



**Current Report (13/2016)**  
**Orange Polska S.A., Warsaw, Poland**  
**February 15, 2016**

Pursuant to art. 56, clause 1, item 1 of the Law of July 29, 2005 on public offering and the conditions for introducing financial instruments to the organised trading system and on public companies (Journal of Laws of 2005, No. 184, item 1539 with amendments) and art. 5, clause 1, item 25 of the Decree of the Minister of Finance of 19 February 2009 on current and periodic information disclosed by issuers of securities and the terms governing recognition of information required by the laws of a non-member state as equivalent information (Journal of Laws of 2009 no. 33, item 259, with amendments), the Management Board of Orange Polska S.A. hereby provides selected financial and operating data related to the activities of Orange Polska Capital Group ("Group", "Orange Polska") for 4Q and full year 2015 and a forecast of restated EBITDA and financial leverage for the year 2016.

**Orange Polska reports multi-year high mobile post-paid customer growth in Q4 and plans to grow value through mobile and fixed network over the next 3 years**

**2015 highlights:**

- **revenue decline limited to 2.9%<sup>1</sup> year-on-year versus 4.5% in 2014**
  - **regulatory impact<sup>2</sup> only PLN 52m year-on-year**
  - **stable mobile revenues, driven by strong customer take-up, growing usage and higher sales of equipment**
- **strong commercial trends continued:**
  - **+9% yoy mobile post-paid customer base, +274k net adds in 4Q, the best in more than 10 years (+682k in FY)**
  - **+32% yoy mobile broadband customers, +199k net adds in 4Q (+491k in FY)**
  - **+82% yoy VHBB clients, +45k net adds in 4Q (ADSL base under pressure, with 60k net losses partly due to migration to VHBB and LTE)**
  - **+35% yoy convergent customers, +61k net adds in 4Q (+189k in FY)**
- **restated<sup>1</sup> EBITDA margin at 29.7%, down by 2.4 pp versus 2014, reflecting lower revenues and very proactive commercial strategy**
- **2015 Organic Cash Flow at PLN 952m, FY guidance<sup>3</sup> achieved**
- **new Social Plan signed, enabling up to 2,050 voluntary leaves in 2016-2017**
- **acquisition of LTE spectrum finalised**
- **new medium-term action plan assumes significant investments in customer acquisitions and connectivity aimed at delivering turnaround of the company by 2018**
  - **FTTH project in 2016-2018: up to 2.8m households connectable and up to PLN 2.2bn capex**
- **management guides for restated EBITDA to be in the range of PLN 3.15-3.30bn in 2016, reflecting expected pressure on revenue and very ambitious plans for customer acquisition**
- **management confirms a dividend proposal of PLN 0.25 per share to be paid in 2016 (subject to approval by the Annual General Meeting of Shareholders)**

<sup>1</sup> please refer to restatement table on p. 6

<sup>2</sup> impact of regulation of rates (such as Mobile Termination Rate, Fixed Termination Rate, Fixed-to-Mobile rate, customer and visitor roaming rates, Bitstream Access rates); calculation based on traffic in previous year and variation between rates before and after regulated changes

<sup>3</sup> ex. one-offs: renewal of existing spectrum, acquisition of new spectrum, potential payment of the EC fine, and other claims and litigations

key figures (PLN million) IFRS	4Q 2015	4Q 2014	Change	FY 2015	FY 2014	change
Group revenue <sup>4</sup>	2,926	3,082	-5.1%	11,840	12,191	-2.9%
excl. regulatory impact <sup>5</sup>			-4.9%			-2.5%
restated EBITDA <sup>4</sup>	673	860	-21.7%	3,521	3,916	-10.1%
restated EBITDA <sup>4</sup> (as % of revenue)	23.0%	27.9%	-4.9pp	29.7%	32.1%	-2.4pp
net income	-153	30	n/a	254	535	-52.5%
organic cash flow <sup>6</sup>	119	298	-60.1%	952	1,149	-17.1%

**commenting on 2015 performance and medium-term action plan, Bruno Duthoit, Chief Executive Officer, said:**

“Last year was notable primarily for our success in the LTE auction, the first year of the fibre network rollout and our spectacular commercial achievements in mobile post-paid, the best in many years. All these developments are also very important in the context of the new medium-term action plan that we are announcing today.

It is a proactive plan built around our four strategic priorities: leadership in connectivity and in convergence, best customer experience, and agility. We are encouraged by good prospects for the Polish economy, a constructive regulatory environment and a more stable telecom market. In the years ahead we expect demand for telecom services to grow, fuelled by a surge in data consumption and increasing adoption of a convergent approach by Polish households. These two trends will drive our customer strategy. Good connectivity in both fixed and mobile is the key to our success. Therefore we will develop our LTE coverage further based on newly purchased spectrum, and we have decided to significantly extend our fibre project.

By the end of 2018 we plan to have up to 3.5 million households within the reach of our FTTH network. Our investment plan and intensive commercial strategy will be adjusted to the specifics of local markets. As a result of the plan we want to improve our market shares. It is an ambitious plan that will weigh on our financial performance in the short term but will bring long term value that will allow us to return to a growth path.

As you know, I will be leaving Orange Polska at the end of April to take up another position within the Orange Group. I will use this time to ensure a smooth and well-managed transition to my successor as CEO, Jean-François Fallacher. I am convinced that the new action plan puts Orange Polska on the right track to deliver a successful turnaround.”

<sup>4</sup> please refer to restatement table on p. 6

<sup>5</sup> impact of regulation of rates (such as Mobile Termination Rate, Fixed Termination Rate, Fixed-to-Mobile rate, customer and visitor roaming rates, Bitstream Access rates); calculation based on traffic in previous year and variation between rates before and after regulated changes

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## Financial Review

### revenue decline limited to 2.9% year-on-year vs 4.5% in 2014, 4Q revenues reflect completion of infrastructure projects

Consolidated revenues totalled PLN 11,840 million in 2015, marking a year-on-year decrease of 2.9% or PLN 351 million. The regulatory impact was limited to only PLN 52 million versus PLN 255 million in 2014. The MTR remained unchanged, while lower EU roaming rates affected revenue only in the first half of the year. Excluding this regulatory impact, revenue evolution remained under pressure, primarily due to the fall in fixed services (stemming mainly from structural erosion of fixed voice and wholesale), and price pressure, which negatively impacted mobile voice services (especially in the B2B segment). These factors were partially offset by higher sales of mobile equipment (by PLN 216 million), higher mobile interconnect revenues (by PLN 163 million) and higher other revenues. Mobile equipment sales were boosted by handset sales on instalment plans, launched in 2014. Other revenues increased by PLN 80 million, primarily driven by broadband infrastructure projects and ICT.

In 4Q 2015 alone, the top-line decline was PLN 156 million or 5.1% year-on-year, compared to PLN 74 million (2.4%) in 3Q. This deterioration in trend resulted from the lack of revenue from infrastructure projects, which were completed in 3Q 2015.

In 2015 the total number of mobile customers grew by 277,000 or 1.8% year-on-year. While the number of pre-paid services continued to decrease, a significant improvement was achieved in post-paid. Net additions in this segment came in at 682,000, the highest number since 2007. They were well balanced between business customers, consumers and machine-to-machine. The full-year result was boosted by a particularly good Q4 with net additions of 274,000 – the highest quarterly number in more than ten years. This success was achieved thanks to good reception of new multi-SIM “Family” offers and a refreshed mobile broadband offer for B2C customers. In the B2B segment the key success factors were: simplification of offers, anti-churn actions and good performance in key accounts.

Orange Polska continued to stimulate the adoption of data services. The total number of mobile broadband customers at year end exceeded 2 million, rising 32% year-on-year. Data usage has been boosted by the growing coverage of our 4G network and proliferation of smartphones among our customers. Smartphone penetration in the post-paid voice customer base approached 60%. Growth of data usage per user significantly exceeded 100% year-on-year.

Our convergent customer base increased by 35% in 2015 to 728,000, reaching close to 35% of all retail fixed broadband services. The total number of services used by convergent customers exceeded 3 million, which implies that on average every customer uses more than 4 services.

In 2015 the total number of fixed retail broadband lines decreased by 136,000. This resulted from pressure on our ADSL base, affected mainly by mobile broadband substitution and competition from cable operators as well as on-going customer losses in legacy CDMA technology. However our high-speed broadband customer base continued to grow significantly, driven by active migrations from ADSL, more attractive pricing (after price cuts made in June) and a promising start to our fibre network roll-out. The number of FTTH customers at year end stood at 17,000. Despite price cuts, broadband ARPU remained stable reflecting a better customer mix, increased 3P bundling and the shift from PSTN to VoIP.

Fixed line erosion accelerated in 2015 to 318,000 from 229,000 in previous year. However, the rate of loss slowed as the year progressed: -74,000 customers in 4Q, versus -79,000 in 3Q, -88,000 in 2Q.

KPI ('000)	4Q 2015	4Q 2014	Change
convergent customers	728	539	+35.1%
3P customers (BB, TV and VoIP)	507	423	+19.9%
number of mobile customers	15,906	15,629	+1.8%
post-paid	8,361	7,679	+8.9%
pre-paid	7,545	7,950	-5.1%
fixed voice lines (retail)	4,194	4,512	-7.0%
fixed broadband accesses (retail)	2,105	2,241	-6.1%
mobile broadband accesses	2,012	1,521	+32.3%
number of TV customers	787	748	+5.2%

### 2015 restated<sup>7</sup> EBITDA margin at 29.7%, reflecting falling revenues and aggressive commercial strategy

Restated EBITDA<sup>7</sup> for full year amounted to PLN 3,521 million (at 29.7% of revenues), down by PLN 395 million or 10.1% year-on-year. This decline reflects mainly: pre-regulatory revenue erosion, higher interconnect costs (by PLN 139 million), and higher direct commercial expenses (by PLN 156 million). The latter was a consequence of our aggressive marketing strategy focused on intensive customer acquisition, which resulted in a 9% year-on-year increase in our mobile post-paid customer base. The increase in interconnect costs was a result of the increasing popularity of mobile tariff plans with unlimited options. These were only partially compensated by the ongoing cost optimisation program (with savings in excess of PLN 300 million for the second year in a row), and by PLN 31 million higher gain on sale of assets.

In 4Q alone, restated EBITDA came in at PLN 673 million and was lower by PLN 187 million over 4Q 2014. Its year-on-year evolution was mainly affected by lower revenues and higher (by PLN 55 million) year-on-year direct commercial costs, reflecting a 23% increase in the number of sales acts. 4Q EBITDA was also negatively influenced by an unfavourable balance of risk provisions and lower real estate gains.

### 2015 net income<sup>7</sup> at PLN 254 million, affected by provisioning for Social Plan

Orange Polska's net income for 2015 was PLN 254 million versus PLN 535 million in 2014. This evolution was predominantly driven by PLN 90 million impact of changes in provisions for employment termination expenses (which affected 2015 reported EBITDA). It also reflects the fact that 2014 net income was boosted by PLN 191 million gain on sale of Wirtualna Polska. This decline was partly offset by lower depreciation (down by PLN 202 million) driven by extension of the useful life of certain assets, and less net financial costs (PLN 114 million below 2014) mainly as a result of lower cost of debt.

### 2015 cash objective achieved, with Organic Cash Flow<sup>8</sup> at PLN 952 million

Organic cash flow<sup>8</sup> amounted to PLN 952 million in 2015, down PLN 197 million compared to 2014, and was in line with full year guidance<sup>8</sup>. Net cash from activities before income tax paid and change in

<sup>7</sup> please refer to restatement table on p. 6

<sup>8</sup> ex. one-offs: renewal of existing spectrum, acquisition of new spectrum, potential payment of the EC fine, and other claims and litigations

working capital (also excluding the settlement with Netia) was lower by PLN 217 million versus FY 2014 mainly as a result of the contraction in restated EBITDA. Moreover, working capital requirement was higher by more than PLN 133 million as a consequence of a much higher balance of receivables due to higher instalment plan sales. However, these two negatives were partly offset by PLN 121 million lower capital expenditure cash outflows, as well as by PLN 43 million higher proceeds from asset disposals.

### **new action plan for 2016-2018**

Orange Polska has adopted a new medium-term action plan aimed at building long-term value through offensive investments in customer acquisitions and fibre network rollout.

Orange Polska believes that macro, regulatory and market conditions are favourable and encouraging for network investments, and create a unique opportunity for the company to go on the offensive. Therefore our new action plan reflects this approach and we intend to aggressively invest in customer acquisition.

The plan is built around the following key ambitions:

**Leadership in connectivity:** Best connectivity, both in mobile and fixed will be a key success factor. Therefore, it is essential to be flexible and to be able to guarantee the best connectivity regardless of the customer's location. Depending on the geographical area, Orange Polska may use fibre, upgraded copper technologies or, optionally, a hybrid of fixed and mobile.

**Leadership in convergence:** Convergence remains an essential part of our strategy. In all geographies Orange Polska will be approaching households with a full palette of services, enriched by non-telco products, presenting the benefits of convergence. Alongside better products, we will employ smarter marketing techniques, developing and leveraging business intelligence to maximise sales opportunities within our existing and potential customer base.

**Best customer experience:** Customer demands and needs in a more digital world are changing faster than ever. An excellent customer approach is a necessary condition of success and is the key to sustainable performance. Our philosophy is to put our customers at the heart of everything we do. Therefore, we will continue to improve customer experience offering attractive products and services, accompanied by improvements in customer service and sales channels, both traditional and online. We will continue to track the Net Promoter Score ratio (NPS) very closely. Being one of the top two big operators for NPS is one of our most important priorities.

**Agile company:** Orange Polska will continue the process of optimising the company to adapt to a more demanding telecom market. Our ambition is to be an agile company, digital and flexible, with a strong on-line presence and highly automated processes, as well as a proven ability to cut indirect costs and find efficiency savings. We have already launched the New Operating Model project to drive process optimisation, automation and IT spending optimisation, and to facilitate commercial initiatives, especially in convergence.

### **commenting on 2015 results and expectations for 2016-18, Maciej Nowochoński, Chief Financial Officer said:**

"Our financial performance in 2015 was in line with our expectations. We delivered on our cash guidance. It was impacted by the first year of fibre network rollout, which constitutes an investment into future connectivity improvement. Excluding the cash effect of this investment our organic cash flow would be almost on similar level with 2014. Revenue evolution improved due to lower regulatory impact and better trends in mobile. EBITDA performance reflected pressure of revenues, proactive commercial actions and significant cost savings.

Looking towards our expectations for 2016, we plan to achieve restated EBITDA in the range of PLN 3.15-3.30 billion. We expect pressure on our revenues to continue this year. A relatively favourable outlook for mobile is likely to be offset by negative trends in fixed legacy businesses. Costs will be influenced by our commercial push for market share. We have high ambitions regarding net customer additions.

2016 will be the first year of implementation of our new strategic plan, and will therefore reflect mainly its costs but not yet all its benefits. Over the next three years we intend to invest aggressively in customer acquisition in mobile and fixed broadband following network rollout. As a result we will build long-term value for the company and all its stakeholders that will put us back on a growth path. We anticipate reaching an inflection point on revenues and EBITDA in 2018. While implementing our turnaround we will closely control financial leverage - in 2016-2018 our net debt-to-restated EBITDA ratio will not exceed 2.2x.”

### Orange Polska 2016 forecast

The Management Board of Orange Polska hereby publishes the company’s guidance for the full year 2016. Management forecasts restated EBITDA to be in the range of PLN 3.15-3.30 billion. Financial leverage defined as net debt-to-restated EBITDA is expected to be not higher than 2.2x.

Restated EBITDA performance will reflect pressure on top-line, coming mainly from negative structural trends in legacy fixed services (mainly fixed voice, certain fixed wholesale services and data transmission in B2B) that almost fully filter through to profits. In addition revenue evolution will be affected by the completion of infrastructure projects which generated PLN 127 million of revenue in 2015. Total operating costs (defined as restated EBITDA minus revenue) are expected to decline as well, but less than revenue. Commercial costs are expected to remain high due to the continued active marketing push on customer acquisition and retention. However we expect costs to be supported by new savings initiatives (including workforce optimisation) and further proceeds from the sale of our real estate portfolio.

Realisation of this forecast will be monitored by the Company on an on-going basis. Should there occur deviation from the amounts forecasted of at least 10%, the Company will make a revision to the forecast and immediately will publish it in the form of a current report.

### Restatements to financial data

<i>in PLNm</i>	4Q'14	4Q'15	FY'14	FY'15
revenue	3,087	2,926	12,212	11,840
-revenue of Wirtualna Polska and Contact Center	-5	-	-21	-
restated revenue	3,082	2,926	12,191	11,840
EBITDA	898	584	4,076	3,431
-gain on disposal of Wirtualna Polska	-	-	-191	-
-EBITDA of Wirtualna Polska and Contact Center	-1	-	-5	-
-the impact of certain claims and litigations	-29	-	44	-
-employment termination expenses net of related curtailment of long-term employee benefits	-8	89	-8	90
restated EBITDA	860	673	3,916	3,521
capital expenditures	622	860	2,153	1,998
-acquisition of telecommunications licences	-1	-	-378	-
capital expenditures (outlook definition)	621	860	1,775	1,998

## Forward-looking statement

*This press release 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 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, with exception of forecast for restated EBITDA and financial leverage for the year 2016. You are cautioned not to place undue reliance on our forward-looking statements.*

## **Orange Polska Q4 2015 Results Presentation Tuesday 16 February 2016**

Venue address:  
Orange Polska  
Aleje Jerozolimskie 160,  
02-326 Warsaw,  
Poland

Start: 11.00 CET

The presentation will also be available via [a live webcast](#) on our website and via a live conference call:

Time:  
11:00 (Warsaw)  
10:00 (London)  
05:00 (New York)

Conference title:  
Orange Polska Q4 2015 Results

Conference code:  
5419860

Dial in numbers:  
UK/Europe: +44(0)20 3427 1904  
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# Orange Polska Group Consolidated

	2014				2015				2015	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY	FY
amounts in PLN millions										
<b>profit &amp; loss statement</b>										
<b>Revenues</b>	as reported									
Mobile services	1,438	1,438	1,425	1,394	1,387	1,380	1,384	1,387	5,713	5,713
Voice traffic revenue	804	804	752	709	689	682	669	626	3,064	3,064
Data, messaging, content and M2M	461	461	484	483	470	475	490	488	1,903	1,903
Wholesale revenue (including interconnect)	173	173	189	202	208	223	225	253	746	746
Mobile equipment sales	43	43	128	146	138	149	171	185	427	427
Fixed services	1,420	1,386	1,373	1,341	1,306	1,290	1,263	1,224	5,520	5,515
Fixed narrowband	521	506	491	465	458	444	431	413	1,983	1,984
Fixed broadband, TV and VoIP	420	416	415	412	410	404	396	413	1,663	1,663
Enterprise solutions & networks	237	231	230	235	221	237	234	224	933	927
Wholesale revenue (including interconnect)	242	242	237	229	217	205	202	196	941	941
Other revenue	94	132	120	206	119	194	153	150	552	536
<b>Total revenues</b>	<b>2,985</b>	<b>2,980</b>	<b>3,046</b>	<b>3,087</b>	<b>2,930</b>	<b>3,013</b>	<b>2,971</b>	<b>2,926</b>	<b>12,212</b>	<b>12,191</b>
<b>year-on-year**</b>	<b>-7.9%</b>	<b>n/a</b>	<b>-3.6%</b>	<b>-0.8%</b>	<b>-1.7%</b>	<b>-2.3%</b>	<b>-2.4%</b>	<b>-5.1%</b>	<b>-4.5%</b>	<b>n/a</b>
Labour expenses	(522)	(516)	(446)	(453)	(430)	(457)	(430)	(396)	(1,874)	(1,864)
External purchases	(1,452)	(1,447)	(1,441)	(1,725)	(1,476)	(1,562)	(1,524)	(1,709)	(6,113)	(6,271)
- Interconnect expenses	(280)	(280)	(322)	(332)	(321)	(333)	(342)	(349)	(1,231)	(1,231)
- Network and IT expenses	(192)	(192)	(186)	(203)	(176)	(181)	(180)	(197)	(788)	(788)
- Commercial expenses	(605)	(602)	(610)	(661)	(644)	(662)	(638)	(801)	(2,545)	(2,544)
- Other external purchases	(375)	(373)	(372)	(421)	(335)	(386)	(364)	(362)	(1,549)	(1,547)
Other operating incomes & expenses	(79)	(79)	(148)	(63)	(69)	(78)	(96)	(122)	(405)	(402)
Employment termination expenses	9	9	6	8	(1)	(1)	(1)	(8)	8	8
Gain/(loss) on disposal of assets	191	191	191	34	5	43	10	13	57	57
Gain on disposal of Wirtualna Polska	191	191	191	34	5	43	10	13	57	57
<b>Reported EBITDA</b>	<b>1,142</b>	<b>947</b>	<b>1,040</b>	<b>898</b>	<b>959</b>	<b>959</b>	<b>929</b>	<b>584</b>	<b>4,076</b>	<b>3,880</b>
% of revenues	38.1%	31.8%	34.1%	29.1%	32.7%	31.8%	31.3%	20.0%	33.4%	31.8%
- Employment termination expenses net of related curtailment of long-term employee benefits	(191)	(191)	(191)	(8)	1	(8)	(8)	89	(8)	(8)
- Gain on disposal of Wirtualna Polska	(191)	(191)	(191)	(8)	(8)	(8)	(8)	(8)	(191)	(191)
- Impact of certain claims and litigation	(191)	(191)	(191)	(8)	(8)	(8)	(8)	(8)	(191)	(191)
<b>Restated EBITDA</b>	<b>951</b>	<b>947</b>	<b>1,069</b>	<b>861</b>	<b>960</b>	<b>959</b>	<b>929</b>	<b>673</b>	<b>3,921</b>	<b>3,916</b>
% of revenues	31.8%	31.8%	35.1%	27.9%	32.8%	31.8%	31.3%	23.0%	32.1%	32.1%
Depreciation & amortisation	(750)	(750)	(794)	(770)	(710)	(733)	(716)	(712)	(3,073)	(3,072)
(impairment)/reversal of impairment of non-current assets	(1)	(1)	(2)	(10)	(3)	6	(1)	10	(17)	(17)
<b>EBIT</b>	<b>381</b>	<b>196</b>	<b>277</b>	<b>118</b>	<b>246</b>	<b>232</b>	<b>212</b>	<b>118</b>	<b>986</b>	<b>791</b>
% of revenues	13.1%	6.6%	9.1%	3.8%	8.4%	7.7%	7.1%	-4.0%	8.1%	6.5%
Finance costs, net	(119)	(119)	(85)	(83)	(58)	(76)	(76)	(81)	(405)	(405)
Income tax	(1)	(1)	(52)	(5)	(17)	(30)	(26)	(46)	(46)	(46)
<b>Consolidated net income</b>	<b>271</b>	<b>76</b>	<b>140</b>	<b>30</b>	<b>171</b>	<b>126</b>	<b>110</b>	<b>153</b>	<b>535</b>	<b>340</b>
										<b>254</b>

\* Pro forma adjusted for deconsolidation of Wirtualna Polska in 1Q14 and Contact Center in 3Q14 and 4Q14

\*\* Change is calculated based on pro forma figures



## Orange Polska Group key performance indicators

Key operational performance indicators for Group

customer base (in thousands)	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Convergent customers<sup>1</sup></b>	352	418	480	539	591	627	667	728
<b>Fixed telephony accesses</b>								
POTS, ISDN & WLL	4,203	4,133	4,061	3,974	3,880	3,780	3,681	3,580
VoIP first line	482	500	518	538	555	567	587	614
<b>Total retail main lines</b>	<b>4,685</b>	<b>4,633</b>	<b>4,579</b>	<b>4,512</b>	<b>4,435</b>	<b>4,347</b>	<b>4,268</b>	<b>4,194</b>
<b>Fixed broadband access</b>								
ADSL	2,051	2,031	2,006	1,959	1,902	1,850	1,794	1,734
VHBB (VDSL+FTTH)	94	116	140	174	207	232	271	316
CDMA	140	134	123	108	89	77	66	55
<b>Retail broadband - total</b>	<b>2,285</b>	<b>2,281</b>	<b>2,269</b>	<b>2,241</b>	<b>2,198</b>	<b>2,159</b>	<b>2,131</b>	<b>2,105</b>
<b>TV client base</b>								
IPTV	123	129	135	143	150	156	169	184
DTH (TV over Satellite)	585	591	600	605	606	605	605	603
<b>TV client base - total</b>	<b>708</b>	<b>720</b>	<b>735</b>	<b>748</b>	<b>756</b>	<b>761</b>	<b>774</b>	<b>787</b>
-o/w 'nc+' packages	124	132	141	150	158	158	164	182
<b>3P services (TV+BB+VoIP)</b>	364	383	402	423	441	455	478	507
<b>Mobile accesses</b>								
Post-paid	7,360	7,459	7,533	7,679	7,727	7,897	8,087	8,361
-o/w B2B	2,456	2,464	2,468	2,498	2,496	2,561	2,601	2,688
Pre-paid	8,035	8,002	8,058	7,950	7,791	7,690	7,606	7,545
<b>Total<sup>2</sup></b>	<b>15,395</b>	<b>15,461</b>	<b>15,591</b>	<b>15,629</b>	<b>15,518</b>	<b>15,587</b>	<b>15,693</b>	<b>15,906</b>
- of which dedicated mobile broadband client base	1,233	1,319	1,413	1,521	1,598	1,700	1,813	2,012
<b>Wholesale customers</b>								
WLR	1,237	1,176	1,111	1,046	991	933	886	832
Bitstream access	322	311	295	280	263	261	254	245
LLU	169	165	159	152	146	141	136	131

<sup>1</sup> Convergent customers are included in fixed telephony, broadband and mobile

<sup>2</sup> all SIM cards, including voice, M2M, data

quarterly ARPU in PLN per month	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Retail fixed voice ARPU	42.4	41.9	41.4	40.0	40.4	40.2	40.0	39.3
Broadband ARPU (Broadband, TV & VoIP)	60.5	60.4	60.4	60.4	60.8	61.4	61.2	61.2
<b>Mobile ARPU</b>								
post-paid	55.6	55.6	53.3	51.4	50.5	50.0	49.1	47.1
-o/w B2B	68.0	65.7	61.2	57.2	57.1	55.0	53.9	49.8
pre-paid	11.9	12.2	12.7	12.8	12.1	12.9	13.2	12.7
blended	31.8	32.1	31.4	30.7	30.2	30.6	30.6	29.8
retail ARPU	28.2	28.3	27.3	26.2	25.6	25.7	25.6	24.5
wholesale ARPU	3.6	3.9	4.1	4.5	4.6	4.9	5.0	5.3
<b>voice ARPU</b>								
post-paid	35.3	35.0	32.7	30.7	30.0	29.3	28.0	26.2
pre-paid	8.0	8.0	8.1	8.0	7.8	8.4	8.8	8.2
blended	20.4	20.4	19.5	18.5	18.3	18.4	18.1	17.1
<b>data ARPU</b>								
post-paid	9.9	9.9	10.4	10.4	10.7	11.2	12.1	12.0
pre-paid	0.7	0.9	1.6	1.5	1.0	1.3	1.3	1.4
blended	4.8	5.0	5.6	5.6	5.6	6.0	6.5	6.7
<b>SMS&amp;MMS and other ARPU</b>								
post-paid	10.5	10.8	10.2	10.3	9.8	9.5	9.0	8.9
pre-paid	3.3	3.3	3.1	3.4	3.2	3.2	3.1	3.1
blended	6.5	6.8	6.4	6.6	6.3	6.2	6.0	6.0

other mobile operating statistics	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
MVNOs customers (thousands)	59	32	31	22	11	8	8	7
Number of smartphones (thousands)	3,920	4,044	4,284	4,581	4,768	4,965	5,256	5,470
<b>volumes &amp; churn</b>								
<b>AUPU (in minutes)</b>								
post-paid	305.9	320.2	326.1	334.3	335.6	345.0	341.3	342.5
pre-paid	90.5	93.5	96.3	97.4	100.0	106.0	107.8	107.5
blended	187.1	197.6	202.3	207.3	210.9	220.1	221.1	223.9
<b>Quarterly mobile customer churn rate (%)</b>								
post-paid	3.4	3.3	3.4	3.5	3.7	3.2	3.0	3.0
pre-paid	14.9	14.9	16.4	16.8	16.7	16.1	17.0	16.9
<b>subsidies</b>								
SAC post-paid (PLN)	441.4	366.4	340.0	368.0	375.1	320.8	306.8	336.4
SRC post-paid (PLN)	321.8	240.0	247.8	297.3	292.3	259.0	214.6	277.6
<b>network coverage</b>								
4G coverage in % of population	28.7%	51.7%	58.7%	60.9%	72.0%	78.8%	79.0%	83.7%
3G coverage in % of population	90.9%	97.2%	99.2%	99.4%	99.4%	99.4%	99.6%	99.6%
<b>Employment structure of Group as reported</b>								
<b>Active full time equivalents (end of period)</b>								
	2014				2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orange Polska	19,224	18,594	18,207	18,047	17,887	17,393	16,871	16,599
50% of Networks	396	396	395	395	369	354	356	368
Total	19,620	18,990	18,602	18,442	18,256	17,747	17,227	16,967

Terms used:

**Monthly Mobile ARPU** - ARPU are calculated by dividing the Group revenues from mobile customers (outgoing and incoming) voice and non voice services, including one-time connection and termination fee, visitors roaming, excluding "machine to machine", by the average number of customers, excluding "machine to machine".

**Monthly Broadband ARPU** - (xDSL, FTTH, TV, and VoIP): ARPU of broadband services are calculated by dividing the monthly revenues from customers' broadband services by the average number of accesses.

**Subscriber Acquisition Cost (SAC)** - Customer acquisition costs divided by the number of gross customers added during the respective period. Customer acquisition costs comprise commissions paid to distributors and net subsidies resulting from the sale of the handset.

**Subscriber Retention Cost (SRC)** - Customer retention costs divided by the number of customers retained during the respective period. Customer retention costs comprise commissions paid to distributors and net subsidies resulting from the sale of the handset.

**Churn rate** - The number of customers who disconnect from a network in a given period divided by the weighted average number of customers in the same period

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