

Orange Polska

26 April 2022

1Q 2022 results

.Grow



Orange People



Forward looking statement

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

Reconciliation of operating performance measure to financial statements

Disclosures on performance measures have been presented in the Note 2 to Condensed IFRS Quarterly Consolidated Financial Statements of the Orange Polska Group for the 3 months ended 31 March 2022 (available at <https://www.orange-ir.pl/results-center/>).

<i>in PLNm</i>	1Q 2022	1Q 2021
Operating income	244	116
Less gains/add losses on disposal of assets	-21	20
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	504	576
Add share of loss of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	8	-
Interest expense on lease liabilities	-17	-13
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	4	10
EBITDAaL (EBITDA after Leases)	722	709

Highlights & Business review

Julien Ducarroz
Chief Executive Officer



1Q 2022 key messages



Support for Ukraine

- Free pre-paid starters with dedicated offers
- Providing facilities to host refugees
- Grassroot support initiatives from OPL employees and Orange Foundation



Commercial performance

- Solid commercial results despite unstable macro environment; strong demand for fibre
- ARPO growing in all key services



Good financial results in line with guidance

- Strong performance of core telecom services & IT/IS
- Growing direct margin & cost savings offset the surge in energy prices



Opening of Orange 5G Lab

- Demonstrations of 5G technology applications: intelligent workplace, video analytics, simulations and trainings in virtual reality etc.



We are actively supporting refugees from Ukraine

Dedicated commercial offers

- c.400k free pre-paid starters activated by refugees
 - Free voice/sms, 30GB data, free 100min calls to Ukraine
 - Distribution at the border, reception points, railway stations, post
- Calls to Ukraine 80% cheaper for all Orange customers
- Flex offer: free data bundle and free 100min calls to Ukraine

Network enhancement

- Boosting network capacity in the area of border crossings
- Free WiFi networks at reception points
- Telco equipment sent to Ukraine hospitals and telecom operators



Hosting refugees

- c.600 refugees hosted in OPL properties
 - In co-operation with local authorities

Orange Foundation

- c.1000 volunteers from OPL engaged in >100 support projects
 - Grassroot initiatives, funds collection, grants for employees hosting refugees, free online school for Ukrainian children



1Q'22 financial results in line with guidance

**2022
guidance**

very small decline
due to regulatory
MTR/FTR cuts

flat/low single digit
growth (energy
prices as key
uncertainty)

PLN 1.7-1.9bn

**1Q 2022
Results**



Revenues

2.93 bn

+0.4%



EBITDAaL

722 m

+1.8%



eCAPEX

245 m

-45%

in PLN

YoY

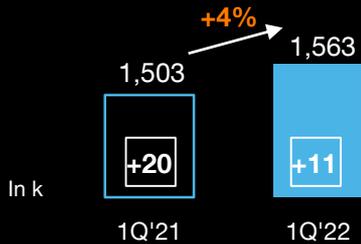


Solid commercial performance: ARPO growth coupled with satisfactory customer base expansion in all key areas

PLN
113.7

Convergence ARPO **+4%** yoy

Growing convergence customer base



6.2 M

Fibre HHC with **17.2%** adoption rate

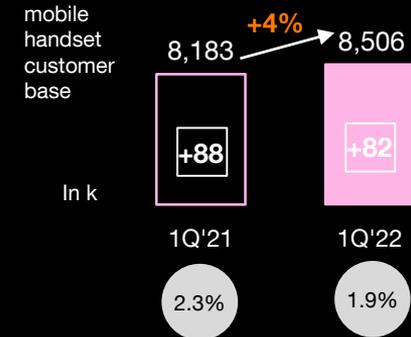
Strong demand for Orange fibre continues – retail base reaching **1 million**



PLN
28.0

Mobile-only handset ARPO **+2.9%** yoy

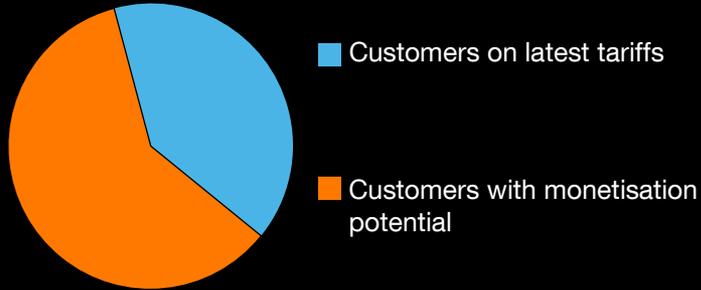
Solid net customer additions in all B2C brands (Orange, Nju, Flex) and B2B





Value strategy is continuously on top of our agenda

High monetisation potential of previous price increases (mobile-only handset customer*)



Our **ARPO** is growing in all key categories: (yoy in 1Q 2022)

+4% Convergence

+3% Mobile-only

+3% Pre-paid

+4% Fixed broadband-only

We have large portfolio of options for further value creation:

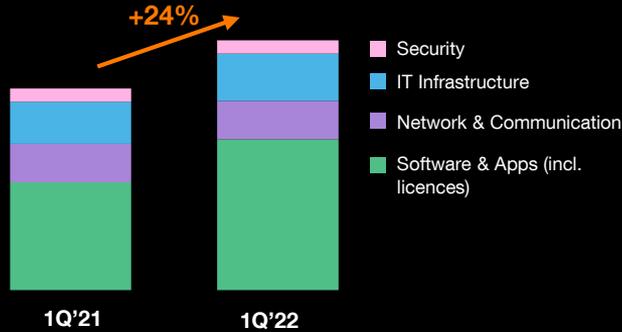
- monetisation of previous price increases in B2C mobile, convergence and B2B mobile
- continuation of more-for-more value strategy
- adaptation of customer value management to the inflationary environment
- handsets are naturally hedged against inflation
- strong demand for ICT services

* excludes convergent, Nju.mobile and Flex customers



ICT performance underscores demand for digitisation

ICT revenue split by key domains



- 1Q strong revenue growth driven by**
 - Strong performance of software subsidiaries (BlueSoft and Craftware)
 - Cloud adoption in customer business and technology ecosystems i.a. based on Microsoft solutions (Integrated Solutions)
 - Diversification of client portfolio: more commercial vs public sector (unlocking of EU Recovery Funds could be the next growth catalyst)
- Growing contribution of ICT to overall direct margin**
 - Despite a very hot ICT labour market and supply chain problems



Examples of digital transformation contracts

Client:	Key benefits for the client:	OPL involvement:
<ul style="list-style-type: none"> Retail stores chain 	<ul style="list-style-type: none"> Development and maintenance of sales system 	<ul style="list-style-type: none"> IT systems migration to cloud Sales systems development, business analysis and project management
<ul style="list-style-type: none"> Insurance sector 	<ul style="list-style-type: none"> Assistance system launch New ERP system implementation 	<ul style="list-style-type: none"> Systems development and maintenance
<ul style="list-style-type: none"> Public institution 	<ul style="list-style-type: none"> Expansion of geostatistical portal into more advanced services and analysis tools 	<ul style="list-style-type: none"> Project management; design and delivery of IT platform Solution analysis and software architecture

Financial review

Jacek Kunicki
Chief Financial Officer



Good financial performance in 1Q 2022

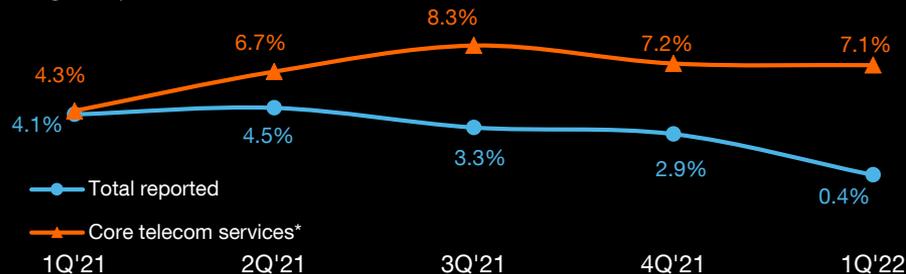
	in PLNm	1Q'22	yoy	
	revenues	2,931	+0.4%	<ul style="list-style-type: none"> Strong performance of core telco services and IT/IS MTR/FTR cuts affected legacy wholesale
	EBITDAaL	722	+1.8%	<ul style="list-style-type: none"> Growth driven by core revenues and cost savings Affected by surging energy prices
	% of revenues	24.6%	+0.3pp	
	net income	125	+221%	<ul style="list-style-type: none"> Supported by lower depreciation and higher gain on sale of assets
	eCAPEX	245	-45%	<ul style="list-style-type: none"> Reflects different timing of projects and a delay of 5G auction Fibre capex benefits from FiberCo JV
	organic cash flow	231	+17%	<ul style="list-style-type: none"> Supported by growing EBITDAaL and lower cash capex

1Q revenue +0.4% yoy with strong performance in most major lines

- **Core telecom services*** (+7% yoy)
Strong performance continues driven by both customer base and ARPO growth
- **IT/IS** (+22% yoy)
Robust growth driven mainly by software & apps area
- **Legacy** (-30% yoy)
Affected by regulatory MTR&FTR cuts (c.PLN -120m yoy impact as further cuts came in force in January but with limited impact on the profit margin)

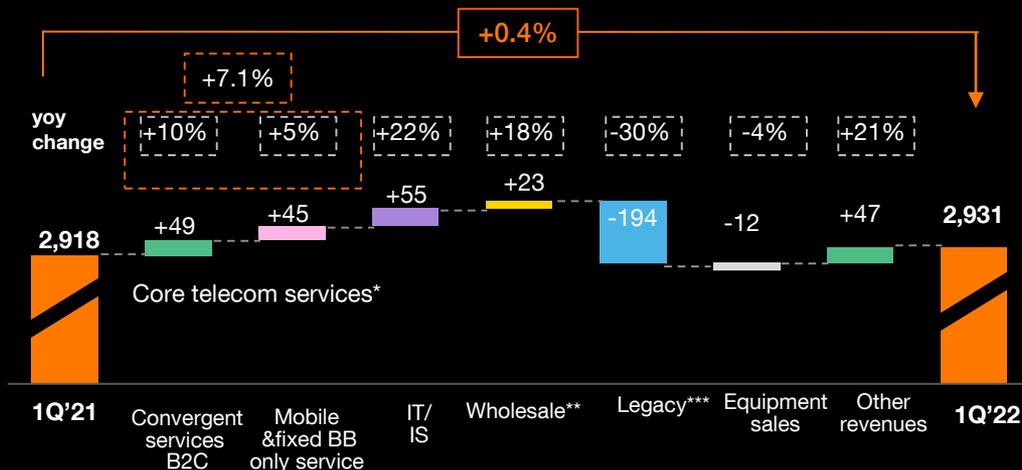
Revenue evolution

(yoy change in %)



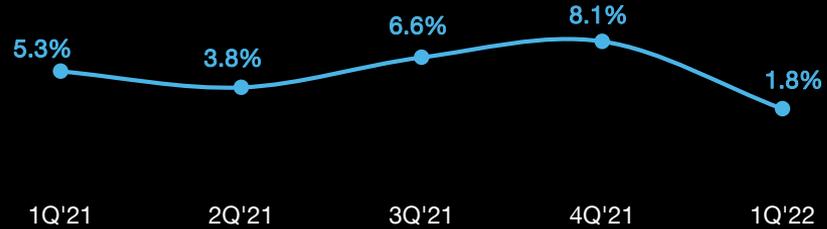
Revenue evolution breakdown

in PLNm



1Q EBITDAaL +1.8% yoy as strong underlying performance has offset surging energy prices

EBITDAaL evolution
(yoy change in %)

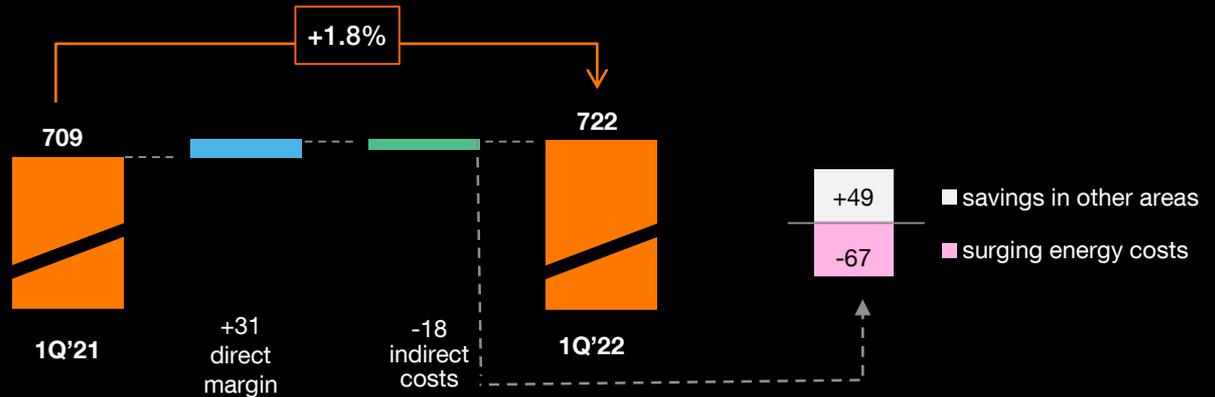


- **Direct margin up 2% yoy:**
 - Driven by strong revenue performance
 - Includes negative scope impact (connectivity costs for customers transferred to FiberCo c. PLN 20m)
- **Indirect costs up 2% yoy:**
 - Energy costs nearly doubling yoy due to surging unitary costs
 - Includes ongoing savings (e.g. in labour, advertising, general expenses)

Employment in k FTE



EBITDAaL evolution breakdown
(yoy change in PLNm)



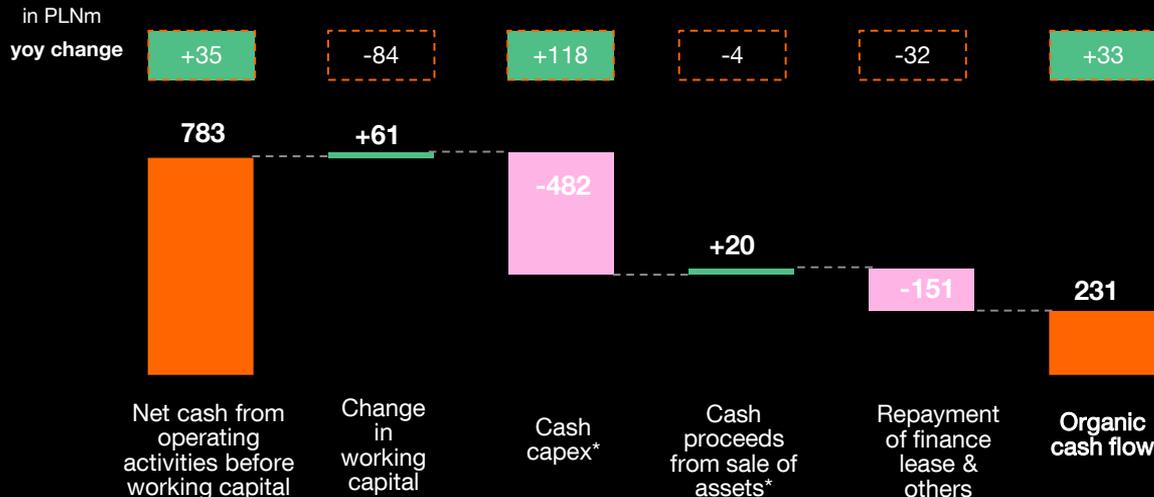
Organic Cash Flow up 17% yoy leading to net debt reduction

OCF generation driven by:

- EBITDAaL growth
- Lower cash capex
- Less favourable timing of working capital

- **90%** of outstanding debt at fixed interest rate by mid-2024
- **3.1 years** average debt duration

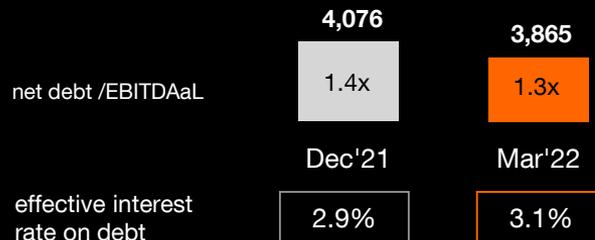
Cash flow evolution breakdown in 1Q 2022



* Cash capex reduced by PLN 74m of cash proceeds from sale of fibre network assets to FiberCo (excluded from cash proceeds from sale of assets)

Net debt

in PLNm



Summary

Julien Ducarroz
Chief Executive Officer



Summary



Solid 1Q results, in line with our plans with a strong underlying performance



Focus on commercial growth both in volume and value



Continuation of savings and transformation actions



Acceleration on Green agenda: new PPA contract and boosting efforts related to circular economy



We reiterate our full-year objectives

Q&A

Appendix

Details of bottom line evolution in 1Q 2022

in PLNm	1Q'22	1Q'21	Change
EBITDAaL	722	709	+13
D&A of PPE and intangible assets	-504	-576	+72
Add-back interest expense on lease liabilities	17	13	+4
Adjustment for the costs related to acquisition, disposal and integration of subsidiaries	-4	-10	+6
Gains/(losses) on disposal of assets	21	-20	+41
Share of profit of joint venture adjusted for elimination of margin earned on asset related transactions with joint venture	-8	-	-8
Operating income	244	116	+128
Net financial costs	-88	-66	-22
<i>o/w foreign exchange loss/gain</i>	<i>-18</i>	<i>-7</i>	<i>-11</i>
Income tax	-31	-11	-20
Net income	125	39	+86

Details of organic cash flow evolution in 1Q 2022

in PLNm	1Q'22	1Q'21	Change
Net cash flow from operating activities before change in working capital	783	748	+35
Change in working capital	61	145	-84
Net cash flow from operating activities	844	893	-49
CAPEX	-294	-423	+129
Change in CAPEX payables*	-262	-177	-85
Cash proceeds from sale of assets	94	24	+70
Repayment of lease liabilities	-151	-120	-31
Adjustment for payment for costs related to acquisition, disposal and integration of subsidiaries	-	1	-1
Organic cash flow	231	198	+33

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

We successfully combine growth with social responsibility

Environment



We have clear climate/environmental goals and tangible results

- Climate goals and performance:
 - Net Zero by 2040 (for both own and entire value chain CO₂e emissions)
 - 65% own CO₂e emissions reduction by 2025 min. 60% of renewable energy in 2025
- Energy efficiency:
 - ~200 optimisation initiatives launched
 - fibre replacing copper
 - mobile network sharing
- Recycling and refurbishing of handsets and routers

Social



We make new technologies a supporter of economic and social development

- Our connectivity investments positively impact local societies through:
 - digital inclusion
 - local digital activity centres
 - digital skills programmes in schools
- We actively promote safe use of internet among children (5,000 children in the educational programmes at schools)
- Co-operation with suppliers based on Code of Conduct covering social and environmental responsibility and CSR clauses in purchase contracts

Governance

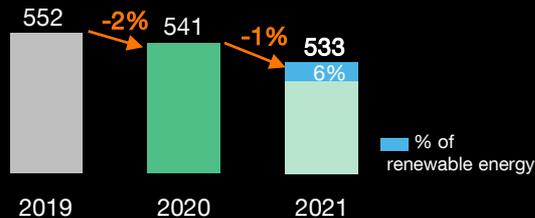


Our corporate governance is designed to provide responsible management and supervisions to achieve strategic goals and enhance value

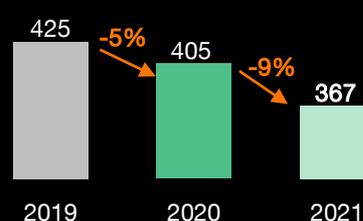
- We conduct active dialogue with all stakeholders to respond better to their expectations
- We adopt zero tolerance approach towards corruption in all aspects of our activities
- Corporate governance model ensures proper distribution of responsibilities to guarantee transparency of all management decisions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

Key Environmental Performance Indicators

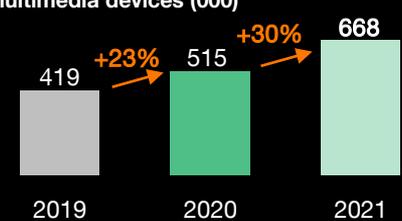
Energy consumption (GWh)



CO2 emission (000' tonnes)



Refurbished and relaunched handsets and multimedia devices (000)



Glossary (1/2)

4G/LTE	Fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)
5G	Fifth generation of mobile technology, which is the successor to the 4G mobile network standard
Adoption rate	Fibre customer base (retail + wholesale)/ Total households connectable to our fibre network (own and 3rd parties)
ARPO	Average Revenue per Offer
AUPU	Average Usage per user
Churn rate	The number of customers who disconnect from a network divided by the weighted average number of customers in a given period
Convergent services	Revenues from B2C convergent offers (excluding equipment sales). A convergent offer is defined as an offer combining at least a broadband access (xDSL, FTTH or wireless for fixed) and a mobile voice contract (excluding MVNOs) with a financial benefit. Convergent services revenues do not include incoming and visitor roaming revenues
Core telecom services	Convergence, mobile-only and broadband-only services
EBITDAaL	EBITDA after leases, key measure of operating profitability used by management (for definition please refer to the Note 2 to IFRS Consolidated Financial Statements of the Orange Polska Group)
eCapex	Economic Capex, key measure of resources allocation used by management (for definition please refer to the Note 2 to IFRS Consolidated Financial Statements of the Orange Polska Group)
FBB	Fixed Broadband
Fibre	fixed broadband access network based on FTTH (Fibre To The Home) /DLA (Drop Line Agnostic) technology which provides the end user with speed of above 100Mbps

Glossary (2/2)

Fixed broadband-only services	Revenues from fixed broadband offers (excluding B2C convergent offers and equipment sales) including TV and VoIP services
FTE	Full time equivalent
FTR	Fixed termination rate
HHC (Households connectable) in fibre technology	Households where broadband access service based on fibre technology can be rendered
ICT	Information and Communication Technologies
Mobile-only services	Revenue from mobile offers (excluding consumer market convergent offers) and Machine to Machine (M2M) connectivity. Mobile only services revenue does not include equipment sales, incoming and visitor roaming revenue
MTR	Mobile termination rate
Wireless for fixed	fixed broadband cell-locked wireless access offered by Orange Poland for home/office zone with rich data packages
Organic Cash Flow	Organic Cash Flow- key measure of cash generation used by management (for definition please refer to the Notes 2 to IFRS Consolidated Financial Statements of the Orange Polska Group)
PPA	Power purchase agreement
ROCE	Return on capital employed = EBIT (ex. extraordinary items) / (Shareholder's Equity + Average net debt)
VDSL	Very-high-bit-rate Digital Subscriber Line