

**ORANGE POLSKA Q3 2015  
RESULTS CONFERENCE CALL  
October 22, 2015, 11:00 AM CET  
Chairperson: Leszek Iwaszko**

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Operator [1]

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Good morning ladies and gentlemen. Thank you for standing by. Welcome to the Orange Polska third-quarter 2015 results conference call on

October 22. (Operator Instructions). I will now hand the call over to Mr. Leszek Iwaszko. Please go ahead sir.

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

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Morning everyone. Welcome to Orange Polska results conference for the third quarter of 2015. My name is Leszek Iwaszko. I'm the Head of Investor Relations.

Today we are joined by management of Orange Polska. Starting with our usual participants, Bruno Duthoit, Chief Executive Officer, Maciej Nowohoński, CFO, Mariusz Gaca, who is in charge of the Business Market, and Piotr Muszyński, Chief Operating Officer. And I have a pleasure to welcome three new management board members who were nominated very recently, namely Jolanta Dudek, who is responsible for Customer Care and customer excellence, Bożena Leśniewska, who is in charge of Sales and commercial digitalization, and Michał Paschalis-Jakubowicz, whom you know already, who is responsible for B2C marketing.

Please know that our results have been published and they are available on our IR website, [www.orange-ir.pl](http://www.orange-ir.pl). Now I hand the floor to Bruno Duthoit to start the presentation.

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Bruno Duthoit, Orange Polska SA - CEO [3]

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Good morning ladies and gentlemen. The agenda for today is as follows. I will begin with highlights of the third quarter, present our new fiber offer and discuss LTE auction outcome. Maciej Nowohoński will follow with the financial review. Finally, I will conclude with some outlook for Q4 and consequences of LTE spectrum acquisition, before turning the Q&A session.

Let's start Q3 financial highlights on slide 5. Our financial results in the third quarter were satisfactory, marked by solid revenue performance and profitability that reflected our commercial actions to defend market shares. Quarterly cash generation was below last year, but after nine months we are already close to securing our full-year guidance.

On the next page we present highlights of our commercial activity. In Q3 we not only maintained but even improved strong commercial momentum versus Q2. It was the best quarter this year for customer evolution in almost all service categories.

How did we achieve it? It was combination of success of marketing offers we launched during Q2, excellent performance of our sales machine and as well hard organic works of many teams in Orange Polska to reduce churn and to improve customer experience. Quarterly churn in mobile postpaid was the lowest in many years. In fixed revenues, the situation is still very challenging, but lower broadband pricing launched in June has already started to attract more customers.

On slide 7 we present our new offer dedicated to fiber broadband. Our fiber project is on track. We confirm the targets for this year that we announced in February. At the end of September our fiber offer was available for almost 400,000 households in 16 cities in Poland. This is already the widest fiber network in the country.

As we reached critical mass on October 1 we announced launch of a dedicated fiber offer, supported by national marketing campaigns. The offer is sold under the name Supernova and is available in three speed operates. We sell it through all channels, the network of door-to-door salesmen, telesales and in our traditional point of sales. As you can see on the slide, the pricing is designed to strongly promote up-sell of services. We see convergence as one of the key tools to compete with cable operators.

On the next three slides, we will discuss outcome of LTE auction. As you know, on Monday this week, regulator published official results of long-lasting auction for highly valuable 800 megahertz and 2,600 megahertz spectrum. I have the pleasure to say that Orange Polska is a winner. Firstly, we secure the amount of spectrum that we wanted. And, secondly, we pay price below average paid by our competitors. Auction outcome improves competitive environment very much to the benefit of Orange Polska and is very important to our long-term strategy, not only in mobile, but also in fixed services.

Over the coming days we will submit applications for reservation of all the blocks we won. Next step is reservation process, which according to the statement of the regulator may take up to few months. As you can see on the slide, the CapEx directly related to launch of service of 800 will not be high due to earlier investment in the networks.

Why this spectrum is so important and so valuable? Let's look at page 9. It is a must to be able to withstand very fast growth of mobile data traffic that is ahead of us over the next at least 10 years. Prospects in this regard that are being announced by international benchmarks are very bullish. 800 megahertz is especially valuable in Poland, where penetration for fixed broadband is low and is not increasing fast, and also because significant part of population live in small towns and rural areas, where options for fast fixed broadband are limited. In the future 800 megahertz will also be used for indoor coverage, as it has much better parameters than higher bandwidth. Possession of this spectrum also puts us in better position regarding future developments, like spectrum aggregation.

On the next slide we are presenting some KPIs relating to data consumption. I think the numbers speak for themselves. Reality exceeds our own expectations, and current mobile LTE data usage is more than 60% higher than that we were predicting a year ago. Yearly growth rate in Q2 was higher than in Q1, and in Q3, it was higher as well than in Q2. Data packages on smartphones are key differentiators in mobile tariff between competitors. In Q3 year-on-year growth of usage per user in fixed network was above 30%. One of our strategic goals is delivery of connectivity for our customers, no matter in what technology.

Thank you very much and now I'll give the floor to Maciej Nowohoński for the financial review.

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Maciej Nowohoński - Orange Polska SA - CFO [4]

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Thank you very much, Bruno. Good morning. Let's start the financial review with the summary slide on page 12. Top-line evolution in Q3 was similar to Q2. As we were flagging a quarter ago, commercial costs weighed on our profitability. They were a consequence of our focus on customer acquisitions. It is worth noting that year-to-date cost savings have more than compensated entire revenue loss. Cash generation was down year-on-year in Q3, affected by namely lower EBITDA.

On the next slide, revenue performance in Q3 was solid. Mobile revenues were flat, reflecting growth of equipment revenues and better performance in services. Similarly to the previous two quarters, other revenues benefited from good performance of ICT and infrastructure projects. Looking forward, please note that these projects have already been completed so lack of these revenues will be visible in Q4 performance.

In Q3 trends, in fixed categories slightly deteriorated. First, fixed broadband revenues were affected by customer erosion. We will come back to that. And secondly, wholesale business generated less revenue due to a decrease of the base and slightly lower BSA rates.

Now we move to mobile revenue on slide 14. As Bruno mentioned, our marketing efforts translated into very strong net additions in postpaid in all customer groups. Postpaid base was up more than 2% quarter to quarter and 7% year over year. Our mobile number portability balance was close to flat, the

best achievement in five quarters. High number of sales acts in Q3 fuelled further growth in equipment revenues. Mobile service revenue performed much better thanks to the base increase and better trend in ARPU. Blended ARPU was down only 2.5% year over year. That comes from sequential improvement in B2B area, while B2C ARPU dynamics remained flat for a few quarters already.

Let's turn to fixed broadband on slide 15. Fixed broadband customer evolution was a bit better than in the previous two quarters. Recent commercial actions have started to bring benefits. You can see on the slide better gross additions in regulated zones, where we suffered the most in the past.

Churn needs more time to improve. In Q3 net additions to our fast broadband options were the highest ever. In Q4 we count on additional positive effect coming from national commercial launch of the fibre offer under Supernova name. ARPU is up year on year, but versus Q2 it is a bit down, reflecting lower pricing introduced in June.

On the next slide we take a look at fixed voice. In fixed voice, trends are almost unchanged. Customer churn has stabilized. ARPU trend has improved for the third consecutive quarter, as adoption of unlimited plans reach saturation.

That concludes the review of our top line. Now let's turn to EBITDA on page 17. In Q3 we delivered almost PLN930m of EBITDA. In the past, third quarter was usually a period with the highest nominal EBITDA and also the highest margin. This year is different due to our stronger-than-usual marketing activity. We generated 130,000 more sales acts in Q3 than Q3 of last year, which fuelled, inevitably, commercial cost category. We plan to maintain this higher level of commercial activity also in Q4, which will influence our profitability in the next quarter. We continue with good pace of cost savings. We are on track to repeat this year achievement from 2014 in this regard.

Let's now look at the net income. Net income amounted to PLN110m, and this is down versus PLN140m a year ago. The drop reflected lower EBITDA, which was partly compensated by two factors, first of all lower depreciation, and lower effective tax rate than a year ago.

On slide 19 we review our cash flow generation. Organic cash flow amounted to PLN302m in Q3, following by close to PLN70m versus last year.

Such evolution almost entirely stems from lower EBITDA. Please bear in mind that in Q4 cash flow generation will be affected by weaker revenue trends, lack of infrastructure projects that I already mentioned before, and higher commercial spendings and CapEx.

Let's conclude financial review taking a quick look at our net debt position. At the end of September, our net debt increased both quarter to quarter and versus December 2014. In Q3 we paid a dividend and contributed another PLN300m as auction deposits. As a result, our net debt ratios are higher. Cost of debt, however, remains at around 4%. As we already communicated, newly purchased spectrum will be financed from borrowings from Orange Group. Deducting what has already been paid, we will have to pay additional around PLN2.4bn.

Ladies and gentlemen, thank you for your attention. This concludes the financial review and I hand the floor back to Bruno for the conclusion.

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

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Thank you, Maciej. Let me wrap up and give you some of our expectations for Q4. After a bit slow Q1, our commercial activity was strong in Q2 and Q3. We plan to maintain this focus also in Q4.

We have strong ambitions in mobile convergence and fixed broadband, which is our top challenge at the moment due to high market rivalry.

As Maciej already mentioned, in Q4, we'll no longer have revenues from infrastructure projects, which will weigh on overall evolution of the top line. Although commercial activity may affect profitability, cash generation is under full control to meet our guidance. At the same time we will keep on rigorous cost control. Our ambition is to deliver significant savings in the quarters to come.

Let's now discuss implications of auction spectrum to our business and financial situation. We are the winner of the auction. The price we will pay for the spectrum is high, but it reflects intensive competition in Poland and auction structures. It will have consequences for the operational business and strategy of Orange Polska. Repartition of LTE resource and the cost paid create new opportunities and risk for the industry in Poland. All operators, including us, will have to rethink their strategy in some areas. The management intends to prepare a new midterm plan, which will integrate this new situation. We will share the plan with you during our Q4 results session.

In terms of the fiber investments, there is a wish from the management to continue, but the decision regarding scope of this program in 2016 has not yet been made. It will be also part of the new mid-term plan.

Payment of the new spectrum no doubt increased net debt to EBITDA ratio above the self-imposed target of 1.5. We therefore need time to analyse our balance sheet structures, deleveraging opportunities and options for further improvements of our operational efficiency. What we can say today is that in 2016 we plan not to exceed the level of around 2.2.

Full impact of new spectrum acquisition will be known only in a few months' time. However, we are aware how important dividend is for our shareholders and we did not want to keep them in uncertainty for so long. Therefore, acting in transparent manner, the management decided to announce already now its expectation for next-year dividend. We assume that it will be PLN 0.25 per share. We believe that with passing all this information now we demonstrate responsibility to the financial community.

Thank you very much for your attention. This concludes the presentation. We are now open to questions.

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Questions and Answers

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Leszek Iwaszko, Orange Polska SA - Head of IR [1]  
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Thank you. We now start with the questions as usually from the floor.

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Paweł Puchalski - DM BZ WBK - Analyst [2]  
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May I?

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Leszek Iwaszko - Orange Polska SA - Head of IR [3]  
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Please.

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Paweł Puchalski - DM BZ WBK - Analyst [4]  
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And the first question is on your self-imposed leverage target for 2016. Question is did you include in your calculation of 2016 ratio any fines from EU or any other exceptional items?

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Maciej Nowohoński, Orange Polska SA - CFO [5]  
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Thank you for the question. So the leverage that we target right now for 2016, as we say around 2.2, is a maximum and gives us, first of all, the flexibility for future potential decisions for new areas of investments, like, for example, a continuation of our fibre investment that we are doing this year. Second of all, this higher leverage than the previous self-imposed long-term 1.5 is basically reflecting the price that we pay for the spectrum. And to precisely answer, Paweł, your question about the fines,

today we do not assume that we will pay this fine in 2016, according to the current information that we have.

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Paweł Puchalski - DM BZ WBK - Analyst [6]

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Okay. One more info. Your 2.2, I know it's indicated etc., a maximum. Did you include another full year of fibre-to-the-home investment?

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Maciej Nowohoński, Orange Polska SA - CFO [7]

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Potentially we could contain with this leverage additional investments in the fiber and, as Bruno said, we are in front of this decision and we will pass you this information for the, in three months' time for the communication of the full-year results, but it could contain those additional investments.

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Paweł Puchalski - DM BZ WBK - Analyst [8]

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And the other question from my side, commercial activity. You mentioned it was quite, you were quite active. You spent an extra PLN44m, if I remember precisely, in quarter three. What would be the scale of extraordinary commercial activity in quarter four?

And another question, would this extraordinary commercial activity be extended to first half 2016?

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Maciej Nowohoński, Orange Polska SA - CFO [9]

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I think that we will not be able to very precisely guide you for Q4 or the next year, but our intention for Q4 at least, this is what we can speak right now. For the first semester, we would rather speak in February, because we are still in the process of the preparation of the operational plans for the next year.

For Q4 we would like to continue the good momentum that we have in mobile and in fact we do have good momentum on all mobile categories.

This is on voice, in which Q3 was the strongest quarter in the last three quarters. On mobile broadband, we have really good momentum. And on machine-to-machine we just continue with the trends that we have. So we would like to keep that for the commercially most attractive in the year, quarter four, so that we repeat again the success here.

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Bruno Duthoit - Orange Polska SA - President and CEO [10]

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I can add that if the good momentum continues, it means our offers today are very welcomed by customers, both in B2B, B2C, naturally will continue. But we are trying to make through good communication, good offer and good sales machine to keep this momentum. It's not sure, but it is our expectation.

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Paweł Puchalski - DM BZ WBK - Analyst [11]

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Thank you very much.

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Paweł Szpigiel - mBank - Analyst [12]

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Good morning. This is Paweł Szpigiel from mBank Securities. Thank you for the presentation. One more time on this 2.2 net debt to EBITDA next year. You don't often guide on net debt and CapEx

levels next year so I want to ask what actually was the purpose of disclosing such a statement in the presentation? Do you want by that to dispel investors' worries about further dividend cuts?

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Maciej Nowohoński - Orange Polska SA - CFO [13]

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Thank you for the question. I guess you have noticed that we try to be as clear with the communication with the financial markets as possible. So today we give the information which we have at our disposal and we are sharing with the market this information.

So first of all, we have responsibly accelerated the guidance on the dividend of 2015 to be paid in 2016. I remind you that this is guided by the management at a level of PLN0.25 per share. And just the consequence of keeping certain boundaries for the market to guide the markets for the next year and to keep the flexibility for the Company for potential other investments that we could decide for 2016, we've already decided to share the information about what would be the maximum acceptable level of the leverage for 2016 already today.

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Paweł Szpigiel - mBank - Analyst [14]

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Okay. And the second question. I understand that you gave yourselves some time to reveal new level of net debt to EBITDA for long run. So my question would be do you perceive the level of below 2.2 for the telecom company on the Polish market as not safe, when its main competitors are far more indebted and that company has access to intragroup financing from one of the biggest companies, telco companies all over the world.

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Maciej Nowohoński - Orange Polska SA - CFO [15]

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Thank you for the question. I guess today internally we have to do for the midterm the additional exercise to integrate, first of all, the new competitive situation that we see today on the mobile front, LTE spectrum, the new spectrum is changing the picture here, by the way not only for us but I guess for the entire industry. So we need to do the homework right now and to integrate not only LTE but potentially also our plans to continue the fibre project into a midterm perspective. And then the midterm leverage boundaries will be just a consequence of how do we see our performance in the future.

So we need to wait for the midterm perspective leverage objective a bit longer for the results of Q4 and in February we will be most probably glad to share that with you.

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Paweł Szpigiel - mBank - Analyst [16]

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Okay. And the last question, what are your expectations towards Digital Polska program? Those funds would be dedicated to separate construction extension and restructuring of high-speed Internet access in Poland, would they?

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Bruno Duthoit - Orange Polska SA - President and CEO [17]

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Piotr, you can answer?

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Piotr Muszynski - Orange Polska SA - COO [18]

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I think that today we are just on the beginning of the program. What is granted is the total amount of money, which is about EUR1b. And now we are still in the process of looking what will be the final shape of the contest. September 30, it has been announced the first set of so-called smaller projects.

We are carefully analyzing the potential which is behind that. We have to remember that it's very sophisticated, probably first time in the history of this country, very sophisticated analysis of so-called white spots, around 7.8m addresses were taken to the base. So any possible subsidized investment needs very detailed analysis on our side. We assume that the second tranche of the contest will be more or less in the middle of next year, where we're looking forward to the opportunity.

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Leszek Iwaszko - Orange Polska SA - Head of IR [19]

Are there any more questions from the floor? If not, then I suggest, operator, we switch to the teleconference listeners.

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Operator [20]

(Operator Instructions). Ondrej Cabejsek, Wood & Company.

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Ondrej Cabejsek - Wood & Company - Analyst [21]

Hi. Thank you for taking the question. I have two actually. In relation to the fourth quarter and looking at your upholding of the operational cash flow guidance for the full year, and also looking at your CapEx guidance for the full year, do you expect to deploy all of the remaining roughly PLN800m CapEx in the fourth quarter in its entirety? And is there any chance that part of this CapEx will be going into the first quarter of 2016?

And in extension, the guidance that you have for the operational free cash flow, is that something that you expect to beat at this point as a consequence of this?

And then, second question please, just going back to the 2.2 times net debt to EBITDA. Is that, just to understand, is that worst-case scenario, in which you factor in, first of all, the LTE payments, the ongoing fiber deployments? And you also mentioned, if you could reconfirm, that this number does not include any potential European Commission penalty. Thank you.

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Maciej Nowohoński, Orange Polska SA - CFO [22]

Okay. Thank you, Ondrej, for those two questions. First, to answer your first question about the CapEx, we are on a good track to achieve all our CapEx project objectives until the end of the year so no reason not to do the amounts which you see in your forecast for Q4. We are going to stick to the total number of different projects that we are doing. Just to remind you, we still have around 300,000 households connectable for the fiber to do in Q4, so this is a bit less than 50% of the entire production of the whole 2015.

And then going to your second question, which is about the 2016 leverage that we communicate, I recall you this is maximum around 2.2. This we believe is the, I would say, maximum that we could afford today and that we would like to achieve today.

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Ondrej Cabejsek - Wood & Company - Analyst [23]

So this is more than a guidance that you will find yourself in. This is more of a worst-case scenario. Is that how I understand it?

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Maciej Nowohoński, Orange Polska SA - CFO [24]

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We could be lower. We could be also close to this range, depending on the different decisions that are in front of us, especially about the continuation of the fiber project. And there are also different items which we will not be discussing today in very detail, but we've said already in our current report that we will consider different deleveraging options, which are available for us. It's probably too early to speak today about those piece by piece, but we will duly consider all of them which are available for us. Some of them could be for 2016, as well.

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Ondrej Cabejsek - Wood & Company - Analyst [25]

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Okay. Okay. And just to confirm then, this does not include the European Commission fine?

And you say you expect it to be a later than in 2016, so if you could please update us on what the latest developments are, if that's not something that's secret.

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Maciej Nowohoński - Orange Polska SA - CFO [26]

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There are not too many, I would say, fresh news about the case in the European Commission, from the European Commission front. So we believe that even if there is kind of result announced in 2016, it's not for granted that it's going to be closed entirely in 2016. Could last also longer than one year ahead from more or less mid of 2016.

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Bruno Duthoit - Orange Polska SA - President and CEO [27]

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I can add that the final hearing for this case was in June in Luxembourg and we don't expect a decision of the tribunal of the court this year. It will be probably next year and then the process could continue certain time.

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Ondrej Cabejsek - Wood & Company - Analyst [28]

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Okay. Thank you very much.

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Igor Semenov, Deutsche Bank [29]

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Yes, hi. Thank you very much. Can I ask you what gives you confidence that the auction process and allocation of frequencies will happen this year or early next year? And my understanding is that there are risks of litigation challenging the results of the auction, so what would be your strategy then, if this were to happen? Thank you.

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Bruno Duthoit - Orange Polska SA - President and CEO [30]

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Bruno speaking. Look, at this stage we don't see a major reason for the process being stopped during the next month. It will take, according to what we understand, the shortest is one month and a half to have this allocation of blocks, and the longest is probably three or four months. Not guaranteed, but at this stage there is no sign of slowing down or risk of cancellation.

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Operator [31]

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Veronika Sutedja, Erste Bank.



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Veronika Sutedja - Erste Bank - Analyst [32]

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Yes, hello. Good morning. So I'd like to ask please regarding some time ago you mentioned real estate sales. Could you give us a progress of this? If I'm not mistaken, it's EUR700m -- sorry, PLN700m worth of this.

The second question is relating to the financing cost, so you would need to take up more PLN2.4b for financing. Would this influence the rate of financing cost, or we can still keep with the 4%?

And the last question is related to your fiber-to-the-home. With your current so far what you have done, can you update us how is the take up of this fiber-to-the-home in the areas, whether it's well sold? And if it is not yet, when should we expect to see the fruit of this investment? Thank you.

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Maciej Nowohoński - Orange Polska SA - CFO [33]

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Okay. So I will take the two first questions, Veronika. Thank you for them. And then Bruno will answer on the progress on commercial front of the FTTH.

So first question was about the progress on the real estate. As we were already flagging a quarter ago, it's not given that we will repeat and over-beat each quarter with the results of the sale of the real estate because, first of all, this is a project which is made on a very dispersed base, which means that we are selling the real estate properties piece by piece. This is the most profitable way that we can do it today.

Second of all, quarter three is never, never a good quarter to conclude on many transactions. It was the case last year. It was the case two years ago. It is the case also this year. So we see as a consequence higher amounts and higher numbers of properties sold than last year, but versus Q2 it's obviously lower. So I'm expecting better results in Q4.

And it's not excluded that we will continue also good trends next year because we are continuously increasing the portfolio of real estate properties which are ready for sale. End of Q2 it was around PLN600m of a value. Today it is approaching the level of PLN800m and it's not the end. It's not yet the end.

So then going to the second question about the financing, it's obviously there are two important drivers which will decide about the final cost in percentage terms for us, for a new envelope, bigger envelope. So the first thing is the situation, how do we -- how the markets are seeing ourselves with this increased leverage. And we will take that into account because we are always benchmarking ourselves for the quotations with the market, even if we are sourcing our financing with the Group. So this is a market price that we take.

And the second point is the current situation on the EURIBOR and LIBOR. So the situation as of today is quite good. It's better than 12 months ago.

So it's not excluded that end to end we will have quite interesting rate in percentage terms, but we still have to wait. We are in the process of arranging that right now.

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Bruno Duthoit - Orange Polska SA - President and CEO [34]

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Concerning the sales of fibre offer, we are reaching this week 10,000 clients, which is on track, comparing let's say to our target. If you remember, at the end of Q2 we were at a bit more than 4,500 clients so the increase is quite, quite fast. And it's interesting to know that there is approximately up to 40% of migration, but a bit more than 60% of new clients, which most of them let's say are win back from competitors, from cable TV. It is in on track. We are opening let's say a new town right now, October, more or less every week and I think that we are learning fast how to sell fiber offers.

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Veronika Sutedja - Erste Bank - Analyst [36]

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Thank you for the answers.

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Maciej Nowohoński - Orange Polska SA - CFO [37]

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You're welcome.

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Operator [38]

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Jakub Krawczyk, RCB.

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Jakub Krawczyk - RCB - Analyst [39]

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Hi, sorry. I'm Jakub Krawczyk Raiffeisen Centrobank. I just have a question about the timing of your dividend cut announcement. I was actually under impression that you were saying that you would be actually communicating the dividend in February. And given the fact that obviously there will be or there is a potential for some kind of network-sharing discussions on the new frequencies, as well as you're not communicating to us currently the fiber plan for the future for 2016, as well as I guess there is a risk that potentially the new government will take a different approach to the concluded LTE auction, and also I suspect a lot of legal action from the other bidders, I'm just wondering what led you not to wait to February and maybe have a few more data points for us at that point, rather than to actually announce a cut at this point. If you could just help me understand that.

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Maciej Nowohoński - Orange Polska SA - CFO [40]

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Okay, thank you, Jakub, for this good question. First of all, we demonstrate once again that we keep the markets aware about all information that we can share. And we try to avoid any turbulence with the stock prices, which could happen if we have not communicated the things that could have been arrived at. And basically we are doing it. The political risk is something that we do not manage here in the Company. And as Bruno commented, about the potential legal cases against the auction, we basically do not see today those elements that we could influence neither.

So we pass you the best information we have in a proper moment, accelerating those elements that we can accelerate to avoid keeping the uncertainty on the market.

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Jakub Krawczyk - RCB - Analyst [41]

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Okay. Thank you very much. And just to clarify, you are open to, I believe you said you're open to network sharing potentially with partners and splitting. Of course this leads to splitting the cost and a more benign leverage outlook.

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

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The answer is yes, but, as you know, we have the possibility to discuss with our partner the potential on leasing for this week.

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Jakub Krawczyk - RCB - Analyst [43]

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Of course.

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Bruno Duthoit - Orange Polska SA - President and CEO [44]  
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The answer is yes.

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Jakub Krawczyk - RCB - Analyst [45]  
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Okay. Understood. Thank you very much.

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Operator [46]  
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Milda Normantaite, East Capital.

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Milda Normantaite - East Capital - Analyst [47]  
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Yes, hello. It's Milda Normantaite here from East Capital. Just one question for me, please. Should we assume that this new dividend level of PLN0.25 per share is some kind of a new level for going forward or is this just your guidance for one year, 2016?

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Maciej Nowohoński - Orange Polska SA - CFO [48]  
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Milda, thank you for the question. So we normally guide for a dividend only for the one year, so we do not change here. So we basically set the accelerated EBITDA communication about what we would say in February 2016 about the dividend of 2015, to be paid in 2016.

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Milda Normantaite - East Capital - Analyst [49]  
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All right. Thank you so much.

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Maciej Nowohoński - Orange Polska SA - CFO [50]  
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You're welcome.

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Operator [51]  
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Ondrej Cabejsek, Wood & Company.

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Ondrej Cabejsek - Wood & Company - Analyst [52]  
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Hi. A follow-up question from me, please. How will you be approaching what I see potentially as a cannibalization dilemma for you because now with the access to all the spectrum that you wanted versus the deteriorating ADSL connections, how will you be leveraging that opportunity to roll out LTE broadband and potentially stop some of those ADSL declines? So what is the strategy there in terms of not just fiber rollout but also leveraging the mobile networks to decelerate the ADSL subscriber number decline?

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Michał Paschalis-Jakubowicz - Orange Polska SA - Member of the Management Board in Charge of Consumer Marketing [53]  
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Thank you for this question. This is Michał Paschalis speaking. First thing, we see new opportunities thanks to the new spectrum, especially for the territories where so far we were not able to provide our customers with DSL connectivity. In fact we are selling the LTE offers that are already quite abundant in the areas where DSL connectivity is not provided. So certainly with the new spectrum we will be able to expand our offering in all these areas where we will not be able to provide FTTH or DSL.

And for this our activities will be strongly supported by the geographical approach of our sales force under the internal project of Macro To Micro, where we go after micro markets with respective technology.

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Ondrej Cabejsek - Wood & Company - Analyst [54]  
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Okay. Understood. Thank you. And a follow up if I may. What sort of metrics will you be looking at when determining the 2016 levels of fiber CapEx, if that's something that you can share?

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Maciej Nowohoński - Orange Polska SA - CFO [55]  
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Thank you, Ondrej, for this question. Unfortunately today we cannot be too much talkative on that. The decision about the different volumes and amounts of zloty that we would like to spend in 2016, these decisions are still in front of us. And we will come back on that point in three months' time and we will be more precise.

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Ondrej Cabejsek - Wood & Company - Analyst [56]  
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Okay. Thank you very much.

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Maciej Nowohoński - Orange Polska SA - CFO [57]  
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You're welcome.

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Operator [58]  
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(Operator Instructions). As there are no further questions in this queue at this time, I would like to turn the call back to our host for any additional remarks.

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Leszek Iwaszko - Orange Polska SA - Head of IR [59]  
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Do we have any follow ups from the floor? We do.

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Konrad Ksiezopolski - Haitong Bank - Analyst [60]  
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Konrad Ksiezopolski, Haitong. Do you expect any price pressure on LTE offer following the LTE auction, especially concerning your net debt/EBITDA assumptions for 2016? Not to mention price war.

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Michał Paschalis-Jakubowicz - Orange Polska SA - Member of the Management Board in Charge of Consumer Marketing  
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Well, I think first thing we need to consider that after the results of the auction we seem to be quite well equipped for any scenario. However, also please bear in mind that given the high prices to be paid as a result of the auction, we expect also higher incentivization of the market players to monetize the new frequencies.

And here we see a number of opportunities, starting from higher coverage, but also better customer experience in terms of quality, speed, which all constitute potential opportunities to monetize on top of the current market trends and ourselves will certainly be very carefully investigating these opportunities and taking advantage of these.

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Konrad Ksiezopolski - Haitong Bank - Analyst [61]

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So do you expect price increase on LTE services, having in mind the high price paid for LTE spectrum?

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Michał Paschalis-Jakubowicz - Orange Polska SA - Member of the Management Board in Charge of Consumer Marketing [62]

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We normally do not provide hints on the price evolution of our offers. However, as I mentioned, there will be possibilities of differentiation of the pricing of the LTE offers.

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Bruno Duthoit - Orange Polska SA - President and CEO [63]

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To complete what Michał says, the valuation business case of this frequency was done without forecast of price increase.

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Konrad Ksiezopolski - Haitong Bank - Analyst [64]

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Okay. And next question, your plans to speed up CapEx on fibre rollout correspond somehow with market rumours of UPC Polska potential tie-up with Play?

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Maciej Nowohoński - Orange Polska SA - CFO [65]

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So if I may to answer this good question, we do not comment market rumours. That's obvious. And we follow our own internal strategic directions in that respect.

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Konrad Ksiezopolski - Haitong Bank - Analyst [66]

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Okay. Thank you

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Leszek Iwaszko - Orange Polska SA - Head of IR [67]

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There are no more questions from the floor. There is one, the last question.

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Paweł Puchalski - DM BZ WBK - Analyst [68]

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Please let me -- please tell me, I remember there is another mobile frequency, 700 megahertz, do you know where it could be available for auction and would you participate in auction?

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Piotr Muszyński, COO [69]

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No. We don't know when it will be disposed. There are some discussions around that. Opinion, general opinion on the market that it might happen around 2025 so it's a quite long time for eventual disposal of the spectrum. If it will happen faster, definitely we will be considering if it will fit to our spectrum strategy.

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Paweł Puchalski - DM BZ WBK - Analyst [70]

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Thank you very much.

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Leszek Iwaszko - Orange Polska SA - Head of IR [71]  
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I'd like to thank you very much for your attention and we'll be reporting Q4 results in February. Thank you very much. Goodbye.

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Operator [72]  
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That will conclude today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect.

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*Disclaimer*  
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