

# Orange Polska

## CONFERENCE CALL ON ORANGE POLSKA'S RESULTS FOR THE 3Q OF 2023

Leszek Iwaszko:

Good morning, ladies and gentlemen, thank you for standing by and let me welcome you to Orange Polska Q3 2023 results conference call. My name is Leszek Iwaszko and I'm in charge of Investor Relations. At this time, all participant lines are in a listen-only mode. The format of the call will be a presentation made by the management team, followed by the Q&A session. Speakers for today will be Liudmila Climoc, the CEO of Orange Polska and Jacek Kunicki, CFO. So, without further ado, I would like to pass the line to Liudmila to begin the presentation.

Liudmila Climoc:

Thank you, Leszek. Good morning, welcome to our conference summarizing our performance in the third quarter and nine months of this year. It's my pleasure to welcome you for the first time in my role. Dialogue with shareholders will be an important topic for me, so I hope to be meeting you in person in the future. The format of presentation is unchanged and I will start with business highlights and Jacek will follow with financial review and then I will come back at the end with conclusion and at the end, of course, we are available to answer your questions.

So, let's start slide five with key messages for the quarter. So, first of all, to say the results we achieved in the third quarter were good and in line with our full-year objectives. On commercial part, our performance is very satisfactory and is reflecting a good balance between volume and value growth. Net customer additions have remained solid and ARPO maintained a very healthy pace of three, four percent growth. On financial part, our results in Q3 were sound with growing EBITDA, strong improvement in net profit and in cash generation and we have once again demonstrated our resilience to a challenging external environment. And as you are aware, 5G auction now is over and we are very happy that we will finally be able to use C-band spectrum for the benefit of our customers. Obtaining the license was an important milestone for our business but also for overall Polish economy. It is well known that digitalization is an important contributor to the evolution of country GDP.

Let's proceed to the next slide. We present here our performance and the key financial metrics after nine months versus our full-year guidance. As you remember, presenting on Q2 results in July, we have upgraded our guidance for revenues and for EBITDA. Our results after nine months confirm that we are fully on track to reach our objectives. On revenues, we increased it more than 4% and the key drivers are based on three components. So one is core telecom services with growth of 5% year-over-year. Equipment with dynamic which was exceeding 20% as the customer demand shifted to higher value brands and ICT, with very healthy double-digit growth. On EBITDA part, the growth was generated by direct margin while indirect costs were affected by double-digit inflation and this is actually demonstrating the healthy structure of growth and confirming our strong fundamentals. E-CAPEX after nine months is broadly flat

versus last year and we are very comfortable with the full-year guidance. The results confirm our growth ambition and our ability to adapt to a rapidly changing environment and I propose to look now at our commercial activity on page 7.

Our commercial focus in Q3 benefited and actually our results were coming from a continuous solid customer demand and our focus on value and they were achieved despite intensive market competition especially in broadband. Growth of number of convergent customers maintained is dynamic from previous few quarters and it confirms that customers appreciate the quality of our multi-service offer. In fiber, we continue to generate healthy growth of customer base. We benefit from strong demand for fiber and network rollout done by various FiberCos. At the same time, we compete with a growing number of retail fiber providers in those areas and this is a natural consequence of more and more infrastructure available by FiberCos that are open for retail competition. Please note that our fiber customer base after Q3 has reached 1.3 million customers and accounts now for close to half of our total broadband customer base. In mobile, our Q3 net additions were better than in the past. If we refer to past few quarters, reflecting solid performance both in consumer and in business segment and all these consistent volume growth is combined with healthy growth of ARPO. In all key services, it improved by 3-4% year-over-year as a result of price increases and growing share of fiber in our broadband base. So, our value initiatives are gradually rolling into our customer base and value strategy is and will continue to be an important for us going forward.

Over to the next slide, let me reiterate that we are very happy that we have secured license for C-band Spectrum. It's a big step forward for our business. If we talk about benefits that it does give to us, first of all, as it is a capacity spectrum, it gives us much more resources to carry over growing data traffic and securing top service quality. Secondly, it opens the whole range of new services that we will be able to offer mainly for our business customers. If you remember our .Grow strategy presentation two years ago, we were showing various opportunities related mainly to mobile private networks, to IoT ecosystems, different use cases for 5G. So, now we will be fully on our journey to implement them. In terms of CAPEX for the rollout, we didn't wait for auction to happen. As we had commented in July, we are already well advanced in this CAPEX cycle for both 5G rollout and renewal of our radio access. By the end of this year, of 2023, we have invested close to 40% of the total in envisaged plan. The remaining will be invested mainly in the next two years, so this is fully in line with assumptions that we have presented for .Grow strategy. So, thank you as for now, and here I will hand over to Jacek.

Jacek Kunicki

Thank you, Liudmila. Good morning, everyone. Let's start the financial review on slide 10. Our financial results in Q3 were solid, with good growth of EBITDA, net profit, and cash generation. The top-line evolution was broadly flat, as strong performance of core telecom services and equipment was offset by a drop in ICT and energy resale. Good performance of our core business drove more than a 2% EBITDA increase. The profitability of revenues has more than offset the impact of inflation on our indirect costs. Our net income in Q3 improved by an impressive 23% year-over-year, thanks to higher EBITDA and lower depreciation. We are very pleased that we are able to convert the growth of the EBITDA to higher net income. After nine

months, it is already higher than it was for the entire year 2022. CAPEX reflects more evenly spread investments throughout the year. Our analysis suggests that for the full year, we're likely to land closer to the lower end of our guidance, which, as a reminder, was set at 1.5 to 1.7 billion zlotys. This is an evidence that we are very disciplined with our investments, and we search for the optimal rate of return. Finally, cash flow generation was very strong in Q3, thanks to robust operating activity and lower cash CAPEX.

Let's now review our performance in more detail, starting with the top line. The revenues in Q3 were broadly flat year-over-year. This is a change versus the previous quarters, when they were growing by a mid-single digits. There are a few drivers of this dynamic. First and foremost, the core telecom services, which are key for value creation, maintained their strong growth dynamics close to 5% year-over-year. They are benefiting from the simultaneous expansion of their respective customer bases and ARPOs. Second, revenues from the resale of equipment continue to grow at double-digit rates. This reflects a solid customer demand for high-end handsets and also our value strategy. Third, revenues from IT and IS dropped by 3% year-over-year in the third quarter. This followed a very strong 20% growth achieved in H1. Our Q3 dynamic reflected a slowdown in market demand, resulting from a tougher macro environment. Finally, our energy resale activity, which we report as other in the category that you see, its revenues fell by around 30%. The average output price of energy reflected a very high comparable base of last year, when market prices were at their absolute peak. In addition, we have decreased the level of trading volume in 2023, as we have reduced the risk profile of this business activity, and we have focused on maximizing its profitability. To sum up, we are satisfied that we continue to deliver the expected and necessary growth of the core telecom services. They are the key driver for our operating profitability. Now, let's look at this on the next slide.

Our EBITDA in Q3 increased by a solid 2.3% year-over-year. It was a good quality growth, resulting from a positive performance of our core business. This is evidenced by a 3% expansion of the direct margin. A key factor here is the profitability delivered by our core telecom services, which benefits, as I mentioned, from a simultaneous growth of their customer bases and ARPOs. Other important contributors include higher margins generated from the sale of equipment and also from the energy trading activity. The latter has increased its profits, thanks to attractive input prices sourced by Orange Polska from renewable energy providers. The indirect costs have increased by 3% year-over-year, and here let me mention two effects. First, as in the previous quarters of this year, our costs were affected by inflation, mainly linked with indexation of rental contracts and the rise of prices of various external services. Secondly, our labor costs this quarter increased by 7%. This unusually high dynamics reflected a 5% salary increase implemented in Q3. It reflected a difference to last year's timing of the recognition of a holiday pay provision, different between the particular quarters of the year, and it reflected a higher variable part of remuneration linked to a better and improved full-year outlook and to an increase of the company's share price. Now over to cash flow and balance sheets on slide 13.

We are very satisfied with our cash generation over the last nine months, which amounted to

850 million zloty. It is already higher than the cash generation for the entire year 2022. The trends that we observe today also suggest a solid cash generation for the last quarter of this year. The achievement in the third quarter strongly contributed to the accumulated organic cash flow that you see for the nine months of the year. Looking at the quarter, first, the cash flow from operating activity was driven up by higher EBITDA and also by lower spectrum fees. Here it's worth to note that since 2023, we no longer pay the annual installments for the UMTS license. Secondly, cash capex in Q3 was almost 90 million below that of last year. Our balance sheet remains fairly sound with financial leverage at 1.2 times at the end of September. If we include the upcoming expected payment for the 5G spectrum, this would increase it to 1.3 times. So at par with the level at the end of last year. This is a strong balance sheet and it is our asset, giving us the necessary flexibility much needed in the current macroeconomic context. Our effective cost of the existing financing stays at just over 3%. It is because around 90% of our debt is on fixed interest rates. Around 30% of this debt is due in Q2 of next year, but more than 50% is hedged until 2026. You can see this structure on the bottom right hand of the slide. Of course, any new financing that we may draw will reflect the current interest rate environment upon its renewal or draw. That is all from me. Thank you very much for your attention and I hand the floor back to Liudmila.

Liudmila Climoc:

Thank you. Let me wrap up our today's presentation. Results achieved so far this year are solid. They confirm resilience of our telecom business to macro environment. We are also coping well with intensive competition. This means that we are confidently heading to reach on our full year objectives. Three key areas which I would like to emphasize of our focus going forward. First is, of course, high commercial season in Q4. This is the time when we always aim to maximize our commercial results. Secondly, obviously, rolling out 5G network. And last but not least, we are intensively working to adapt our business model to 2024 challenges related mainly to inflation and that requires actions on many fronts.

Before we jump into the Q&A, let me share with you my first impressions being in the company for almost two months as for now as the new CEO. I am impressed with our performance in the last few years implementing .Grow strategy. Despite numerous unexpected challenges, we were able to deliver on the goals. I discovered the teams which are highly motivated, professional, working together and united around the central objectives of Orange Polska. Strategy is working well and it is executed well. We have the ability to adapt to a rapidly changing environment and it is clearly reflected in our results. Our fundamentals are based on a very strong core business, superior networks and a wide range of high quality services which we provide. .Grow as a strategic plan has its horizon until end of 2024. I fully endorse it and I am here to support it and committed to ensure its execution. And I am also confident that during this time, we will develop new levers for further growth for Orange Polska in the future. That's all from us on the results and now I'm ready to take your questions.

Leszek Iwaszko

Thank you. We will now be moving into the Q&A session. If you are dialed in via phone and would like to ask a question, please press star two on your keypad, star two on your keypad and wait for your name to be called. You may also ask a voice or text question using the web

platform. Once again, if you'd like to ask a question, please press star two on the keypad or press the question button on the platform.

Our first question comes from the line of Dominik Niszcz from Trigon. Dominik, your line is open. You may go ahead with your question.

Dominik Niszcz:

Hi, good morning. Thank you for your presentation. I have two questions, one related to your top line, one to the cost side. So on the top line, you showed quite visible growth of your core telecom revenues in the past quarter. It was around 5% higher than your listed competitor. It's a bit different composition, but still. So what's your expectation regarding next quarters on this line? And the second question relates to electricity. Last year, you were showing us every quarter, updating us with the impact on your results. So I understand this year it's smaller, but could you update us what's the impact this year and based on your agreement, sorry, what's to expect next year? Do you have a fixed price for next year or spot price component? Can you please update us on that? Thank you.

Jacek Kunicki:

Thanks, Dominik. Thanks for those two questions. Maybe starting with the cost of electricity. Well, we've put a lot of focus on this, especially in 2022 when the electricity or energy costs have grown by two. And this was by far the biggest impact that we had and that we had to deal with. We have since then not spoke about it as frequently because the topic has been, to a large extent, addressed by us. And we have addressed it by signing long-term agreements, mostly long-term agreements for the purchase of renewable energy. This has kept costs broadly flat this year. I would say the impact that we have seen this particular year, 2023, was an increase of the distribution fee. You could call it a tax. Yeah, a tax, which, well, for the full year, it will impact us by about 40 million negative in comparison to last year. But to be honest, the total costs are comparable this year to the ones we've seen last year. And then, you know, while we will guide more precisely for next year when we will meet you and speak with you in February, I don't expect a major movement in our electricity or energy costs between this year and next year. While we do not control all of the variables on the market and we're not 100% hedged, we are sufficiently hedged not to expect a material impact or change of the energy costs between 2023 and 2024. Therefore, we've just put less attention on this as this has stopped being such a critical area of focus. And we rather have different challenges to address. And the main challenges, you know, they continue to stem from high inflation. And, well, we can see month after month that the inflation is reduced, you know, the year over year inflation rate has started to be single digit. And this is definitely positive. A lot of our costs depend on the inflation from the prior year. So still the inflation, which is going to be double digits for the full year 2023, will be something that we will need to deal with in 2024. And I guess the second factor is the minimum wage. It's partly also linked with inflation, but it's, you know, it is driven by regulations as the minimum wage has been significantly increased this year and will again be increased next year. It puts some pressure on the cost side and we will need to deal with that. We will need to mitigate it through cost optimization measures, but also through continued growth of our direct margin. So this is now a much greater area of our focus. As you can see, after the three

quarters, we're dealing with this quite well. Mitigating part of the impact and outgrowing the inflation by good dynamics, especially of the core telecom services.

Now, you were referring to those in your first question. So regarding the expectations, we will always try to drive those to grow as fast as we can. It really depends on two items and two key dynamics. What we know is that these services, they depend, first of all, on the pace at which we can grow our key customer bases. And here, you know, mostly what I'm referring to is the customer base of convergence, which is growing at around 5% year over year. The customer base of fiber, which is growing at around 16% year on year. And then mobile voice, this is around 2% year over year. Regarding the expectations on these, we are not ceasing in our efforts to grow. I would expect that, you know, as we have seen this year, the percentage growth of fiber is slightly decelerating because we cannot keep 16 or 18 or 20% forever. But we are maintaining the quarterly pace of net additions at around, you know, 40 to 50,000 per quarter. And so this is a trend that we definitely need to try and sustain as for convergence and for mobile voice. These are low or mid single digits. And here, the key factor for us is to make sure that we continue to implement our value strategy on those. When I mean value strategy, it means first, we are continuing to focus on expanding the customer basis of the number of customers that we address. But we keep an equally watchful eye on the evolution of the ARPO, average revenue per user. And this is definitely something that has created a lot of value for us. Even in Q3, you can see that convergence ARPO is growing by almost 4%. Fixed broadband is growing by 4% and mobile only is growing by 3.5% year over year. This is, you know, these ARPO dynamics are benefiting both from the value strategy and the more for more upgrades that we have done, which give customers more value but which also increase the prices of the bundles that we sell and also of the different features that we include in our products. So more people than before are taking high speed and higher speed options of fiber. They are taking fiber with television, with content. Likewise, there are more people opting for higher end packages in mobile. And this is definitely a trend that is complementary to the customer base growth. It should never be a substitute. And, you know, on one hand, growth of the core telecom services will really depend on the pace at which we can grow both the volumes and the ARPOs. And here the focus is definitely to maximize the pace of this growth going forward. And we have launched, I believe, sufficient measures last year and this year to make sure that we are fueling this growth in terms of the ARPOs and we are continuing to expand the reach of our fiber to make sure that we, you know, increase the fishing pool for our retail services to have more fiber clients and then to convert this into also higher growth of convergence and mobile. So we are optimistic in terms of the potential for future growth of core telecom services. This will remain our key engine for value creation and the key driver for EBITDA expansion.

Dominik Niszcz:

That's clear, thank you.

Leszek Iwaszko:

Thank you. Next voice question is coming from Aleksander Radomski from Uniqua Pension Fund. Aleksander, your line is open. Please go ahead.

Maybe there's some problem. So let's switch to a different caller. Next question will be coming

from the line of Paweł Puchalski from Santander. Paweł, your line is open.

Paweł Puchalski

Hello, Paweł Puchalski here. Two questions. With 5G auction finalized at low level, can you confirm you will increase your dividend per share in 2024? That will be the first one. And the second one, please guide for the scale of positive one-offs at working capital and ICT sales in fourth quarter 2023.

Jacek Kunicki:

Thank you very much, Paweł. I guess I will start with the second question. And, you know, if it were so easy, we would, but one-offs have a tendency of not being as predictable as we might find it having the hindsight benefit. And so this is something which is particularly difficult for us to forecast precisely. As I was mentioning during one of the previous conferences, we did expect second half of the year to be better in terms of cash flow. And it is materializing. We have been working on making sure that our working capital is on an optimal level. We will continue to do so in the fourth quarter. And while I will not guide precisely as to what kind of cash flow we expect in the fourth quarter, as I mentioned, I do expect it to be quite positive. I do expect it to be quite positive and therefore we are heading for quite a nice organic cash flow result for the entire year. Regarding the ICT, it's one of those revenue lines, Paweł, that on the one hand brings us some volatility because it's not subscription based. It's not automatically recurrent. And so it's a bit more difficult to predict. And we have found ourselves a few times before predicting it in a wrong way. But we need to keep in mind that this has given us tremendous growth. In the past, it has created a lot of value. It has brought a lot of EBITDA. And it simply doesn't depend on recurrent activity, but quite often on which particular deal we close in a given quarter or which one slips to the next. So this is something that we will simply need to observe. It's more meaningful to the contribution of our revenues than to the contribution towards the EBITDA. Yeah, it is less predictable, but it has an immense growth potential. And I do believe that this is something that will significantly boost our results going forward from today's level.

So going to your first question, I think it's absolutely clear what our dividend policy is. And here, first of all, we have a clear policy that the level that you have seen paid this year is an absolute floor for the future. You are aware of our guided leverage corridor and the items that we review each year before making the dividend decision. And this includes both the outlook on the key financial metrics, so operating profitability, cash generation going forward, and also looking at the leverage. We will do that also between now and February. So we will come back to you with the final decision in February. This obviously will take into account the leverage, the opportunities that we have for investments, and all the other considerations. We are happy to have been able to increase the dividend in the past. But we are not ceasing in our efforts to maximize the returns and then to be able to share those returns with our shareholders in the future. And I think that's all that I can say right now. We will come back with the final decision in February together with the full year results and also with the guidance that we will have for next year.

Paweł Puchalski:

Thank you very much.

Leszek Iwaszko:

Our next question is coming from the line of Nora Nagy from Erste Bank. Nora, your line is open.

Nora Nagy:

Hi. Thank you for the presentation. Two questions from my side, please. Firstly, what's your expectation in terms of tariff increases in 2024? And secondly, given that after the elections EU funds might be freed up in Poland, do you have some expectations that you can share with us how much EU funds would contribute to your IT project? Thank you.

Jacek Kunicki:

Thanks, Nora. I guess in terms of tariff increases, I will not be explicit going forward. This is commercially sensitive. What I can say is that we continue to work and to implement the value strategy. It does entail giving our customers more benefits but also for a higher fee. We don't stop with the last more for more tariff increase that we have done was in the third quarter where we increased the prices for convergence and fixed broadband by five zloty. So it is very fresh. We continue to work on options to give our customers a fuller package for a fair fee. And this is what I will stop at. I will not go going forward.

In terms of the EU funds, you are aware that we are participating in the contests that have been started and some of them already resolved by the Polish government. And this relates to the EU subsidies. We have won a few of those already and we are now, you know, assessing a few others looking at the expected rate of returns. This is normally relating to areas which it relates to fiber rollout in areas that are that are remote enough that they would not be profitable under a normal commercial circumstances. They are profitable when we have enough EU subsidies for this. And this is something which gives us an attractive rate of return, much, much above the cost of capital. It's involving high level of EU subsidies. So there is a very high level of subsidies that can be obtained. It means that there is a big, big, big leverage over the CAPEX that we invest from ourselves. We don't expect that it will be a game changer for our CAPEX going forward. But it's definitely an opportunity to roll out fiber in areas that are very attractive from the infrastructure perspective. And it will be, they will be very attractive both as a retail increase of the footprint, but also as a wholesaler who will open up this network to all the other operators. And when it comes to the EU funds, this is what is on the table today as an immediate aftermath. Of course, we can have more funds being freed up for IT projects. I do believe that this is an opportunity for our ICT activity to benefit from. It will really depend on how quickly these funds are freed up and at which level of the administration are they available and how are they structured. But we are always interested, we are eager and we are active on the front of projects that are financed with EU funds, with public money. We've done a lot of smart city projects before and a lot of projects for the local municipalities. And so I do believe that we will benefit from this once again. It's not precise today. I think it will be much, much clearer in a quarter or two from now, but there is definitely an opportunity to be banked here.

Nora;

Great. Thank you very much. Thank you.

Leszek Iwaszko:

Thank you. Our next question is coming from the line of Dawid Górczyński from PKO BP Securities. Dawid, your line is open.

Dawid Górczyński:

Hi all. Thanks for taking my question and congrats on solid results. I have two questions. First is on the fact that on last calls you guided that you may take additional debt to finance the acquisition of a 5G spectrum. So I wonder if this is still necessary after a solid cash flow generation so far this year. This is the first question. And the second question is about your risk perception in the telecom industry in Poland. As you said, inflation is coming down, but it's still challenging. There is a war in Ukraine ongoing, but it looks a little bit less volatile recently. The competition is also stabilized recently. So the question is if you think the risk is lower or higher or similar to what you observed at the beginning of this year. Thanks.

Jacek Kunicki:

Thank you, Dawid. You're right to note that the cash flow generation this year has been very good. And as I mentioned, we are with the same level of net debt to EBITDA as we were at the beginning of the year, even including the payment for the 5G auction. So we don't have an immediate need to increase the level of debt right now. As we did mention, there is a portion of our debt that is coming due next year. So depending on next year's cash generation and also alternative multi-investment opportunities, this debt may need to be renewed. And then this will be renewed at the current market conditions at that time. And this is, I guess, around 30% of this debt is due in the second quarter of next year. So you will need to take your own assumption on how much of this has to be rolled over and at which rate. This will be the market rate. So that's point one. And I do confirm cash generation this year is very good. Then when it comes to risk perception, I guess inflation continues to be the main area of concern. As you know, telecoms are not the best suited models to combat inflation, at least not in the short term. So it has been a challenge for us this year. I do believe it will be a challenge for us next year. Because we will still have the double-digit inflation of 2023 that is influencing the indexation of rental contracts. We have the big growth, I think it's a 25% growth of the minimum wage. It's 20% this year and another 25% next year. So it's sequential. And that will influence many prices of services that we buy. Because they are labor intensive and this labor is quite often employed by our subcontractors not so far from the minimum wage. So that will still be a challenge that we must and we will overcome. I think what we need to observe and we are very keen to observe is for the inflation to go down to single-digit levels and to stay there. To stay at single-digit levels next year. This would already be a very welcome sign that the inflation pressure is easing. And that would give us the much-needed breather. Because as you know we have been increasing prices. We have been adjusting our offers. But it takes two to three years for the front book prices to flow through to the customer base. And so there is a lag time between when the inflation will slow down and when those prices will flow through to the customer base. Which is needed for us to catch up with the prices in depth to flow through to the ARPU. For us to catch

up with this inflation. So this remains to be I would say today the main area of concern is can inflation go further down from the current high single-digit and can it stay down at single-digit levels. In terms of competition it's always a very competitive market whenever you have four players. So that doesn't change. It's always fierce. I would say it's particularly fierce on fiber. We have quite aggressive offers of our competitors who are challenging the market. As you can see we are managing with this quite well. And I do believe that we have good assets to fight in a market which is very competitive. This includes the brand. This includes the fiber reach. I think it includes a lot of credibility that we've built with the customers for the ability to deliver convergent services and for those services to work with a satisfactory quality. And it's also the quality of our networks which offer really good experience when combined with a good customer care and product design. So we have all the tools. The competition is intense, fierce at some times, but we are quite well prepared to compete in this market.

Leszek Iwaszko:

Thank you. We have no more voice questions, but we have two text questions. Let me read the first question coming from Jakub Viscardi from BOS. Do you plan to share C-Band spectrum with T-Mobile? Would 200 MHz wide band give you competitive advantage versus peers, i.e. Polkomtel and Play?

Jacek Kunicki:

Thank you. Good question, as always, Jakub. To brief you in on the status, because this is what I'd like to do, we are waiting for the reservation decisions, and this is the phase that we are at right now. The regulator has initiated those proceedings yesterday, so your question is very well timed. I would expect that we may have those decisions somewhere in December, and then we would have the formal steps completed for us to start operating this spectrum to the benefit of our customers. Now, every time, always, we are looking for optimal solutions to use our assets in the best possible way to the benefit of our customers. Of course, with the, I would say, respect for the full market transparency of any discussions and any actions that we take, we are usually cooperating with all the competitors and all the operators on searching for our ability to find the best solutions. It relates to the cooperation that we have now for years with T-Mobile regarding the reciprocal use of each other's networks and spectrum. It regards with our cooperation with various FibreCos when we acquire access to other parties' fixed infrastructure, we also let other parties use our infrastructure, both Orange Polska, but also Światłowód Inwestycje. In this particular circumstance, it's natural that we will also look for the best possible solution to have the best use for this spectrum. It is an asset that we must convert to the best possible use for our customers. We have nothing to share at this moment today, but as we are open, it's natural that we will also speak with T-Mobile regarding the possibilities of using this.

Leszek Iwaszko:

Thank you. The next text question comes from Piotr Raciborski from Wood. The question is, what is your current view on mobile infrastructure monetization projects? What is the view of the new Orange Polska CEO on mobile infrastructure spinoffs in general?

Liudmila Climoc:

Maybe just to start to give my flavor on what I discovered at Orange Polska. The sharing of mobile infrastructure is there and it is fully embarked in results of Orange Polska as a benefit. The tenancy ratio which we have sharing our mobile networks with T-Mobile is more than two. Obviously, the subject is on the agenda of industry, but I think it's rather a question of balance sheet need versus best efficiency which the company is already embarking in our P&L. On balance sheet, I would let Jacek to comment, but first what I can say is that I do see already significant benefits and synergies which are embarked in our cost structure by the fact that Orange Polska is sharing network and doing it for quite a number of years and permanently improving on the cost structure.

Jacek Kunicki:

Thanks for this and if I may add on to that, we've been speaking about the willingness, the possibilities, the potential benefits and the drawbacks of mobile network monetization for some time. It's not a project that is high on our agenda right now. We are with a very sound balance sheet situation. As we speak, having net debt to EBITDA at 1.3 times, as Liudmila rightly mentioned, we are using the radio access network sharing to maximize the efficiency of the existing passive and active infrastructure because this is passive and active infrastructure usage. I do believe that the network is already being used very, very efficiently and therefore, there is no change since our stance a quarter or two quarters ago. We're not actively pursuing a project of tower spin-off. It's not high on our agenda. We are really focusing on achieving the organic growth of our profits, of the return on capital employed, of cash generation by keeping costs down, by offsetting the inflationary pressures, by outgrowing inflation through the positive dynamics of our core business. This is with the aim to be able to generate more profits and cash and to be able to share the benefits of our activities with our shareholders. This is really what is on top of our agenda, much rather than serious considerations about carve-out or spin-off of this type of infrastructure. Thank you very much.

Leszek Iwaszko:

Thank you. It appears we have no further questions. Thank you very much to everyone for participation, for the questions, and see you back in February of next year. Thank you. Goodbye.

Jacek Kunicki:

Thank you very much.

Liudmila Climoc:

Thank you.