

ORANGE POLSKA Q4/FY 2015
RESULTS CONFERENCE CALL
February 16, 2016, 11:00 AM CET
Chairperson: Leszek Iwaszko

Operator [1]

Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the Orange Polska Q4 and full-year 2015 results conference call on February 16. (Operator Instructions). I will now hand the conference over to Leszek Iwaszko. Please go ahead. Your line is open.

Leszek Iwaszko, Orange Polska SA - Head of IR [2]

Good morning, everyone. Welcome to Orange Polska results conference for the quarter four and full year 2015. My name is Leszek Iwaszko. I'm the Head of Investor Relations. We have entire management -- almost entire Management Board of Orange Polska today with us, starting from Bruno Duthoit, Chief Executive Officer; Maciej Nowohonski, CFO; Michal Paschalis-Jakubowicz, who is in charge of marketing; Mariusz Gaca, in charge of business market; Bozena Lesniewska, in charge of sales; Jolanta Dudek, in charge of customer care; and Jacek Kowalski, who is responsible for HR. Our results have been published yesterday and they are available on our IR website, www.orange-ir.pl. Now I hand the floor to Bruno Duthoit to start the presentation.

Bruno Duthoit, Orange Polska SA - CEO [3]

Thank you, Leszek. Good morning, ladies and gentlemen. The agenda for today is as follows. I will begin with highlights of 2015 and the fourth quarter. Maciej Nowohonski will follow with the financial review. We will then lead you through our new strategic plan, before opening the Q&A session.

One point before we start. As you know, I decided to accept another proposal from Orange Group. I will be leaving Orange Polska at the end of April. I will use this time to ensure a smooth and well managed transition to my successor, Jean-Francois Fallacher.

I know well Jean-Francois for several years. He is very well prepared for his new position. He has large experience in telecom sector, had a very successful -- and has been a very successful CEO of Orange Romania since 2011. Let's start with the introduction on slide 5.

We delivered on our financial commitments in 2015. Our organic cash flow was around PLN200m lower versus 2014. However, it was impacted by the first year of our fibre project, which constitutes an investment into future connectivity improvement.

Let's now look at the financial highlights of quarter four. Our financial results in the fourth quarter were impacted by completion of infrastructure projects and marked by our very intensive Christmas commercial period. This approach was reflected in our profitability, but this constitutes an investment into future revenue improvement. Results of these commercial actions were excellent, which we present on the next page. Q4 2015 was an historical quarter for mobile postpaid.

Net additions exceeded 270,000 and were the highest in more than 10 years. This success was a combination of our innovative set of offers in B2C, very good performance in B2B, both in small businesses and key accounts, and improving perception of our customer service.

Customer service is an increasingly important factor in commercial success, and I have the pleasure to say that our net promoter score, NPS ratio, through 2015 has very significantly improved and in

December we reached third position on the market for the first time ever. In fixed services, we also did relatively well in Q4.

Loss of line in fixed broadband was the lowest in a few quarters, driven by newly launched fibre services, which also fuelled record sales of premium TV packages. On the next slide, we present our commercial achievements in a more broad perspective.

As you can see, we've constantly improved our market position in mobile postpaid, which is also reflected in the statistics for mobile number portability. On our estimates, our market share in mobile postpaid exceeded 27% at the end of last year.

Obviously, significant factor in the growing net additions is mobile broadband, a category which has emerged over the past few years, driven by improvements in mobile networks and big appetite for data traffic.

Our convergent customer base grew 35% in 2015 and now constitutes also 35% of our fixed broadband customers. Total number of services used by convergent customers exceeds 3m. On average, every customer uses more than four services. Let's now discuss new operational developments.

Quite a few new developments in different areas.

We will talk more on LTE auction and new social plan on next slides. Regarding European Commission fine, you know our action from the recent announcement. We maintain our opinion that payment of this fine is very unlikely in 2016. Regarding mobile data related KPIs, significant improvement continues.

Mobile data traffic growth per user in Q4 approached 130% year on year. For full year 2015, average data consumption postpaid per user exceeded 1 gigabyte and more than doubled versus 2014. Number of smartphones used by our customers increased in 2015 by more than 800,000, which means higher increase than in 2014.

Penetration of smartphones in postpaid voice customer base is now close to 60%.

On slide 10, we present updated mobile spectrum map. In the first week of February, we made full payment for the spectrum licenses we won in the auction. We have also already launched 800 MHz services in the first location already in February.

Our outdoor population coverage will gradually grow to reach at least 95% at the end of 2016, from 84% today. Our indoor coverage should be at least 80% of population by year end.

Regarding 2,600 MHz frequency, our investment strategy in the beginning will be based on hotspot approach. We'll be adding capacity, reacting on congestion of 1,800 MHz to improve customer experience. This layer will be playing important role in the future carrier aggregation.

Let's now look at our cost savings in a broader perspective. Over the past three years, we have generated more than PLN800m of sustainable cost savings.

Each year, these savings constitute higher proportion of revenues. In addition, we are finding more and more areas to increase efficiency. In 2015, labour constituted only 37% of savings pool versus 66% in 2013. I can assure you that we have also high ambition in this regard for 2016.

We have executed our social agreement for years 2014 and 2015. As a result, we will reduce our workforce by close to 3,000 people. In December, we signed another plan with our social partners covering next two years.

On top of workforce optimization, we're also reducing post-retirement benefits and jubilee awards.

Thank you very much. I now give the floor to Maciej for the financial review.

Maciej Nowohoński - Orange Polska SA - CFO [4]

Thank you, Bruno. Good morning.

Let's start the financial review with the summary on slide 13. Top-line evolution in Q4 further improved in mobile, but completion of infrastructure projects affected total revenue. As we were flagging a quarter ago, commercial costs impacted profitability. Please note that we realized 23% more year-on-year sales acts.

EBITDA margin was also under negative influence of unfavourable change in risk provisions and different timing of real estate gains. On the next slide. Revenue in Q4 was down 5.1% year over year, but only 3.3% if we exclude impact of infrastructure projects. Mobile performance slightly improved, due to growing wholesale revenue and higher equipment sales.

Trends in fixed revenues were broadly unchanged. Now we move to mobile revenue, on slide 15. As Bruno already mentioned, our marketing efforts in mobile paid off. Our net additions were much higher year over year, but these additional volumes did not come at a cost of a lower value.

We maintained our sales efficiency. We managed to maintain churn at multi-year low level of 3%. ARPU deteriorated slightly versus previous quarter, due to seasonally high roaming effect in Q3, but in year-on-year terms the decline is still below 3%.

Commercial success of last year is a consequence of many things. I would say a decisive factor is that we now listen and respond much better to customer needs in all areas. This results in increasingly positive experience with Orange Polska service.

Let's turn to fixed broadband, on slide 16. Situation in fixed broadband is slowly recovering. Total net loss of lines was the lowest in a few quarters. The shift to fast broadband options progresses very well, and ARPU is resilient despite lower prices.

Fibre technology customers accounted for almost 20% of net additions to our fast broadband options in Q4. Triple play customer base increased by 29,000 in Q4. This is the biggest growth in almost three years. Penetration of triple play among fixed broadband customer base has approached 25%.

On the next slide, we take a look at fixed voice. The rate of decline in fixed voice revenue was sequentially lower in Q4 as a result of better ARPU trend. As compared to the previous quarter, ARPU suffered from lower seasonal traffic in B2B. We see stabilization of line losses.

That concludes the review of our top-line. Now let's turn to EBITDA on page 18.

In Q4, we delivered around PLN 670m of EBITDA. Revenue deficit, commercial costs and balance of risk provisions are the main reasons for year-over-year evolution.

Looking forward, 2016 EBITDA will remain under revenue pressure from legacy business and our commercial aggressive plans. Bruno will come back to 2016 guidance at the end of our presentation. Let's now look at net income. In Q4, we have a net loss of around PLN 150m versus net income of PLN 30m a year ago.

This evolution reflected lower restated EBITDA, close to PLN200m, and provisioning for employment termination with net effect of PLN 89m. This was partly offset by lower depreciation. Looking forward to 2016, after revision we will extend further useful life of certain network assets. The effect of this change will be at around PLN 200m.

On slide 20, we review our CapEx.

2015 CapEx amounted to almost PLN 2bn, in line with our outlook. However, the structure was slightly different than initially expected. Our fibre project generated significant savings coming from mainly higher concentration on large buildings.

We decided to use these savings in other strategic areas of the business, including LTE and new operating model project. Despite that allocation, ex-fibre CapEx continued to fall another year in a row.

On slide 21, we review our cash generation. First of all, we delivered our organic cash flow guidance. Cash flow generation was lower by around PLN 200m versus 2014.

It was impacted by the first year of fibre network rollout. Excluding cash effect of this investment, our organic cash flow would be almost on similar level like in 2014. Please note that due to accumulation of CapEx in Q4, a lot of payments is going to be done in 2016, which may impact cash generation for Q1.

Let's conclude financial review taking a quick look at our net debt. Our reported net debt at the end of last year stood at below PLN 4b, lower versus previous quarter and versus 2014.

At the beginning of this month, we paid for LTE spectrum. If we add this payment to the reported net debt, the combined figure would stand at slightly above PLN 7b, which is two times of our last year restated EBITDA. In 2015, our cost of debt was at 4% versus 5% in 2014. In 2016, it should be further down to around 3.5%.

The new financing drawn to finance spectrum payment and also to refinance some old loans is based now on more favourable terms. Ladies and gentlemen, thank you for your attention. This concludes presentation related to 2015 results. I hand the floor back to Bruno.

Bruno Duthoit - Orange Polska SA - President and CEO [5]

Thank you, Maciej. Ladies and gentlemen, now let us walk through our action plan for the next three years.

Our strategic plan was built around clear priorities, namely customer, convergence, connectivity and effectiveness. 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 go back on the growth path.

We'll start by presenting the market main drivers of customer needs and our unique assets that will allow to satisfy these needs. Then we'll show our commercial approach in B2C and B2B.

Finally, we'll present our fibre project and address how our plan will be reflected in the financial figures. First, let me address a few general remarks.

Prospects for the Polish economy for the next few years are favourable. We expect GDP growth, falling unemployment and a prospective increase in the minimum wage to translate into higher purchasing power of households.

We consider regulatory environment as constructive, positive for network investments. The key expected regulatory challenges include potential cuts in fixed termination rates and change in European roaming regulation.

Let's look at slide 24. This slide presents evolution of the main segments of telco market over the past three years and our positioning in value terms, according to our estimates. We also show our expectation for the future trend.

If we look at mobile market, combined voice and broadband, we lost only a little bit of market share between 2013 and 2015. It happened practically only in 2013, when the market was very shaky. In the most recent past, we maintained the share.

In fixed broadband, we are losing market share. In the recent past, the trend accelerated. The reason is simple. Our network is not everywhere competitive. We aim to close this quality gap with our fibre investment strategy.

Fixed voice is a legacy business which is shrinking and that trend will continue. In terms of future of the market, we believe that the market over the next three years will be more resilient than it was in the past three years.

This will be a combination of a few factors: lower price pressure in mobile voice, acceleration in mobile broadband and fast fixed broadband and lower contribution of fixed voice.

Lower anticipated price pressure doesn't mean that environment is getting less competitive. The nature of competition is shifting over from simple price fight to many other areas like offer simplicity, security, customer care, innovation and communication as well.

Prices of telecom services are already low and customers are more demanding in other aspects. Demand for telecom service will grow. Let's look what will be drivers of this growth on page 25.

We anticipate continued further data consumption both in mobile and fixed technologies. In addition, data traffic is getting heavier. Demand for streaming increases the need for greater stability and reliability of networks.

Internet of Things is only at infancy stage at the moment. The number of connected wearables or smart homes is rapidly expanding, which will create demand for tailored communication services. All these needs, in our strong opinion, require both first class mobile and fixed connectivity. Mobile only is not sufficient. Fast fixed network is absolutely necessary to digest future demand for data and at the same time provide desirable customer experience on LTE network. Convergence was already a main topic of our previous strategy.

We expect that adoption of convergent approach by Polish households will even accelerate going forward, along with further digitization of the society. We see the biggest market potential in this area over the next three years, and this is going to be the main focus of our strategy. We believe the market conditions are favourable for us to be offensive and we are uniquely equipped to meet market opportunities. We demonstrate it on the next page.

We are convinced that we have unique assets and ability to win the market with them. As I already mentioned, convergent network is a must and we have it. After winning spectrum auction, our mobile network will get another boost.

Our fixed network is the largest in Poland and we have started to upgrade its quality through investment in fibre. We are the only fixed mobile convergent operator on consumer market and the biggest one on business market, and we're offering the widest portfolio of convergent services.

Our distribution network is constantly evolving, in line with changing customer needs. We will further optimize traditional shops, but we'll open a lot of new modern smart stores. Online is obviously the latest -- the fastest growing channel.

Already 10% of sales acts is made online and this share will more than double within three years. We are expanding door-to-door channel to sell our fibre services as the most efficient way to compete with cable operators.

Orange brand is very powerful in Poland. We are number one in brand power both in mobile service and fixed broadband, according to external market research. We are in a constant process of reinventing customer relationships. It's proved to be effective.

More customers trust us and more customers recommend our services. On the next few slides, we look at our commercial strategy on mass market and business.

Let's start with consumer. I will ask Michal to present it.

Michal Paschalis-Jakubowicz - Orange Polska SA - Management Board Member [6]

Thank you, Bruno. Good morning.

Our consumer strategy will focus on households and families, as we believe this positioning will be the winning formula for this market. Obviously, there are a couple of elements that we need to leverage on.

Let me start with connectivity. Customers, they want the fast, reliable and safe Internet access.

Obviously, to be able to serve those needs, we need to be very flexible in terms of a technology portfolio that we will be offering to those customers, depending on their location.

I will switch to next slide for explaining the details on that. The other elements will be our offers. Our portfolio is becoming more and more family oriented. This August last year, we have launched quite successful family plans. We have more to come.

We also will focus on communicating the benefits of the family offers. As you probably have seen, our marketing communication is quite consistently wrapping the message around the offers for the families. We will continue offering handsets both in subsidized and instalment models, as we will also develop our portfolio of SIM only offers.

Content is becoming more and more important and will be becoming increasingly important in our offering. Besides the current offering, which is largely based on our strategic partnership with nc+, we plan to enrich our own content aggregation offering. Finally, we will further enhance our customer care, making customer journey more simple and effort free.

We plan to eliminate needless procedures and some still existing pain points and strive to solve the problems during one contact with the customer. Orange Polska is unique convergent player on B2C market, but our approach to conquer Polish households and secure our leadership in convergence will need to be differentiated per geography.

So let's turn to other page for the details on this approach. Density of households in Poland is quite uneven and our strategy will need to take this into consideration. Roughly one-third of Polish households are in big cities, smaller cities and rural areas, respectively. So as these zones are quite different and also our position in these zones is quite different, our strategy is obviously accommodated to serve in each of these with different measures.

Let's take first a look at the two extremes. In the big cities, as a result of regulations and high competitive pressure, our position in broadband is relatively weak. On the other hand, our position in mobile is quite strong.

Our strategy is focusing on re-concurring the fixed broadband market in those big cities. For that, obviously, our FTTH rollout plans that we will cover further on in the presentation will be quite essential. These will be supported by our strong focus on a convergent offering, as well as before mentioned content enrichment.

On the other hand, in the small and rural areas where we are quite strong with fixed broadband, our main goal is to secure our market shares there. For that, we will develop further on our offering based on copper.

We will also explore some new options of improving the connectivity on the new technologies like, for example, the hybrid LTE/DSL solution or providing LTE for fixed offers where copper does not exist. For that, obviously, we will take advantage of the newly acquired spectrum 800 MHz.

And finally, for the small and medium cities where the situation is less homogenous, we will take the opportunistic approach, leveraging whole portfolio of technologies available at hand, depending very much on the particular location, the competitive situation in these locations. All these geographies, we'll be approaching households with full pallet of services, enriching these with non-telco products presenting benefits of convergence.

Thank you. I will now hand over to Mariusz for B2B and the wrap up of our commercial approach.

Mariusz Gaca - Orange Polska SA - VP, Business Market [7]

Thank you, Michal. Good morning.

Let's continue on page 29. However, business and consumers are different customer groups, but connectivity and convergence are common topics. This is why our fibre rollout plan will also address

specific needs of B2B customers, which will give us new capabilities and competitive advantages among large business accounts.

This should help us with our biggest challenge on the business market, which will remain the segment of data transmission and managed networks, where we are defending our big market share and where certain technology changes are not working in our favour.

We need to be prepared for significant growth in bandwidth consumption, which in combination with lower price pressure on voice should contribute positively to our ARPU trends. Connectivity needs will be higher not only because of unitary data consumption growth, but also because these needs will be significantly enlarged by Internet of Things that currently is only at the very early stage.

We have been developing, as you probably remember, ICT businesses at Orange Polska for last few years. Its importance will further grow along with needs of customers like digitalization and virtualization, which also will strengthen the importance of cybersecurity.

We have ambitions to increase the service component of our ICT services, and we also do not rule out selective and small acquisitions in this area. On the next slide, we present anticipated evolution of certain KPIs as a result of our commercial actions. As Bruno mentioned in the beginning, this is the right time for us to be offensive and our commercial strategy will reflect this approach.

Currently, around 5 million households are using our services. Around half of that number is using only one service. We would like to change that and significantly grow the number that is using three or more services. As it was already presented, we see big upsell potential in mobile voice especially in rural areas and broadband mainly in big cities.

This will result in significant growth of our convergent customer base. Our proposals for customers obviously will be changing. We'll need to be innovative and flexible to react to competitors' moves in order to achieve our results.

Obviously, I will not elaborate on details of our commercial plans before they are launched to the market, but ultimately we would like to improve our market share statistics. The biggest challenge is fixed broadband, where we have been losing for a number of years in big cities because of cable operators and more recently also in other geographies as a consequence of LTE development, where relatively unsaturated networks provide so far quite good customer experience.

But following connectivity actions mentioned before and new commercial actions, we believe we will have arguments to reverse this trend. In mobile, as it was also mentioned, our market share has been resilient so far, but we also have ambitions to improve it.

And let's now switch to financial consequences of our plans, and I will hand the floor to Maciej.

Maciej Nowohonski - Orange Polska SA – CFO [8]

Thank you, Mariusz. Let's first look in more detail into our fibre rollout plans. As you remember, we promised to come back to you with a longer-term vision of our fibre investment. Now, you will see that FTTH is becoming one of the main pillars of our offensive approach in the coming years. FTTH is in fact essential to the success of our convergent strategy and market share win back in dense areas.

Our base case scenario assumes connection of up to 1 million of households per year for the next three years. Around two-thirds of this plan will be conducted in big cities, agglomerations. In our view, timing of investments is important to preserve leadership position as convergent operator.

This is obviously a maximum plan. The implementation will be monitored on a constant basis and the program may be revised. Commercialization is, in fact, our main challenge. We are still on the learning curve here to effectively compete with cable operators. We assume payback of 8 to 12 years, with customer penetration of above 20%.

These targets are rather conservative. They depend mainly on level of competition and customer needs evolution. In terms of CapEx per household, we managed to be very effective in 2015. Please note that as we expand with the network, CapEx intensity is likely to be higher.

Such assumption was reflected in our business plan. On the next page. Internally, as a management, we look at costs of operations in the two major groups, direct costs that encompass mainly expenses related to customer acquisitions and retentions as well as interconnect costs and indirect costs that include first of all labour, IT, network and all sorts of general expenses.

As a consequence of our offensive commercial strategy, we anticipate further growth of direct costs. This will directly support value creation. I believe we have a credible track record of optimization of indirect costs. We will continue here with our effort to improve our agility.

However, low hanging fruits are behind us. We have new saving opportunities in front of us. They are going to be reached. In order to do so, we will selectively invest in automation, simplification and efficiency increase. Results of those investments shall start to appear already in 2017.

On the next slide, we summarize how we expect the strategy to be reflected in our financials. As you just heard, our strategy will be offensive. We intend to aggressively invest in customer acquisition in mobile and fixed broadband following network rollout.

This is an ambitious but realistic plan which has clear objective: build long-term value for the Company and all its stakeholders that will put us on the growth path again. We expect our revenues to go back to positive dynamics around 2018.

This scenario assumes significant improvement in both fixed and mobile parts, driven by much increased customer volumes and gradually improving ARPU trend, the latter being supported by dynamic growth of data usage both on handsets and tablets and various additional devices.

At the same time, pressure on legacy businesses like fixed voice or fixed wholesale is expected to remain. Inflection on EBITDA should be result of a better revenue pattern thanks to operating leverage and constant business optimizations. In the meantime, however, growth of direct costs related to our commercial activity will be prevailing and weighing on our profitability.

As you can see, growing CapEx related to fibre will be offset by CapEx optimizations elsewhere in the business. As was already mentioned, level of fibre investments will be conditional and we are going to verify it each year. We aim to deliver a turnaround, but we will strictly control our leverage position. LTE spectrum payment made our debt ratios higher than in the recent years.

During implementation of our strategic plan, our net debt to restated EBITDA ratio will not exceed the level of 2.2. This completes review of our new action plan. Let's now look at key trends anticipated for 2016, and I hand the floor back again to Bruno.

Bruno Duthoit - Orange Polska SA – CEO [9]

Thank you, Maciej.

We anticipate our topline in 2016 to be below last year.

On the positive side, we see a relatively better outlook for mobile. We started the year with a much higher customer base, following the investments made in 2015.

We count on the continuation of a better ARPU trend. However, pressure in B2B should continue to be visible and represents a downside risk. Proactive marketing approach is expected to continue to push equipment revenues higher.

In fixed part of the business, we expect continuation of negative trends on legacy businesses and further competitive pressure in B2B.

Finally, please remember that we generated around PLN130m from infrastructure projects in 2015, which will affect this year's trend.

Regarding our restated EBITDA expectation for 2016, we see it between PLN3.15b and PLN3.30b. We have very ambitious plans for this year. We want to continue excellent commercial momentum that we gained in H2 of 2015.

Continued cost reduction and real estate disposal will positively impact our profitability. We said a lot on the CapEx outlook earlier in the presentation. In 2016, it should be around a similar level to last year, with fibre gaining share in total.

Our 2016 leverage guidance is in line with our midterm outlook. Let's conclude the presentation with our dividend proposal. In October, just after completion of the LTE auction, acting responsibly in front of the financial community, we published our proposal for the dividend to be paid in 2016.

Today, we confirm that the management will recommend to General Meeting of Shareholders the cash dividend of PLN 0.25 per share, to be paid this year. Regarding future years, our thinking on allocation of Company cash resource will not change.

In our assumption for medium-term leverage cap, each year there is space for excess cash that we intend to pay out to our shareholders. However, we'll continue to reassess our dividend position every year, taking into account the right balance between the need of reinvesting in profitable growth opportunities and strength of our balance sheet.

To conclude, I would like to remind you that I feel that we are today in a much better position at the beginning of 2016 than we were one year ago. There are several points that you know very well and which we have presented today which are important to focus.

The first is very strategic. We won this LTE auction with a price which is high but lower than competition. The second, we increased a lot the mobile post-paid, you know, almost a 700,000 net increase during last year, 9% year on year, which I think is excellent result and gives us a lot of hope for the future.

The third, we start to invest quite massively, let's say, in the latest, the most modern technology in fixed network, fibre. We have already 700,000 households connectable and we have already a very respectable, let's say, sales result which gives us also hope for the future.

Another point, we see a very significant increase particularly in the last six months in the convergent fixed mobile customer base, both in B2C and B2B. And as well, let's say, as you see, Maciej explained that, we have today a much lower, let's say, indirect cost base than we had last year or two years ago; 15% reduction in two years of the indirect costs.

And last but not least, we see as well and it's particularly visible during H2, we have a much better figure on perception of customers, both in fixed mobile and in B2B, B2C.

We are now, let's say, in the first half of the market in terms of perception versus competitors, which was not the case one year or two years ago. I think all these things show you that we have much less uncertainty for our, let's say, operational strategy than we had one year or two years ago. And I think the management team demonstrates that it's able, let's say, to execute properly plan.

We are ready, let's say, for this offensive strategy which was described by my colleague and myself.

Thank you very much for your attention. We are now ready to answer to your questions.

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Questions and Answers

Leszek Iwaszko, Orange Polska SA - Head of IR [1]

As usual, we'll start with the questions from the floor.

Pawel Puchalski - DM BZ WBK - Analyst [2]

Pawel Puchalski, BZ WBK. First of all, if I might clarify, you mentioned a shortening of useful asset life, so that would be additional depreciation in the amount of PLN200m as of 2016. Do I get it right?

Maciej Nowohonski - Orange Polska SA – CFO [3]

We mentioned extension of useful life, so this will mean that the depreciation will be smaller, PLN200m.

Leszek Iwaszko - Orange Polska SA - Head of IR [4]

This is in the financial statement, so you can look up.

Pawel Puchalski - BZ WBK – Analyst [5]

I see your fibre to the home offensive continued. Aren't you afraid of initiating a price war with cable operators?

Michal Paschalis-Jakubowicz - Orange Polska SA - Management Board Member, Marketing [6]

First thing is we believe our FTTH offer is quite well positioned in terms of pricing. For the quality and the user experience, the pricing is what we believe and what we also hear from our customers is quite attractive.

Our major differentiation for offering FTTH will obviously be convergence. Today, cable operators are not capable of copying such offers. So our intention is to fight through the convergent offering rather than head on head just on the purely pricing basis.

Pawel Puchalski - DM BZ WBK - Analyst [7]

Okay. Thank you. Another question. I think the key one would be why I can't find net figures for your guidance for 2016, or you were afraid that minus 50% decline would scare investors?

Maciej Nowohonski, Orange Polska SA - CFO [8]

So, thank you very much for this question. First of all, you are probably not surprised that we are guiding on EBITDA.

This is a widespread guidance way of doing that in the telco business. So we used the opportunity while presenting you the midterm plan to, I would say, come back to normality. And please do not forget that the guidance is not only on EBITDA; it is also on leverage.

So you can easily find the boundaries not only for 2016 but also for the midterm, within which we commit to find ourselves and the Company within.

Pawel Puchalski - DM BZ WBK - Analyst [9]

Okay. So the last question --

Maciej Nowohonski, Orange Polska SA - CFO [10]

Just to add, Pawel, one additional thing. We are gathering quite regularly the feedback of the street and analysts about different aspects of our communication to the market. So the step to go to EBITDA is the step forward versus what the market and the analysts were expecting.

Pawel Puchalski - DM BZ WBK - Analyst [11]

So, thank you very much. Last question, if I might. You mentioned in your presentation, I think, net debt to EBITDA not higher than 2.2 for 2016. Shall I apply this ratio for midterm?

Maciej Nowohonski - Orange Polska SA – CFO [12]

Yes, correct. On one of the slides that we summarize the midterm plan, you can clearly see that we shall not be higher than 2.2 in the midterm perspective until 2018.

Pawel Puchalski - BZ WBK – Analyst [13]

Thank you very much.

Pawel Szpigiel - mBank - Analyst [14]

Pawel Szpigiel, mBank Securities. The first question, could you please elaborate a little bit more on guidance on EBITDA next year? What are crucial KPIs for that guidance? In particular, how many FTTH clients would you like to have connected at the end of next year? How many mobile postpaid adds do you want to make?

Maciej Nowohonski - Orange Polska SA - CFO [15]

Thank you for the question. So, in terms of EBITDA guidance, you can see that this guidance has a range which is lower than the achievement for 2015, so no doubt that the pressure is there. And the pressure is mainly coming from the area of the revenue of the traditional services that we have.

Second of all, we plan to be aggressive in terms of go-to-market approach, so please do expect that our operational achievements should be at a plus. And as a consequence of that, we see also the pressure on the commercial costs.

Then, one additional comment that I would like to make. Probably many of you are aware that we are selling instalment offers and those instalment offers are bringing additional EBITDA at the time that the transaction is made, but then the cash is coming to us more or less in the two years' period after the transaction.

So do not use the EBITDA as the only factor which is cash generation factor, because today we have already in our balance sheet around PLN650m of receivables, healthy receivables from instalments, and many of them will be paid in 2016.

I don't know if that fully answers your question, if I missed something.

Pawel Szpigiel - mBank - Analyst [16]

What about FTTH clients?

Maciej Nowohonski - Orange Polska SA – CFO [17]

We do not precisely guide on the number of customers. We would like to have them as many as possible. We are on the learning curve today. We still believe that the daily results that we are monitoring, because we are monitoring the results of the construction, ordering and final delivery of the FTTH customer on a daily basis.

So we are very much focused internally to have all the processes up and running to the level that we would expect. We are on the learning curve. The monthly sales are stronger and stronger each month. So here I will not quote a very specific figure, but we would like to see already tangible results at the end of 2016 here.

Pawel Szpigiel - mBank Securities – Analyst [18]

Okay. Thank you. And the second question, could you please describe how in particular do you want to tackle the market and how do you want to -- with -- FTTH offer, how do you want to commercialize that because there will be a battle with cable operators? So do you want to tackle that by lowering the prices or --?

Michal Paschalis-Jakubowicz - Orange Polska SA - Management Board Member, Marketing [19]

Well, obviously there are a couple of elements, so I will start off with the purely marketing and then I will hand over to Bozena for the distribution approach, as it also -- as FTTH also requires quite precise localized sales activities. When it comes to marketing elements, I think I have mentioned the pricing, which I repeat we believe is quite attractive for the quality, for the speed, for the user experience we offer. We do offer FTTH in 3P packages.

We have the full range TV offering that supports, and I can say that in this area we will develop the offering furthermore, so the market can expect some development in this category. We believe that for the high speed Internet, content, TV content is very important, and that is something that also our competitors in cable TV say they acknowledge.

And I would just repeat what makes us different from cable also is the convergent element, so the combination of the FTTH offering with mobile voice, mobile broadband, where our Open is getting -- or our convergent offering is getting good traction, in particular when it comes to sales with FTTH. I can say that share of convergent acts in sales of FTTH is considerably higher than it would be for the DSL. So it looks like this is quite well positioned. To finish off on the marketing side, we do have obviously a special name for our FTTH offering.

We will enhance the ATL communication for that product once this is obviously justified by the footprint of the households covered with the technology available.

So I think from the marketing perspective, the guns are fully loaded, if I may. And then, Bozena, if you can just explain on how we sell.

Bozena Lesniewska - Orange Polska SA - Management Board Member, Sales & Commercial Digitization [20]

Just to add this powerful offer and the convergent offer is supported by the new sales operating model which we implemented at the beginning of this year.

This model focused on the regional needs of the customers and on the regional differentiation of our approach. We empowered our in-field managers and salespeople. So they are being close to the customers, they are able to provide the appropriate set of offers and talk to our customers and provide the good customer experience.

In terms particularly of FTTH, we also created a very good teamwork between the investment teams, sales teams and delivery teams on the regional basis. So, all the investments are done according to

the plan and the suggestion of the salespeople, and it's accompanied by the commitment to sell after the commercialization of the offer.

Pawel Szpigiel - mBank Securities – Analyst [21]

Okay. Thank you. And the last question is about Gfast technology. Could you please describe where are you with Gfast right now?

Bruno Duthoit - Orange Polska SA – CEO [22]

I will take the question. Piotr Muszynski isn't on today. Just to tell you that we are under test of this technology, which looks very promising. We did not yet decide to roll out, but there is a high probability based on test results and naturally the cost of equipment.

You know that the technology will help, let's say, to connect fibre to the copper during the -- for the last meter inside the building and particularly to avoid to make, let's say, civil work inside apartment of a customer when customer don't want to have it.

So most probably, yes, it is embedded in our plan, but to be confirmed.

Maciej Nowohonski - Orange Polska SA – CFO [23]

If I can add one concrete point here regarding the speeds which are achieved by our tests, this is quite interesting because it's around 300 MB per second for the fibre length which is more than 80 meters. So it's quite promising.

Bruno Duthoit - Orange Polska SA – CEO [24]

But our plan remains a fibre plan. And Gfast, if we go to Gfast, will be additional, let's say, to make additional customers when the customer is not interested to have some civil works at home happening.

Pawel Szpigiel - mBank Securities – Analyst [25]

So when could we expect first households to be connected by Gfast?

Bruno Duthoit - Orange Polska SA – CEO [26]

Next year. Beginning of next year, I think. Commercial customers, I mean.

Pawel Szpigiel - mBank Securities – Analyst [27]

2017, you mean?

Bruno Duthoit - Orange Polska SA – CEO [28]

Yes. To be confirmed, because we have the technical tests which are today favorable, but there is as well a cost. We have to be sure that the cost is affordable and there are ongoing discussions on that. But we are confident, yes.

Pawel Szpigiel - mBank Securities – Analyst [29]

Thank you very much.

Harlan Carere - Fidelity Investments – Analyst [30]

Hi. I'm Harlan Carere from Fidelity Investments in Boston. I was hoping you could just talk a little bit about the revenue opportunity in mobile broadband.

I apologize. I'm not that familiar with the mix here, but I'm trying to reconcile some of the statistics, like 13% of the mobile broadband -- sorry, mobile broadband base as a percent of total SIM cards at 13%, it sounds low, but smartphone penetration at 60%. How do you have a smartphone but not use mobile broadband?

But anyway, what I'm trying to get at is what is data usage? Is your network differentiated enough such that that's something where you can take price and can that be a source of high margin revenue growth in the future? I'm not sure I caught that in the presentation.

Michal Paschalis-Jakubowicz - Orange Polska SA - Management Board Member, Marketing [31]

Okay. So let me first explain a little bit on the numbers, because when we do present the mobile broadband this is -- figures, this is for the usage only by the modem, so be it the dongle or the Mi-Fi sort of routers, whereas obviously the smartphones is another story.

So, on that, when we speak about development of mobile broadband, this is purely for the Internet connection but, again, for Poland and for our reports, this encompasses both the purely mobile usage. So for the laptop, for the usage on the move, tablets, etc., as well as it does include what we call LTE for fixed, so the substitute of fixed access in the premises where customers could not have or would not want to have the fixed connection.

We believe that both in the category of usage for mobile purpose as well as usage at home as a substitute of fixed technology, especially in the areas where it's not economically viable to deploy the fixed access, growth opportunities exist. But please don't be discouraged by the figure that might look relatively low when compared to the smartphone penetration, because it's different; it's a different animal.

Harlan Carere - Fidelity Investments – Analyst [32]

Thanks. That helps clarify. But just to stick with the usage on mobile phones then, can you just talk about what average usage is, data usage on mobile phones, and where is that growing? And is there an ability to monetize that growth in the coming years?

Maciej Nowohonski - Orange Polska SA – CFO [33]

So for the customers which are using smartphones, this usage is today around 1 GB per month and it is growing with more than 100% speed year over year.

The ARPU is increasing for data in absolute terms and in share of the total ARPU, because the mobile voice is obviously, as an ARPU component, under pressure. Here we see a great potential for the future growth of the usage per customer, because we benchmark ourselves versus some of the competitors.

I will not name them, but some of them have consumption twice as high today on the smartphones as we have from the data consumption perspective. Then, on the -- just to clarify one additional point, since we are a convergent operator and we have many already convergent customers, part of the usage that they do is on the fixed network that they have from us.

So it is not going to be, I would say, fully apples-to-apples comparison to those mobile players who are selling only a mobile offer, because the customer is using then only a mobile type of connectivity here. But one interesting point here.

One of the access points to the 800 megahertz LTE is available here for Orange in this building, and the speeds which are available thanks to 800 megahertz are giving quite impressive results. It's more than 75 megs per second in download. So I encourage all users obviously to enjoy this speed here.

But in the future, this year, we will cover almost the whole territory of Poland with connectivity of this type.

Harlan Carere - Fidelity Investments – Analyst [34]

Thanks. And do you split out your data and voice ARPU?

Maciej Nowohonski - Orange Polska SA – CFO [36]

Yes, we do. You can find the detail in our data sheet.

Harlan Carere - Fidelity Investments – Analyst [37]

Okay. Thank you.

Leszek Iwaszko - Orange Polska SA - Head of IR [38]

The last questions from the floor.

Przemek Sawala-Uryasz, Pekao IB - Analyst [39]

Przemek Sawala-Uryasz, Pekao Investment Banking. First of all, congratulations on the stellar growth in the customer base in the mobiles, but it came at the expense of commercial expenses which increased up PLN200m in 2015.

Should we expect that this is the run rate that you expect to be maintaining in the following years, or is it going to expand further due to the fibre that you're plugging in the FTTH?

Maciej Nowohonski - Orange Polska SA - CFO [40]

To answer the second part of the question, a large part of the commercial investment for the FTTH is still visible in the CapEx category, because these are the set-top boxes and live boxes that we are giving to our customers.

So that's our CapEx. There is also obviously a commission part, but it's not as important as the cost of the handset or commission in the mobile category. Here I would say we could expect some slight increase, but not at the level of what we have seen in 2015, not PLN200m.

Przemek Sawala-Uryasz, Pekao IB - Analyst [41]

And also on the FTTH, you mentioned that you would be expecting about 20% or above 20% target penetration on the 3.5m households which is the target for 2018. Is that the absolute target that you expect, or is it within this three-year time horizon?

Bruno Duthoit - Orange Polska SA - President and CEO [42]

The minimum 20% penetration of infrastructure is a six-year, let's say, perspective. It's a minimum. And in fact we expect to do a bit more, without wholesale, because we will have as well our network is open for external operators. We will have as well some additional customers for wholesale. That 20% is sort of minimum, let's say, and conservative.

Przemek Sawala-Uryasz, Pekao IB - Analyst [43]

And 3.5m that you have as the target for 2018, would you say this is an optimal level where you believe there is an economically justifiable case for rolling out fibre or --?

Bruno Duthoit - Orange Polska SA - CEO [44]

We believe, based on the current estimation cost and also extrapolation of our plans, there is room to equip much more, probably up to 7m or 8m households, with acceptable profitability in 50% or a bit more than 50% of the country.

Przemek Sawala-Uryasz, Pekao IB - Analyst [45]

All right. Thank you.

Leszek Iwaszko - Orange Polska SA - Head of IR [46]

Very last question from the floor.

Marcin Nowak - IPOPEMA Securities - Analyst [47]

Good morning. Marcin Nowak, IPOPEMA Securities. Does 2016 CapEx include additional spending for investments in 800 megahertz band or not? And to how much it may amount?

Maciej Nowohonski - Orange Polska SA - CFO [48]

Thank you for the question. We do provision the expenses for the LTE within this portfolio. Three months ago, we've been saying that the total investment that we need to do for 800 megahertz is in the range of around PLN200m, and it's divided into two years. So since we have accelerated a little bit this investment at the end of 2015, I assume that the figure which we have for 2016 is slightly lower than PLN100m today.

Marcin Nowak - IPOPEMA Securities - Analyst [49]

Okay. And to clarify, the 2,600 megahertz is included as well?

Maciej Nowohonski - Orange Polska SA - CFO [50]

Yes. However, according to our way of investing, first we tackle the 800 megahertz and then we will point to point address the capacity issues, first of all in big agglomerations where those capacities should come to us, and then we will deploy on demand 2,600 megahertz.

Marcin Nowak - IPOPEMA Securities - Analyst [51]

Okay. Thank you.

Leszek Iwaszko - Orange Polska SA - Head of IR [52]

Thank you very much. Let's now switch to teleconference listeners. Operator?

Operator [53]

(Operator Instructions). Herve Drouet, HSBC.

Herve Drouet - HSBC – Analyst [54]

Yes. Good morning. Two questions on my side. The first one is again on commercial cost, especially on Q4. What was the main drivers of the increase of commercial cost? Is it more the advertising? Is it more the distribution or commissions?

Can you give us a bit more light about trends on the commercial costs and which item in commercial costs at the moment is increasing the most? And my second question is related to your strategy, especially to compete with some cable operators.

You said you are relatively happy with current pricing, but at the same time you are saying you are going to push more convergent services. How do you see, in the very near future, the pricing of those convergent services?

Are you going to offer more significant discounts versus single itemized pricing? And if it is the case, how do you account for that discount? Is it recognized as well within the commercial cost or not? Thank you

Michal Paschalis-Jakubowicz - Orange Polska SA - Management Board Member, Marketing [55]

Okay. To start off with the first question and I will ask Maciej to complement, if necessary. The commercial costs in Q4, these were purely -- the increase was purely on the variable part. So it's the handsets, it's the commissions, as they obviously are driven by the number of the sales acts.

In terms of advertising, we did a pretty much similar intensity as we had been doing in the past. Of course, Q4 is always quite dense in terms of advertising costs. There is the Christmas period. It's also not the cheapest airtime on the TVs to purchase. But 2015 was not much different from the previous years. So this is rather on the purely variable part.

Then, regarding the evolution of pricing of the convergent services, of course there are discounts for purchasing additional services in the convergent offering. What is important to us is that each additional service is bringing some incremental ARPU.

So as a result, what we see so far and what we also plan for the future is the increase of ARPA, so average revenue per account. And we see some opportunities in not only increase of saturation of the household or the family with the services that are coming from Orange, but also we see opportunities in monetization of the new services.

There are more and more mobile broadband SIM cards upsold to the customers who already use mobile voice. There is the new area of Internet of Things where we also believe that new SIMs, new subscriptions and new revenue streams will be emerging.

So, yes, following the unitary ARPU of the components of the convergent offering, it is quite likely that discounts would have the effect on reducing of these. However, the intention and plan and design of the offers here is targeting the increase or stabilization at least of the total bill paid for the bundle of services.

Herve Drouet - HSBC – Analyst [56]

Okay. Thank you.

Maciej Nowohonski - Orange Polska SA - CFO [57]

If I could just complete the first question which you have about the commercial cost, first of all, when you compare to Q4 of 2014, the first thing that is noticeable is the number of acts. So here we have out beaten the volumes of Q4, so that impacted naturally the commercial cost that we have. And then when you compare it to Q3, this is also the number of handsets that we had in our transactions, which was not only seasonally much stronger because Q4 is always about handsets in Orange Polska, but this was also driven by the way we have constructed the offers and how we attracted customers to our offers with handsets.

Herve Drouet - HSBC – Analyst [58]

Okay. All right. Okay. Thank you.

Operator [59]

Dalibor Vavruska, Citi.

Dalibor Vavruska - Citigroup – Analyst [60]

Hello. Good afternoon. I just wanted to ask a question about the fixed line strategy. I think on one hand in mobile you are showing very good results and I think it's quite wise to actually push commercially in this area.

On the other hand, we see the fixed line story has been more difficult. And I understand you're investing in FTTH but we are hearing year by year that there is going to be some kind of effect of this and so far it's not really showing on the numbers.

So I'm just wondering if you're working with multiple scenarios in this, whether it's FTTH versus Gfast or whether it's some kind of more radical solutions like maybe spinning out the fixed line business as some of the other incumbents are thinking about. And on that subject, I also wanted to ask what kind of take-up rates in this FTTH would make the business profitable, in your view.

So in other words, out of your homes passed, how much you need to sell, and if you don't sell these levels, what are the other plans for that business? Thank you.

Bruno Duthoit - Orange Polska SA – CEO [61]

I will start and then give the floor to Maciej and Michal. Concerning the fixed line broadband, fixed line, you are right. Situation is maybe not fantastic, but there is really, as you can see on our presentation, significant change during the last quarters, particularly Q4.

If you have probably in front of you the figures, we have done, unfortunately, nearly 60,000 net decrease of ADSL base, but plus 45,000 net increase of VDSL and FTTH base, including 17,000 increase for the full year, 8,000 for the Q4 of FTTH.

It's a change because if you look at the figure Q4 2014, it was totally different. We are, let's say, in a trend which is positive taking into account the previous situation. And to come to your last point, we believe that, let's say, we have acceptable payback if we have let's say at least 20% of clients on our installed FTTH base.

It's a sort of minimum. And we believe that, I think, and already we can see that in our first result we can do it and do better, in fact. We are not guiding, naturally, on that but we believe we can do better, and particularly because of let's say not only the strength of our brand but particularly because of the

fact that we are unique for B2C market to be able to be convergent and we are in the area where we are investing.

Today we invest in big cities, where our market share in mobile is very high, sometimes around -- on average, around 35%. We will have -- we have already a very strong, let's say, convergent fixed mobile net impact which will help let's say not only the migration but as well taking over, let's say, clients from pay cable TV.

Concerning divestment, maybe I will give the floor to Maciej.

Maciej Nowohonski - Orange Polska SA – CFO [62]

So I will answer the question of the divestment this way. Let's look at our traffic statistics in our network. Today, mobile traffic is booming, but still it is something like 7.5% of the total traffic that we see in our network.

It will increase in the next three to four, five years, probably more than tenfold, but still the fixed traffic will increase probably around three to four times. And for a convergent operator, there is a strong value to have, like for us, for example, 50,000 of kilometers of ducts with us, around 100,000 km of the fibre which is already in the transmission network, to make sure that customer needs which are growing very fast from the mobile perspective are satisfied efficiently, not only based on the mobile component of the network, but on the offloads on the backhaul and all the categories which are allowing the mobile network to be efficient, and to cope with the increased data volumes that will come from the FTTH because today we see that the FTTH customers that we have are consuming a lot more data vis-a-vis VDSL or whatever typical ADSL customers.

So here the answer is not very, I would say, easy from the strategic perspective, and there is a value to have a convergent network which is going to pay off in our convergent strategy.

Dalibor Vavruska - Citigroup – Analyst [63]

Okay. Thank you.

Operator [64]

(Operator Instructions). Vera Sutedia, Erste Bank.

Vera Sutedia - Erste Bank – Analyst [65]

Thank you. Good afternoon, everybody. My question is regarding the dividends. So you gave the -- you said initially that there will -- you will discuss the dividends on a yearly basis, and it depends on how is the level in investment and the gearing or the debt.

So do you actually confident that this PLN0.25 is actually sustainable in the medium term, or do we see some downside risk due to the investment you are going to take in the future? And the second question is related to the fibre rollout.

Do you have to open this network to the competitors once you build up, and if so is the price regulated?

And when you roll out this fibre to this number of households, actually, isn't it that most of these households already have been catered by cable operators, that means, so there is a redundancy in terms of network duplication there, so making let's say working these customers for you going to be very difficult?

After all, these cable operators also sell multi-play. So I am just trying to get how you're going to commercialize on these investments. Thank you.

Maciej Nowohonski - Orange Polska SA - CFO [66]

Thank you, Vera, for the questions. I will take the first question about the dividend, and in fact your question was comprised of the two elements.

First of all, you rightly noticed that we prefer to stay with the current model of communicating with the dividend, which is every year we will review our position. And then Bruno mentioned while confirming the dividend of 2015 to be paid in 2016 that in our estimations or assumptions for the midterm there is a space each year for a dividend.

But from the -- due to the reason of the first point that I mentioned, we prefer to come back on that point in a due time, in a year time.

Bruno Duthoit - Orange Polska SA – CEO [67]

Concerning fibre, yes, we are regulated, naturally. We are regulated all over the territory for local loop unbundling. We are obliged let's say to open access to our competitor, alternately operator, which are clients as well. Up to now, there is not -- it's not yet started, but we are ready, naturally, to do it. And concerning bit stream access, resale of service, we are de-regulated on approximately one-third of the country, a bit more than 30% of households, which are mainly the main cities where we are investing now. And your last point is that -- answer is yes, where we invest, in 90% of cases, even a bit more, I think there is already at least one cable TV operator.

Definitely a challenge, but we believe that the technology of fibre is much better, much more let's say long-term sustainable. There is a lot of opportunity to grow, if necessary, above even 1 gigabit a second, which is at this stage I think impossible under cable TV technology. And we have the convergence and the mobile base which helps us a lot, let's say, to gain or to protect or to take over customers.

Vera Sutedia - Erste Bank – Analyst [68]

And if I follow up on that question, if indeed the fibre is supposed to be better than the DOCSIS 3, and do you already have any in your plans? What kind of products you're going to deliver that's going to use this kind of technology? Do you have perhaps TV content or any entertainment that you're prepared to launch, so that there's a reason to buy for this kind of connectivity?

Bruno Duthoit - Orange Polska SA – CEO [69]

Michal will answer.

Michal Paschalis-Jakubowicz - Orange Polska SA - Management Board Member, Marketing [70]

Today, more than 90% of the FTTH that we sell comes along with TV. So the answer is clearly yes. There is the TV content. It will be more rich and rich. We are testing the 4K technology as well. So we believe there will be quite a rationale on our side to actually push for the high quality broadband access.

Vera Sutedia - Erste Bank – Analyst [71]

Okay. Thank you. One more question, regarding how to read the chart on the outlook, which is where you show the chart for 2016 to 2018 revenue. Do I expect that based on that chart that you expect in 2018 the revenue level to be the same as 2015, or that's the wrong way of looking at the chart?

Maciej Nowohonski - Orange Polska SA – CFO [72]

Thank you very much for the question. This is what we intend. We communicate more safely to be growing in -- starting from 2018.

Vera Sutedja - Erste Bank – Analyst [73]

But the -- so 2018 revenue is going to be the same as 2015, so as the base. If I read the chart correctly, it's flat compared to 2015.

Maciej Nowohonski - Orange Polska SA – CFO [74]

This is what we mean.

Vera Sutedja - Erste Bank - Analyst [75]

Okay. Fine. Thank you.

Leszek Iwaszko - Orange Polska SA - Head of IR [76]

We have time for one last question. Operator.

Operator [77]

There are no further questions on the phone.

Leszek Iwaszko - Orange Polska SA - Head of IR [78]

Okay. So we'll have a follow up from the floor then, very last one.

Pawel Puchalski - BZ WBK – Analyst [79]

Pawel Puchalski again. Final question. If the management of Orange Polska were to decide between fibre rollout and maintenance of dividend, what would you choose?

Bruno Duthoit - Orange Polska SA - CEO [80]

I think we answered that today. We explained our strategy. We explained our guidance. You have the answer

Pawel Puchalski - BZ WBK - Analyst [81]

Okay. Fibre rollout is critical.

Maciej Nowohonski - Orange Polska SA – CFO [82]

Pawel, we have the dividend and we have the CapEx investment in the fibre.

Bruno Duthoit - Orange Polska SA – CEO [83]

And we have, as explained at the end of my presentation, we have a very strong position in the market today, much better than one year or two years ago, with much less uncertainty because of LTE, because of fibre, and much more, let's say, proof that the management is able to execute properly and to win back, let's say, market share in all areas, including fixed.

Pawel Puchalski - BZ WBK – Analyst [84]

Thank you very much.

Leszek Iwaszko - Orange Polska SA - Head of IR [85]

Okay. Thank you very much for your attention and the large presence. We will be returning with Q1 results presentation in April. Thank you.

Operator [86]

That will conclude today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect.

Disclaimer

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