

# Orange Polska

Investor meetings

October 2023



Orange People

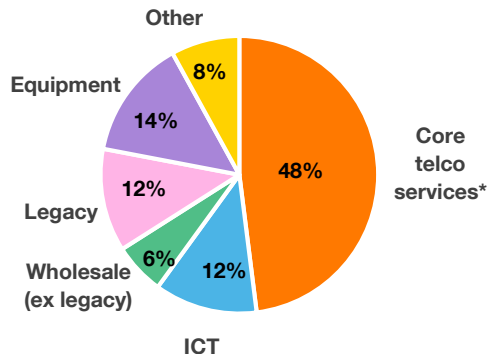
## Forward looking statement

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.

# Orange Polska at a glance

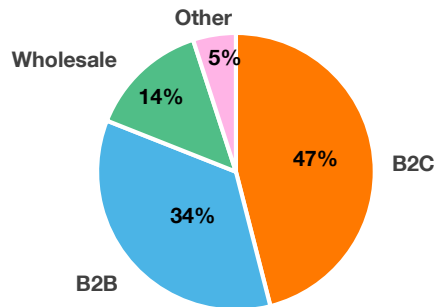
# We are a key player in all segments of the Polish telecom market

Revenues by services (9M'23)

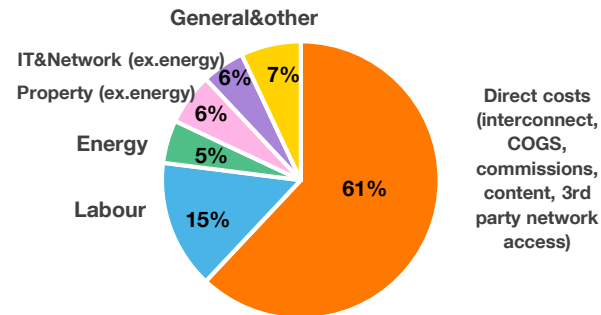


\* convergence, mobile, broadband

Revenues by customers (9M'23)









Operating costs (9M'23)



## Commercial strategy centred around:

- **B2C**: fixed and mobile convergence fuelled by growing fibre footprint
- **B2B**: wide portfolio of ICT services complementing core telco business
- **Wholesale**: monetising opportunities related to infrastructure

(as of 3Q 2023)

	Fibre HHC**	Fibre retail Customers	Convergent Customers	Mobile Customers	FBB market share	Mobile market share
						
in m	7.72	1.30	1.67	8.88	27%	28%
yoy change	+14%	+16%	+5%	+2%	-1pp	-1pp

\*\* households connectable

# Polish telco market is getting more consolidated with focus on convergence

 More focus on value with **very low level of telco services prices** compared to EU

 Fixed-Mobile **convergence** at the core of commercial strategies

 **Consolidation** mainly triggered by a push towards convergence

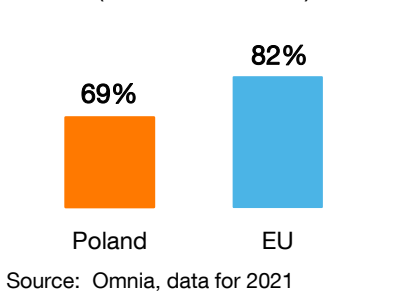
 High demand for fast broadband connectivity, **low penetration of fibre**

 Data consumption booming but **5G only at the dawn**

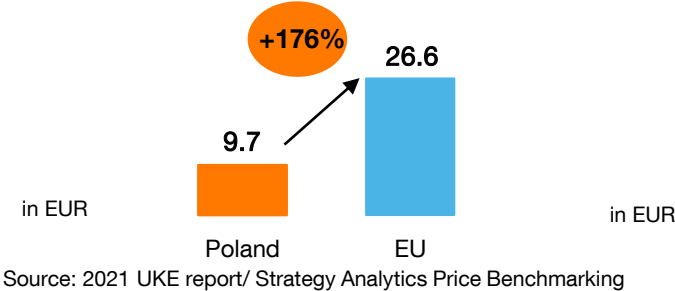
 Pay-TV – OTT content is increasingly popular but linear TV is still strong

# Polish telco market with growth potential

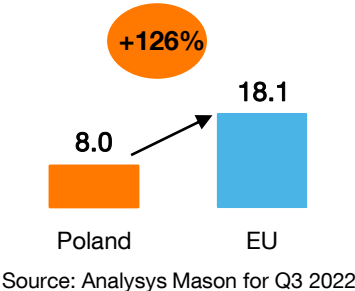
**Broadband coverage >100MB/s**  
(% of households)



**Broadband price comparison**

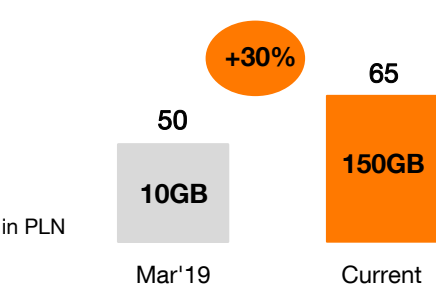


**Mobile ARPO comparison**

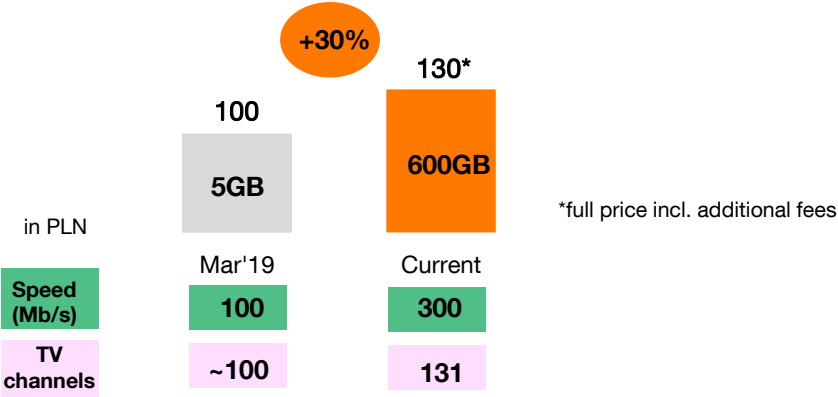


## Our more-for-more pricing policy implementation

**Mobile middle tariff price evolution**



**Main convergent package price evolution**



# Polish Telco Market

## MAIN INFRASTRUCTURE PLAYERS

NEXERA

Fiberhost.

EXATEL

TAURON

Micro ISPs

Small MVNOs

OTT

CANAL+

TOYA

inea

CATV PLAYERS

VECTRA

cellnex

Infrastructure

PayTV

FBB

MBB

Fixed Voice

Mobile Voice

orange

Grupa Polsat Plus

## MAIN CONVERGENT PLAYERS

PLAY

iliad

T..

Area of operation

Revenue est. [PLN bn – 2022]:

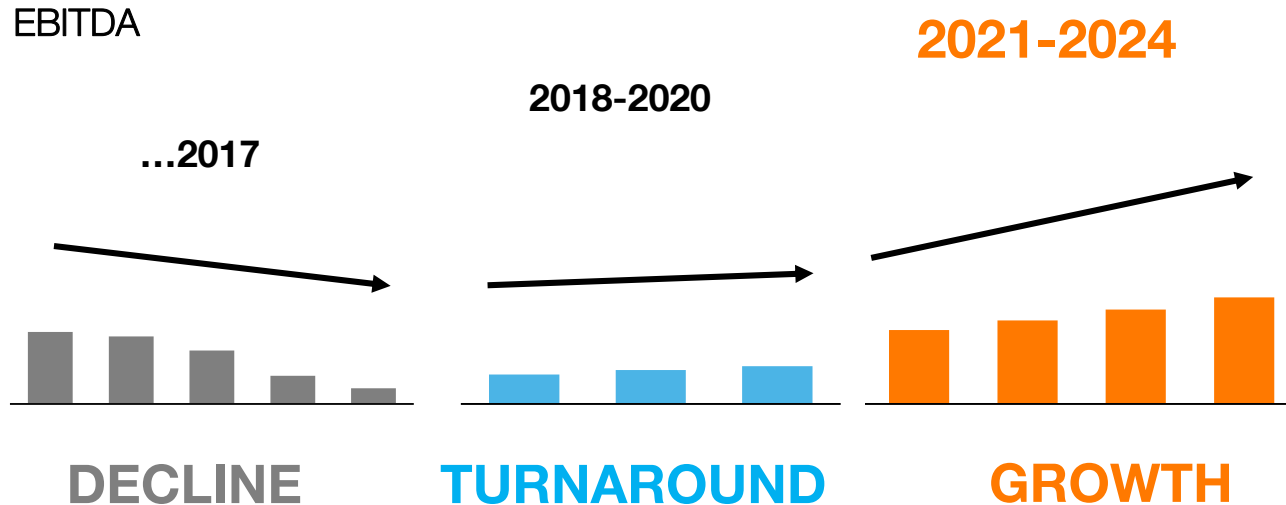
- > 3.0
- 1.0 to 3.0
- 0.1 to 1.0
- < 0.1

Note: market view as of EoY 2022  
PŚO: w/o revenues in 2022 7

# Previous strategy brought us turnaround. Our new strategy brings growth

Turnaround was mainly built on

1. **VALUE** strategy supported by significant **FIBRE INVESTMENTS**
2. **B2B** strengthened in key **ICT** segments
3. **TRANSFORMATION** to **LIGHTER COST BASE** & more agile structure



# .Grow strategy 2021-24 key directions



# We have clearly identified core service revenue drivers

  
**Convergence**  
households strategy

**Customer base**  
**growing**  
(fuelled by fibre  
expansion)

+

**ARPO**  
**growing**  
(value, 5G &  
multiservice)

=

**Revenues**  
**>8% CAGR**

  
**ICT**  
centered B2B strategy

**Growth on core**  
**integration,**  
**software &**  
**cybersecurity**

+

**New potential**  
**cloud, 5G, data**  
**& IoT**

=

**ICT revenues**  
**9-10% CAGR**

  
**New Wholesale**  
monetising our assets

**Fibre**  
**on existing &**  
**new reach**

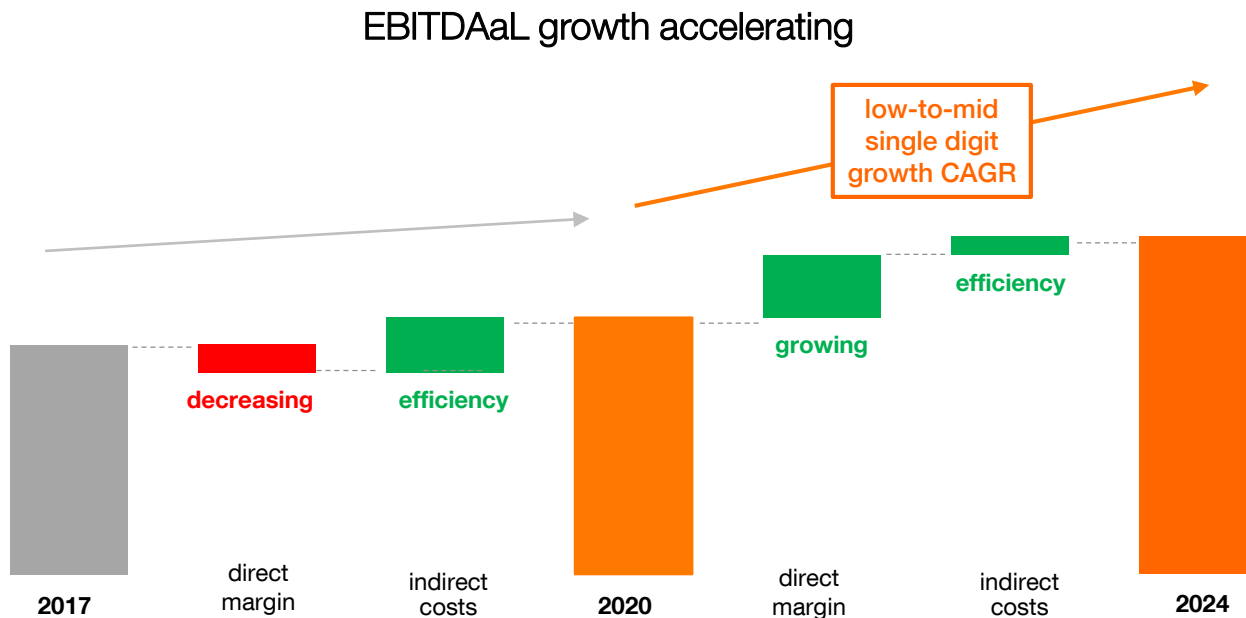
+

**New growth**  
**in infrastructure**  
**& MVNO**

=

**New sources**  
**of revenues**

# We will grow EBITDAaL both through revenue expansion and cost savings



# Growth supported by fibre footprint expansion & investments into 5G

Maintained  
eCAPEX range  
(PLN bn)

1.7-1.9

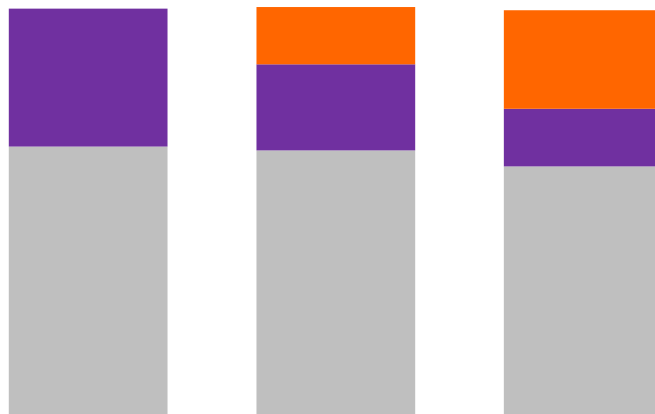
1.7-1.9\* yearly average

Significant **fibre footprint expansion**  
realised mainly through **partnerships**



CAPEX  
spendings  
redirected  
from fibre  
to 5G

100%



2017-2020

2021-2022

2023-2024

Fibre

5G & RAN renewal

Others

PLN 0.4-0.5bn yearly for **5G rollout** &  
once-in-a-decade **RAN renewal**, to  
prepare network for further growth






Fibre capex of PLN <0.3bn yearly  
allocated to **B2B & cust. connections**

Other capex progressively optimised &  
focused on supporting **transformation**

continued optimisation of real estate portfolio



# .Grow strategy: we are in line with the plan despite difficult environment

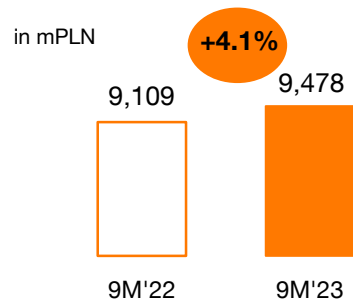
		Mid-term guidance (2021 to 2024)*	2021-22 performance
	<b>Revenues</b>	low single digit growth CAGR	+4.2% CAGR
	<b>EBITDAaL</b>	low-to-mid single growth CAGR	+4.9% CAGR
	<b>eCapex (PLN bn)</b>	1.7 to 1.9 yearly average over the period	1.73bn (avg 2021-22)
	<b>ROCE</b>	increase 3-4x (vs. 1.6% in 2020)	6.5% in 2022 (4x increase)
	<b>Net debt / EBITDAaL</b>	we aim to keep safe balance sheet, with financial leverage in the range 1.7-2.2x**	1.3x (at the end of 2022)

\* As presented in .Grow strategy in June 2021

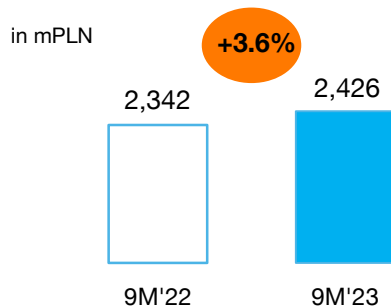
\*\* Long-term prospects for net debt/EBITDAaL

# Strong 9M 2023 results

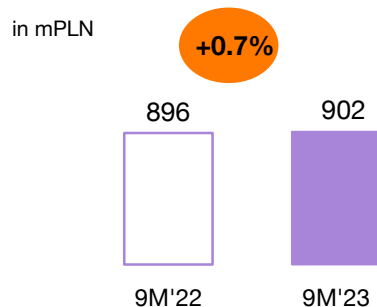
## Revenues



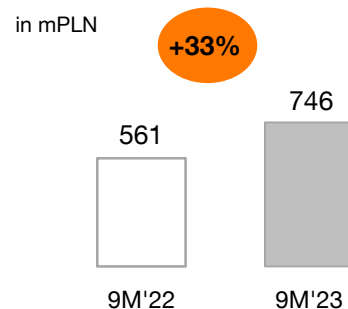
## EBITDAaL



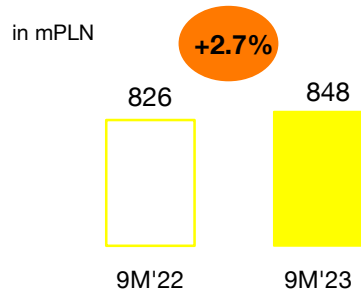
## eCapex



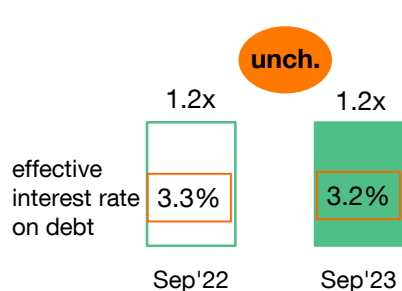
## Net Income



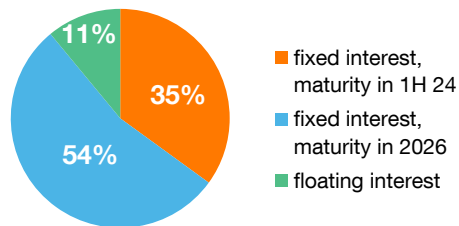
## Organic Cash Flow



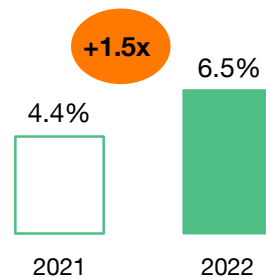
## Net debt /EBITDAaL



## Interest rate risk well managed (% of total existing debt)



## ROCE



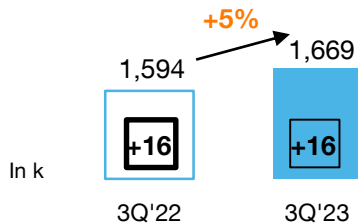


# Good ARPO growth **coupled with** solid customer base expansion in all key services



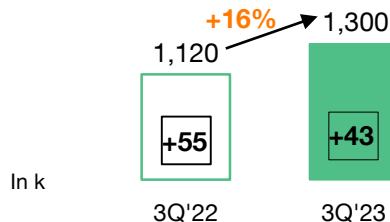
PLN 120.0 **Convergence ARPO +3.8%**  
yoy (vs +3.3% in 1H)

Solid convergence customer base growth



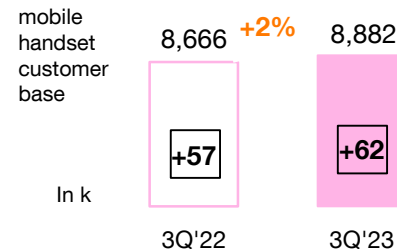
PLN 64.5 **Fixed broadband-only ARPO +4.0%**  
yoy (vs +3.8% in 1H)

Good fibre customer base growth despite intensive competition



PLN 29.9 **Mobile-only handset ARPO +3.5%**  
yoy (vs +3.2% in 1H)

Improving net customer additions with B2C and B2B contributing





# Value strategy persistently executed through a variety of marketing tools



**Increased prices for new contracts & retention** (more for more)

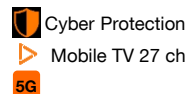
Middle mobile tariff price point\*

**+18%**

\*current PLN 65 tariff vs PLN 55 in 2021

**More benefits**

9x more GB



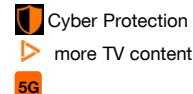
Main convergent package price point\*

**+18%**

\*current Love Standard PLN 130 (incl. additional fees) vs PLN 110 in 2021 (prices refer to OPL own network)

**More benefits**

20x more GB



**Additional fee at the end of loyalty contract** (unless renewed)

**+PLN10/month**  
in B2C

**+PLN5/month**  
in B2B (mobile)

Applies to contracts signed after Sept 2022



**CPI indexation for indefinite agreements**

**+4%**

price increase in 2023 for limited customer group

Applies to contracts signed after May 2022

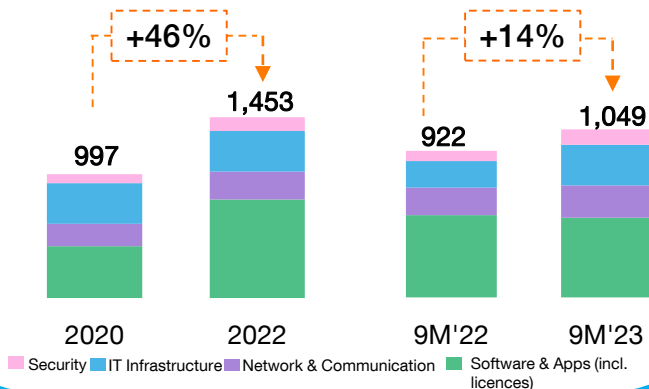
Can be applied only if CPI for prior year >3.5%

# Core retail business is supplemented by well performing revenues from ICT services and wholesale activity

- We are **one of the largest players** on the Polish **ICT market** supporting our telco services for business customers
- Consistent strong ICT revenue growth reflects **well-diversified portfolio** and our ability to benefit from digital transformation of Polish enterprises

## Robust ICT revenues performance

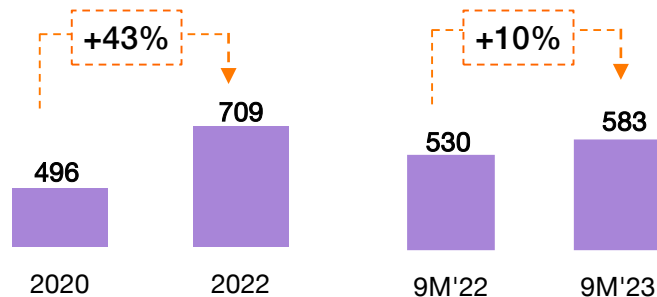
in m PLN



- Wholesale **improves return** on investments in our extensive infrastructure and allows us to **monetise growing demand** from other operators
- Demand is driven by **expansion of fibre networks**, adoption of **convergent strategies** and need for **mobile backhaul**

## Strong wholesale revenue\* growth

in m PLN

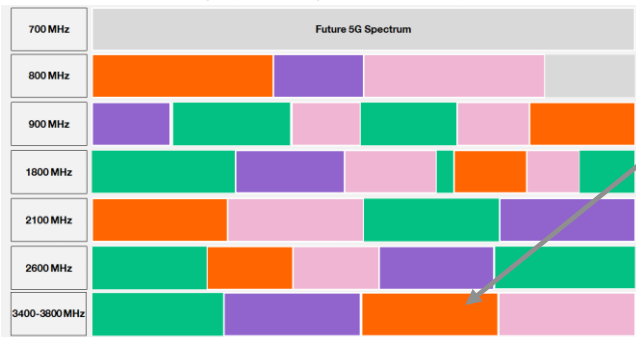


\*wholesale revenues excluding non-fibre fixed wholesale and interconnect (legacy)



# Acquisition of 5G spectrum unlocks new business opportunities

Map of Polish spectrum



- OPL secured 15-year reservation for a 100 MHz block of spectrum in 3400–3800 MHz band
- Price of PLN 487m to be paid by the year end

OPL Play T-Mobile Plus

## New spectrum significantly improves capacity of our mobile network

- More resources necessary to carry increasing data traffic and support top service quality
- New opportunities for B2B related mainly to mobile private networks and various IoT ecosystems

## Expected rollout capex in line with .Grow strategy assumptions (up to PLN 0.5bn p.a. for 5G & RAN renewal)

- We are already well advanced with preparation (c.PLN 0.7bn will be spent by the end of 2023) but most of the investment program to be conducted in 2024-26

# .Grow financial ambitions confirmed by 2021-22 performance & 2023 outlook (improved after 1H results)

	Revenues	EBITDAaL	eCAPEX
Strategy mid-point performance 2021-22	+4.2% CAGR	+4.9% CAGR	PLN 1.73bn (annual average)
2023 outlook	low-to-mid single digit growth*	low single digit growth**	PLN 1.5-1.7bn
	<ul style="list-style-type: none"><li>Key trends in core telecom services, ICT and wholesale to continue support growth</li></ul>	<ul style="list-style-type: none"><li>To be supported by revenue growth and further cost transformation</li><li>Inflation to weigh on operating costs</li></ul>	<ul style="list-style-type: none"><li>Disciplined investing</li><li>Inception of 5G rollout</li><li>Ambitious plan for disposal of unused real estate</li></ul>
All .Grow 2020-24 ambitions reconfirmed	low single digit growth CAGR	low-to-mid single digit growth CAGR	PLN 1.7-1.9bn yearly average over the period

\*Upgraded after 1H 2023 results from low single digit growth

\*\*Upgraded after 1H 2023 results from flat/low single digit growth



# We are increasingly sharing benefits of growth with our shareholders

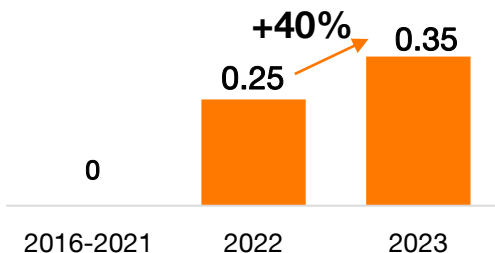


Cash dividend

**PLN 0.35**

per share

paid in 2023



## .Grow dividend policy:

**PLN 0.35 as sustainable floor for the future**

Future changes to be considered yearly, including:

- Projections of underlying financial results
- Long-term financial leverage forecast vs the 1.7x to 2.2x leverage corridor

# Why OPL is an attractive investment opportunity

1. **Resilient business** profile with **unique assets** (incl. >7m fibre footprint & 12k mobile sites) and **services** that are **essential** for our customers
2. We are at **a unique point in our history**, after completing a successful business turnaround we have **entered a growth phase**. We have transformed from a copper-based monopoly to a **modern fibre/mobile** convergent based Company with increasing exposure to **fast growing ICT market**
3. In mid-point of new strategy implementation we have **performed exactly as we committed**
4. We have **reinstated the dividend in 2022 and raised it by 40% in 2023**, based on a dividend policy that offers a floor level and upside potential based on prospective financial results and leverage
5. A **FCF yield of c.10%** underscores the investment opportunity

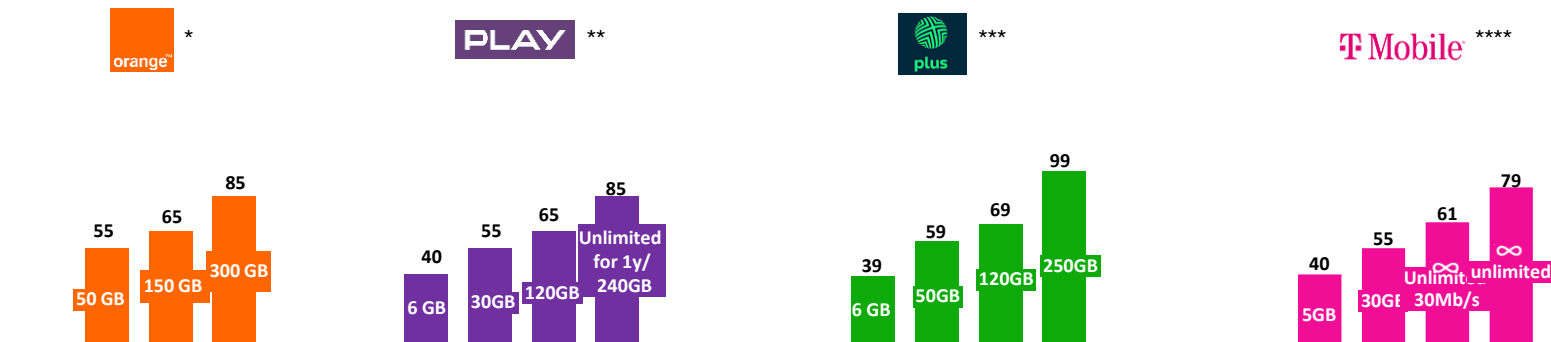
# Back up

## Map of Polish mobile spectrum

700	30MHz Future 5G Spectrum							
800	Orange 10MHz		Play 5 MHz	T-Mobile 10 MHz		not allocated		
900	Play 5 MHz	CPS Group 7.8 MHz	T-Mobile 4.4 MHz	CPS Group 6.2 MHz	T-Mobile 4.6 MHz	Orange 6.8 MHz		
1800	CPS Group 19.8 MHz		Play 15 MHz	T-Mobile 12.6 MHz	2.4 MHz	Orange 10 MHz	T-Mobile 7.4 MHz	CPS Group 7.6 MHz
2100	Orange 14.8 MHz		T-Mobile 14.8 MHz		CPS Group 14.8 MHz		Play 14.8 MHz	
2600	CPS Group 20 MHz		Orange 15 MHz	T-Mobile 15 MHz	Play 20 MHz		CPS Group 50 MHz TDD	
3400-3800	CPS Group 100 MHz		Play 100 MHz		Orange 100 MHz		T-Mobile 100 MHz	

# Comparison of mobile offers on the market (1 SIM)- Oct'23

PLN/month



\* Orange offers: Plan S, Plan M, Plan L

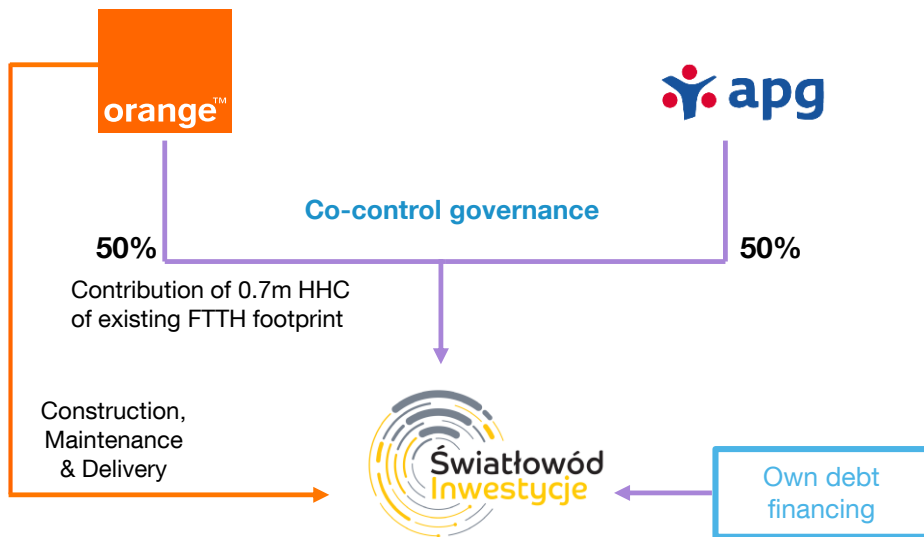
\*\* Play offers: S, S+, M, L

\*\*\* Plus offers: S, M, L, XL, Plus tariffs with 12m loyalty

\*\*\*\* T-Mobile offers: T-Mobile XS, S, M, L

# FiberCo (Światłowod Inwestycje) as a new concept to continue fibre footprint expansion (signed in April 2021)

Strong customer demand, low broadband penetration outside of big cities and good returns on investment so far motivate us to continue fibre rollout



c.PLN 2,748m  
100% EV of FiberCo

c.PLN 1,374m  
Proceeds for OPL from 50%  
stake sale

o/w  
PLN 887m  
paid on closing in  
Aug 2021

o/w  
PLN 487m  
paid in 2022-26  
after delivering  
agreed rollout plan

1.7m new fibre  
households  
(by 2025)

In open access model

In low and mid  
competition areas

# Settlements between OPL and FiberCo



## Current picture of settlements between OPL and Światłowod Inwestycje (FiberCo)

### Revenues

#### wholesale

- telco services: infrastructure rental, transmission network

### Costs

#### labour costs

- investment process and network maintenance

#### interconnect costs

- BSA access fee per retail OPL client

#### network & IT

- mainly costs related to customer connections and activations

#### other external purchases

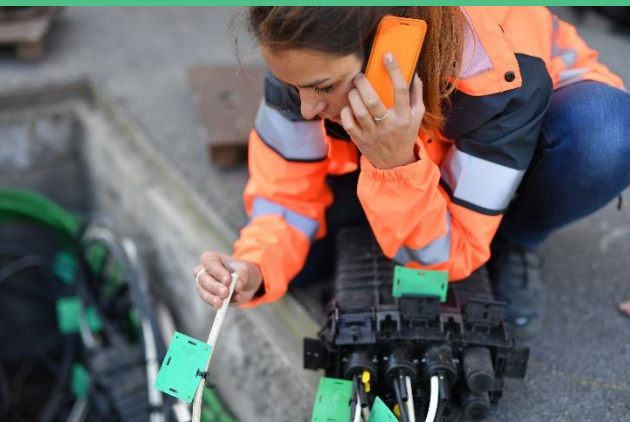
- back office services and materials inventory

#### other operating income/costs

- income from non-telco services delivered to FiberCo

### EBITDAaL

- broadly neutral impact



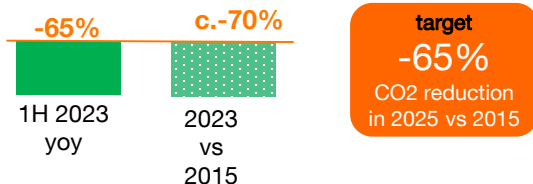


# CO2 emissions -65% yoy in 1H'23 and on track to reach 2025 strategic goal (Scope 1+2)

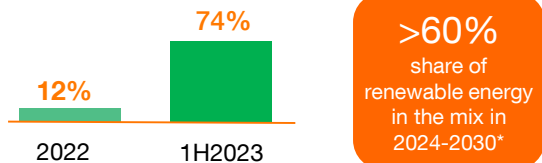
## Scope 1+2: own emissions



**CO2 emissions reduction on track to meet our 2025 goal...**



**...enabled by much higher share of renewable energy in the mix**



\* Based on currently signed PPAs (power purchase agreements)

## Scope 3: value chain emissions



**Scope 3 emissions main sources:**

### Customers:

energy used to power devices

### Suppliers:

production of devices sold (mainly handsets)



### Our key actions:

- Energy efficient mode introduced in CPEs
- >90% of CPE refurbished
- Educational programmes to boost environmental awareness
- Suppliers' verification vs ESG rules
- circular economy actions with respect to handsets: RE programme (repair, refurbishment, reselling, recycling)