



Current Report 14/2021
Orange Polska S.A., Warsaw, Poland
28 June, 2021

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. (“the Company”, “Orange Polska”) hereby announces new strategic plan for years 2021-2024.

Orange Polska announces .Grow: a bold next step on its value creation journey

Last year, Orange Polska successfully concluded its Orange.One four-year strategic plan. Its ambitious targets were met and multi-year negative trends in sales and profitability were reversed.

Orange Polska is prepared for the future, with products that are demanded by customers, assets that support these products and a more efficient cost structure. The Company is now ready to start the next phase of its value creation journey: **.Grow**.

With this new four-year plan to be completed in 2024, the Company has shifted its emphasis to growth and monetising its investments.

In essence, **.Grow** has been conceived as an important evolutionary step to stimulate and accelerate sales and profit growth, while laying the foundation for growth beyond 2024.

Management’s confidence in the Company and this plan is reflected in the resumption of dividend payments starting next year with a sustainable floor of PLN 0.25 per share.

A new long term incentive scheme (soon be launched) that is correlated with the shareholder value appreciation, will closely align the Company’s executives and senior managers with the interests of the shareholders.

As part of today’s **.Grow** strategy announcement, Orange Polska is publishing new medium-term financial guidance to 2024 and revising upwards 2021 EBITDAaL growth guidance.

Julien Ducarroz, Chief Executive Officer of Orange Polska commented:

“The world is in the midst of a digital revolution, and its pace is accelerating. Today, connectivity is as indispensable as water or electricity. The blurring of work, home and on-the-go is creating infinite possibilities and ever-increasing demand.

Thanks to Orange.One, Orange Polska is today well positioned to exploit these emerging opportunities. And as we embrace and harness these digital trends, **.Grow** will release our full potential, take us to the next level and place us firmly ahead of the curve.

At the heart of the .One strategy was convergence. And this will remain a key growth lever, helping us gain and maintain customer trust and loyalty. Now, with **.Grow**, we want to push even further and reap the full rewards of our fibre network investments.

The imminent arrival of 5G will provide a brand-new growth lever, adding an exciting dimension of connectivity for consumers and businesses, wherever they are and whatever they need. In this respect, we see ICT as key growth driver in our B2B business.

As we manage the decline of legacy business, we will add new sources of profitable growth, including wholesale customers for our fibre and mobile networks. We will place selective bets on new and emerging trends and technology, knowing that not all will pay off, and because we want to grow beyond 2024.

Last and certainly not least, we want to grow in social responsibility. Orange Polska has set ambitious ESG goals for itself and is ideally placed with its services both to help others reduce their own environment footprint and to ensure that no one is left behind.”

Jacek Kunicki, Chief Financial Officer of Orange Polska added:

“We are entering a path of faster and more sustainable growth, based on solid foundations.

As we expand revenues, we will benefit from high operating leverage that will accelerate EBITDAaL and cash flow growth. In the process, we will monetise our fibre and mobile investments and generate sustainable returns. This is the key to **.Grow** and what makes it stand out from past plans and performance.

Medium-term financial guidance

	2021-2024 ¹
Revenue growth	Low single-digit CAGR
EBITDAaL growth	Low-to-mid single-digit CAGR
eCapex (PLN bn)	1.7 to 1.9 annual average
ROCE	Increase 3-4x (from 1.6% in 2020)
Dividends ²	Return to dividends from 2021 results (payable in 2022) ³ PLN 0.25 per share as sustainable floor
Net debt / EBITDAaL	Range of 1.7-2.2x in the long term

We will maximise our core business, at 75% of revenues, and we have identified three main growth engines: convergence, ICT and wholesale. We plan to grow convergence and ICT revenues at a minimum CAGR of 8% and around 10% respectively.

Our transformation programmes are far from complete. Indeed, the same digitisation trends that are enabling our growth leverage will also help us drive costs down further still. At the same time, using AI and process automation, we will improve our customer service: a win-win. We expect inflationary pressure to offset some of this margin expansion, but enough will find its way to operating profit to be able to grow our EBITDAaL margin.

Our smart capex strategy will focus on growth, especially fibre and 5G, and on efficiency. Despite these significant investments, we aim to keep eCapex steady on average over the period. This is how our business growth will translate into increasing cash flow generation.

Naturally, we intend to share this value creation with our shareholders through a sustained resumption of dividend payouts.”

¹ Subject to final provisions of cybersecurity law and excludes major non-organic changes to OPL structure; CAGR vs 2020

² Please see next page for the description of dividend approach

³ Provided that net debt/EBITDAaL ratio will not exceed 2.1x including result of the 5G spectrum auction; subject to approval of General Meeting of Shareholders

CEO Julien Ducarroz concluded:

“Orange Polska is today a new company, a strong leader in all key market segments, ready to exploit all the opportunities and face all the challenges that the future brings.

Our People are fully aligned with our customers, as affirmed by our No. 1 NPS rating. Management is fully aligned with Orange Polska shareholders, as underpinned by our new incentive scheme.

Our past success has given us the confidence to set the bar even higher and to unleash our maximum potential. And we are more determined than ever to succeed.

Simply put, we will grow our business, we will grow as people, and we expect growth of our share price to follow. Together, we will **.Grow** in a way that is sustainable – financially, environmentally and socially.”

2021 EBITDAaL forecast revised upwards

As a consequence of the strategic review conducted for the purpose of .Grow strategy announcement, the Management Board of Orange Polska is revising 2021 EBITDAaL guidance upwards. It now expects EBITDAaL growth at low-to-mid single digit percentage versus low single digit percentage previously. Revised guidance is now fully aligned with the announced mid-term guidance.

Realisation of this guidance will be monitored by the Company on an ongoing basis. Should there occur material deviation from the forecast, the Company will make a revision to the forecast and immediately publish it in the form of a current report.

Approach to dividends

The Company considers PLN 0.25 per share cash dividend as sustainable floor for the future. Further changes to dividends will be conducted on yearly basis taking into account projections of underlying financial results and long-term financial leverage (net debt/EBITDAaL) forecast versus 1.7x to 2.2x leverage corridor.

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.