

ORANGE POLSKA

CONFERENCE CALL TO DISCUSS ORANGE POLSKA Q2 2021 RESULTS

Company: Orange Polska

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Participants:

- Julien Ducarroz, Chief Executive Officer
- Jacek Kunicki, Chief Financial Officer
- Leszek Iwaszko, Head of Investor Relations

Moderator:

Good morning ladies and gentlemen, and welcome to the Orange Polska first half results call. After the initial presentation, there'll be a question and answer session in which we'll have the chance to ask questions either by phone or by web. I will now hand over to the Orange Polska team. Please go ahead.

Leszek Iwaszko:

Thank you. Good morning everyone. Welcome to our call summarizing second quarter and H1 2021 results. Our speakers for today's presentations will be Julien Ducarroz, CEO of Orange Polska, and Jacek Kunicki, our CFO. Let me now hand the floor to Julien to begin the presentation.

Julien Ducarroz:

Good morning ladies and gentlemen. Welcome everyone in our conference summarizing second quarter and first half of 2021. So as usual, I will start with the highlights of our quarter, Jacek will take over more on the financial, and I will come back to summarize our second half of the year.

Julien Ducarroz:

So let me start from the slide number five. So those are the key highlights of the quarter. Obviously, one of the main item that you remember that was our announcement of our strategies of growth at the end of June, which we have laid down our priorities for 2024. Just to remind you, so for us, this is a natural evolution from the previous plan with, as well, some new element which we believe will help us to accelerate our growth and as well, lay down foundation to go even further beyond 2024. Financially, we want to grow faster and in a more sustainable way and sharing benefits of this growth with our shareholder. Financial results in Q2 and in H1 were strong, driven by rubbish performance of our core telecom services. Commercial result were solid clearly in a context that was not as easy as we thought at the beginning of the year.

Julien Ducarroz:

I would mention here still the ongoing pandemic for the sales slip-up, but as well, we have to notice that the weather was quite unexpected as well, impacting as well, some of our operations, especially when we are talking about fixed. However, I believe that this is more temporary drop and we are confident that the demand will come back after the summer break.

Julien Ducarroz:

We have as well revised our offer portfolio, and I will take some minute to talk about it, which I believe is quite important and it is a lot in line with our strategy of more-for-more. And as you might have noticed as well, the environment is getting hot with the inflation and we believe that's worked for us, the move of the more formal and create more value is important in this context. And as well, we have announced in July some important step regarding the FiberCo and we are still fully on track to be operational by the end of August or operational from September.

Julien Ducarroz:

So going onto the next slide, number six, let's start with the overview where we stand after half of the year versus our full-year guidance and expectations. Revenue increased by an impressive 43% driven by convergence, our ICT services and equipment. This dynamic will slow down from Q3 where then it will start to reflect regularly impact coming from cuts of termination rates which were not in H1.

Julien Ducarroz:

Growing revenue fueled over for the 5% EBITDA growth. We are very pleased that this growth is derived from improving direct margin, which is the direction we want to take to have this sustainable growth for the long term. Please note as well that announcing our strategy, we increased our guidance for EBITDA growth this year, we now expect it to grow in the range of low-to-mid single digits.

Julien Ducarroz:

Results for the first half confirm that cuts of termination rate will have a very low impact on the margin. CapEx is slightly higher, which reflect more evenly, timing of spending and prolonging slowdown of the real estate market. Our full year plans here also remain unchanged. On page seven, we start to review our commercial performance, so let me start with convergence and fiber.

Julien Ducarroz:

We present here together as fiber is a key driving force for performance in convergence both in volume and value tariffs. A strong growth of convergence revenue is fueled almost equally by growth of customer base and growth of ARPO. As I already mentioned, net addition this quarter were affected by low customer activity after lifting pandemic restriction and as well, especially in a Q2, due to a weather condition. ARPO growth, however, accelerated to 6% mainly driven by an increasing adoption of fiber.

Julien Ducarroz:

One of the reason why fiber generate higher ARPO than copper is increasing popularity of higher speed option which are addition [inaudible 00:06:11]. Their share in the total fiber customer base is now 16%, that's just only 7% a year ago. So we can see the demand of the customer for higher quality and higher speeds is clearly growing, which mechanically, as I said, is growing our ARPO.

Julien Ducarroz:

In Q2, we added the 48,000 new fiber retail customer. This was more than a year ago. Fiber is now the largest technology in our total six broadband base with a share of 30%. This quarter, it overpassed ADSL, which symbolically marked our technology transformation. We went from technology gap to technology edge.

Julien Ducarroz:

Moving to slide number eight, mobile headset customer base is growing at a steady healthy pace. In Q2, net addition were 83,000, which was more than last year and comparable to Q1. In prepay, in Q2, customer base returned to growth after a few quarters of declines. Lifting of pandemic restriction resulted in higher mobility of people which fueled activation of new prepay caps.

Julien Ducarroz:

You might remember, I was commenting that we were not performing so well on prepay in the past due to the closing of the border or the restriction to enter the country which clearly, we see now that is getting better and now prepay is getting back to growth.

Julien Ducarroz:

We are very pleased to say that the in Q2, ARPO in mobile-only services was growing both in postpay and in prepay. In postpaid, handset offer, it increased by 138%. This turnaround has taken place both in B2C and B2B, and is an outcome of our strategy focus on value. In Q2, it was also supported by partial return of roaming in this growth. In prepay, ARPO was growing for a few quarters, but in Q2, it accelerated to 6%, also as a result of our pricing strategy and growing share of customer with unlimited voice and text bundle. Here, we also benefit from higher role. With our different action, we are able to minimize the impact of unfavorable impact of new cashback regulation.

Julien Ducarroz:

Going to the next page where I just wanted to take one minute to show you a bit more operation and how we came with a new, I would say, design of our offer. So we continue to adopt the more formal policy, which is especially important in this increasingly inflationary environment. It's done either through straightforward price increase or changes in the tariff structure in such a way that we will encourage customer to choose more valuable packages.

Julien Ducarroz:

In May, we increase our for-mobile subscription plan by five strategies on the left side of the chart. In exchange, we are offering increased data as a package and also subsidized what OTT content. We lowered the barrier for 5G visibility as we see that the penetration or the adoption of 5G smartphone is increasing in our portfolio. Change to convergence log offer were introduced a few days ago. They were not simple price hike, instead, we restructured our package to promote higher-end option and TV content. Our value strategies is also supported in our smartphone prices as we subsidize handsets in the high-end tariffs and earn a margin in the low-end option.

Julien Ducarroz:

As always, new subscription price applies only to new signed contracts with customer, the term of existing contract do not change. In prepay. We have recently introduced another increase of pay-as-you-

go tariff. More importantly, however, we aim to generate more value from unlimited services where the top-up unlimited voice and text and then you find data allowance for a given period of time. These options are growing in popularity, they are now responsible for majority of prepaid profit and revenue with above average ARPO. Here we have also modified our pricing in a more-for-more strategy. All these changes were made very recently. We expect positive impact to gradually contribute to our results and help to tackle the inflation pressure.

Julien Ducarroz:

Going on the next slide, number 10, just a brief update on the FiberCo. I remind you that we signed this conversion in April. Now in July, we just concluded some important steps towards making FiberCo operational, so it's a good timing for an update regarding this very strategic transaction for us. First and more important, we obtained debt financing for \$3.1 billion Zloty that will finance more than 80% of FiberCo network rollout CapEx. Please note that obtaining this financing was equally crucial for the success of this transaction as finding right equity partner. So this is a major development to facilitate operating activities of FiberCo. Of course, these debt will not be guaranteed by Orange Polska, and will not be on our balance sheet.

Julien Ducarroz:

Secondly, we carved out and transferred almost 700,000 fiber households out of our existing footprint to FiberCo, it's to ensure that the FiberCo will generate cashflow from the start of its operation. This mean that we will now say FiberCo monthly access fee for around 170,000 customer that have active services on this footprint. On the other end, we will render some services to FiberCo, so the net impact of this flow will be balanced. We are now only awaiting regulatory approval and we expect closing of this transaction by the end of August. So now, let's go to the financial with Jacek.

Jacek Kunicki:

Thank you, Julien. Good morning everyone. Let's start the financial review on slide 12, where we'll present the highlights of our performance. Our financial results for Q2 were strong, confirming our growth ambitions. Revenue expansion accelerated, fueled by all key product lines. Strong growth of the core businesses is especially encouraging as it benefits our profitability. Profitable revenue expansion allows us to post an almost 4% EBDA growth in Q2. The EBDA increase in Q2, despite a high comparable base from last year when it was supported by strong positive one-off cost savings executed to mitigate the impact of the pandemic.

Jacek Kunicki:

After two quarters of the year, our EBDA is up by 4% to 6% and well on track to meet our full year objectives. The economic CapEx was slightly above last that year. This stem mainly from a more even timing of our investment, as well as from a persistent weakness of the real estate markets. Finally, cap generation is solid this year, the H1 organic cashflow was stable year-over-year. This is a good result because we remember that last year, the anti-crisis legislation allowed us to delay over 120 million of payroll tax payments to the third quarter of 2020.

Jacek Kunicki:

Let's now review our results in more detail, starting with the top-line. Our revenue has expanded very strong 4 1/2% in the second quarter. They were supported by positive dynamics in all major product lines. Firstly, convergence. Revenues from these services grew by almost 15%. This is a strong

performance with the pace of the increase accelerating in comparison to the previous quarters. It results from a combination of a solid customer base, I'd say, coupled with an accelerating ARPO growth.

Jacek Kunicki:

Secondly, mobile only. These revenues expanded by 3 1/2%, and this is the first increase in this category since we began to report it separately. It results from a continued increase in the number of mobile only clients, as well as from a growing ARPO, which benefited from a partial recovery of roaming in the second quarter.

Jacek Kunicki:

Thirdly, ICT revenues. These were at 13% year-on-year. Their growth reflects the contribution of Craftware, new entity, and also organic development in all of our subsidiaries. Revenues from equipment's rose by 7% year-on-year, first since the lockdown, second quarter of 2020. And finally, our energy resale business contributed to the revenue development in this year, in this quarter, after a challenging 2020.

Jacek Kunicki:

Looking ahead, our revenue dynamics will slow down in the second half of the year due to the cap of the mobile and fixed termination rates. However, the impact of these cuts on profits on EBDA will be immaterial and EBDA will continue to benefit from the growing direct margin driven primarily through the core business.

Jacek Kunicki:

Let's now take a closer look at our profitability. We're pleased to report an almost 4% EBDA growth in Q2. This is a strong achievement considering the high comparable base of Q2 of last year when our profitability was boosted by large, one, of course, savings executed in the wake of the pandemic and through the actions to mitigate its impact. The EBDA increase this year was achieved and we converted the growth of the core service revenues to profits, benefiting from high operating leverage. It's visible in the expansion of the direct margin. Indirect costs increased year on year in the second quarter.

Jacek Kunicki:

This unusual performance, as I mentioned, reflects a very low comparable base of last year. When facing the uncertainty of the COVID crisis, we executed exceptional cost savings efforts. It included a one-off release of 64 million of HR provisions back then in 2020 as we curtailed the Jubilee awards. It also included an all-out fees on advertising as our shops were closed last year.

Jacek Kunicki:

Well, on the contrary, this year, we invested into commercial activity in order to maximize the sites, to support the sites. Obviously, we're continuing our ongoing cost savings plan. This is mainly contributing to an underlying decrease of labor costs, CRM subcontracting, as well a decrease in general expense. The EBDA growth has enabled us to increase the net income.

Jacek Kunicki:

Let's now look at this on slide 15. We bounced at 116 million loss of net income in Q2 growing it more than two times year over year. It was ousted from a higher EBDA, which we've already analyzed, as well

as from lower depreciation. The depreciation was down year on year mainly because we're able to use our assets more efficiently and for a longer time than originally estimated. On the other hand, we posted a higher net income tax in Q2. This is linked with more profits before tax, as well as with the rise of certain debt [inaudible 00:19:31] type assets on losses from prior periods. As you can see, our Q2 performance was strong in all of the areas of the income statement.

Jacek Kunicki:

Now, let's take a look at CapEx on page 16. Our economic CapEx in H1 was slightly higher year on year and in line with our full-year plans. This year, some of our investment projects are more evenly spread through the year. On the other hand, the real estate market continues to be very challenging and this is visible in low asset disposals. When you look at different CapEx categories, you will see a decrease in mobile CapEx. This reflects the fact that we have completed spectrum refinery projects, which we allocated capacity from legacy technologies to the 4G. It also reflects the delay on the 5G spectrum option, which we hope will be initiated soon.

Jacek Kunicki:

Now over to cash flow on page 17. We generated around 360 million of organic cash flows in H1. This was roughly stable year over year. This is a strong achievement considering that last year we benefited from a delay of payments of over 120 million Zloty of payroll taxes as the anti-crisis shields allowed us to pay these in the third quarter of the year. This limited the working capital requirements last year, but in 2021, we have a larger need for working capital requirements, especially as we have rebounded the sale of handsets in the installments.

Jacek Kunicki:

The underlying cash generation is positive. We're particularly pleased that the growth of the EBDA has translated into an increase of the operating cash flow before working capital. This was up by 7% year over year in the first trimester. Solid cash generation has translated into a further decrease of our leverage. It now stands at 1/8 times the EBDA, so well within our long-term leverage further. This concludes the financial review. Let me hand the floor back to Julien for the conclusions.

Julien Ducarroz:

Thank you. So I wish to conclude and share with you our focus for H2. So on H1, we are very pleased with our financial results and as well our commercial, and we have observed that, especially in the future, the pandemic constraint on the limited traffic in commercial has certainly impacted a bit our sales contrary to our ambition. But we have noticed as well that it was reflected in other category. And we do believe that there will be a rebound for the back-to-school period. So one of those the focus, obviously, will be on the second part of the year in terms of commercial activity and we plan to be strong. So we have laid down a new portfolio that I presented to you and we believe strongly that with this portfolio and promotion, we will see and catch the rebound of the demand on the market.

Julien Ducarroz:

Obviously, for us, we are very close to closing the FiberCo and become operational, so this will be as well one of the priority in H2. So we are confident, and we reconfirm today our full-year financial objectives, and I think the only thing that remain to be seen is how the pandemic will develop regarding back to the office. So with the current government, we believe we go back to work in September in a hybrid mode

to our offices and we will focus mainly to get back together the team, we build team spirit physically and still spend some time working for the tasks that are more in front of the computer.

Julien Ducarroz:

So that's the summary for H1 and a bit of a perspective for H2. So now we are hoping to your questions. Thank you.

Moderator:

Thank you very much. So we will now be opening the floor for questions. If you do have a question, please press star two on your telephone, or you can also type a question if you're signed in by the web. We'll just give it a moment or two. So our first question comes from Pavel Puchalski from Santander Bank Polska, please go ahead.

Pavel Puchalski:

Hello, Pavel Puchalski here. I've got three questions. First of all, you recently announced incentive program for key employees. Please let me know what are your incentive program goals for EBDA and organic cash flow because the communication is not specifying it and I believe we would all like to get as much info as possible.

Jacek Kunicki:

Thank you for this question, Pavel. So I think commenting on that, you will see that the incentive program is perfectly aligned with the new growth strategy. The structure of the goals reflects exactly what we wish to achieve financially through the year. I think it's fair to say it's a big motivation and it's meaningful for management in terms of the size. Regarding the goals of the incentive program, well, the revenue and then the organic cashflow growth, I think it's, what, the EBDA, the organic cashflow growth. I think it's fair to say that it's aligned with our plan and it's within the upper range of the guidance that we have given. That's as much specific as I can be. Then regarding the share price, obviously, it reflects the, hopefully, appreciation of the share prices we would like to achieve through execution of [inaudible 00:26:52] strategy.

Pavel Puchalski:

Okay, thank you very much. The other, well, I noticed you are suggesting in 2H, the second half of this year, strong focus on commercial activity. Well, is it a suggestion that the commercial cost will be higher than usual in second half? Because, well, that has got key impact on potentially EBDA.

Julien Ducarroz:

So let me take this one. So first of all, when we say that we want to focus on commercial activities, from my perspective, we have seen a weaker than expected Q2, but as far as we can, no one understands. This was not on in Orange, I would say, weaker, but more a demand on the market. And like I said, we have to partake in the overall retail more, we know as well the total equipment volume on the market that went down. So we have noticed that and probably we would need a bit more and external analogies to show that probably the consumer market, which is not the case for B2B, but the consumer market probably in Q2 has focused more on suspending probably holiday to prepare the summer. Therefore, we believe that they will be... This is not that they are not interested in telecom, I'm just seeing that there have been more focused on other items and we do expect them to come back in back to school.

Julien Ducarroz:

Financially, of course, wise, I don't think this will be material. Anyway, from an accounting perspective, the commercial costs has spread over the contractual period, so I don't expect any impact on our guidance. And as we all know as well, when you are doing the stronger commercial activity, this is helping you anyway in the meantime to confirm the ambition. So we are very confident on this strategy and we believe as well that there has been a drop in the sectors driven by customer demand shift on other category, which is not the case on B2B. B2B has been very good, we commented a bit, but as well the demand, I will not make the same comment for the B2B, which still remain very strong one ICT and in the mobile line too.

Pavel Puchalski:

Okay, and two last questions from my side, very similar. Well, are you planning to sign agreement with Viaplay, because we see it is about to kick off its operations very soon? And secondly, are you planning any further FiberCos or NetCos? Because you still have a lot of assets.

Julien Ducarroz:

Yeah, I'm not going to comment our strategy as this is ongoing discussion. We have historically, already in terms of contents, a very strong agreement in place. And as always, those are moving a little bit, it's not a fundamental shift, there is some assets that is moved from one platform to another. But certainly, we are looking at it carefully. As well, this is quite costly activity, so we looked very carefully, and for the moment, we have no comment to make on the commercial intention.

Julien Ducarroz:

And the second point regarding more asset deal, I would say, let us come back once the FiberCo will be operational and we will stop not focus anymore on legal and financial aspects with the team on the operation and then we will contemplate and come back to comment on what will be the next, if any, move related to infrastructure in general.

Pavel Puchalski:

Okay, thank you very much.

Julien Ducarroz:

Thank you.

Moderator:

Thank you. So we also have a question from Dominik Niszc from Trigon, please go ahead.

Dominik Niszc:

Congrats on very good results, in particular, your ARPO growth. So actually, I had similar question to Pavel on this commercial activity, maybe just the second question on 5G auction. Can you share with us your understanding of the reasons behind the delay of the auction, and do you see significant risk that the rules may be changed compared to the first proposal last year? How do you see this process delaying?

Julien Ducarroz:

Yeah, thank you Dominic for the question. So while, obviously, I'm not in a position to come and to detail this because this is not happening on our yard, but this is more the government and authorities that are in discussion and they're know that they will not stop sooner than after the holiday. And so, we understand, end of August or September. But what we know and it's probably information, I will say that there is sequences of getting a good understanding on the cybersecurity law as a prerequisite to stop the auction.

Julien Ducarroz:

So my understanding is that they have not yet found, as you know that this is a law that requires many parties within the government to agree upon, that probably they have not yet found a common ground. So I don't think it's fundamentally on the condition of the 5G which we do it. We don't expect them to change dramatically compared to the first version, but I think it's rather the first checking box, which is cybersecurity law that is still in discussion within the authorities.

Dominik Niszczyński:

And is your CapEx plan in the strategy kind of still change, depending on the cybersecurity bill or you think you are quite secure with the guidance?

Jacek Kunicki:

Well, thank you for the question. We've commented that during the strategy that today, we don't know the cybersecurity regulations. It's very difficult to comment on that. Obviously, we are aware that there are some regulations that might be, I would say, happening. So we're taking that into account in our various decisions. We think that, well, first of all, it has taken quite a long time to develop those cybersecurity regulations. So even if they were to be, I would say, adverse, their execution would not be immediate and it would be quite likely for the impact of those to be spread over quite a long time.

Jacek Kunicki:

So that's, I would say, my comment. Obviously, the guidance itself was given, I would say, subject to any potential changes or any potential impact of the cybersecurity regulations once we would know them. But as I mentioned, what we could expect is even if they were to be addressed, they would rather not be immediately executable and they would be spread over some time.

Dominik Niszczyński:

Okay, thank you for that. Maybe the final question on regulations. So we seem to be behind Western Europe on 700 megahertz, recently we saw Spain. So do you think we will know something this year about the distribution of spectrum on 700 megahertz or together with cybersecurity bill or [crosstalk 00:36:23]?

Julien Ducarroz:

Yeah, I think we do expect to have more news on this. Now, regarding the commercialization, which is at the end, probably what we are looking for more, it will require some cleaning and preparation of the spectrum. So from this perspective anyway, it is not forthcoming, it's probably two years that we will see 700-line. After obviously, there is different scenario for this spectrum, but I do agree with your assessment that we should know more together with the package of the cybersecurity and the auction.

Dominik Niszczyński:

Okay, many thanks.

Moderator:

Thank you. So just a reminder, if you have a question, please press star two or type the question if you're signed in via the web. So our next question comes from Anna Kai at Pekao, please go ahead.

Anna Kai:

Hi everyone, thank you for taking my question and congratulations to the team on great results. So I have a little bit similar question, but more in a sense of strategic thinking about your tower infrastructure. Because very recently, Orange joined the trend set up by Deutsche Telekom and Vodafone, and announced the creation of a European tower call called TOTEM, and they carved out towers in France and in Spain. And how are you thinking about your tower infrastructure going forward, especially taking into account the recent activity of cell mix on Polish market and after 5G auction, you'll need to roll it out? So in general or maybe more detail, what are your thoughts about your strategic assets?

Jacek Kunicki:

Thank you for the question. I think it's fair to say that, first of all, today, we're still extremely focused on executing the FiberCo transaction. So as you remember, we've had the signing phase, we've now concluded on the financing, on the carve-outs, and we expect to have the closing of the transaction and the operationalization of the cooperation soon. So this is what is really on the top of our agenda and what is right now consuming most of the energy regarding infrastructure, and we wish to, first of all, focus on the execution.

Jacek Kunicki:

Now, going to assets and obviously, this includes towers, as we mentioned, we will be looking for additional ways to create shareholder value, if we can. Obviously, that will mean that towers will jump higher up in our agenda as soon as we finalize the FiberCo projects. We will then analyze the options that we have at hand and see if any of those options can be beneficial for shareholders. Obviously, that would include a scenario, an option of the cooperation with the group project, with TOTEM, but it's a bit early today to conclude if we see additional shareholder value in this or not. So we will need to come back to you when we have a bit more and then it's done with our thoughts on that. But definitely, it is an asset that we will be considering. Thank you.

Anna Kai:

Thank you for that. So I understand that as of now, you're staying open-minded and you'll have a closer look at it in, short term in the future.

Jacek Kunicki:

Yes.

Anna Kai:

Thank you.

Moderator:

Thank you. Just a final reminder, if you have a question, please press star two or type your question if you're signed in by the web. So we have a question from Rabit Mubi at Citi, please go ahead.

Rabit Mubi:

Hi, thank you for the opportunity, just two from my side. Firstly, on your B2C convergence net ads, if you see the convergence net ads, is it trending down? Some days it has been particularly down when I compare to 2018 or 2019 levels, I'm not taking 2020 into account given that we're in a special year. And I know you said that the market demand has already been low, but I just want to understand, is it also because of the increased focus on convergence by your peers? This is the kind of [inaudible 00:41:22] we should assume going forward or your trend will change on that side? Secondly, and sorry if I missed this earlier already you have mentioned on the call, about these proceedings by the regulator, on top, you have revenue whatever you charge, will that have any impact on your revenue growth in future or these kinds of revenues you won't be able to charge in future?

Julien Ducarroz:

Okay, so I will answer the first part on the comment of the net ads for convergence and I will leave Jacek to comment on proceeding with authorities of our competition. So well, on the net ads of convergence, so first of all, convergence for us as you know, it's coming out of our operation of fix and as well migration from legacy business as well to a mobile customer funding household that we are providing a lot of package where everything sits under one roof. So I would say mechanically, because we have seen these lower demand on the market of telco in general, whether it is a handset, whether it is a mobile voice on the consumer side being lower than we expected, we do expect that this has been across the sector. At least the indirect indicator, we tend to show the same trend. So I would say from this perspective, it's normal that the net ads have been slowing down.

Julien Ducarroz:

Now, if we look for the future, I'm fully confident that once people will come back to our shop online, we will see back the same momentum we had in the past. We are deploying heavily, we have, a new very, I would say, attractive footprint that's being put online with POPC and the FiberCo. We stopped as well in low competition area from September as soon as we are ready to be operational. So I see absolutely no reason not to see back the dynamic we had in the past. And I do not believe that our lower net ads than expected is a result of activities of the market, but rather of low activity or low demand.

Julien Ducarroz:

And what is as well specific to fiber, not to forget, is that the last few weeks have been quite disruptive in terms of operation due to the weather condition. And you might know that in Poland there's some record numbers of a storm and this is impacting our operation as well both from an installation, the repair that has well deployment because our team has to focus on more activities to visit the customer than on activities to deploy new. So this is just a temporary slow down that I expect it will come back into Q3 and Q4. So now, Jacek, on the proceedings.

Jacek Kunicki:

Yes, so on the proceedings, yes, we confirm we have been informed about two proceedings by the Consumer Protection office, well, regarding the sale of any other services on the mobile. We're analyzing those claims instituted by the Consumer Protection office, and some of them were very

recent. Together with the office, we will be working for solutions that will be satisfactory to the office, and at the same time, we'll be in line with the interests of our customers and our campaign. And that's all that we can comment and say as this is an ongoing proceeding in a dialogue with the office.

Rabit Mubi:

Got it. Thank you, very clear.

Moderator:

Thank you. There are no more questions. So I'll now hand back to Orange Polska for closing remarks.

Leszek Iwaszko:

Thank you very much for listening to us, for being with us today. That's all, that concludes our conference on [inaudible 00:46:11]. If you have any follow-up questions, you know how to reach us. Otherwise, talk to you in October. Thank you, bye.

Jacek Kunicki:

Thank you very much.

Julien Ducarroz:

Thank you.

Moderator:

Thank you, everyone.