



**Current Report (23/2018)**  
**Orange Polska S.A., Warsaw, Poland**  
**24 October, 2018**

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 3Q2018.

Disclosures on performance measures, including adjustments, are presented in the Note 2 to Condensed IFRS Quarterly Consolidated Financial Statements of the Orange Polska Group for the 3 months ended 30 September 2018 (available at <http://orange-ir.pl/results-center/results/2018>).

**Orange Polska in 3Q 2018 reports good commercial performance and 7% year-on-year growth of adjusted EBITDA**

| key figures (PLN million)               | 9m 2018 (IFRS15) | 9m 2018 (IAS18) | 9m 2017 (IAS18) | change (IAS18) | 3Q 2018 (IFRS15) | 3Q 2018 (IAS18) | 3Q 2017 (IAS18) | change (IAS18) |
|---|------------------|-----------------|-----------------|----------------|------------------|-----------------|-----------------|----------------|
| revenue                                 | 8,171            | 8,332           | 8,471           | -1.6%          | 2,755            | 2,800           | 2,814           | -0.5%          |
| EBITDA                                  | 2,175            | 2,365           | 2,336           | +1.2%          | 792              | 834             | 776             | +7.5%          |
| EBITDA margin                           | 26.6%            | 28.4%           | 27.6%           | +0.8pp         | 28.7%            | 29.8%           | 27.6%           | +2.2pp         |
| adjusted EBITDA <sup>1</sup>            | 2,175            | 2,365           | 2,344           | +0.9%          | 792              | 834             | 776             | +7.5%          |
| adjusted EBITDA margin <sup>1</sup>     | 26.6%            | 28.4%           | 27.7%           | +0.7pp         | 28.7%            | 29.8%           | 27.6%           | +2.2pp         |
| operating income                        | 281              | 471             | 406             | +16.0%         | 175              | 217             | 128             | +69.5%         |
| net income/loss                         | 25               | 179             | 138             | +29.7%         | 91               | 125             | 28              | +4.5x          |
| capex                                   | 1,469            | 1,469           | 1,260           | +16.6%         | 498              | 498             | 438             | +13.7%         |
| adjusted capex <sup>1</sup>             | 1,437            | 1,437           | 1,260           | +14.0%         | 498              | 498             | 438             | +13.7%         |
| organic cash flow                       | -551             | -551            | 254             | n/a            | -364             | -364            | 290             | n/a            |
| adjusted organic cash flow <sup>1</sup> | 102              | 102             | -12             | n/a            | 283              | 283             | 24              | +11.8x         |

Evolution of business trends is presented under the old IAS18 accounting standard. The new accounting standard, IFRS15, has been implemented by Orange Polska prospectively, i.e. no comparative figures for past years restated to IFRS15 are provided. In the opinion of the Company, such an approach assures continuity of performance vis- à-vis the recently announced strategy and already known business trends.

<sup>1</sup> please refer to adjustment table on p.5

| KPI ('000)                        | 3Q 2018 | 3Q 2017 | Change |
|-----------------------------------|---------|---------|--------|
| convergent customers (B2C)        | 1,178   | 945     | +24.7% |
| mobile accesses (SIM cards)       | 14,614  | 14,358  | +1.8%  |
| post-paid                         | 9,853   | 9,662   | +2.0%  |
| pre-paid                          | 4,761   | 4,696   | +1.4%  |
| fixed broadband accesses (retail) | 2,530   | 2,377   | +6.4%  |
| fixed voice lines (retail)        | 3,480   | 3,744   | -7.1%  |

### 3Q 2018 highlights:

- **Adjusted EBITDA<sup>2</sup> (under IAS18 accounting) up 7.5% year-on-year, mainly reflecting:**
  - Better revenue trend
  - Higher gains on sale of assets
  - Successful implementation of actions to recover in roaming area
- **Full-year adjusted EBITDA guidance at around PLN 3.0 billion under IAS18 and PLN 2.75 billion under IFRS15 confirmed**
- **Revenue evolution improved to only -0.5% yoy (under IAS18 accounting), reflecting:**
  - Continued strong growth rate of convergence revenues
  - Better evolution on mono services due to roaming and more favourable underlying trends
  - Improved trend in equipment sales as a result of commercial actions well received by customers
  - Much better performance in energy resale area (Orange Energia)
  - Ongoing pressure on legacy areas
- **Solid commercial performance in convergence, fibre, TV and mono-mobile services:**
  - 25% yoy growth of B2C convergent customers, +41k net adds in 3Q
  - 84% yoy growth of fibre customers, +38k net adds in 3Q, (adoption rate at 10.2%)
  - 13% yoy growth of TV customers, +21k net adds in 3Q
  - Loss of mono-mobile post-paid customers limited to 13k (compared to 55k in 2Q)
- **Adjusted capex<sup>2</sup> at PLN 498m, up 14% yoy, reflecting high spending on fibre network roll-out and higher capex for mobile**
- **3.16m households connectable with fibre at the end of September (245k added in 3Q)**
- **Adjusted Organic Cash Flow<sup>2</sup> at PLN 283m supported by working capital release**

<sup>2</sup>please refer to adjustment table on p.5

**Commenting on 3Q 2018 performance, Jean-François Fallacher, Chief Executive Officer, said:**

“Our commercial performance in 3Q was good, despite the holiday period. Fibre customer net additions were 38k, almost matching the record high we achieved during the previous quarter. As of today our fibre network is available in almost 3.2 million Polish households in 116 cities, and the rate of adoption has exceeded 10%. We started to invest in fibre to enhance our competitive advantage vis-à-vis cable companies. According to our own market research, over the past 3 years we have improved our market share in wireline broadband in the areas where we invest. The drivers for this improvement are convergence and fibre. In convergence we are especially pleased with the stabilisation of average revenue per customer, thanks to effective upsell and the value-oriented changes we introduced with the Orange Love offer. In 3Q we introduced an option to buy a new handset on instalment at any point during the lifetime of the contract. This increased flexibility was very well received by our customers and contributed to 3Q revenues and profits.

Our commercial approach in all areas continues to reflect our focus on value generation, which means that we aim for a balance between customer volumes and the value they bring. Although there are signs that the market is becoming more competitive, we will maintain this strategy ahead of the peak commercial period.”

## **Financial Review**

### **Revenues decline contained to 0.5% year-on-year**

Revenues (under IAS18 accounting) totalled PLN 2,800 million in 3Q, down 0.5% or PLN 14 million year-on-year but up 1.2% quarter-on-quarter. There were five main factors influencing the revenue trend.

Firstly, high growth of revenues from convergent services (28% year-on-year) driven by customer growth and upsell of new services. Secondly, revenues from mobile-only services declined 11% year-on-year, much less than in 1H (16%), mainly as a result of better trend in roaming revenues (roam-like-at-home regulations already in place a year ago) but also due to improving underlying trends.

Thirdly, equipment sales (up 5% year-on-year and 8% quarter-on-quarter) were supported by introduction of possibility for customers to buy a new handset on instalment anytime during the lifetime of the contract. Fourthly, successful development of energy resale boosted other revenue category. Finally, wholesale revenues continued to benefit from a national roaming contract with Play.

### **Commercial performance reflects focus on convergence and value**

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

In 3Q our B2C convergent customer base increased by 41,000 or 25% year-on-year. At the end of September, 55% of our B2C broadband customers were convergent versus 46% a year ago. The total number of services used by B2C convergent customers approached 4.9 million, which implies that on average every customer uses more than four services. The average revenue per convergent offer (ARPO) was stable year-on-year and slightly up quarter-on-quarter. This improved trend is a result of the value oriented changes in the Orange Love offer, growing upsell of additional mobile SIM cards as well as TV services.

Total fixed broadband customer base increased by 24,000 in 3Q or 6% year-on-year. It is driven by an attractive convergent offer and technological transformation. The share of ADSL customers stood at only 47% at the end of September versus 58% a year ago. Fibre customer base reached 324,000 and added 38,000 in 3Q, almost matching record high second quarter despite holiday season. Our non-convergent broadband customer base continues to shrink as a result of migration to convergence but also due to churn.

Our pay-TV customer base continued to expand following improvements in our content value proposition and focus on convergence. With net additions of 21,000 in 3Q, it reached 921,000 and increased 13% year-on-year.

Total number of mobile services increased by 130,000 in 3Q, the most for many quarters. The growth was almost equally divided between pre-paid and post-paid.

Post-paid customer base increased by 63,000 in 3Q 2018. In handset offers, net customer additions improved versus the last two quarters to 58,000 owing to much lower erosion of non-convergent mobile customer base. This was a consequence of more effective retention and improved customer offers introduced in 2Q. Mobile broadband customer base fell another quarter in a row, again driven by the shift to wireless for fixed offers and growing data packages for smartphone usage available in handset tariffs. Drop of ARPO from mobile-only services was contained to just 7% year-on-year (vs. 12% year-on-year decline in 1H) as a result of better trend in roaming and value focus in tariff plans.

In fixed voice, the net loss of lines was 61,000 with key trends broadly unchanged. The number of VoIP services is growing, as they are part of the Orange Love package. Excluding VoIP services, the loss of lines continues to reflect structural negative market trends.

### **Adjusted EBITDA<sup>3</sup> up 7.5% year-on-year, reflecting better trend in direct margin and higher gain of sales of assets**

EBITDA for 3Q 2018 was PLN 834 million (under IAS18 accounting) and was up 7.5% year-on-year. There were two main factors supporting this performance. Firstly, gain on sales of assets, which was PLN 93 million versus only PLN 3 million a year ago. Secondly, direct margin (difference between revenues and direct costs) was supported by improving trend in key revenue areas and roaming. Interconnect costs dropped 1% year-on-year (after they were up 11% year-on-year in 1H) due to lower roaming expenses. As roam-like-at-home regulation was introduced in mid-June 2017, this does not distort any more year-on-year comparison. In addition, roaming costs benefitted from renegotiations of wholesale rates and successful management of excessive roaming.

### **Net income evolution reflects higher EBITDA and lower net financial expense**

Net income for 3Q 2018 stood at PLN 125 million (under IAS18 accounting) versus PLN 28 million in 3Q 2017. Significant growth was mainly a consequence of higher EBITDA and lower net financial expense. The latter was lower as strengthening of PLN to EUR supported UMTS licence discount expense.

### **Adjusted Organic Cash Flow<sup>3</sup> at PLN 283 million**

Adjusted organic cash flow for 3Q 2018 was PLN 283 million and increased significantly versus PLN 24 million in 3Q 2017 and versus PLN -29 million in 2Q 2018. The improvement stemmed from net cash from operating activities, which was higher by PLN 295 million year-on-year (adjusted for EC fine payment). It mainly resulted from payment from T-Mobile related to the wholesale agreement signed in July (first tranche of the upfront fee in the amount of PLN 138 million) and much lower growth of instalment receivables. Cash generation in the quarter was also supported by settlements of roaming discounts from prior periods. Capital expenditure cash outflows were PLN 560 million in 3Q 2018, up PLN 56 million year-on-year, as a result of higher capex of the current quarter.

### **Commenting on 3Q 2018 results, Maciej Nowohoński, Chief Financial Officer, said:**

“I am very pleased that our revenue and EBITDA trend, as well as cash generation, visibly improved in 3Q. Our revenues and costs benefitted from renegotiations of wholesale roaming rates and proper management of excessive roamers. We have concluded the sale of some major real estate from our portfolio and the cash will follow in the coming quarters. Our cash balance at the end of September reflected on one hand our payment of the EC fine, and on the other hand the first tranche of the upfront fee from our wholesale deal with T-Mobile.

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<sup>3</sup> please refer to adjustment table on p.5

Our business trends after nine months of the year are stable, in line with our expectations and market guidance. Therefore we reiterate our full-year adjusted EBITDA guidance at around PLN 3.0 billion under IAS 18 and PLN 2.75 billion under IFRS 15.”

### Adjustments to financial data

|  | 3Q'18  | 3Q'18 | 3Q'17 | 9m'18  | 9m'18 | 9m'17 |
|--|--------|-------|-------|--------|-------|-------|
| <i>in PLNm</i>   | IFRS15 | IAS18 | IAS18 | IFRS15 | IAS18 | IAS18 |
| Revenue  | 2,755  | 2,800 | 2,814 | 8,171  | 8,332 | 8,471 |
|  | 0      | 0     | 0     | 0      | 0     | 0     |
| Adjusted revenue   | 2,755  | 2,800 | 2,814 | 8,171  | 8,332 | 8,471 |
| EBITDA   | 792    | 834   | 776   | 2,175  | 2,365 | 2,336 |
| – Employment termination expense                             | 0      | 0     | 0     | 0      | 0     | 8     |
| Adjusted EBITDA  | 792    | 834   | 776   | 2,175  | 2,365 | 2,344 |
| Capital expenditures   | 498    | 498   | 438   | 1,469  | 1,469 | 1,260 |
| – Telecommunication licences**                               | 0      | 0     | 0     | -32    | -32   | 0     |
| Adjusted capital expenditures                                | 498    | 498   | 438   | 1,437  | 1,437 | 1,260 |
| Organic cash flow  | -364   | -364  | 290   | -551   | -551  | 254   |
| – Investment grants received/paid to fixed assets suppliers* | 1      | 1     | -266  | 7      | 7     | -266  |
| – Payment of European Commission fine                        | 646    | 646   | 0     | 646    | 646   | 0     |
| Adjusted organic cash flow                                   | 283    | 283   | 24    | 102    | 102   | -12   |

\* relates to EU subsidies for the Digital Poland Operational Programme (POPC)

\*\* capitalised future payments for T-Mobile related to usage of the 900 MHz frequency until 2020

### 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 is pleased to invite you to the Company's 3Q 2018 results presentation.**

Orange Polska 3Q 2018 Results Presentation

**Thursday, 25<sup>th</sup> October 2018**

Venue address:

Orange Polska

Aleje Jerozolimskie 160

(Conference room – ground floor)

02-326 Warsaw, Poland

**Start: 11.00 CET**

The presentation will also be available via a [live webcast](#) on our website and via a live conference call:

Time:

11:00 (Warsaw)

10:00 (London)

05:00 (New York)

Conference title:

Orange Polska 3Q 2018 Results Conference Call

**Dial in numbers:**

**PIN: 39918008#**

Poland Toll-Free: 008001215222

Poland Toll: +48225839021

Canada Toll: +14162164194

France Toll: +33170710159

Germany Toll: +4969222225429

Netherlands Toll: +31207095119

United Kingdom Toll: +442071943759

United Kingdom Toll-Free: 08003766183

United States Toll-Free: 8442860643

## Orange Polska Group Consolidated

| amounts in PLN millions   | 2017                   |                        |                        |                        | 2018         |              |              |              |              |              |
|---|------------------------|------------------------|------------------------|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 1Q                     | 2Q                     | 3Q                     | 4Q                     | 1Q           | 2Q           |              | 3Q           |              |              |
|   | as reported<br>(IAS18) | as reported<br>(IAS18) | as reported<br>(IAS18) | as reported<br>(IAS18) | IFRS15       | IAS18        | IFRS15       | IAS18        | IFRS15       | IAS18        |
| <b>Income statement</b>   |                        |                        |                        |                        |              |              |              |              |              |              |
| <b>Revenues</b>   |                        |                        |                        |                        |              |              |              |              |              |              |
| <b>Mobile-only services</b>   | <b>875</b>             | <b>879</b>             | <b>825</b>             | <b>794</b>             | <b>688</b>   | <b>747</b>   | <b>682</b>   | <b>729</b>   | <b>690</b>   | <b>734</b>   |
| <b>Fixed-only services</b>  | <b>721</b>             | <b>688</b>             | <b>681</b>             | <b>658</b>             | <b>627</b>   | <b>636</b>   | <b>628</b>   | <b>634</b>   | <b>610</b>   | <b>614</b>   |
| Narrowband  | 333                    | 317                    | 308                    | 299                    | 287          | 287          | 275          | 276          | 265          | 266          |
| Broadband   | 272                    | 257                    | 258                    | 246                    | 232          | 241          | 233          | 238          | 230          | 233          |
| B2B Network Solutions   | 116                    | 114                    | 115                    | 113                    | 108          | 108          | 120          | 120          | 115          | 115          |
| <b>Convergent services B2C</b>  | <b>233</b>             | <b>256</b>             | <b>279</b>             | <b>300</b>             | <b>291</b>   | <b>321</b>   | <b>316</b>   | <b>342</b>   | <b>336</b>   | <b>357</b>   |
| <b>Equipment sales</b>  | <b>303</b>             | <b>304</b>             | <b>297</b>             | <b>352</b>             | <b>351</b>   | <b>309</b>   | <b>307</b>   | <b>288</b>   | <b>336</b>   | <b>312</b>   |
| <b>IT and integration services</b>  | <b>92</b>              | <b>101</b>             | <b>123</b>             | <b>177</b>             | <b>112</b>   | <b>112</b>   | <b>134</b>   | <b>134</b>   | <b>127</b>   | <b>127</b>   |
| <b>Wholesale</b>  | <b>512</b>             | <b>524</b>             | <b>547</b>             | <b>557</b>             | <b>579</b>   | <b>579</b>   | <b>571</b>   | <b>571</b>   | <b>576</b>   | <b>576</b>   |
| Mobile wholesale  | 268                    | 280                    | 291                    | 308                    | 312          | 312          | 329          | 329          | 332          | 332          |
| Fixed wholesale   | 176                    | 180                    | 193                    | 184                    | 188          | 188          | 176          | 176          | 176          | 176          |
| Other   | 68                     | 64                     | 63                     | 65                     | 79           | 79           | 66           | 66           | 68           | 68           |
| <b>Other revenues</b>   | <b>82</b>              | <b>87</b>              | <b>62</b>              | <b>72</b>              | <b>62</b>    | <b>62</b>    | <b>68</b>    | <b>68</b>    | <b>80</b>    | <b>80</b>    |
| <b>Total revenues</b>   | <b>2,818</b>           | <b>2,839</b>           | <b>2,814</b>           | <b>2,910</b>           | <b>2,710</b> | <b>2,766</b> | <b>2,706</b> | <b>2,766</b> | <b>2,755</b> | <b>2,800</b> |
| <b>year-on-year*</b>  | <b>0.5%</b>            | <b>-2.2%</b>           | <b>-1.3%</b>           | <b>-2.4%</b>           | <b>n/a</b>   | <b>-1.8%</b> | <b>n/a</b>   | <b>-2.6%</b> | <b>n/a</b>   | <b>-0.5%</b> |
| Labour expenses   | (452)                  | (438)                  | (395)                  | (405)                  | (432)        | (433)        | (397)        | (394)        | (370)        | (366)        |
| External purchases  | (1,554)                | (1,541)                | (1,555)                | (1,766)                | (1,549)      | (1,524)      | (1,529)      | (1,508)      | (1,582)      | (1,582)      |
| - Interconnect expenses   | (409)                  | (421)                  | (474)                  | (474)                  | (448)        | (448)        | (471)        | (471)        | (470)        | (470)        |
| - Network and IT expenses   | (157)                  | (167)                  | (157)                  | (171)                  | (148)        | (148)        | (152)        | (152)        | (148)        | (148)        |
| - Commercial expenses   | (638)                  | (609)                  | (572)                  | (726)                  | (578)        | (553)        | (551)        | (530)        | (562)        | (562)        |
| - Other external purchases  | (350)                  | (344)                  | (352)                  | (395)                  | (375)        | (375)        | (355)        | (355)        | (402)        | (402)        |
| Other operating incomes & expenses  | (54)                   | (71)                   | (65)                   | (65)                   | (51)         | (51)         | (33)         | (33)         | (58)         | (58)         |
| Impairment of receivables and contract assets   | (18)                   | (26)                   | (26)                   | (16)                   | (23)         | (31)         | (41)         | (49)         | (46)         | (53)         |
| Employment termination expenses   |                        | (8)                    |                        | (200)                  |              |              |              |              |              |              |
| Gain on disposal of assets  | 8                      | 57                     | 3                      | 13                     | 19           | 19           | 3            | 3            | 93           | 93           |
| <b>Reported EBITDA</b>  | <b>748</b>             | <b>812</b>             | <b>776</b>             | <b>471</b>             | <b>674</b>   | <b>746</b>   | <b>709</b>   | <b>785</b>   | <b>792</b>   | <b>834</b>   |
| % of revenues   | 26.5%                  | 28.6%                  | 27.6%                  | 16.2%                  | 24.9%        | 27.0%        | 26.2%        | 28.4%        | 28.7%        | 29.8%        |
| The impact of Social Agreements net of related curtailment of long-term employee benefits |                        | 8                      |                        | 196                    |              |              |              |              |              |              |
| <b>Adjusted EBITDA</b>  | <b>748</b>             | <b>820</b>             | <b>776</b>             | <b>667</b>             | <b>674</b>   | <b>746</b>   | <b>709</b>   | <b>785</b>   | <b>792</b>   | <b>834</b>   |
| % of revenues   | 26.5%                  | 28.9%                  | 27.6%                  | 22.9%                  | 24.9%        | 27.0%        | 26.2%        | 28.4%        | 28.7%        | 29.8%        |
| Depreciation & amortisation   | (639)                  | (642)                  | (643)                  | (648)                  | (641)        | (641)        | (636)        | (636)        | (619)        | (619)        |
| (Impairment)/reversal of impairment of non-current assets                                 | 0                      | (1)                    | (5)                    | 0                      | 0            | 0            | 0            | 0            | 2            | 2            |
| <b>Operating income / (loss)</b>  | <b>109</b>             | <b>169</b>             | <b>128</b>             | <b>(177)</b>           | <b>33</b>    | <b>105</b>   | <b>73</b>    | <b>149</b>   | <b>175</b>   | <b>217</b>   |
| % of revenues   | 3.9%                   | 6.0%                   | 4.5%                   | -6.1%                  | 1.2%         | 3.8%         | 2.7%         | 5.4%         | 6.4%         | 7.8%         |
| Finance costs, net  | (71)                   | (86)                   | (88)                   | (59)                   | (86)         | (86)         | (87)         | (87)         | (61)         | (61)         |
| Income tax  | 1                      | (12)                   | (12)                   | 38                     | 3            | (11)         | (2)          | (16)         | (23)         | (31)         |
| <b>Consolidated net income / (loss)</b>   | <b>39</b>              | <b>71</b>              | <b>28</b>              | <b>(198)</b>           | <b>(50)</b>  | <b>8</b>     | <b>(16)</b>  | <b>46</b>    | <b>91</b>    | <b>125</b>   |

\* Change is calculated based on IAS18 figures

## Orange Polska Group key performance indicators

| customer base (in thousands)         | 2017          |               |               |               | 2018          |               |               |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                      | 1Q            | 2Q            | 3Q            | 4Q            | 1Q            | 2Q            | 3Q            |
| <b>Convergent customers</b>          | <b>938</b>    | <b>1,084</b>  | <b>1,195</b>  | <b>1,306</b>  | <b>1,376</b>  | <b>1,436</b>  | <b>1,483</b>  |
| o/w B2C                              | 738           | 858           | 945           | 1,035         | 1,090         | 1,137         | 1,178         |
| o/w B2B                              | 200           | 227           | 250           | 271           | 287           | 298           | 304           |
| <b>Fixed telephony accesses</b>      |               |               |               |               |               |               |               |
| PSTN                                 | 3,181         | 3,081         | 2,972         | 2,857         | 2,738         | 2,623         | 2,527         |
| VoIP                                 | 678           | 728           | 771           | 827           | 875           | 918           | 953           |
| <b>Total retail main lines</b>       | <b>3,859</b>  | <b>3,809</b>  | <b>3,744</b>  | <b>3,684</b>  | <b>3,613</b>  | <b>3,541</b>  | <b>3,480</b>  |
| o/w B2C convergent                   | 449           | 530           | 577           | 630           | 678           | 718           | 755           |
| o/w B2C PSTN convergent              | 158           | 169           | 152           | 124           | 110           | 104           | 100           |
| o/w B2C VoIP convergent              | 291           | 362           | 425           | 506           | 568           | 614           | 655           |
| <b>Fixed broadband access</b>        |               |               |               |               |               |               |               |
| ADSL                                 | 1,451         | 1,407         | 1,367         | 1,324         | 1,278         | 1,238         | 1,200         |
| VHBB (VDSL+Fibre)                    | 544           | 588           | 633           | 681           | 724           | 767           | 807           |
| o/w VDSL                             | 427           | 443           | 457           | 467           | 476           | 481           | 484           |
| o/w Fibre                            | 117           | 145           | 176           | 214           | 248           | 286           | 324           |
| CDMA                                 | 14            | 0             | 0             | 0             | 0             | 0             | 0             |
| Wireless for fixed                   | 260           | 328           | 377           | 433           | 475           | 502           | 522           |
| <b>Retail broadband - total</b>      | <b>2,269</b>  | <b>2,323</b>  | <b>2,377</b>  | <b>2,438</b>  | <b>2,477</b>  | <b>2,506</b>  | <b>2,530</b>  |
| o/w B2C convergent                   | 738           | 858           | 945           | 1,035         | 1,090         | 1,137         | 1,178         |
| <b>TV client base</b>                |               |               |               |               |               |               |               |
| IPTV                                 | 254           | 277           | 301           | 333           | 359           | 386           | 410           |
| DTH (TV over Satellite)              | 521           | 515           | 512           | 515           | 515           | 514           | 511           |
| <b>TV client base - total</b>        | <b>775</b>    | <b>792</b>    | <b>814</b>    | <b>848</b>    | <b>875</b>    | <b>900</b>    | <b>921</b>    |
| o/w B2C convergent                   | 351           | 418           | 473           | 551           | 597           | 641           | 680           |
| <b>Mobile accesses</b>               |               |               |               |               |               |               |               |
| Post-paid                            |               |               |               |               |               |               |               |
| Mobile Handset                       | 7,009         | 7,112         | 7,200         | 7,270         | 7,310         | 7,358         | 7,416         |
| Mobile Broadband                     | 1,364         | 1,334         | 1,287         | 1,231         | 1,164         | 1,104         | 1,052         |
| M2M                                  | 1,079         | 1,126         | 1,175         | 1,225         | 1,273         | 1,328         | 1,385         |
| <b>Total postpaid</b>                | <b>9,452</b>  | <b>9,573</b>  | <b>9,662</b>  | <b>9,726</b>  | <b>9,747</b>  | <b>9,790</b>  | <b>9,853</b>  |
| o/w B2C convergent                   | 1,366         | 1,601         | 1,760         | 1,959         | 2,085         | 2,183         | 2,259         |
| <b>Total pre-paid</b>                | <b>5,820</b>  | <b>4,983</b>  | <b>4,696</b>  | <b>4,698</b>  | <b>4,621</b>  | <b>4,694</b>  | <b>4,761</b>  |
| <b>Total</b>                         | <b>15,272</b> | <b>14,555</b> | <b>14,358</b> | <b>14,424</b> | <b>14,368</b> | <b>14,484</b> | <b>14,614</b> |
| <b>Wholesale customers</b>           |               |               |               |               |               |               |               |
| WLR                                  | 614           | 587           | 564           | 531           | 507           | 487           | 467           |
| Bitstream access                     | 195           | 183           | 175           | 167           | 165           | 156           | 151           |
| LLU                                  | 105           | 100           | 96            | 91            | 87            | 83            | 80            |
| quarterly ARPO in PLN per month      | 2017          |               |               |               | 2018          |               |               |
|                                      | 1Q            | 2Q            | 3Q            | 4Q            | 1Q            | 2Q            | 3Q            |
| Convergent services B2C              | 112.5         | 105.0         | 102.8         | 103.1         | 100.8         | 102.4         | 103.0         |
| Fixed services only - voice          | 37.5          | 36.9          | 37.1          | 37.1          | 36.9          | 36.9          | 36.9          |
| Fixed services only - broadband      | 58.0          | 57.3          | 58.8          | 56.6          | 56.6          | 56.8          | 56.6          |
| Mobile services only                 | 21.8          | 23.5          | 23.5          | 23.0          | 21.9          | 21.7          | 21.7          |
| Postpaid excl M2M                    | 32.8          | 32.9          | 30.9          | 30.3          | 29.2          | 28.7          | 28.7          |
| Mobile Handset                       | 35.1          | 35.5          | 33.1          | 32.5          | 31.1          | 30.5          | 30.5          |
| Mobile Broadband                     | 22.3          | 20.9          | 20.3          | 19.4          | 19.1          | 18.4          | 17.8          |
| Prepaid                              | 9.3           | 11.3          | 13.0          | 12.6          | 11.9          | 12.3          | 12.6          |
| Mobile wholesale (convergent + mono) | 6.0           | 6.7           | 7.3           | 7.7           | 7.2           | 7.6           | 7.6           |



| other mobile operating statistics                   | 2017          |               |               |               | 2018          |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 1Q            | 2Q            | 3Q            | 4Q            | 1Q            | 2Q            | 3Q            |
| Number of smartphones (thousands)                   | 6,312         | 6,441         | 6,552         | 6,744         | 6,886         | 7,006         | 7,223         |
| <b>AUPU (in minutes)</b>                            |               |               |               |               |               |               |               |
| post-paid   | 342.5         | 341.0         | 335.7         | 346.4         | 353.9         | 349.7         | 344.6         |
| pre-paid  | 121.7         | 133.2         | 151.9         | 156.5         | 162.0         | 166.3         | 164.1         |
| blended   | 248.0         | 259.8         | 269.5         | 278.7         | 285.8         | 284.7         | 279.9         |
| <b>Quarterly mobile customer churn rate (%)</b>     |               |               |               |               |               |               |               |
| post-paid   | 3.1           | 2.8           | 2.9           | 3.2           | 3.1           | 2.7           | 2.8           |
| pre-paid  | 21.3          | 25.0          | 17.5          | 10.9          | 14.6          | 11.3          | 10.4          |
| SAC post-paid (PLN)                                 | 130.7         | 92.7          | 91.2          | 90.0          | 75.2          | 79.9          | 95.8          |
| SRC post-paid (PLN)                                 | 64.0          | 36.6          | 39.7          | 56.0          | 39.7          | 29.5          | 35.8          |
| <b>Employment structure of Group as reported</b>    |               |               |               |               |               |               |               |
| <b>Active full time equivalents (end of period)</b> |               |               |               |               |               |               |               |
|   | 1Q            | 2Q            | 3Q            | 4Q            | 1Q            | 2Q            | 3Q            |
| <b>Orange Polska</b>                                | <b>15,481</b> | <b>15,131</b> | <b>14,818</b> | <b>14,587</b> | <b>14,372</b> | <b>13,730</b> | <b>13,492</b> |
| 50% of Networks                                     | 347           | 351           | 347           | 341           | 348           | 345           | 347           |
| Total   | 15,828        | 15,482        | 15,165        | 14,928        | 14,720        | 14,075        | 13,839        |

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.

**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.