

A close-up photograph of a person's hands writing in a lined notebook. The person is wearing a dark suit jacket and a blue and white striped shirt. They are holding a black pen with gold accents. The notebook is open, and the person is writing on the right page. The background is blurred, showing what appears to be an outdoor setting with trees and sunlight.

# Orange Polska

## Governance Presentation

March 2017



# OPL general overview – key strategic directions

## Fibre

households connectable (in k)



end 2015

1,471



end 2016

customer base (in k)



end 2015

+71

88



end 2016

## LTE

#1 the fastest mobile network in Poland in 2016 according to speedtest.pl

unique users (in m)



end 2015

4.3



end 2016

LTE coverage (% of population)

84



end 2015

99



end 2016

## Mobile post-paid

+13%  
yoy

customer base (in k)



end 2015

9,453



end 2016

## Convergent customers

+21%  
yoy

customer base (in k)



end 2015

879



end 2016

## Key financials 2015-2016; 2016 goals delivered; 2017 outlook

in PLNm	FY'15	FY'16	% yoy	comment	2017 outlook
adjusted revenues	11,826	11,538	-2.4	<ul style="list-style-type: none"> <li>Reflects decline in legacy (PSTN, wholesale) and fixed broadband</li> <li>Mobile up supported by customer base and sale of equipment</li> <li>Other revenue down due to on-off projects realised in 2015</li> </ul>	<ul style="list-style-type: none"> <li>Mobile service impacted by new roaming regulations and uncertainty on pre-paid</li> <li>Slower growth of mobile equipment sales</li> <li>Legacy revenue (PSTN, wholesale) in continued structural decline</li> </ul>
adjusted EBITDA	3,517	3,163	-10.1	<ul style="list-style-type: none"> <li>Reflects lower revenues, increase in direct costs and optimisations in indirect expenses</li> </ul>	<ul style="list-style-type: none"> <li>PLN 2.8-3.0bn</li> </ul>
% of revenues	29.7	27.4	-2.3 pp		
net income/loss	254	-1,746	n/a	<ul style="list-style-type: none"> <li>Reflects asset impairment loss due to reassessment of future cash flows and higher discount rate</li> </ul>	
CAPEX*	1,998	2,001	+0.2	<ul style="list-style-type: none"> <li>Focus on fibre and mobile connectivity</li> <li>All other areas reduced</li> </ul>	<ul style="list-style-type: none"> <li>Around PLN 2bn, including around 0.8bn on fibre rollout</li> <li>(&gt;1m new households connectable in fibre)</li> </ul>
adjusted organic cash flow	962	620	-35.6	<ul style="list-style-type: none"> <li>Impacted by falling EBITDA and higher cash paid for capex</li> </ul>	<ul style="list-style-type: none"> <li>Under pressure due to lower EBITDA and higher requirement for working capital</li> </ul>

# Strategy unchanged but stronger focus on execution is needed



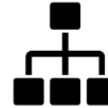
Faster fibre sales – our ambition is to at least double fibre customer base in 2017



Simple offers, less offers, TV offer improvement



More focus on online channel; development of omnichannel



Changes in the organisational structure: one B2C team under new management



Stronger focus on cost saving initiatives



More simple processes

# Rationale for no dividend

## Taking into consideration:

- **Slower than expected monetization of the strategy and the necessity to accelerate some actions to facilitate turnaround**
- **Critical importance of fibre network rollout to the long term recovery and good momentum for fibre customer take up as indicated by Q4 net additions**
- **Potential payment of EC fine**
- **Intention not to overstretch balance sheet**

**Management has decided that for the best long-term interest of our shareholders is to allocate all financial resources into transforming OPL from a legacy telecoms group to a modern one and that the dividend should not be paid**

## **Key Resolutions for the Annual General Assembly (19 April)**

- **Approval of the Management Board's Report on the activity of Orange Polska Group in 2016**
- **Approval of the Orange Polska Group financial statements for the year 2016 financial year**
- **Offsetting of the Company's loss for 2016 from reserved capitals**
- **Granting approval of performance of management board members and Supervisory Board members duties in the 2016 financial year**
- **Re-election of certain Supervisory Board members**

## Members to be re-elected to the Supervisory Board at the AGM

- No personal changes in the Supervisory Board composition
- Re-election of four members for a new three-year term:
  - John Russell Houlden – **Independent member**
  - Federico Colom Artola – Non-independent member
  - Patrice Lambert de Diesbach – Non-independent member
  - Valérie Théron – Non-independent member

# Supervisory Board Composition – 36% independent

## 14 members, 5 independent

- |                          |                                     |                                 |                      |
|--------------------------|-------------------------------------|---------------------------------|----------------------|
| 1. Maciej Witucki        | - Chairman of the Supervisory Board |                                 |                      |
| 2. Gervais Pellissier    | - Deputy Chairman                   | 9. John Russell Houlden         | - Independent Member |
| 3. Marc Ricau            | - Secretary                         | 10. Prof. Michał Kleiber        | - Independent Member |
| 4. Dr. Henryka Bochniarz | - Independent Member                | 11. Patrice Lambert de Diesbach | - Board Member       |
| 5. Federico Colom Artola | - Board Member                      | 12. Dr. Maria Paśło-Wiśniewska  | - Independent Member |
| 6. Jean-Marie Culpin     | - Board Member                      | 13. Dr. Wiesław Rozłucki        | - Independent Member |
| 7. Eric Debroeck         | - Board Member                      | 14. Valérie Théron              | - Board Member       |
| 8. Ramon Fernandez       | - Board Member                      |                                 |                      |



# The Committees of the Supervisory Board

## The Audit Committee

50% Independent

1. John Russell Houlden – Chairman and **Independent Member**
2. Dr. Maria Paśło-Wiśniewska - **Independent Member**
3. Federico Colom Artola
4. Marc Ricau

## The Remuneration Committee

50% Independent

1. Dr. Wiesław Rozłucki – Chairman and **Independent Member**
2. Dr. Maria Paśło-Wiśniewska - **Independent Member**
3. Marc Ricau
4. Valérie Thérond

## The Strategy Committee

42% Independent

1. Gervais Pellissier – Chairman
2. Dr. Henryka Bochniarz - **Independent Member**
3. Prof. Michał Kleiber - **Independent Member**
4. Dr. Maria Paśło-Wiśniewska - **Independent Member**
5. Jean-Marie Culpin
6. Eric Debroeck
7. Patrice Lambert de Diesbach

## Attendance on the Board/Committees meetings

	SUPERVISORY BOARD	PARTICIPATION (%)	STRATEGY COMMITTEE	AUDIT COMMITTEE	REMUNERATION COMMITTEE
BOCHNIARZ Henryka (I)	5/5	100	3/3	-	
COLOM ARTOLA Fernando	2/2	100	-	3/3	
CULPIN Jean-Marie	5/5	100	1/3	-	
DEBROECK Eric	5/5	100	3/3	-	
FERNANDEZ Ramon	3/5	60	-	-	
HOULDEN John Russell (I)	5/5	100	-	7/7	
KLEIBER Michał (I)	3/3	100	2/2	-	
LAMBERT DE DIESBACH Patrice	2/2	100	2/2	-	
PASŁO-WIŚNIEWSKA Maria (I)	5/5	100	3/3	7/7	4/4
PELLISSIER Gervais	5/5	100	3/3	-	
RICAU Marc	5/5	100	-	7/7	7/7
ROZŁUCKI Wiesław (I)	5/5	100	-	-	7/7
THÉROND Valérie	4/5	80	-	-	5/7
WITUCKI Maciej	5/5	100	-	-	

\* Actual number of meetings attended

\* Maximum number of scheduled meetings which the directors could have attended

## John Russell Houlden (Russ Houlden) on Orange Polska Supervisory Board since April 2014



**John Russell Houlden**, born in 1959, has a first class honours degree from Warwick Business School and has completed executive programmes at INSEAD, Stanford and London Business School. He is a Fellow of the Chartered Institute of Management Accountants, a Chartered Global Management Accountant, a Fellow of the Association of Corporate Treasurers and has been recognised as NW Finance Director of the Year in 2013 and 2014, Joint Winner of “Excellence in Reporting” in the Building Public Trust Awards 2015 and Winner of “Communicating Integrated Thinking” in the Finance For The Future Awards 2016.

From 1980 to 1991 he progressed through a variety of financial roles in ICI and Spicer & Oppenheim (now part of Deloitte) covering audit, management consultancy, financial accounting, cost accounting, management accounting, controlling, corporate reporting, treasury management and corporate finance. From 1991 to 2002 he was Finance Director of ICI Japan (based in Tokyo), ICI Polyurethanes (based in Brussels) and BT Networks & Information Services and BT Wholesale (based in London). From 2002 to date he has been Chief Finance Director of Lovells (a leading international law firm, now Hogan Lovells), and Chief Financial Officer of Telecom New Zealand (listed on the NZX, ASX and NYSE) and Chief Financial Officer of United Utilities (listed on the FTSE).

Apart from his executive roles he has been a member of the Advisory Board of Warwick Business School, a member of the Ecosystem Markets Task Force reporting to the UK government and is currently a Main Committee member and Chairman of the Financial Reporting Committee of the 100 Group which represents the FTSE100 to the International Accounting Standards Board, Financial Reporting Council and other regulatory bodies.

## Federico Colom Artola on Orange Polska Supervisory Board since July 2016



**Federico Colom Artola** (born in 1969) is Executive Vice-President & Group Financial Controller at Orange Group in Paris since July 2016. From end of 2007 till June 2016, he was Orange Spain's CFO. In this period the company experienced an outstanding commercial and financial performance, multiplying by 2.3 times its EBITDA. Moreover, Total Telecommunications Revenue market share and EBITDA market share improved from 12% to 21% and from 4% to 16% respectively. This has allowed Orange Spain to become number 2 in the Spanish market in customer base and EBITDA during the first half of 2016, surpassing Vodafone. In September 2014 Federico was one of the key members of the Orange team that launched a VTO over 100% of Jazztel's shares for a total consideration of € 3.4 Bn. This process concluded in June 2015 with a remarkable success, as the acceptance level reached more than 95% of the shares. Federico has a long professional experience of more than 21 years in the telecommunications sector. Prior to joining Orange he worked in the first private telecommunications operator in Spain (Airtel) where he was one of the founding employees and held various management positions in the Administration, Finance and Customer Service areas. Later, in Vodafone he was Financial Controller and Planning and Financial Controlling Director. During that period, the company had a strong growth of its revenue and EBITDA mobile market share from 27% to 35% and from 22% to 31% respectively. Additionally, Federico has experience in executive positions in various local family owned small and medium entities in the Valencia Region. Federico has a BSc in Economics (Universidad de Valencia) and a MBA (EOI/ Manchester Business School)

**Mr. Colom Artola holds board seats at the following other listed companies: none.**

## Patrice Lambert de Diesbach on Orange Polska Supervisory Board since July 2016



**Patrice Lambert - de Diesbach** (born in 1956) is a graduate of SFAF (French Society of Financial Analysts), Conservatoire National des Arts et Métiers (Finance), IEP Paris (Sciences Po) and from Université Paris X Nanterre (Economics, Econometrics).

Since October 2011, Patrice Lambert - de Diesbach is Head of Investor Relations and Financial Communications at Orange.

Prior to this he was Head of Investor Relations and Financial Communications at Carrefour since April 2010. He previously

worked as the Head of Research at CM-CIC Securities after spending 18 years as a financial analyst covering a wide range of

industrial sectors for several stock broking firms, including CM-CIC Securities, Exane BNP Paribas, UBS Warburg, Deutsche Bank and HSBC James Capel. He started his career as an auditor at Mazars and KPMG.

He is Board Member & Strategic Committee Member at Orange Belgium, Board Member at CLIFF (French Society of Investor Relations), and ex Board Member of Confrontations Europe and SFAF.

**Mr. Lambert de Diesbach holds board seats at the following other listed companies: Orange Belgium SA.**

## Valérie Théron

### on Orange Polska Supervisory Board since April 2014



**Valérie Théron**, born in 1965, has been General Manager for Orange France in the region Auvergne Rhône Alpes since March 2016 and with the company since 2009. In this role, she is responsible for Orange retail business, field intervention, customer service and relationships with local authorities in the region Auvergne Rhône Alpes. Before she had been the Deputy General Secretary at Orange S.A. since 2013. In her role as the Deputy General Secretary she was responsible for sourcing & supply chain and for the coordination of the operational efficiency program (Chrysalid) at the Orange Group level, both of which responsibilities she had been assuming since April 2012. Prior to these functions, she was the Group Chief Accounting Officer. Before joining Orange in 2009 she worked in positions of increasing responsibility and scope (also internationally, including several years in London and Hong Kong) for Andersen Consulting, Bull and Thomson, most notably in the domains of finance, sourcing, process reengineering and internal audit. She is a graduate of the Ecole Supérieure de Commerce de Paris (ESCP Europe) where she specialised in corporate finance.

**Ms. Théron holds board seats at the following other listed companies: none.**