

Orange Polska

results for 1Q 2014



Warsaw
April 25, 2014

part of  RESPECT
Index



forward looking statement

This presentation contains 'forward-looking statements' including, but not limited to, statements regarding anticipated future events and financial performance with respect to our operations. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like 'believe', 'expect', 'anticipate', 'estimated', 'project', 'plan', 'pro forma', and 'intend' or future or conditional verbs such as 'will', 'would', or 'may'. Factors that could cause actual results to differ materially from expected results include, but are not limited to, those set forth in our Registration Statement, as filed with the Polish securities and exchange commission, the competitive environment in which we operate, changes in general economic conditions and changes in the Polish, American and/or global financial and/or capital markets. Forward-looking statements represent management's views as of the date they are made, and we assume no obligation to update any forward-looking statements for actual events occurring after that date. You are cautioned not to place undue reliance on our forward-looking statements.

notice on pro forma comparison

All comparisons up to EBITDA unless otherwise stated are presented on the pro forma basis which reflects deconsolidation of Wirtualna Polska and ORE

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1

highlights

Bruno Duthoit

– chief executive officer

Mariusz Gaca

– management board member



1Q marked by positive commercial momentum and cost discipline

good commercial momentum

convergence: 352k Open customer base

mobile customer base: +3.4% y-o-y (6.6% post-paid), +139k 1Q post-paid net adds

nju.mobile: 479k clients, 126k gained in 1Q

positive mobile number portability

fixed voice customers: -56k in 1Q2014, vs. -111k in 1Q2013

fixed broadband below expectations, revenues flat y-o-y

financial results helped by cost discipline

mobile revenue stable y-o-y (ex regulations), but ARPU under pressure

costs 7.3%* down y-o-y

restated EBITDA* margin at 31.8%

headcount down by 1.9k FTEs*** (-8.8%) year-on-year

sound balance sheet net debt kept to 1.0x EBITDA**

Wirtualna Polska sold PLN 382mn proceeds, PLN 191mn gain on disposal

continued operational progress

partnership with mBank to provide financial services

new commercial offers launched to benefit 2Q

mobile network co-operation

ca. 8,700 sites in common use

3G coverage at 91% of pop.

4G coverage at 29% of pop.

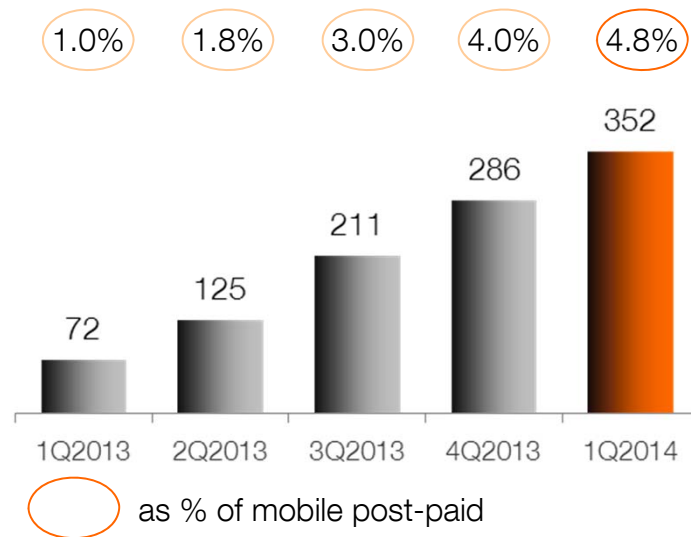
* on pro forma basis restated for the gain on disposal of Wirtualna Polska (PLN 191mn) in 1Q 2014 and restated for restructuring costs in 1Q2013 (PLN -18mn)

** EBITDA for the last 4 quarters restated for restructuring costs in 4Q2013 (PLN -129mn) and PLN -33mn adjustment in 4Q2013 linked to TPSA/PTK merger and for the gain on disposal of Wirtualna Polska in 1Q2014 (PLN 191mn)

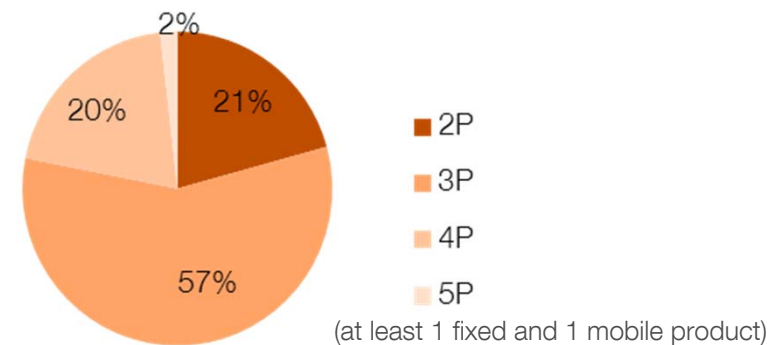
*** on pro forma basis

Orange Open customer base grew 4.9 times prior year

Orange Open customers (in '000)



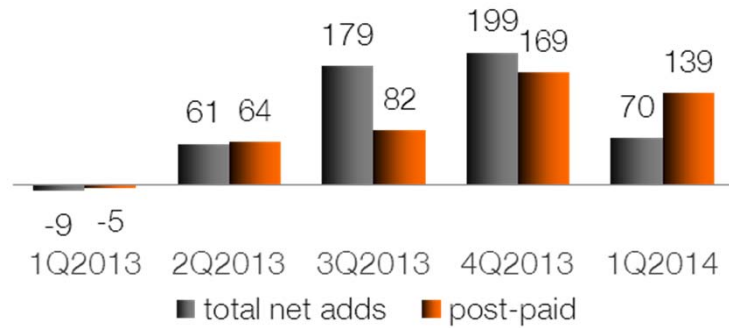
Orange Open customers by number of products



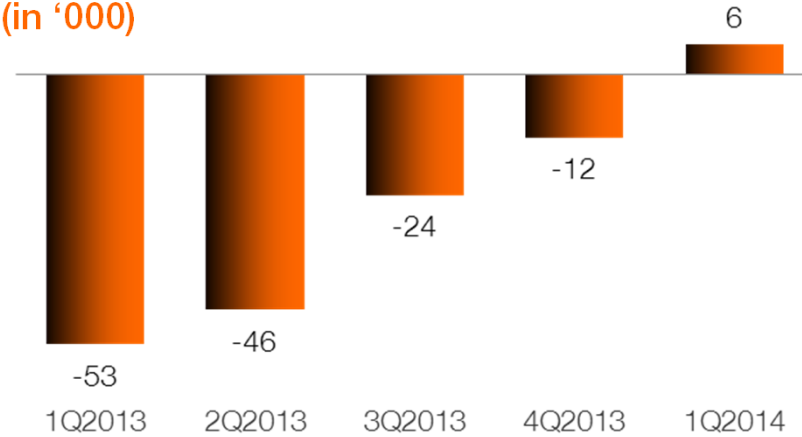
- 57% of Open Customers increased number of services upon entering the solution
- ARPU from consumers at PLN 140 per month in 1Q
- high number of services in a bundle increases customer loyalty
- number of Orange Open customers 4.9x prior year

improving momentum in mobile and fixed voice

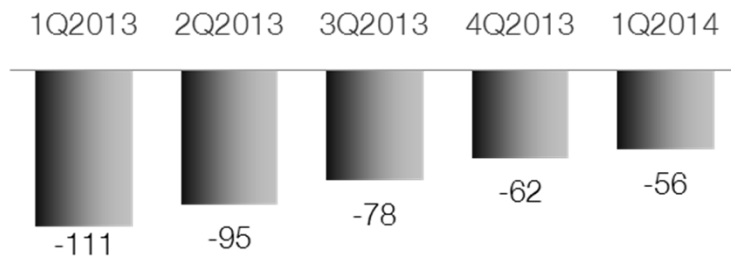
mobile clients net adds (in '000)



Orange mobile number portability balance (in '000)



fixed voice lines net losses (in '000)



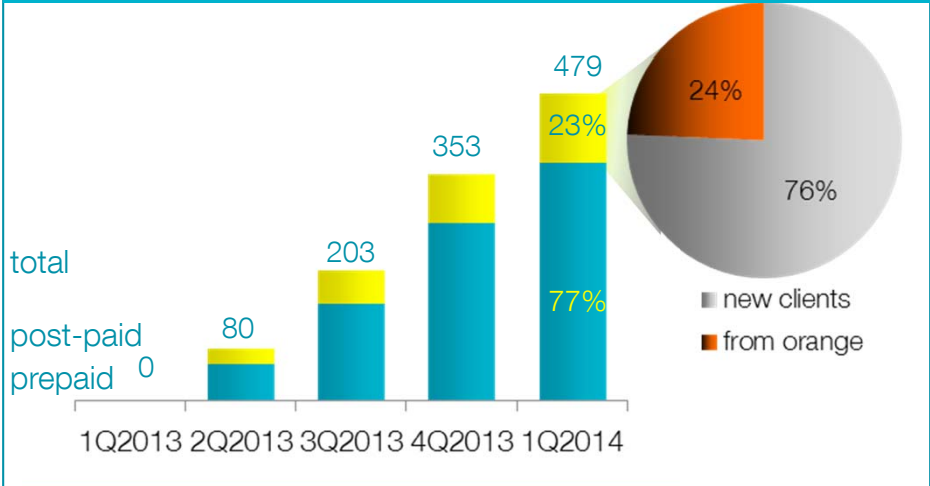
source: multi-operator MNP complex data

insight

- **positive mobile number portability** (net), first time since 3Q2008
- **+139k mobile post-paid net adds** in 1Q, vs. -5k a year ago
- **fixed voice churn -50% year-on-year**, -10% quarter-on-quarter

479k nju.mobile customers gained in less than 1 year

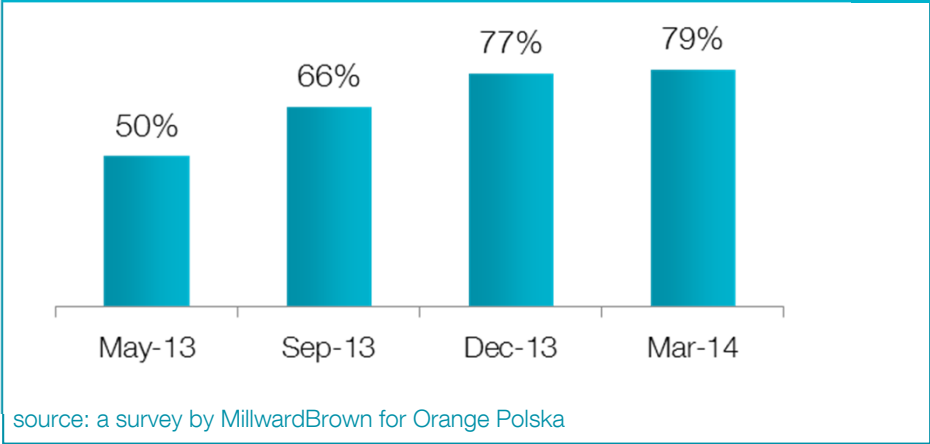
nju.mobile customers (in '000)



insight

- 108k post-paid clients
- 76% post-paid clients new to Orange
- lower customer acquisition and retention costs vs. standard offers:
 - there are no handset subsidies
 - online sales and customer care

nju.mobile brand awareness



2 financial review

Maciej Nowohoński
chief financial officer



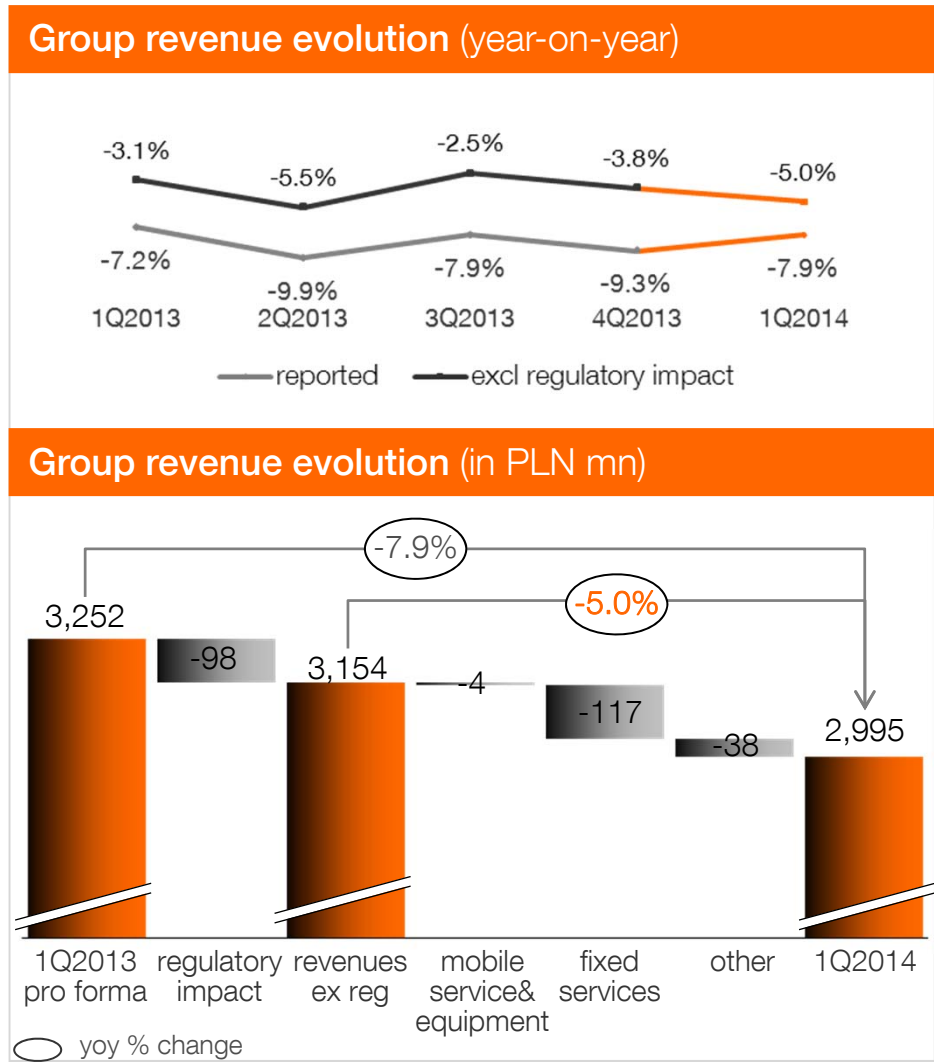
1Q key financials

in PLN mn	1Q 2014	% y-o-y	key points
revenues	2,995	-7.9%**	PLN -98mn regulatory impact
excl. regulations		-5.0%**	+3.4% mobile customers y-o-y, but retail ARPU -6.6%
restated EBITDA*	951	-9.1%**	opex down by 7.3%* y-o-y
% of revenues	31.8%	-0.4 pp**	commercial costs 13% down y-o-y despite more post-paid net adds
Net income (reported)	271	+243%**	inc. PLN 191mn gain on disposal of WP net income stable y-o-y excluding the gain on disposal of Wirtualna Polska
CAPEX	374	-6.5%	capex in line with FY outlook
in % of revenues	12.5%	+0.3 pp	43% of capex dedicated to network
organic cash flow	157	-25.2%	FY OCF guidance confirmed 1Q reflects higher payments for handsets

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** on pro forma basis

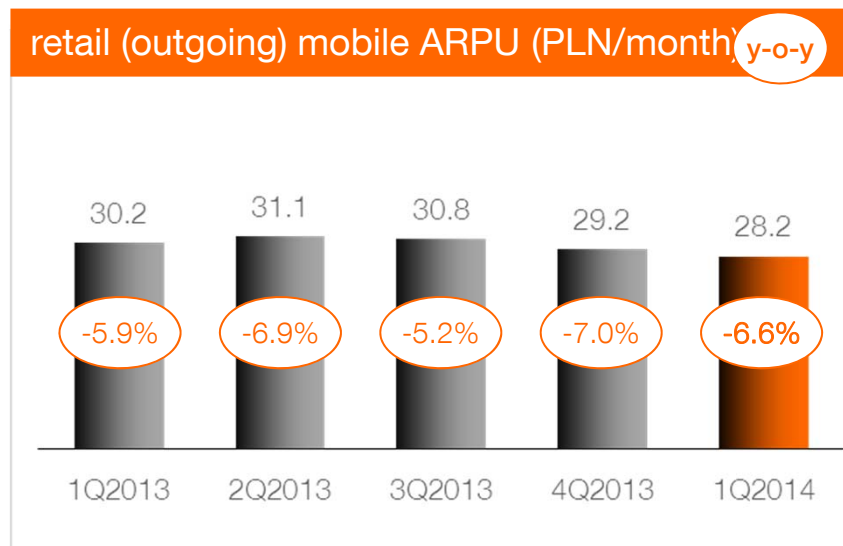
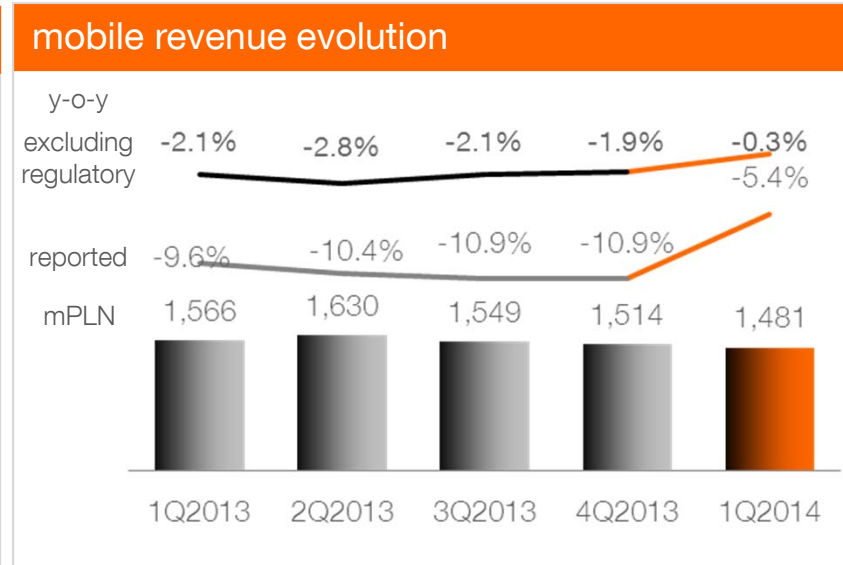
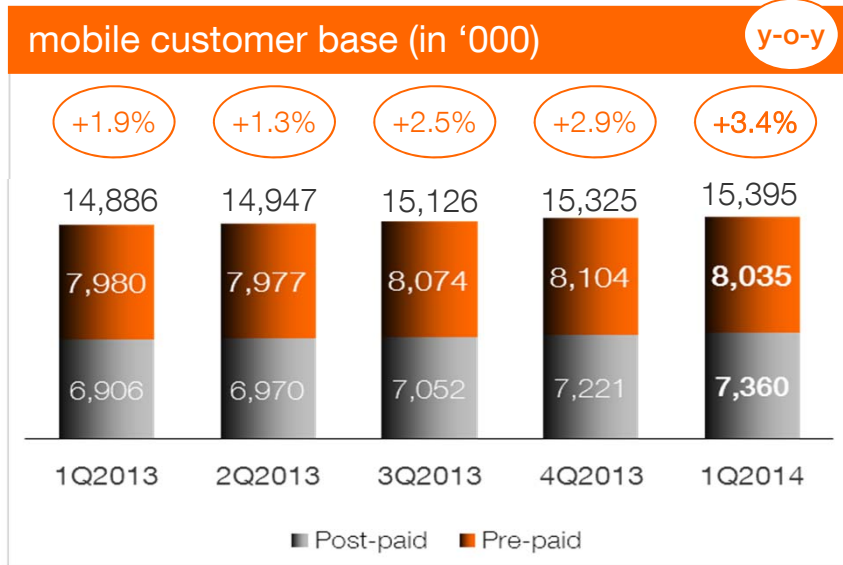
1Q revenue evolution at -5% year-on-year excluding regulatory impact



insight

- regulatory impact on revenue evolution amounted to PLN 98mn (-3%):
 - PLN -81mn due to MTR cuts
 - PLN -17mn due to EU roaming rate cut and others (inc. F2M)
- excluding regulatory impact:
 - mobile revenue stable y-o-y:
 - customer base +3.4% year-on-year,
 - retail ARPU -6.6% year-on-year
 - fixed revenues PLN -117mn y-o-y:
 - PLN -87mn in narrowband, another quarter of sequential improvement
 - flat broadband revenue
 - enterprise solutions PLN-14mn due to price pressure in key accounts

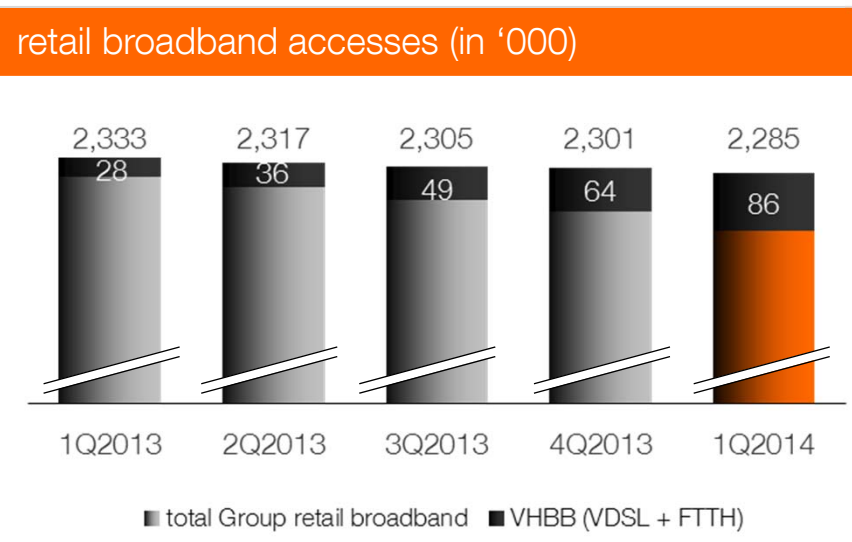
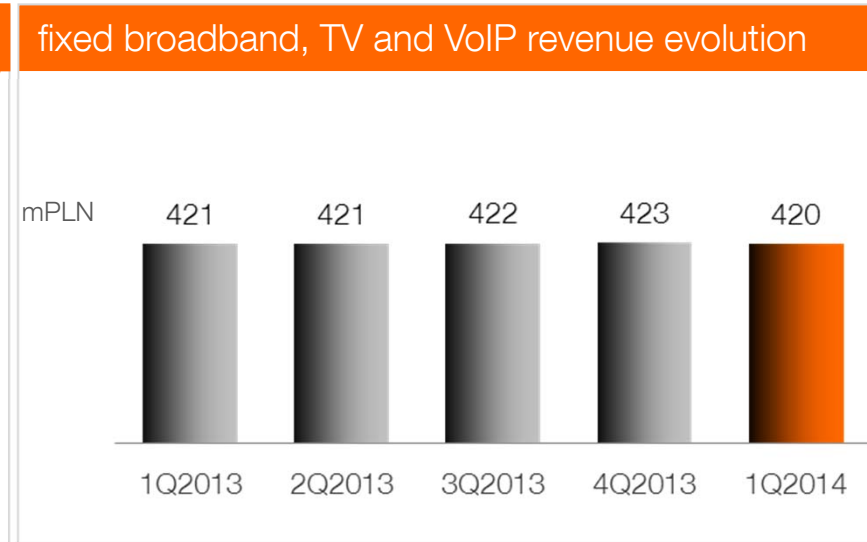
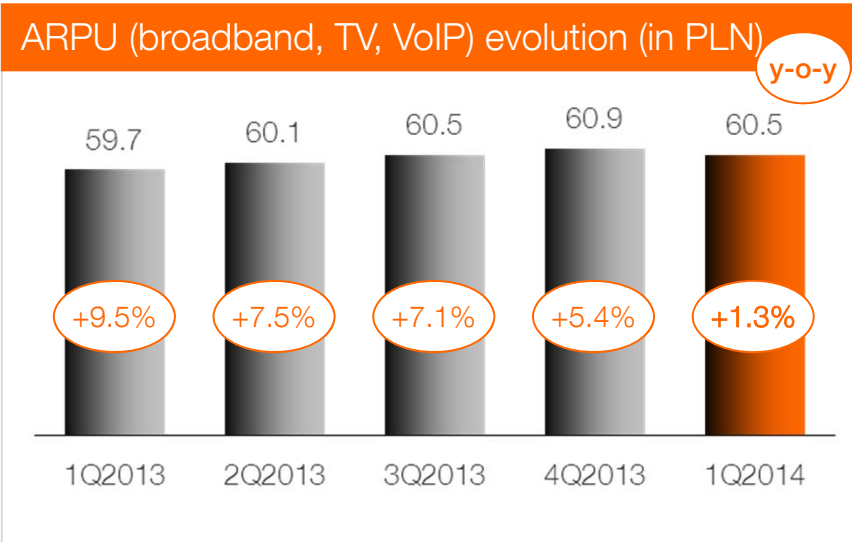
high customer gains help the revenue trend in mobile



insight

- accelerating growth of mobile customer base +3.4% year-on-year, vs. +2.9% in 4Q 2013
- +139k post-paid net additions versus -5k a year ago
- post-paid data ARPU + 27% up year-on-year,
- mobile broadband accesses +18.2% y-o-y
- price pressure still visible in the retail (outgoing) voice ARPU

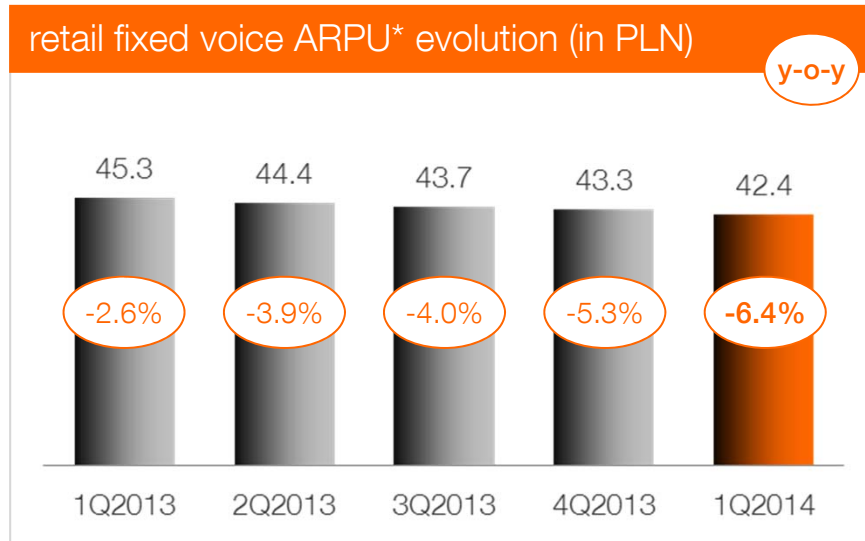
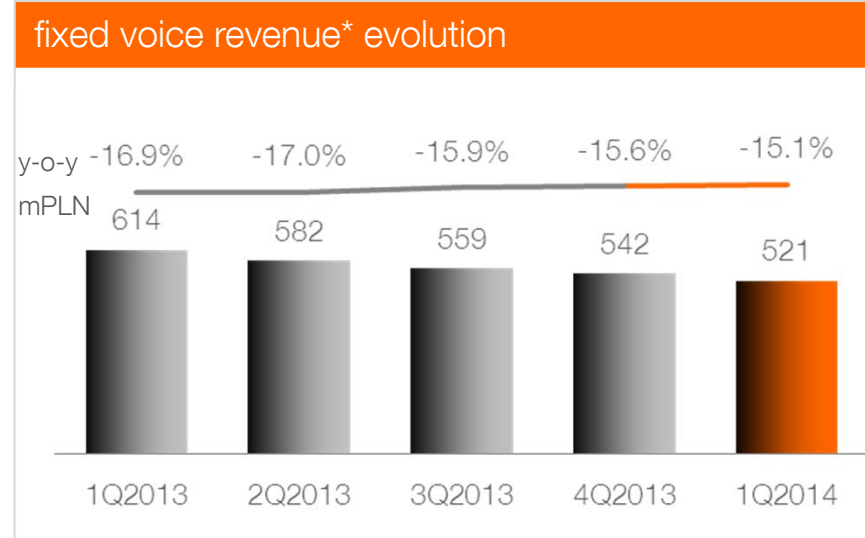
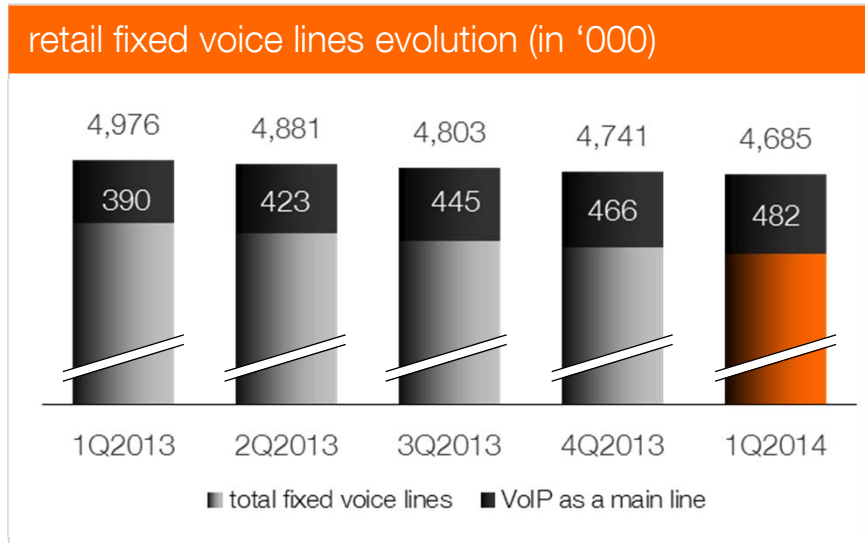
fixed broadband revenues stable year-on-year



insight

- customer base driven down by CDMA (legacy product) -16k net adds in 1Q
- VDSL growth accelerating; +22k net adds in 1Q vs. +15k in 4Q and +2k a year ago
- more loyal customer base, as ca. 14% broadband customers took Orange Open

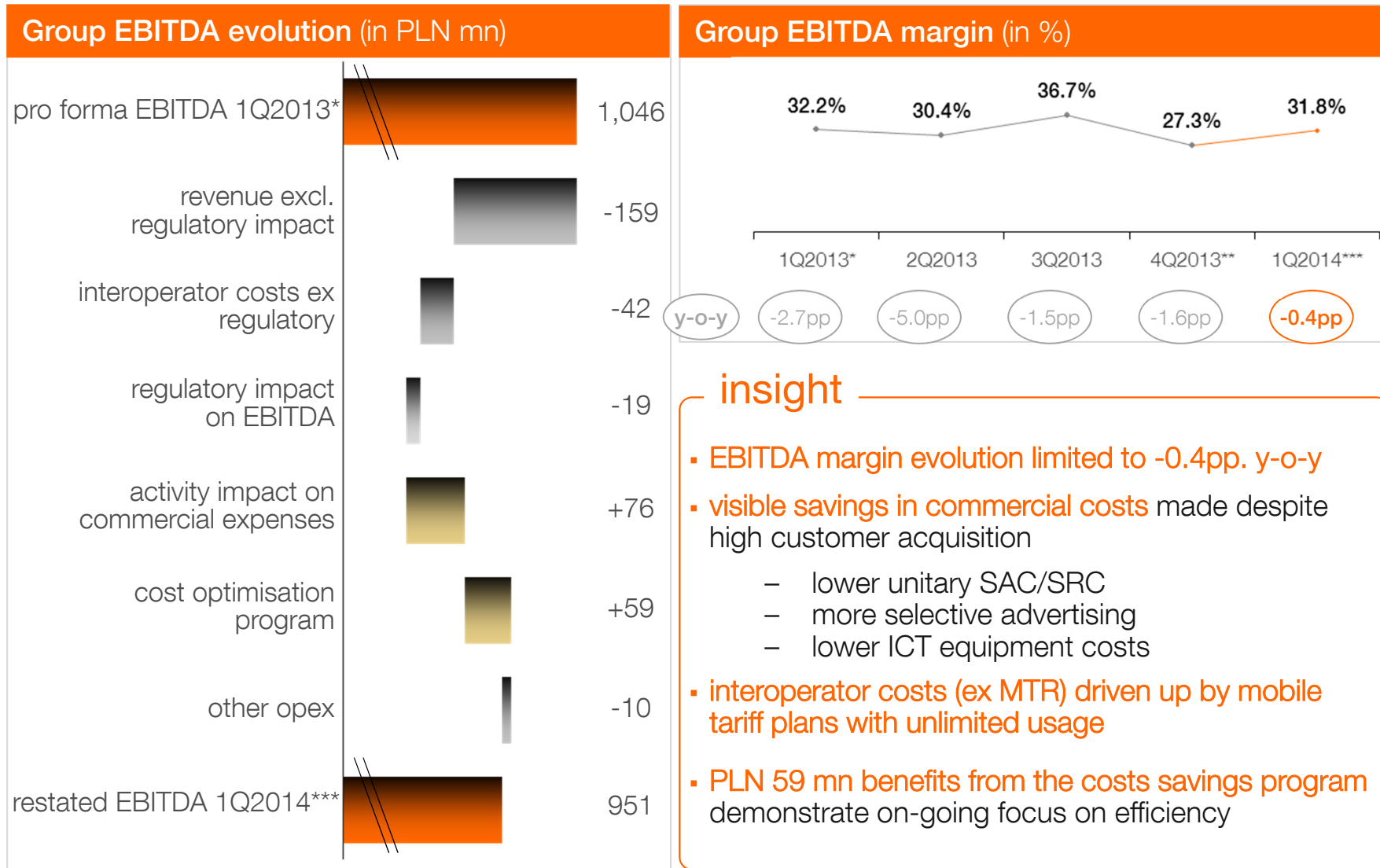
sequential improvement in fixed voice trends



insight

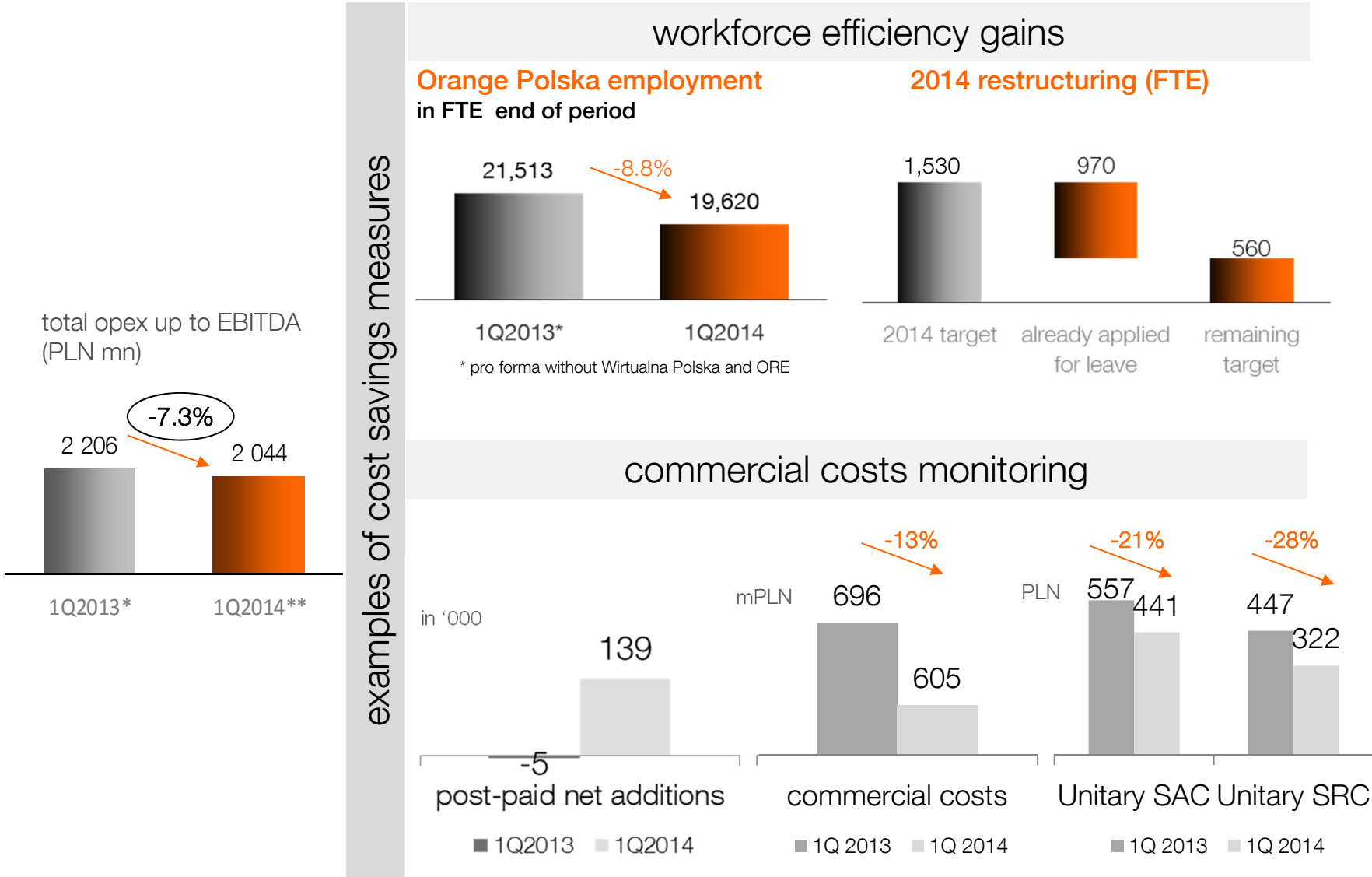
- slower decline of fixed voice revenues, due to improving customer base dynamics
- customer erosion limited to -5.8% p.a., due to:
 - competitive PSTN offers (e.g. unlimited)
 - adding VoIP to broadband bundles (482k VoIP lines)
 - fixed voice option included within Orange Open

1Q restated EBITDA margin defended at 31.8%, cost base down -7% year-on-year



15 * restated for restructuring costs in 1Q2013 (PLN -18mn)
 ** restated for restructuring costs, (PLN -129mn) mainly including restructuring provision (PLN -167mn) and actuarial adjustment to long term employee benefits, and PLN -33mn adjustment linked to TPSA/PTK merger
 *** restated for the gain on disposal of Wirtualna Polska (PLN 191m)

cost optimisation to support the EBITDA margin



16 * restated for restructuring costs in 1Q2013 (PLN -18mn)
 ** restated for the gain on disposal of Wirtualna Polska (PLN 191m)

1Q Organic Cash Flow at PLN 157mn, reflecting higher payments for handsets

in million PLN	1Q2014	1Q2013	change
cash from operating activities before income tax paid and change in working capital	831	846	-15
change in working capital	-57	106	-163
CAPEX*	-371	-405	+34
CAPEX payables	-194	-266	+72
income tax paid	-66	-89	+23
sales of assets	14	18	-4
organic cash flow	157	210	-53
<i>as % of revenues</i>	<i>5.2%</i>	<i>6.4%</i>	<i>-1.2pp.</i>

insight

- nearly stable cash from operating activities
- working capital requirement up by PLN -57mn due to higher payments for handsets
- less capex cash out, in line with the FY ambition
- FY Organic Cash Flow guidance reaffirmed

3 conclusion

Bruno Duthoit
chief executive officer



conclusions after 1 Q 2014

- our 1Q performance was marked by positive commercial momentum and cost savings, resulting in satisfactory financial results
- we will continue a very proactive marketing approach in 2Q, including:
 - improved tariff structure in B2C mobile post-paid (SmartPlan)
 - lower entry points for smartphone ownership
 - more services included in Orange Open
 - new tariffs in fixed broadband and a continued focus on VHBB
- while further cost savings are a must, in order to defend the profitability

4 Q&A session



glossary (1/3)

4G	fourth generation of mobile technology, sometimes called LTE or Long Term Evolution
ARPL	Average Revenue per Line
ARPU	Average Revenue per User
AUPU	Average Usage per User
BSA	Bit Stream Access
CATV	Cable Television
Catch-up	A type of VoD where broadcasters make programming available for streaming
CPE	Customer-premises equipment
DSLAM	Digital Subscriber Line Access Multiplexer
DTH	Direct To Home
DVB-T	Digital Video Broadcasting - Terrestrial
DVB-H	Digital Video Broadcast - Handheld
EBITDA	Operating income + depreciation and amortization + impairment of goodwill + impairment of non-current assets
F2M	Fixed to Mobile Calls
FTE	Full time equivalent
FTTH	Fiber To The Home

glossary (2/3)

HSPA	High Speed Packet Access
HSPA DC	High Speed Packet Access Dual Carrier
ICT	Information and Communication Technologies
IP TV	TV over Internet Protocol
IVR	Interactive Voice Response
Liquidity Ratio	Cash and unused credit lines divided by debt to be repaid in the next 18 months
LLU	Local Loop Unbundling
LTE	Long Term Evolution (<i>4G</i>)
LTO	Local Telecommunication Operator
MoU wth UKE	Memorandum of Understanding signed with UKE
MTR	Mobile Termination Rates
MVNO	Mobile Virtual Network Operator
Net gearing	$\text{net gearing after hedging ratio} = \frac{\text{net debt after hedging}}{\text{net debt after hedging} + \text{shareholders' equity}}$
NGA	Next Generation Access
NGN	Next Generation Network

glossary (3/3)

Organic Cash Flow	Organic Cash Flow = Net cash provided by Operating Activities – (CAPEX + CAPEX payables) + proceeds from sale of assets
POS	Point-Of-Sale
POTS	Plain Old Telephone Service
PVR	Personal Video Recorder
RAN	Radio Access Network
RIO	Reference Interconnection Offer
RLLO	Reference Leased Line Offer
SAC	Subscriber Acquisition Costs
SRC	Subscription Retention Costs
SMP	Significant Market Power
USO	Universal Service Offer
UKE	Office of Electronic Communications - Regulator
VAS	Value Added Services
VDSL	Very-high-bit-rate Digital Subscriber Line
VoIP	Voice over Internet Protocol
WLL	Wireless Local Loop - a term for the use of a wireless communications, the "first mile"
WLR	Wholesale Line Rental