

A child wearing a vibrant, multi-colored plaid jacket and a blue polka-dot shirt is holding several bright orange pumpkins. The background is a soft-focus outdoor setting.

Orange Polska 3Q'2020 results

.one

29 October 2020

orange™

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.

Reconciliation of operating performance measure to financial statements

Disclosures on performance measures, including information on data restatements for the year 2019 in connection with changes in accounting policies, have been presented in the Notes 2 and 3 to Condensed IFRS Quarterly Consolidated Financial Statements of the Orange Polska Group for the 3 months ended 30 September 2020 (available at <http://orange-ir.pl/results-center/results/2020>).

<i>in PLNm</i>	3Q 2020	3Q 2019	9M 2020	9M 2019
Operating income	150	378	347	591
Less gains on disposal of assets	-6	-218	-21	-266
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	618	592	1,862	1,750
Interest expense on lease liabilities	-15	-18	-47	-51
Adjustment for the impact of employment termination programs	-9	1	-9	5
Adjustment for the costs related to acquisition and integration of new subsidiaries	4	4	11	7
EBITDAaL (EBITDA after Leases)	742	739	2,143	2,036

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Highlights

Julien Ducarroz
Chief Executive Officer

Good 9M results driven by resilient core services and helped by our mitigating measures: full-year EBITDAaL growth guidance maintained

	2020 guidance/ outlook	9M 2020	
Revenue	growth	PLN 8.42bn +0.2% yoy	<ul style="list-style-type: none">Strong performance of core telecom servicesIT/IS in 3Q affected by pandemic related market slowdown
EBITDAaL	growth	PLN 2.14bn +5.3% yoy	<ul style="list-style-type: none">Underlying EBITDAaL turnaround supported by exceptional mitigating measures and ongoing cost optimisations
eCAPEX	PLN 1.7-1.9bn	PLN 1.2bn +20% yoy	<ul style="list-style-type: none">Slowdown of investments to offset low proceeds from sale of assetsFull-year outlook confirmed

3Q proved our relative resilience to the pandemic; cautious outlook for the future due to potential economic impact of the prolonged pandemic



Limited impact of the pandemic on performance to date:

- high demand for fixed broadband maintained
- mobile sales have recovered
- churn still below pre-pandemic levels
- lower new pre-paid card activations
- much lower roaming impacted mobile revenues and margin
- ICT revenues affected by market slowdown
- lower equipment revenues
- low real estate disposals



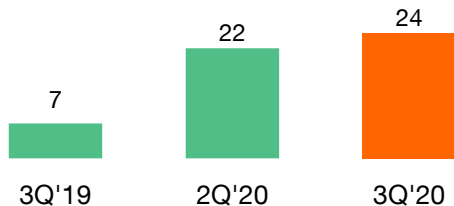
Key areas of uncertainty for the future:

- impact of the economic downturn (bad debts, real estate sales)
- performance in B2B, in particular ICT
- further impact of lower revenues from roaming

Another record quarter for fibre fuels turnaround in fixed broadband

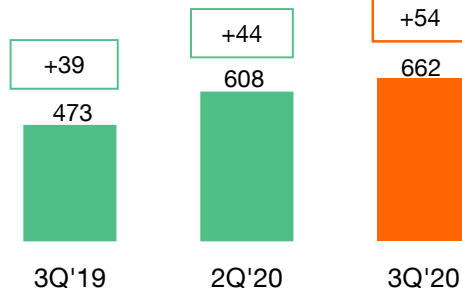
Improving total FBB net additions driven by resilient sales and low churn

(in k)



Fibre customer base up 40% yoy (the best quarter ever)

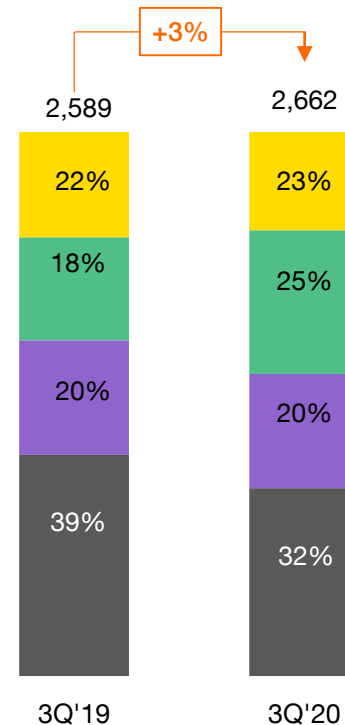
(in k)



net adds in k (retail only)

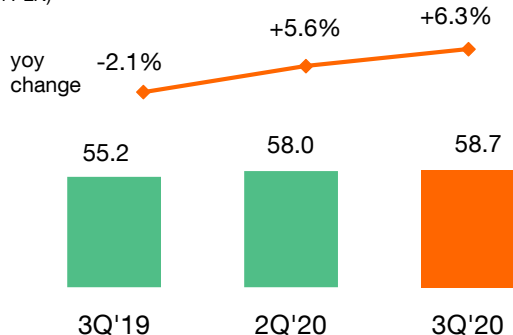
Fibre accounts for 25% of total broadband customer base

(in k)



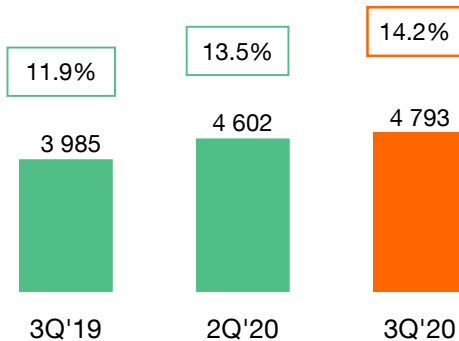
Turnaround in FBB mono ARPO trend driven by our value strategy

(in PLN)



Fibre network rollout in 3Q as planned: 191k new households connectable

(in k)

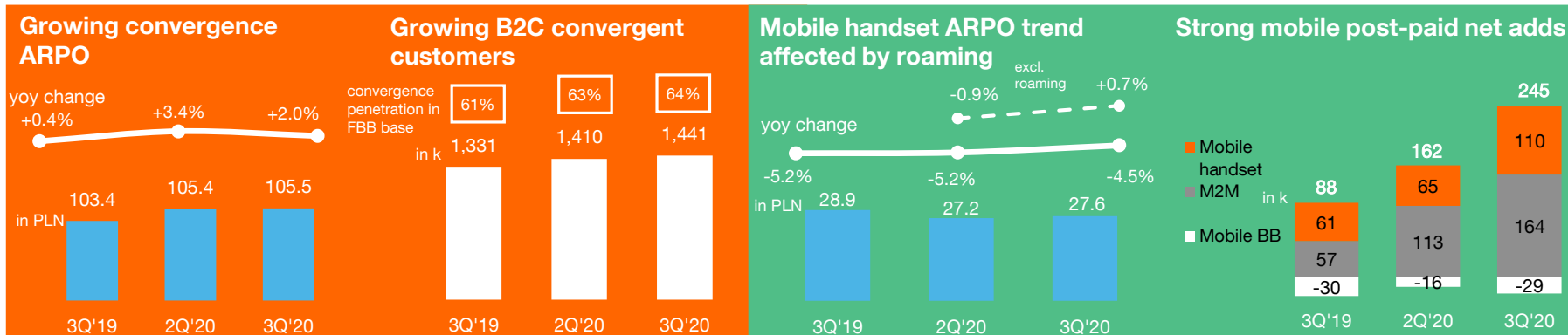


adoption rate % (retail + wholesale)

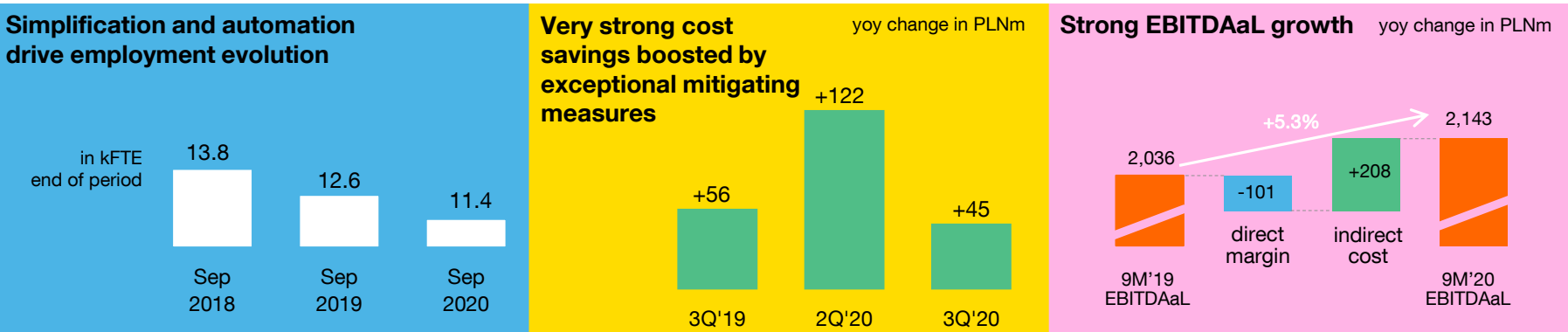
Wireless for fixed Fibre
VDSL ADSL

Value creation visible through strong commercial performance and exceptional cost optimisation

COMMERCIAL



TRANSFORMATION



Financial review

Jacek Kunicki
Chief Financial Officer

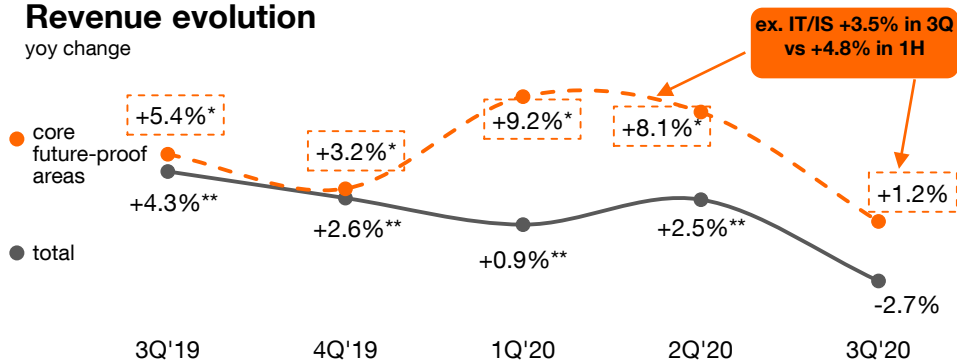
3Q'20 financial results key highlights

in PLNm	9M'20	yoy	3Q'20	yoy	key points
revenues	8,425	+0.2%	2,793	-2.7%	<ul style="list-style-type: none"> Strong performance of core telecom services ICT affected by market slowdown and higher comparable base
EBITDAaL	2,143	+5.3%	742	+0.4%	<ul style="list-style-type: none"> Direct margin affected by roaming and additional risk provisions Supported by further optimisations: indirect costs down 5% yoy
% of revenues	25.4%	+1.2pp	26.6%	+0.9pp	
eCAPEX	1,206	+19.9%	387	+567%	<ul style="list-style-type: none"> In line with FY plans Yoy dynamics reflects lower proceeds from real estate sales (record sales a year ago)
% of revenues	14.3%	+2.3pp	13.9%	+11.9pp	
organic cash flow	418	+15	58	-361	<ul style="list-style-type: none"> In line with expectations; 3Q includes shift of c.PLN 120m of payments from 2Q and c.PLN 350m yoy shortfall in real estate proceeds

Revenue decline reflects flagged slowdown in IT/IS while good performance of core telecom services was maintained

Revenue evolution

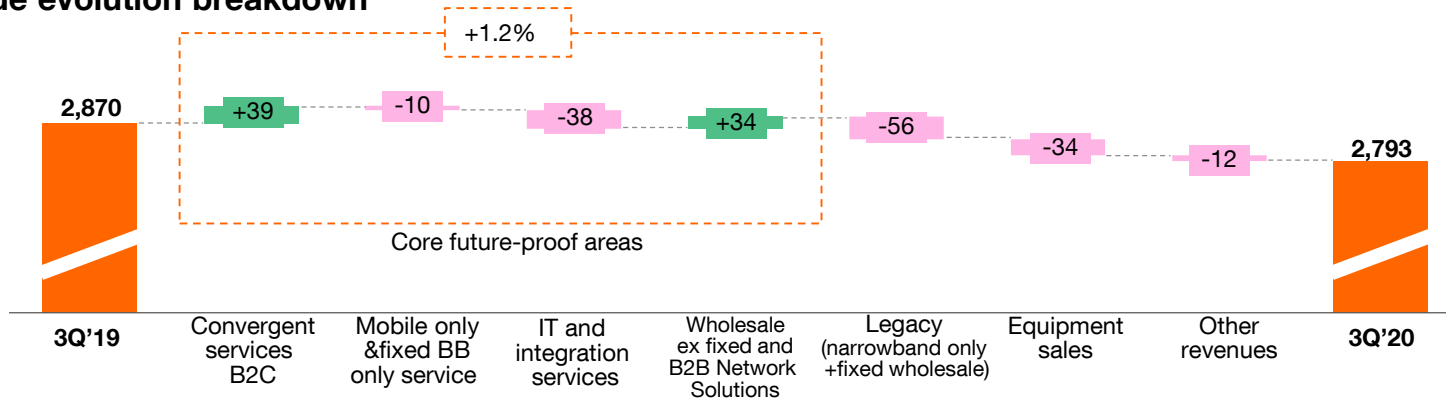
yoy change



- Fixed broadband only revenues continue rebounding (+2% yoy) driven by robust ARPO performance (+6.3% yoy)
- Mobile only revenues (-2% yoy) combine 2% yoy growth excluding roaming and 50% yoy lower roaming revenues
- IT/IS revenue falling affected by pandemic-related market slowdown (as flagged in 2Q) and due to different phasing of sales (BlueSoft consolidated from 3Q 2019)
- Equipment revenues down 9% yoy as demand for smartphones has not yet recovered to pre-pandemic levels

Revenue evolution breakdown

in PLNm



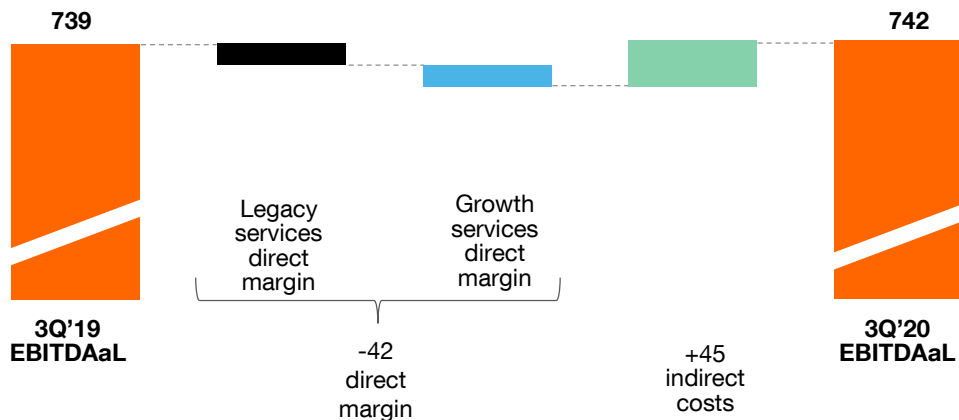
* core future-proof areas: ex. BlueSoft: +3.0% yoy for 3Q'19, +1.3% yoy for 4Q'19, +7.2% yoy in 1Q'20 and +6.1% yoy in 2Q'20

** total revenues: ex. BlueSoft : +2.5% yoy for 3Q'19, +1.3% yoy for 4Q'19, -0.4% yoy in 1Q'20 and +1.1% yoy in 2Q'20

3Q EBITDAaL flat yoy despite negative impact of the pandemic: cost savings offset decline in the direct margin

EBITDAaL evolution

(yoy change in PLNm)



- **Direct margin affected by the pandemic:**
 - Reflects strong performance of core telecom services
 - Affected by pandemic related much lower roaming revenues and additional risk provisions
- **Indirect costs supported by further net savings:**
 - Labour costs reflect headcount optimisation in line with the Social Plan and lower salary increases
 - Cost freeze including significant savings in advertising & promotion, CRM and general expenses
 - IT&Network costs reflect growth of energy costs (higher unit price)

employment down

9.5% yoy

(in kFTE end of period)

12.6

3Q'19

11.4

3Q'20

3Q bottom line reflects much lower gains on asset disposals

in PLNm	9M'20	9M'19	Change	3Q'20	3Q'19	Change
EBITDAaL	2,143	2,036	+107	742	739	+3
D&A of PPE and intangible assets	-1,862	-1,750	-112	-618	-592	-26
add-back interest expense on lease liabilities	47	51	-4	15	18	-3
adjustments	-2	-12	+10	5	-5	+10
gains on disposal of assets	21	266	-245	6	218	-212
operating income	347	591	-244	150	378	-228
net financial costs	-264	-260	-4	-83	-107	+24
income tax	-16	-62	+46	-14	-49	+35
net income	67	269	-202	53	222	-169

Cash flow in 3Q includes shift of c.PLN 120m payments from 2Q* while yoy dynamics reflects record real estate proceeds a year ago

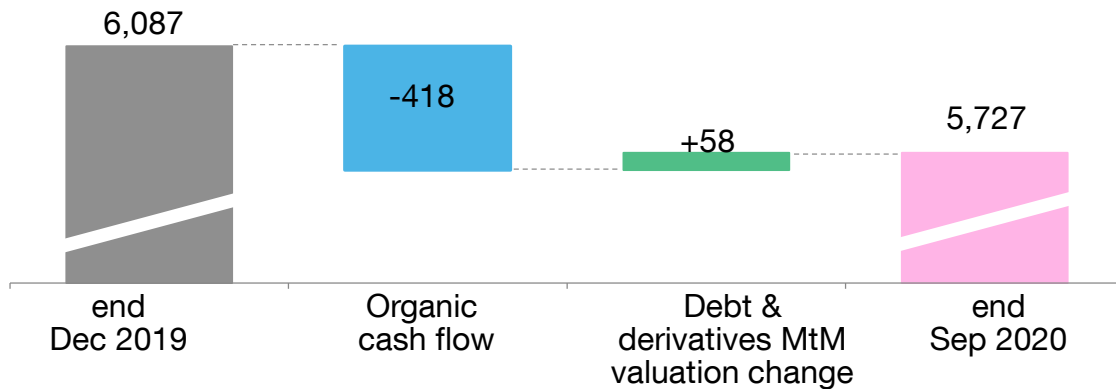
in PLNm	9M'20	9M'19	Change	3Q'20	3Q'19	Change
Net cash flow from operating activities before change in working capital	2,060	1,951	+109	654	707	-53
Change in working capital	196	-24	+220	4	-20	+24
Net cash flow from operating activities	2,256	1,927	+329	658	687	-29
CAPEX	-1,241	-1,440	+199	-394	-421	+27
Change in CAPEX payables**	-321	-299	-22	-104	-114	+10
Cash proceeds from sale of assets	32	488	-456	2	355	-353
Repayment of lease liabilities	-308	-276	-32	-104	-88	-16
Adjustment for payment for costs related to acquisition and integration of new subsidiaries	-	3	-3	-	-	-
Organic cash flow	418	403	+15	58	419	-361

* this refers mainly to shift of social security payments from 2Q to 3Q that was allowed until anti-covid legislation

** including exchange rate effect on derivatives economically hedging capital expenditures, net

Financial leverage down to 2.0x

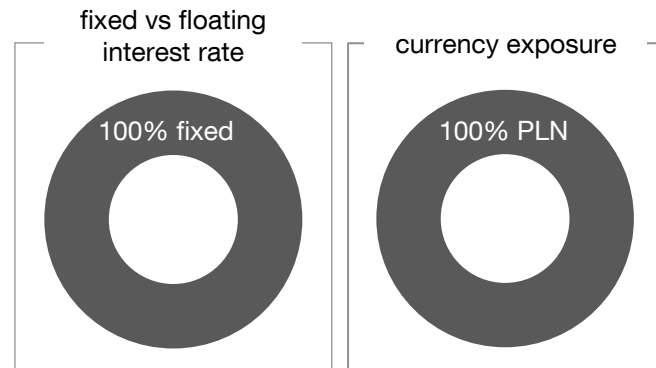
net debt evolution in PLNm



2.2x net debt to EBITDAaL 2.0x

3.1% effective interest rate on debt 3.2%

Debt after hedging breakdown



1.7 years – debt average duration

Conclusions

Julien Ducarroz
Chief Executive Officer

9M results prove strong fundamentals of our business and ability to adapt. Full-year plans confirmed

NPS#1

- Strong commercial and solid financial results in 3Q illustrate the strength of our fundamentals and ability to adapt to unprecedented challenges
 - Taking into account strong performance in 9M we maintain our 2020 EBITDAaL growth guidance.
- We carefully monitor impact of the pandemic:
 - Economic situation causing uncertainty mainly for the business market (ICT, demand for telecom services, roaming, risk of bad debts) and real estate disposals
- FiberCo project on track
 - Project on early stage (investment memoranda circulated) with expected conclusion in 2021
- In 4Q particular focus on:
 - High commercial season
 - C-band spectrum distribution and cybersecurity regulations
 - Work on 2021 plans and strategy update (to be communicated in 2Q 2021)

Q&A

Glossary (1/2)

4G	fourth generation of mobile technology, sometimes called LTE (Long Term Evolution)
ARPO	Average Revenue per Offer
data user	a customer who used mobile data transmission in a given month
Convergent services	Revenues from B2C convergent offers (excluding equipment sales). A convergent offer is defined as an offer combining at least a broadband access (xDSL, FTTx, cable or wireless for fixed) and a mobile voice contract (excluding MVNOs) with a financial benefit. Convergent services revenues do not include incoming and visitor roaming revenues
Core future-proof areas	Areas core to future margin generation consisting of: convergent services B2C, mobile only, fixed BB only, IT and integration services, B2B network solutions, wholesale revenues excluding fixed wholesale
EBITDA	Operating income + depreciation and amortization + impairment of goodwill + impairment of non-current assets
EBITDAaL	EBITDA after leases
FBB	Fixed Broadband
Fibre	fixed broadband access network based on FTTH(Fibre To The Home) /DLA (Drop Line Agnostic) technology which provides the end user with speed of above 100Mbps
Fibre access network project	rollout of fixed broadband access network based on fibre technology which provides the end user with speed of above 100Mbps
Fixed broadband-only services	Revenues from fixed broadband offers (excluding B2C convergent offers and equipment sales) including TV and VoIP services
FTE	Full time equivalent

Glossary (2/2)

Growth services	Convergent services, mobile retail and wholesale, fixed broadband, IT and integration services, equipment and B2B network solutions and adjacent services
Households (HH) connectable in fibre technology	Households where broadband access service based on fibre technology can be rendered
IT/IS	IT and Integration Services
LTE	Long Term Evolution, standard of data transmission on mobile networks (4G)
LTE user	a customer who used LTE service at least once in a given month
M2M	Machine to Machine, telemetry
VoIP	Voice over Internet Protocol
Mobile-only services	Revenue from mobile offers (excluding consumer market convergent offers) and Machine to Machine (M2M) connectivity. Mobile only services revenue does not include equipment sales, incoming and visitor roaming revenue
Wireless for fixed	fixed broadband cell-locked wireless access offered by Orange Poland for home/office zone with rich data packages
Organic Cash Flow	Organic Cash Flow = Net cash provided by Operating Activities – (CAPEX + CAPEX payables) + proceeds from sale of assets
SIMO	mobile SIM only offers without devices
VDSL	Very-high-bit-rate Digital Subscriber Line
VHBB	Very high speed broadband above 30Mbps