



Current Report (20/2020)
Orange Polska S.A., Warsaw, Poland
29 July, 2020

Pursuant to Article 17(1) of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, the Management Board of Orange Polska S.A. hereby provides selected financial and operating data related to the activities of the Orange Polska Capital Group (“the Group”, “Orange Polska”) for 2Q and 1H 2020.

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 Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2020 (available at <http://orange-ir.pl/results-center/results/2020>).

In 2Q 2020 Orange Polska reports resilient performance and maintains full-year EBITDAaL growth guidance

key figures (PLN million)	2Q 2020	2Q 2019** restated	Change	1H 2020**	1H 2019** restated	Change
Revenue	2,828	2,759	+2.5%	5,632	5,537	+1.7%
EBITDAaL*	728	662	+10.0%	1,401	1,297	+8.0%
EBITDAaL margin*	25.7%	24.0%	+1.7p.p.	24.9%	23.4%	+1.5 p.p.
operating income	109	139	-21.6%	197	213	-7.5%
net income	52	52	-	14	47	-70.2%
eCapex*	476	497	-4.2%	819	948	-13.6%
organic cash flow	438	83	+355m	360	-16	+376m

* From 2020 we have revised definitions of capex and EBITDAaL alternative performance measures. Capex is now presented net of the accrued proceeds from asset disposals and is named economic capex (eCapex). Consequently, EBITDAaL excludes gains on asset disposals. This change reflects better transformation of Orange Polska fixed asset base which has been rapidly evolving over the past few years and will do so in the future. We invest in assets essential for our future value creation (fibre and mobile network) and dispose assets no longer necessary for our core operations. Economic benefits of this transformation have been shifted from EBITDAaL to Capex.

** In Q2 2020 data for 2019 and 1Q 2020 have been retrospectively restated for the additional impact of the IFRS16 scope as described in the Financial Statements in Note 3

KPI ('000)	2Q 2020	2Q 2019	Change
convergent customers (B2C)	1,410	1,307	+7.9%
mobile accesses (SIM cards)	15,487	14,964	+3.5%
post-paid	10,504	10,040	+4.6%
pre-paid	4,982	4,924	+1.2%
fixed broadband accesses (retail)	2,638	2,582	+2.2%
o/w fibre	608	434	+40.1%
fixed voice lines (retail)	2,998	3,259	-8.0%

2Q 2020 Highlights:

- **EBITDAaL (EBITDA after Leases) up 10.0% year-on-year reflecting:**
 - resilient performance of core telco services,
 - significant impact of mitigating measures combined with continued cost optimisation (indirect costs down 13% year-on-year)
 - increased provisioning related to the pandemic
- **Taking into account strong performance in 1H and launch of mitigating measures, we maintain our 2020 EBITDAaL growth guidance. However we continue to closely monitor the situation**
- **Revenues up 2.5% year-on-year reflecting:**
 - revenues combining convergence, mono mobile and mono broadband up 2.3% yoy reflect positive impact of more for more strategy and negative impact from roaming
 - 46% yoy growth of IT/IS combining robust organic growth and contribution of BlueSoft
 - 13% yoy growth of mobile wholesale resulting from surge in traffic related to pandemic
 - equipment revenues down only 13% yoy resulting from relatively quick relaxation and gradual recovery of customer demand
- **Strong commercial performance in fixed broadband and mobile services:**
 - +8% year-on-year growth of B2C convergent customers, +23k net adds in 2Q
 - Convergence ARPO +3.4% year-on-year
 - +2% year-on-year growth of total fixed broadband customers, +22k net adds in 2Q
 - FBB mono ARPO +5.6% year-on-year
 - +40% year-on-year growth of fibre customers, +44k net adds in 2Q (the second highest quarterly result repeated)
 - +3% year-on-year growth of post-paid mobile handset customers, +65k net adds in 2Q
- **eCapex (economic capex) at PLN 476 million, -4% year-on-year, reflects slowdown of investments to offset potentially low proceeds from sale of assets**
- **4.6 million households connectable with fibre at the end of June (209k added in 2Q)**
- **Organic Cash Flow at PLN 438 million reflects strong EBITDAaL growth and c.PLN 120m shift in payments to 2H supporting working capital**

Commenting on 2Q 2020 performance, Jean-François Fallacher, Chief Executive Officer, said:

“We were pleased to see a relatively quick, progressive re-opening of the economy since the beginning of May, which translated into gradual return of the demand for our services. Traffic in shops remained far below the pre-pandemic levels; however its conversion to sales decisions was higher. Commercial performance in 2Q was strong especially in fixed broadband. We saw increased demand for copper broadband while in fibre, net customer additions of 44,000 repeated our second-best result ever, achieved during the previous quarter. In mobile handset offers net additions were above 1Q and also better than 2Q last year. They were helped by lower churn especially during the lockdown. Not surprisingly recovery on the business market is more challenging than on the consumer market.

In the light of the delay in the C-band spectrum allocation, in July we have launched 5G service on a dedicated part of our 2.1GHz spectrum using dynamic spectrum sharing (DSS) technology. It is currently available for around 6 million people, mainly in the centres of the big cities. We have made 5G available only in the high-end post-paid tariffs.

As promised, we have adopted a number of measures mitigating some of the impact of the pandemic on our results. These measures significantly helped us to achieve strong profitability growth in 2Q and make us more confident than a quarter ago about reaching our full-year EBITDAaL growth guidance. I would like to thank our social partners, for engaging in a dialogue with us and for coming-up with a compromise that serves the best interests of the Company and its employees. Poland’s economy is expected to contract in the second half of the year which causes us to remain cautious going forward especially with respect to the performance on the business market.

As you know I will be leaving Orange Polska at the end of August to take up another position within the Orange Group. I am proud of the performance Orange Polska achieved during my tenure and confident in the ability of my successor Julien Ducarroz to take the company from strength to strength.”

Financial Review

Revenues up 2.5% year-on-year driven by core telecom services and IT/IS

Revenues totalled PLN 2,828 million in 2Q 2020 and were up 2.5% year-on-year or PLN 69 million. There were four main factors influencing this revenue trend.

Firstly, combined revenues of convergence, mobile-only and fixed-broadband were up 2.3% year-on-year. This performance is mainly driven by continued growth in convergence ARPO (up 3.4% year-on-year) and turnaround in fixed broadband only ARPO (up 5.6% year-on-year), an outcome of our ‘more for more’ strategy. On the negative side, trend in mobile only service revenue deteriorated due to c.50% year-on-year drop in roaming revenues as a consequence of the pandemic.

Secondly, revenues from IT and integration services grew 46% year-on-year, thanks to a combination of robust organic growth (22% year-on-year) and the consolidation of BlueSoft (a contribution of PLN 39 million in 2Q).

Thirdly, mobile wholesale revenues were up 13% year-on-year reflecting much higher voice traffic as a result of the COVID-19 pandemic. Fourthly, decline in revenues from equipment sales was contained to only 13% year-on-year due to gradual return of customer demand and our successful commercial actions.

Strong commercial performance in fixed broadband and mobile services

Our commercial activity is mainly focused on delivering a package of mobile and fixed services, which we define as convergence. It is our competitive edge, it increases customer loyalty and allows us to upsell more services, winning a higher share of household media and telecom budgets.

In 2Q 2020 our B2C convergent customer base increased by 23,000 and 8% year-on-year. At the end of June, 63% of our B2C broadband customers were convergent versus 60% a year ago. In B2C mobile handset customer base, penetration of convergence increased to 51% versus 48% at the end of June 2019. ARPO from convergent customers continued to grow and was up 3.4% year-on-year increasing to PLN 105.4. It was a result of our value strategy, upsell of additional services as well as due to increased usage of our VoIP and VoD services during the lockdown.

Total fixed broadband customer base increased in 2Q 2020 by 22,000 and 2.2% year-on-year. It was the highest quarterly increase in six quarters. It was driven by continued growth of fibre customer base which expanded 40% year-on-year, adding 44,000 in 2Q (the second highest ever quarterly result repeated) but also lower decrease of copper broadband customer base. It decreased 33,000 versus 41,000 in 1Q 2020 and 37,000 a year ago. It was supported by lower-than-previously churn. It needs to be highlighted that ARPO from broadband-only services was up as much as 5.6% year-on-year and 2.3% quarter-on-quarter. The key contributors of this strong performance were last year's price increases and growing share of fibre customers. Fibre customers generate the highest ARPO which is mainly fuelled by high share of TV services and increasing share of customers in single family houses (who pay higher price).

Total mobile post-paid customer base increased by 162,000 in 2Q 2020, or by 4.6% year-on-year. In handset offers, net customer additions of 65,000 were higher than last year and higher than in the previous quarter despite the pandemic. They were supported by lower churn. In 2Q post-paid churn ratio stood at 2.1% compared to 2.5% in the previous quarter. ARPO from mobile-only handset offers was down 5.2% year-on-year, compared to 2.1% decline in 1Q 2020. However this trend was affected by significantly lower roaming revenues mainly on the business market. Excluding roaming this ARPO was down only 0.9% year-on-year.

Number of our reported pre-paid services shrunk by 113,000 or 2% in 2Q mainly due to much lower activations of new pre-paid cards. This was a consequence of pandemic-related reduced small business activity and much lower sales to foreign residents.

In fixed voice, 2Q net loss of lines was contained to 36,000 compared to 75,000 in 1Q 2020 as churn was positively impacted by the lockdown period.

Launched mitigating measures significantly contributed to performance in 2Q

As preannounced during 1Q results publication the management has launched a number of measures in operating costs and capex to partially mitigate the negative impact of the COVID-19 pandemic on Company's business goals. They had significant positive influence on our 2Q results as well as they will contribute to the performance in the remainder of the year. Curtailment of jubilee awards scheme resulted in PLN 64 million reversal of provisions for employee benefits and will result in lower cash outflows in the years to come. In negotiations with Company's trade unions we have amended Social Agreement reducing the rate of basic salary increase in 2020 from 3.5% to 1.0%. At the same time further dismissals in the process of collective redundancies in 2020 were frozen. On top of that operating costs in 2Q benefitted from rigorous freeze that was implemented in all non-essential business areas. We have also successfully renegotiated certain rental contracts. In capital expenditures we have slowed down certain projects in the light of more difficult business environment for real estate disposals resulting from the pandemic. This is in order to keep eCapex (economic capex) for the full-year in the guided range.

2Q EBITDAaL +10% yoy reflecting strong core service revenues, increased provisioning (due to pandemic) and mitigating measures

EBITDAaL for 2Q 2020 came in at PLN 728 million and was up 10.0% year-on-year. Direct margin (a difference between revenues and direct costs) was down PLN 56 million year-on-year. Its evolution deteriorated as positive impact of strong performance of core service revenue lines was more than offset by pandemic-related provisioning for bad debts and certain contractual obligations. However trend in the indirect cost significantly improved: they were down as much as 13% year-on-year. This reflected significant positive impact from mitigating measures launched by the management (including PLN 64 million provision reversal linked to jubilee awards booked in the labour costs) and ongoing cost optimisation across all cost categories.

Bottom line reflects higher depreciation and lower gains on asset disposals

Net income for 2Q 2020 came in at PLN 52 million flat year-on-year. Growth of EBITDAaL has not translated into the bottom line for two main reasons. Firstly, depreciation was up 11% year-on-year (PLN 61 million) resulting from our continuous investments in the telecommunication networks. Secondly, gains on asset disposals were PLN 39 million below last year. On the positive side, net finance costs were lower than last year. This combined lower interest expense (due to lower level of debt and lower effective cost of debt) and benefits of strengthening of PLN vs EURO (which translated into foreign exchange gains and lower discount expense).

Organic Cash Flow reflects strong EBITDAaL growth and shift in payments of c.PLN120 million to 2H

Organic cash flow for 2Q 2020 was PLN 438 million, a significant improvement over PLN 83 million generated in 2Q 2019. This particular growth stemmed from three factors. Firstly, strong EBITDAaL growth combined with lower interest payments (reflecting different timing of payments and lower cost of debt) translated into PLN 104 million better cash from operating activities (before working capital). Secondly, working capital improved by as much as PLN 190 million year-on-year. However around PLN 120 million of that improvement resulted from a shift of payments into 2H. Finally, capital expenditure cash outflows were PLN 86 million down year-on-year due to lower capex of the current period.

Commenting on 2Q 2020 results, Jacek Kunicki, Chief Financial Officer, said:

“Our 2Q results proved the resilience of our business model to the impact of the pandemic and our ability to adapt well to this unprecedented situation. Robust, 10% year-on-year EBITDAaL growth combined with our underlying turnaround (best visible in improving ARPO evolution and good growth of fibre) and the strong positive impact of our mitigating measures to amplify the ongoing cost transformation. These helped us to offset the first impacts of the COVID-19 crisis; mainly lower sales of mobile services and equipment, as well as additional cost provisions. Our particularly high cash generation reflected the underlying strong operating performance, lower capital expenditures (slowed down in order to compensate the potential shortfall of real estate sales), as well as delay of social security payments in line with the anti-crisis legislation.

Our solid 1H results, as well as the impact of the mitigating measures we initiated allow us to maintain our EBITDAaL growth ambition for 2020. Nonetheless, we remain cautious regarding the potential economic impact of the crisis in the second half of the year, especially in the B2B segment, and taking into account the uncertainty, we will continue to monitor the situation and re-evaluate the COVID-19 impact on our results on a continuous basis.”

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 Interim Consolidated Financial Statements of the Orange Polska Group for the 6 months ended 30 June 2020 (available at <http://orange-ir.pl/results-center/results/2020>).

<i>in PLNm</i>	2Q 2020	2Q 2019	1H 2020	1H 2019
Operating income	109	139	197	213
Less gains on disposal of assets	-5	-44	-15	-48
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	636	575	1,244	1,158
Interest expense on lease liabilities	-16	-17	-32	-33
Adjustment for the impact of employment termination programs	-	6	-	4
Adjustment for the costs related to acquisition and integration of new subsidiaries	4	3	7	3
EBITDAaL (EBITDA after Leases)	728	662	1,401	1,297

Forward-looking statement

This press release 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', 'adjusted' 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 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.

Orange Polska's Management Board are pleased to invite you to the Company's 2Q 2020 results presentation.

30th July 2020
Start: 11.00 CET

Venue address:
Orange Polska S.A.
Aleje Jerozolimskie 160,
(Conference room – ground floor)
02-326 Warsaw, Poland

The presentation will be also available via a live webcast <http://infostrefa.tv/orange> and via a live conference call

Time:
11:00 (Warsaw)
10:00 (London)
05:00 (New York)

Dial in numbers:
Conference Code: 411064

Poland: 48 22 124 49 59
Canada: 1 587 855 1318
Germany: 49 30 25 555 323
Russia: 7 495 283 98 58
United Kingdom: 44 203 984 9844
United States: 1 718 866 4614

Orange Polska Group Consolidated

amounts in PLN millions	2019					2020	
	1Q	2Q	3Q	4Q	FY	1Q	2Q
Income statement	restated (IFRS16)*	restated (IFRS16)*	restated (IFRS16)*	restated (IFRS16)*	restated (IFRS16)*	restated (IFRS16)*	IFRS16
Revenues							
Mobile services only	640	646	660	652	2,598	638	630
Fixed services only	569	552	540	531	2,192	523	527
Narrowband	244	233	224	216	917	208	206
Broadband	219	213	211	211	854	211	214
B2B Network Solutions	106	106	105	104	421	104	107
Convergent services B2C	369	384	399	406	1,558	419	428
Equipment sales	367	352	359	477	1,555	306	308
IT and integration services	147	163	224	269	803	233	238
Wholesale	560	568	585	565	2,278	601	613
Mobile wholesale	310	324	323	330	1,287	349	366
Fixed wholesale	177	169	186	157	689	171	165
Other	73	75	76	78	302	81	82
Other revenues	126	94	103	99	422	84	84
Total revenues	2,778	2,759	2,870	2,999	11,406	2,804	2,828
Labour expenses**	(403)	(377)	(361)	(349)	(1,490)	(402)	(287)
External purchases	(1,554)	(1,533)	(1,567)	(1,763)	(6,417)	(1,550)	(1,597)
- Interconnect expenses	(446)	(461)	(478)	(442)	(1,827)	(482)	(507)
- Network and IT expenses	(148)	(152)	(142)	(148)	(590)	(151)	(162)
- Commercial expenses	(583)	(578)	(589)	(764)	(2,514)	(546)	(552)
- Other external purchases	(377)	(342)	(358)	(409)	(1,486)	(371)	(376)
Other operating incomes & expenses**	(43)	(51)	(44)	(47)	(185)	(21)	(42)
Impairment of receivables and contract assets	(32)	(27)	(39)	(40)	(138)	(36)	(50)
Amortization and impairment of right-of-use assets	(95)	(92)	(102)	(103)	(392)	(106)	(108)
Interest expense on lease liabilities	(16)	(17)	(18)	(15)	(66)	(16)	(16)
EBITDAaL (EBITDA after Leases)	635	662	739	682	2,718	673	728
<i>% of revenues</i>	22.9%	24.0%	25.7%	22.7%	23.8%	24.0%	25.7%
Gains on disposal of assets***	5	44	218	4	271	10	5
Depreciation, amortisation and impairment of property, plant and equipment and intangibles assets	(583)	(575)	(592)	(698)	(2,448)	(608)	(636)
Add-back of interest expense on lease liabilities	16	17	18	15	66	16	16
Adjustment for the impact of employment termination programs**	2	(6)	(1)	(176)	(181)	0	0
Adjustment for the costs related to acquisition and integration of new subsidiaries**	0	(3)	(4)	(3)	(10)	(3)	(4)
Adjustment for the impact of deconsolidation of subsidiaries***	(1)	0	0	0	(1)	0	0
Operating income / (loss)	74	139	378	(176)	415	88	109
<i>% of revenues</i>	2.7%	5.0%	13.2%	-5.9%	3.6%	3.1%	3.9%
Finance costs, net	(80)	(73)	(107)	(48)	(308)	(132)	(49)
- Interest expense on lease liabilities	(16)	(17)	(18)	(15)	(66)	(16)	(16)
- Other Interest expenses, net (excl. Interest expense on lease liabilities)	(50)	(48)	(49)	(49)	(196)	(51)	(45)
- Discounting expense	(14)	(11)	(20)	(3)	(48)	(23)	0
- Foreign exchange losses	0	3	(20)	19	2	(42)	12
Income tax	1	(14)	(49)	37	(25)	6	(8)
Consolidated net income / (loss)	(5)	52	222	(187)	82	(38)	52

* In Q2 2020 retrospective additional impact of the IFRS 16 scope was recognised as described in Financial Statement in Note 3 and 4

** Labour expenses and other operating incomes & expenses exclude adjustment due to employment termination program and some costs related to acquisition and integration of new subsidiaries

*** Gains on disposal of assets exclude impact of deconsolidation of subsidiaries

Orange Polska Group key performance indicators

<i>Customer base (in thousands)</i>	2019				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
B2C convergent customers	1,276	1,307	1,331	1,369	1,387	1,410
Fixed telephony accesses						
PSTN	2,322	2,228	2,140	2,046	1,962	1,900
VoIP	1,006	1,031	1,046	1,063	1,072	1,099
Total retail main lines	3,328	3,259	3,186	3,109	3,034	2,998
<i>o/w B2C convergent</i>	778	800	807	825	830	833
<i>o/w B2C PSTN convergent</i>	44	38	31	27	23	21
<i>o/w B2C VoIP convergent</i>	734	762	776	799	807	813
Fixed broadband access						
ADSL	1,098	1,056	1,017	958	923	896
VHBB (VDSL+Fibre)	921	961	998	1,063	1,101	1,139
<i>o/w VDSL</i>	522	527	525	543	537	531
<i>o/w Fibre</i>	399	434	473	520	564	608
Wireless for fixed	557	565	574	586	592	603
Retail broadband - total	2,576	2,582	2,589	2,607	2,616	2,638
<i>o/w B2C convergent</i>	1,276	1,307	1,331	1,369	1,387	1,410
TV client base						
IPTV	455	476	495	521	539	554
DTH (TV over Satellite)	503	496	484	473	456	442
TV client base - total	958	972	979	994	994	996
<i>o/w B2C convergent</i>	758	788	802	828	836	842
Mobile accesses						
Post-paid						
<i>Mobile Handset</i>	7,553	7,611	7,672	7,748	7,810	7,875
<i>Mobile Broadband</i>	934	895	865	831	822	806
<i>M2M</i>	1,483	1,534	1,591	1,658	1,710	1,823
Total postpaid	9,970	10,040	10,128	10,237	10,342	10,504
<i>o/w B2C convergent</i>	2,434	2,486	2,528	2,589	2,612	2,651
Total pre-paid	4,867	4,924	5,012	5,047	5,095	4,982
Total	14,837	14,964	15,140	15,284	15,436	15,487
Wholesale customers						
WLR	408	381	354	328	310	299
Bitstream access	137	133	129	128	128	129
LLU	73	69	66	63	60	58

<i>Quarterly ARPO in PLN per month</i>	2019				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Convergent services B2C	101.4	101.9	103.4	102.8	104.8	105.4
Fixed services only - voice	36.3	36.2	36.2	36.3	36.5	37.4
Fixed services only - broadband	55.5	54.9	55.2	56.0	56.7	58.0
Mobile services only	20.0	20.1	20.3	20.0	19.5	19.3
Postpaid excl M2M	26.9	27.0	27.1	26.7	26.3	25.5
<i>Mobile Handset</i>	28.6	28.7	28.9	28.5	28.0	27.2
<i>Mobile Broadband</i>	16.4	15.9	15.4	14.3	13.6	13.3
Prepaid	11.4	11.6	12.1	11.9	11.6	11.9
Mobile wholesale (convergent + mono)	7.1	7.5	7.4	7.5	8.0	8.4

<i>Other mobile operating statistics</i>	2019				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Number of smartphones (thousands)	7,521	7,658	7,778	7,857	7,857	7,907
AUPU (in minutes)						
post-paid	357.9	356.6	349.5	354.3	397.3	441.5
pre-paid	161.9	163.0	158.8	158.6	173.2	193.3
blended	286.5	285.8	279.3	281.8	314.2	350.2
Quarterly mobile customer churn rate (%)						
post-paid	2.8	2.5	2.4	2.8	2.5	2.1
pre-paid	10.8	10.2	10.7	10.2	9.1	10.4
SAC post-paid (PLN)	82.4	99.1	94.8	116.6	82.1	78.3
SRC post-paid (PLN)	43.9	43.1	45.7	60.9	48.0	59.8

<i>Employment structure of Group as reported Active full time equivalents (end of period)</i>	2019				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Orange Polska	13,077	12,429	12,219	12,034	11,885	11,219
50% of Networks	355	353	351	342	330	330
Total	13,432	12,782	12,570	12,376	12,215	11,549

Terms used:

ARPO – average revenue per offer

Average Usage per User (AUPU) – The average monthly total usage of minutes divided by the average number of SIM cards (excluding M2M) in a given period.

Churn rate – the number of customers who disconnect from a network divided by the weighted average number of customers in a given period.

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.

Convergent services B2C ARPO – The average monthly revenues from convergent services generated by retail customers (B2C) divided by the **average** number of B2C convergent customers in a given period.

Fixed broadband-only services – Revenues from fixed broadband offers (excluding B2C convergent offers and equipment sales), including TV and VoIP services.

Fixed broadband-only services ARPO – The average monthly revenues from fixed broadband only services divided by the average number of accesses in a given period.

Household connectable with fibre - an apartment in multi-family building or a single family house within the reach of our fibre to the home service that allows to provide service with a speed of at least 100Mb/s

Mobile-only services – Revenues from mobile offers (excluding consumer market convergent offers) and Machine to Machine (M2M) connectivity. Mobile-only services revenues do not include equipment sales and incoming and visitor roaming revenues.

Mobile-only services ARPO – The average monthly retail revenues from mobile only services excluding M2M connectivity, divided by the average number of SIM cards (excluding M2M) in a given period.

Mobile-only broadband ARPO – The average monthly retail revenues from SIM cards dedicated to mobile broadband access (excluding B2C convergent offers and equipment sales) divided by the average number of these SIM cards in a given period.

Mobile-only handset ARPO – The average monthly retail revenues from SIM cards dedicated to mobile handset access (excluding B2C convergent offers and equipment sales) divided by the average number of these SIM cards in a given period.

Subscriber Acquisition Cost (SAC) – Customer acquisition costs divided by the number of gross customers added during the respective period. Customer acquisition costs comprise commissions paid to distributors and net subsidies resulting from the sale of the handset.

Subscriber Retention Cost (SRC) – Customer retention costs divided by the number of customers retained during the respective period. Customer retention costs comprise commissions paid to distributors and net subsidies resulting from the sale of the handset.