully decided. So I will not comment in detail on the CAPEX beyond 2024, because we don't know today the opportunities that we will have, but our stance will be the existing programs should be largely done. And new opportunities will depend on the value creation potential that we may see beyond 2024 in new endeavours, in new ways to fuel our growth and to deliver shareholder value.

Titus Krahn:

Okay. Thanks. Yes. I fully understand. That's very helpful. And just one more, since we talked about wholesale, can you maybe elaborate a little bit more on those opportunities and mobile since you mentioned MVNOs as an opportunity.

Maciej Nowohoński:

Yes. Thank you. Thank you for this question. So we have here two clear directions for the mobile infrastructure. And I just would like to remind you that we own today a bit more than 5.5 thousand masts and rooftops, and we are using another 5,500 through a cooperation with one of the players on the market. So altogether, this is a substantial power that we are already using. And we have just prolonged a national roaming deal, which will generate around 300 million zloty until the end of 2025. And we are open for any other new solutions here, not particularly only with other operators, but we know that with the 5G, new solutions will be possible here within the national roaming category. So it's an open front for us. However, this is not only that, this is also the dedication to start existing on the MVNO market as a host in Poland. This market is constantly developing and we believe we have here something to do. And we have a clear ambition to take the market for sure, in this market, which will be value accretive for the monetization of our mobile activity skier. Thank you.

Titus Krahn:

Thank you very much. Thanks a lot.

Operator:

Thank you. Just once again, a reminder for any additional questions press *2 on your keypad and wait for your name to be called.

Leszek Iwaszko:

If we do not have, at the moment, questions from our teleconference listeners, let us switch to questions that you received online. There's quite a bunch of them. Starting from questions from Goldman Sachs. The first question, do you see value crystallization asset-size opportunities in the medium term that could help reduce leverage?

Jacek Kunicki:

I think I can take this. Thank you. As I mentioned a minute ago, we are always looking to extract value from our assets, value for shareholders. And I think FibreCo is a good example of us actually doing that, extracting value. Obviously we will look for other opportunities to extract value for shareholders. It's not on our agenda right now, not high on our agenda right now, as we're embarking on closing, finalizing the FibreCo deal. But yes, we will carefully evaluate if we don't have other opportunities to create shareholder value from our assets.

Leszek Iwaszko:

The next question, can you share your thoughts over the potential impact of 5G on growth margins, leverage and CAPEX?

Julien Ducarroz:

Well, let me start and I will pass to my colleague as well. So, first of all, as we presented, we believe, at least in the short term, the opportunities on B2B from a product solution perspective and version. Now we'll talk a bit about this. On consumer, I think we have already our portfolio that are 5G ready, leveraging what is already available today as well. We see a lot of majorities of smartphones now being 5G. And I think it is certainly a way to monetize data. And hopefully in the midterm, after B2B, I believe we will find product and services on the 5G network. Maybe a bit more on the B2B.

Bożena Leśniewska:

Well, hello everybody. Thank you very much for these questions. I believe that what we announced today is important part of the B2B development. I mean, the Campus networks and building the mobile private networks for a few verticals, which are first and most advanced in this area will be very beneficial for us, but this will not go very quickly. We will go step by step. Our ambition is to build up to 2025, the 40 Campus networks in the main verticals like the factories, like ports, airports, stadiums, logistics centres. These are the most powerful verticals from this perspective, looking. The revenue coming from the campuses, obviously is split into few areas. It's about the connectivity. It's about infrastructure. It's about devices, and obviously about the software, and services, and the integration which we are going to do there. So our integrating in growth will be very important. And it's why we used to build during last years, a kind of holdings and full value chain proposition for our customers to be able to monetize when the 5G is already in place. Just to finalize, I just remind you that we started quite early and we already have two Campus networks. One is the special economic zone in Lodz. And another one is the Miele Factory, also close to Lodz, in Ksawerow. And these are already in place, and we are learning from this experience and believe that then, step by step, we'll be able to, again, at the collaboration with the next customers who that see benefits coming from the 5G implementation and especially the services that are going over the 5G as a network. Thank you.

Jacek Kunicki

And then regarding CAPEX and leverage. So first CAPEX, yes, we will invest considerable amounts into 5G rollout together with the renewal of the mobile network. We've mentioned that this will be a few hundred million in years: 2023 -2024. So smaller amounts in 21-22, and then the ramp-up of investments in the latter years. I think what's important is that we're nonetheless able to keep CAPEX at today's level and with the growing EBITDA, we're in fact aiming for an increasing cash generation. So from operations that will have a positive impact to decrease the leverage. Then you have the element of the potential one shot cash outlays for the 5G spectrum, but here we are, as eagerly as you, or maybe even more eagerly than you, awaiting for the conditions of the auction to be announced, so that we can have better knowledge of what we can expect.

Leszek Iwaszko:

Let me read the next question from Paweł Spiegel from mBank Securities, there are two questions. First question, could investors count on monetization of mobile infrastructure? I think we've tackled that question already. And the second question, how motivated are you to increase the dividend in the future? Do you want to allocate all the free cash flows to the dividend, if the level of net debt is in line with your guidance?

Jacek Kunicki:

Well, I think for the dividend we've set out quite a clear policy. We wish to come back to paying 25 grosz per share next year from this year's profit. We have one single leverage constraint that takes into account that the risk of the 5G auction, uncertainty of the 5G auction. Then we wish the 25 grosz per share to be our floor dividends. And we will work in order to create the potential to increase it. We will do it on a sound and sustainable basis. So each year we will take a decision whether we can increase this floor and when we will be evaluating this decision, and we will be looking on one hand on the updated financial models of the underlying projections for revenues, for EBITDA, for cash flows. And on the other hand, on the updated projections for leverage, which we would like to keep in a corridor between 1.7 to 2.2x net debt to EBITDA.

So those are the key parameters we will be looking at. Those are the, I would say, thresholds for us to consider increasing the dividend. And we will work in order to create this long-term sustainable upward potential for shareholders. So yes, we are motivated.

Leszek Iwaszko:

We have a couple of questions from Rohit Modi from Citi. Let me read them one by one. The first question concerns benefit of EU recovery funds. Could you give more colour on areas where you can benefit from recovery fund, particularly will this benefit FiberCo JV?

Julien Ducarroz:

Maybe I start and I will leave my colleagues as well. So thank you for the question. I would say, first of all, they are not yet fully described. So I think it will be early to tell you how, when we will use them. Certainly we have not embarked in our financial, so it's not part of the plan. But the past history have shown that they can be a great tool, both to fulfil our ambition of covering a wider zone and as well, our ambition regarding digital inclusion and how and where we will use them in term of financial, whether it will be our own or the FiberCo. Again, I think once we will know the exact condition and the mechanism, we will be able to define whether we will do on our own, or whether that will be a topic for the FiberCo.

Leszek Iwaszko:

Second question. Please could you provide any update on investigation by your regulator on FiberCo JV? Can this lead to any further price regulation?

Maciej Nowohoński:

So, maybe I will take it. Maciek Nowohoński, speaking. So right now we are in the process of all necessary proceedings or processes to make sure that we are fully cleared with all necessary steps. We are expecting everything to be clear for us by the end of July. All is on good track. And in terms of the second part of the question?

Leszek Iwaszko:

The second part of the question is can this lead to any further price regulation?

Maciej Nowohoński:

Okay, thank you. So we believe we are not with the FiberCo on the path of the further regulations, we are in a very strict contract with our regulator in that respect. Not from today, actually from the beginning of the process. So, well, this is quite clear for us.

Leszek Iwaszko:

The third question from Citi, could you provide more colour on 5G rollout, whether you could build your network, including increasing your tower footprint, or would you also rely on tower costs for network expansion densification?

Jacek Kunicki:

Thank you very much for your question. Well, our primary plan relies on rollout of 5G, mostly on the towers that are already within our footprint. As we have a comprehensive network that allows us to avoid too much of towers build within this time horizon, mostly this will be done on the existing footprints. Regarding using the infrastructure, if we need new towers, we are always open to leasing them either in a built-in lease formula, or if there was infrastructure that would be available in an attractive location. Naturally we would consider leasing those towers instead of building them on our own.

Leszek Iwaszko:

Our next question comes from Ipopema Securities, from Marcin Nowak. The question is on the towers, but in a specific angle. Are there any talks currently to include Orange Polska mobile infrastructure in Orange Totem project?

Jacek Kunicki:

Well, I think that Orange obviously has this Totem project. So it's naturally that this will be one of the routes that we will also consider for the infrastructure. We haven't decided on this one. As I mentioned, we are committed to look for ways to create more shareholder value from our assets, but today we're really concentrating on making sure that this highly value accretive FiberCo transaction becomes fully reality, that we are able to close the transaction to execute the cooperation. We will look for other ways and obviously towers will be then high on our agenda. Obviously Totem will be one of the routes that we will consider, but this is nothing where we have a concrete decision that we could share today.

Leszek Iwaszko:

We have the last question, but this is from Piotr Raciborski from Wood&Co. But this is again, question on the potential monetization of mobile infrastructure. So we will not be repeating. Actually, we have one more question that we have just received from Marcin Nowak from Ipopema again. Could you please comment on company's outlook for mobile pricing? Does the company see room for further price hikes and second hike in post-paid introduced recently?

Julien Ducarroz:

Okay. So let me thank you for the question, and let me give you a bit of flavour and colours on this question on the future of price increase and the recent one, this I understood right. Okay. So obviously, as we presented the context of Poland, we always advocate for that. We believe in the long run, there is the need for market repair as well. If we want to continue to invest in especially 5G, and that has been our strategy on the 5G to position it as a high value in order to leverage new investments, we will stick to this strategy. I think as well, looking at the environment with inflation, there will be no choices globally to look for adjustment of prices in order to keep our financial. And the recent one we did, I think this is what we have been doing since .One, where we started to correct, and we have seen that the market in some way value as well, that there is a need of a market repair.

Especially when we benchmark with the rest of Europe, we do believe, in Orange, that there is still room to improve. But I think as well, when we look for example of the increase on the convergence revenue, this is not just because we increase the price, but this is as well because people want higher speed, for example, and we have a better mix of our propositions. So when we are talking about price increase on average, it will always be as well, a value mix of the customer coming. So we have a range of the portfolio and we do see that people need more speed and more data. So it will translate as well into a price increase of the average revenue per offer.

Leszek Iwaszko:

It looks like we have no further questions. So thank you very much for listening to us today. If you need any follow-ups and the details, you know how to find us. Thank you.