Q3 2017 Results PLAY Investor Presentation

PLAY, November 2017

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Agenda

Business and Strategy

Jørgen
Bang-Jensen
CEO

Financial Performance

Holger Püchert
CFO

Key Highlights – Continued Commercial Success

Subscriber base growth as of September 30,2017				Quality of Subscribers		
Market share	Total subscribers	Active subscribers	Contract subs. share	Blended ARPU	Contract churn	Contract net adds
28.5%[1]	14.9m	12.4m	61.8%	PLN 32.3 [2]	0.8% [3]	261k
+2.5pp YoY	*+1.7% YoY*	*+5.8% YoY*	*+7.2pp YoY*	*+1.7% YoY*	*0.1 pp YoY*	*-29.4% YoY*
+0.5pp QoQ	*+2.8% QoQ*	*+1.3% QoQ*	*+0.1pp QoQ*	*+0.1% QoQ*	*0.1 pp QoQ*	*+0.5% QoQ*

[1] based on number of SIMs as per Central Statistical Office of Poland; [2] presented for active subscribers on average monthly basis over the period Q3 2017; for detail definition please refer to the Report; [3] presented for reported subscribers on an average monthly basis; for detail definition please refer to the Report

Key Highlights – Strong Financial Performance

Q3 2017			Nine-months 2017		
Operating Revenue	Adjusted EBITDA	Adjusted EBITDA margin	Operating Revenue	Adjusted EBITDA	Adjusted EBITDA margin
PLN 1,721m	PLN 565m	32.8%	PLN 4,930m	PLN 1,728m	35.1%
+9.9% YoY	*+9.3% YoY*	*-0.2pp YoY*	*+9.6% YoY*	*+17.2% YoY*	*+2.3pp YoY*
+5.7% QoQ	*-5.6% QoQ*	*-3.9pp QoQ*			

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Q3 2017 – Key Business Developments

Continued Commercial Success

- Play **reached 28.5%[1] market share** (+2.5pp YoY) representing 14.9 million of subscribers
- In three months ended September 30, 2017, Play **added 261k net contract subscribers**
- **Contract** subscribers **share** reached the level of **61.8%**
- **Blended ARPU remained stable at the level of PLN 32.3** [2] versus Q2'17 and increased from PLN 31.8 in Q3'16
- In three months ended September 30, 2017, **Operating Revenue increased to PLN 1,721m** (+9.9% vs Q3'16). It was mainly driven by the growth of contract subscribers base with stable ARPU and increased sales of devices
- In three months ended September 30, 2017, **Adjusted EBITDA increased to PLN 565m** (+9.3% vs Q3'16) which mainly resulted from experiencing operating leverage and effect of scale
- In three months ended September 30, 2017, **Adjusted EBITDA less Cash Capex[3]** amounted to PLN 399m (+2.7% vs Q3'16)

Marketing activity

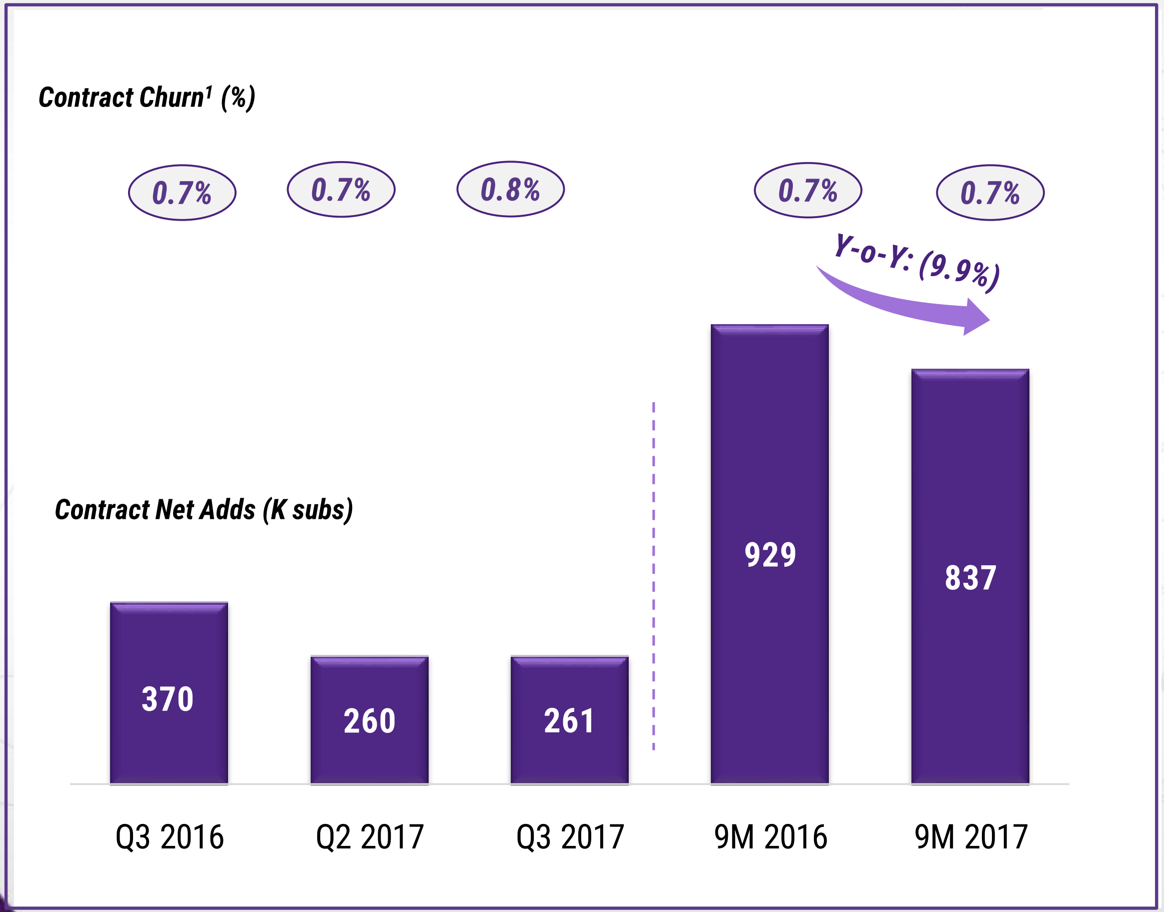
- We continue offering „**Stan Nielimitowany**" which includes seven unlimited components: voice, messaging, data, UE roaming, Showmax, Tidal and PLAY NOW
- We continued offering „**NicNiePrzepada**" for prepaid customers

[1] based on number of SIMs as per Central Statistical Office of Poland; [2] presented for active subscribers on average monthly basis over the period Q3 2017; [3] Excluding cash outflows in relation to frequency reservation acquisition

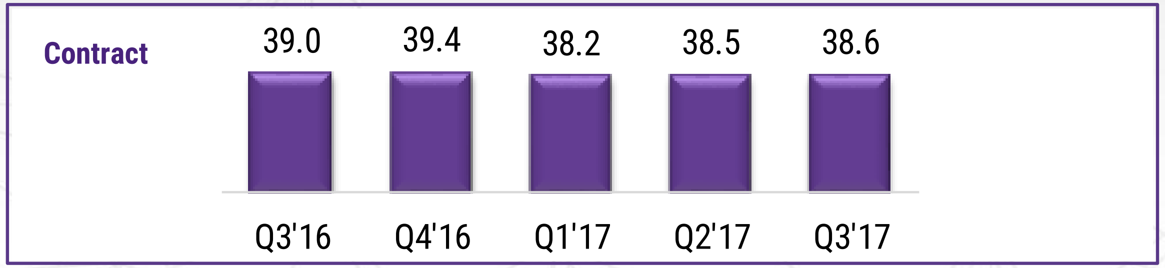
PLAY

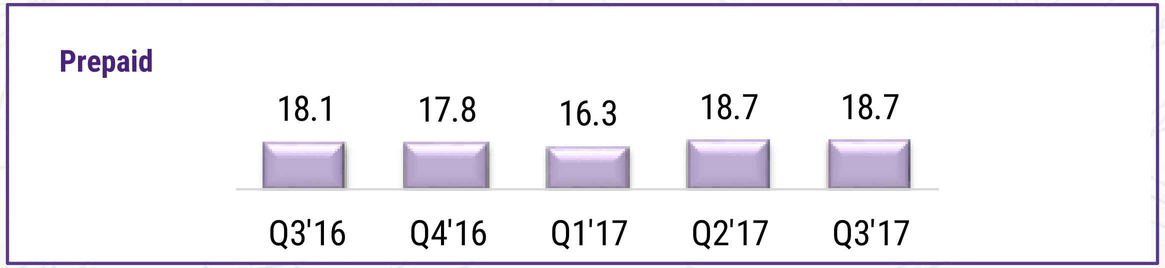
Ongoing Success of Contract Segment

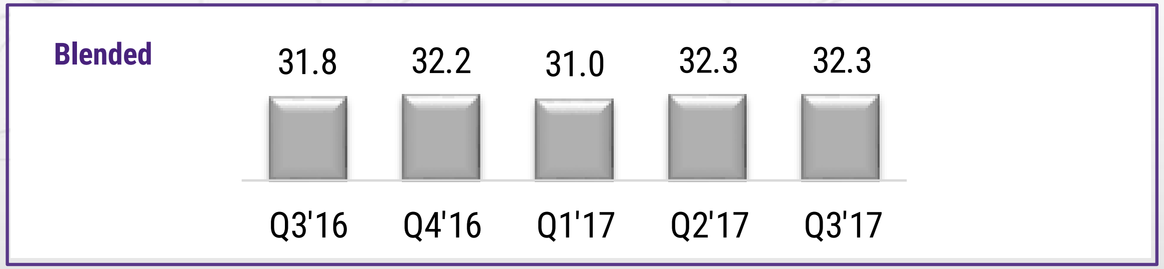
CONTRACT NET ADDS (K subs)



ARPU[2] (PLN / month)







[1] presented for reported subscribers on an average monthly basis, for detail definitions please refer to the Report; [2] presented for active subscribers on average monthly basis, for detail definitions please refer to the Report

Q3 2017 – Marketing Activity

ONGOING UNLIMITED OFFERINGS STAN NIELIMITOWANY (UNLIMITED)

Continuation of Contract offerings **STAN NIELIMITOWANY** (Unlimited) which includes seven unlimited components: voice, messaging, data, UE roaming, Showmax, Tidal and PLAY NOW

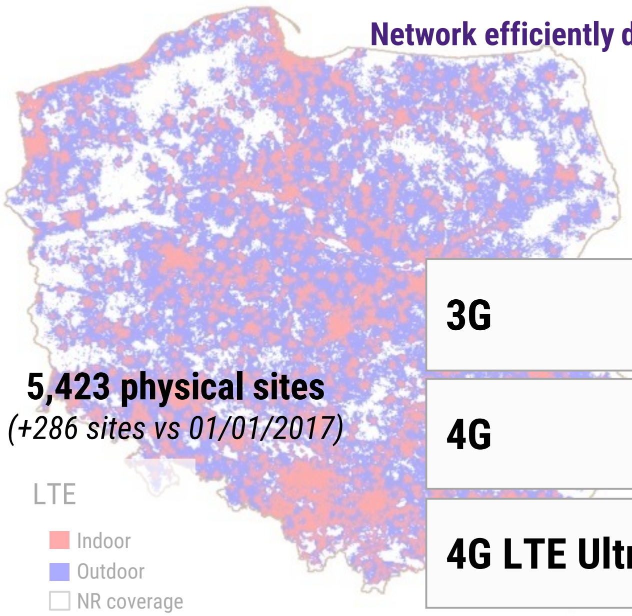
ONGOING OFFERINGS NIC NIE PRZEPADA (NOTHING IS LOST)

Continuation of Prepaid offerings **#NICNIEPRZEPADA** (NothingIsLost) campaign which guarantees that users will not lose the possibility of using SIM till full utilization of the balance

Unmatched value for the customer and unmatched bundled telco content proposition allowed us to achieve strong financial performance. In Q3 2017 our offerings had a strong momentum which translated into attractive subscribers base growth versus market.

Continuous investments in network expansion

NETWORK COVERAGE



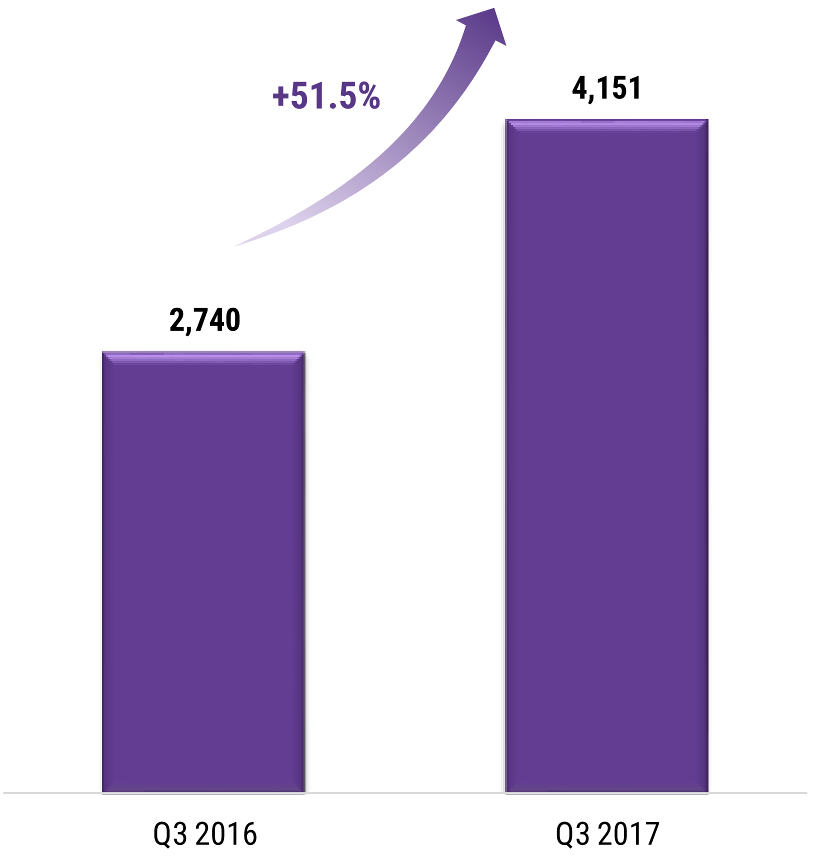
Network efficiently designed to support data traffic…

5,423 physical sites
(+286 sites vs 01/01/2017)

	POPULATION COVERAGE *(as of Sep 30, 2017)*
3G	93.2% *(+2.6pp vs Sep'16)*
4G	92.2% *(+1.7pp vs Sep'16)*
4G LTE Ultra[2]	79.4% *(+3.2pp vs Sep'16)*
Total *(incl. national roaming)*	>99%

- **4G LTE area coverage:**
  1,921 cities with more than 1k inhabitants
  (including 391 cities with more than 10k inhabitants)
- **4G LTE Ultra area coverage:**
  1,450 cities with more than 1k inhabitants
  (including 377 cities with more than 10k inhabitants)

DATA TRAFFIC EXPANSION [1] (MB)



[1] presented as total data usage traffic divided by the average active subscribers base (monthly average)
[2] aggregate frequency bands (LTE carrier aggregation)

Agenda

Business and Strategy

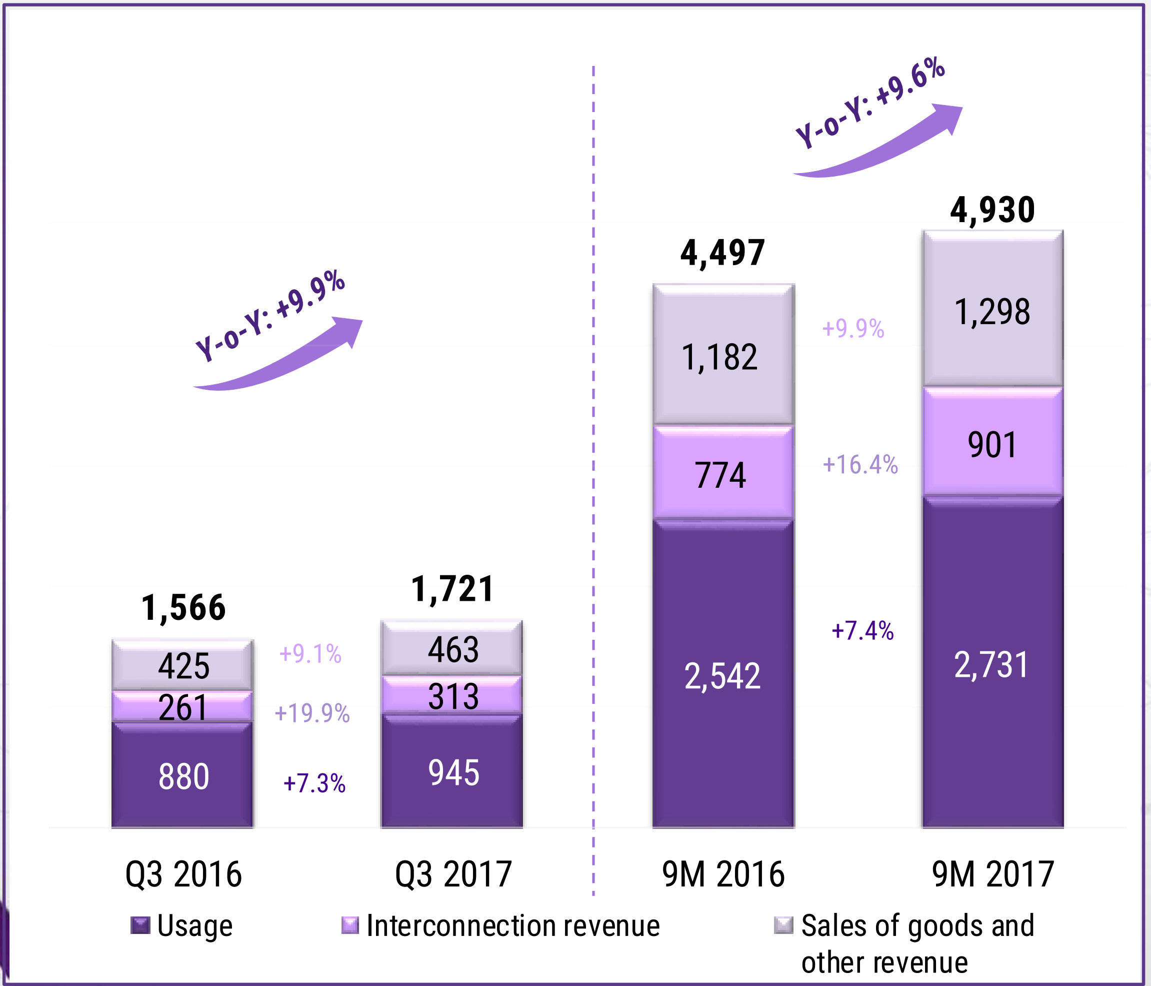
Jørgen Bang-Jensen
CEO

Financial Performance

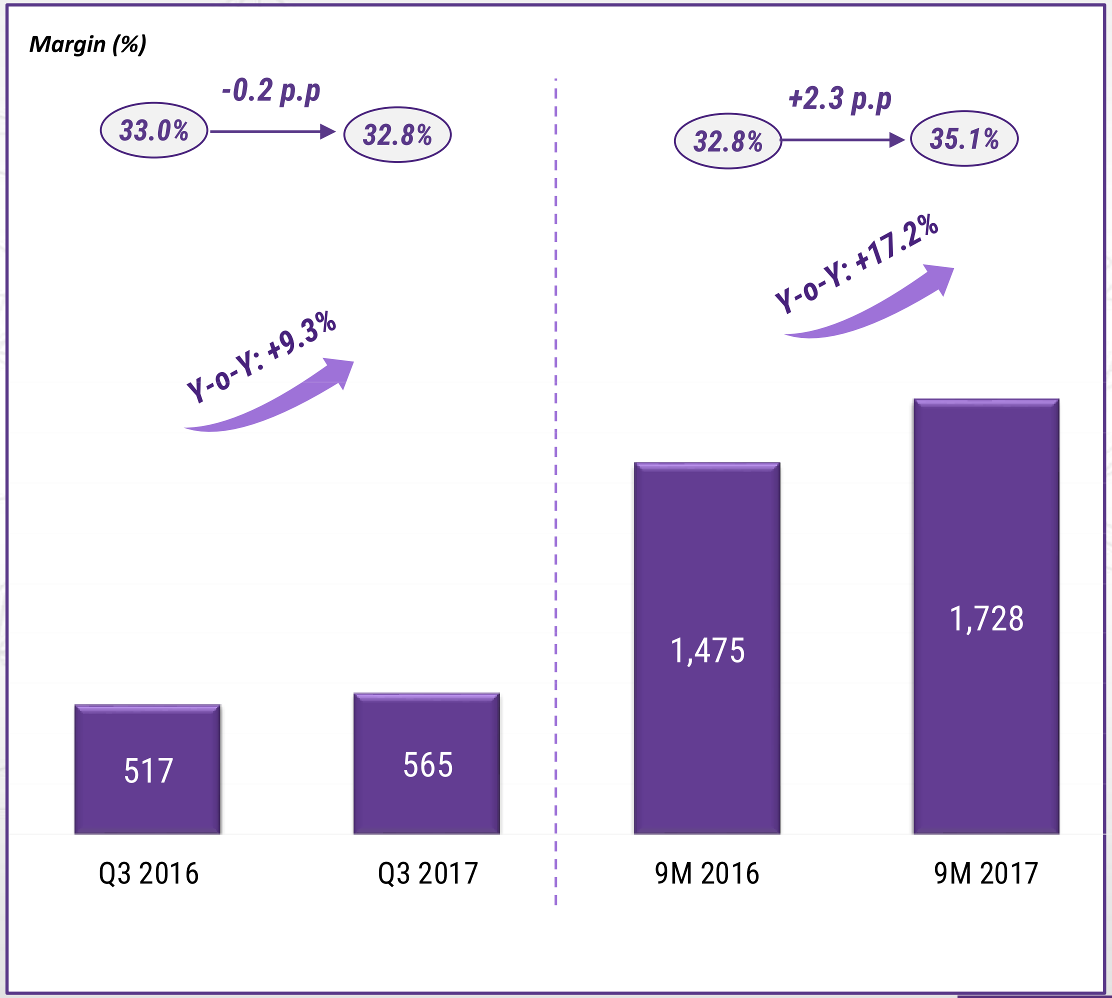
Holger Püchert
CFO

Continuous profitable growth

OPERATING REVENUE (PLNm)

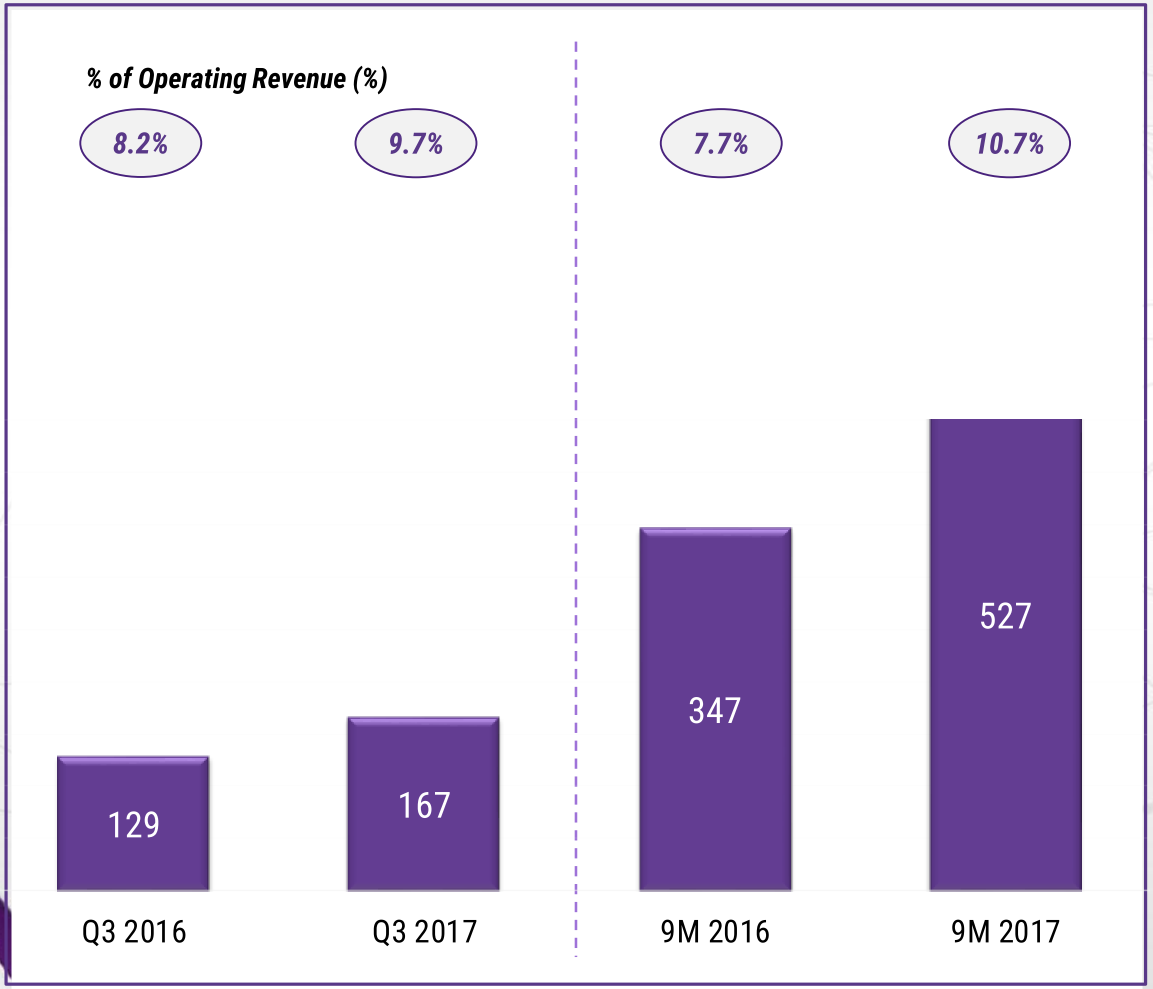


ADJUSTED EBITDA (PLNm)

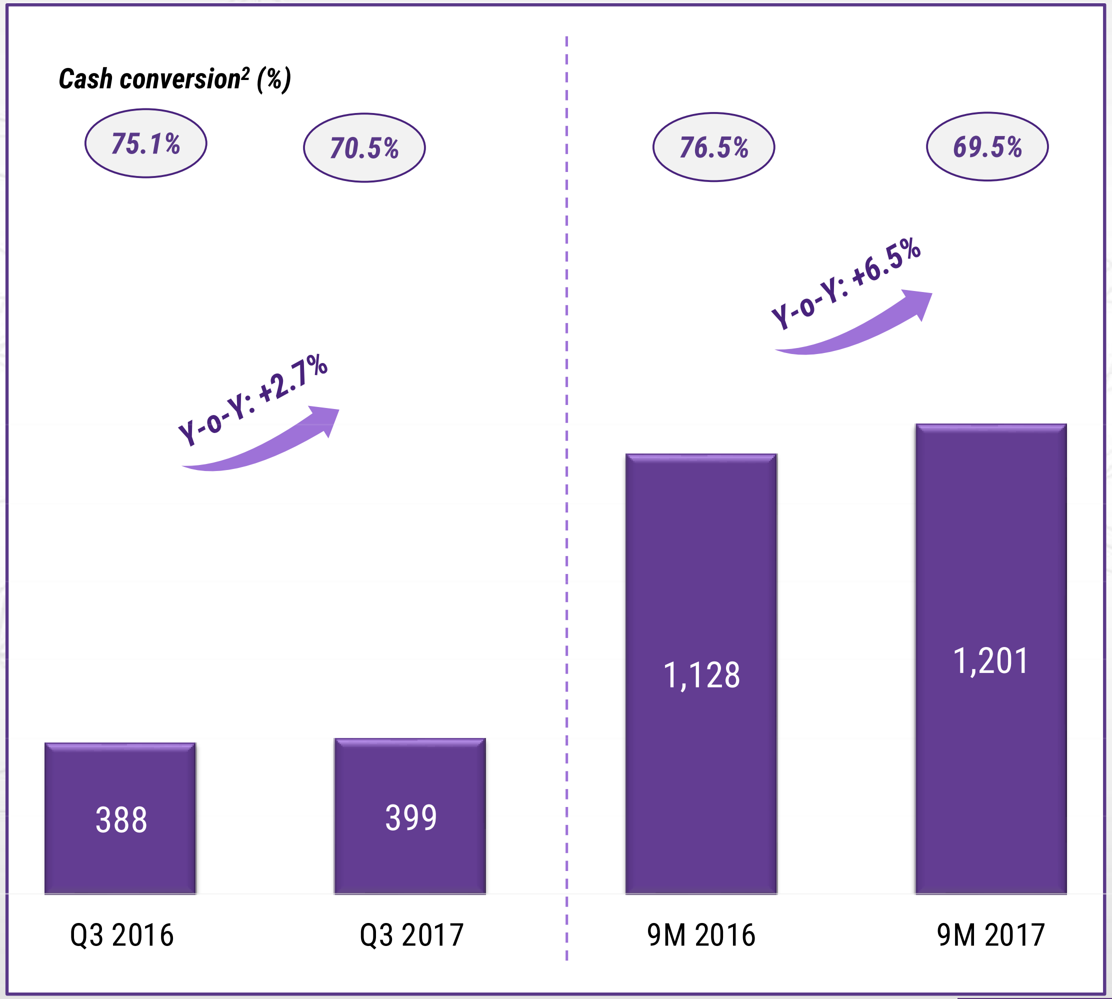


Attractive cash generation profile

Cash Capex [1] (PLNm)



Adjusted EBITDA less Cash Capex [1] (PLNm)



(1) Excl. cash outflows in relation to frequency reservation acquisition; (2) (Adj. EBITDA – Cash capex excl. cash outflows in relation to frequency reservation acquisition) / Adj. EBITDA

Summary Financials

PLN millions	Q3 2016	Q3 2017	Change (%)	9M 2016	9M 2017	Change
Operating Revenue	**1,566**	**1,721**	**9.9%**	**4,497**	**4,930**	**9.6%**
Service revenue	1,141	1,258	10.2%	3,316	3,632	9.5%
Sales of goods and other revenue (Handsets)	425	463	9.1%	1,182	1,298	9.9%
Operating expenses	**(828)**	**(943)**	**13.9%**	**(2,412)**	**(2,595)**	**7.6%**
Interconnect costs	(285)	(329)	15.3%	(848)	(953)	12.5%
National roaming	(47)	(50)	6.1%	(129)	(143)	10.8%
COGS (Handsets)	(355)	(371)	4.6%	(1,019)	(1,011)	(0.8%)
Contract costs, net (Commissions)	(92)	(108)	17.5%	(294)	(322)	9.3%
Other services costs	(49)	(85)	73.4%	(122)	(166)	36.5%
Contribution margin	**738**	**778**	**5.4%**	**2,086**	**2,336**	**12.0%**
G&A and other[1]	(250)	(282)	13.0%	(684)	(996)	45.5%
EBITDA	**488**	**496**	**1.6%**	**1,401**	**1,340**	**-4.3%**
EBITDA adjustments[2]	29	70	>100%	73	388	>100%
Adjusted EBITDA	**517**	**565**	**9.3%**	**1,475**	**1,728**	**17.2%**
Depreciation and amortization	(174)	(184)	6.2%	(472)	(594)	25.9%
Finance income	196	72	(63.1%)	107	173	61.3%
Finance costs[3]	(81)	(137)	70.0%	(305)	(555)	82.4%
Profit before tax	**430**	**247**	**(42.7%)**	**732**	**364**	**(50.3%)**
Income tax charge	(44)	(60)	36.5%	(169)	(119)	(29.5%)
Net profit	**386**	**187**	**(51.6%)**	**563**	**244**	**(56.5%)**
Earnings per share (PLN)	**1.54**	**0.74**	**(52.1%)**	**2.25**	**0.97**	**(56.7%)**

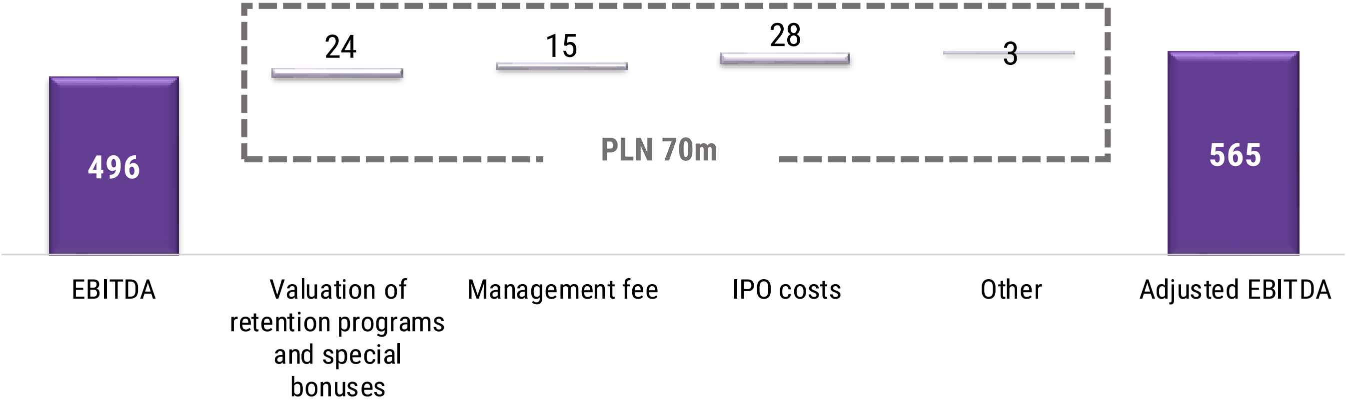
[1] Other operating income less other operating costs; [2] Described on slide number 14 „One-offs";

[3] The increase in finance expense for the nine months ended September 30, 2017 resulted mainly from redemption costs of PLN 79m related to repayment of Notes (understood as Senior Secured Notes and Senior Notes, as defined in Report) in March 2017 as well as non-cash cost of PLN 134m from the de-recognition of early redemption options embedded in the Notes Indenture. In Q3 2017 the Group recognized forex loss of PLN 36m, mainly on redemption of notes issued by Impera Holdings S.A.

One-offs

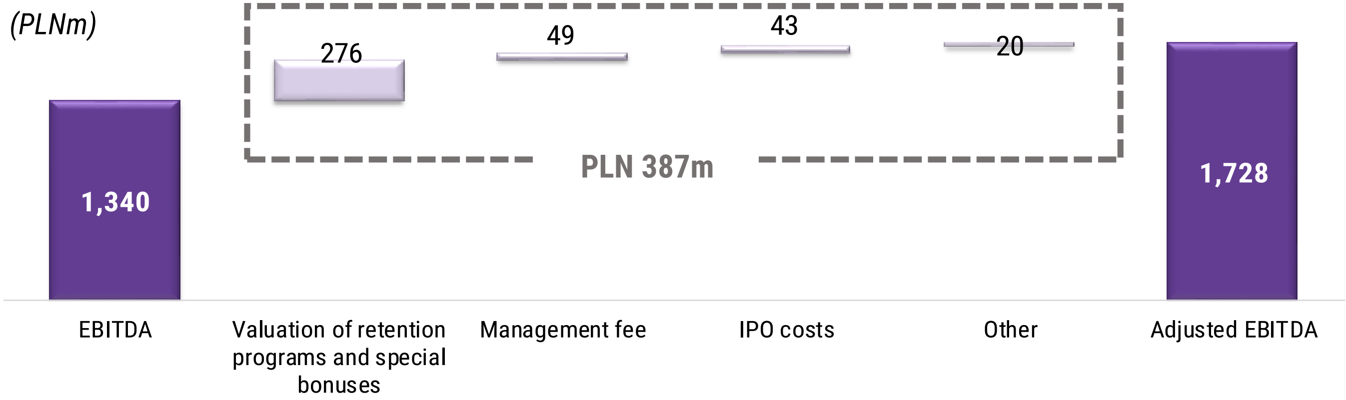
Q3 2017

(PLNm)



9M 2017

(PLNm)



1. Valuation of retention programs and special bonuses:

Mainly costs incurred in relation to the equity settled programs (PIP and VDP4) established on Initial Public Offering, of which PLN 19 m is a one-off valuation at the IPO and PLN 4 m results from valuation for the period from the IPO date till September 30, 2017. The costs of PIP and VDP4 are expected to decline over 5 consecutive years from the IPO due to the mechanics of the programs

2. Management fee:

Advisory costs related to the preparation of Initial Public Offering. Advisory services agreements between the Group and Novator Partners LLP and Tollerton Investments Limited. This refers to the second and last IPO advisory rendered by Novator Partners LLP and Tollerton Investments Limited

3.IPO costs:

Mainly finance and legal advisory costs.

1. Valuation of retention programs and special bonuses:

Costs in relation to the retention programs and other special bonuses mainly determined by March 2017 refinancing and Initial Public Offering. In the context of the settlement of the former retention programs and special bonuses please refer to Note 19 of the Q3 2017 Financial Statements and also refer to proceeds from equity increase presented in the statement of cash flows of the Q3 2017 Financial Statements.

2. Management fee:

Advisory costs related to the preparation of Initial Public Offering. Advisory services agreements between the Group and Novator Partners LLP and Tollerton Investments Limited. This refers to the second and last IPO advisory rendered by Novator Partners LLP and Tollerton Investments Limited

3. IPO costs:

Mainly finance and legal advisory costs

4. Other:

Prepaid registration process to comply with Act on Anti-terrorist Operations - PLN 12m; Strategic projects out of usual scope of business and other one-off costs - PLN 8m.

FCFE (post lease payments) Scheme

(PLNm)	Q3 2016	Q3 2017	Change (%)	9M 2016	9M 2017	Change (%)
Adjusted EBITDA	517	565	9.3%	1,475	1,728	17.2%
Cash capital expenditures[1]	(129)	(167)	29.2%	(347)	(527)	51.9%
Total change in net working capital and other, change in contract assets, change in contract liabilities and change in contract costs	13	(88)	n/a	(299)	(184)	(38.3%)
Cash interest[2]	(124)	(78)	(37.4%)	(255)	(317)	24.4%
Cash taxes	(0)	(13)	>>100%	(52)	(185)	>100%
Lease payments	(48)	(49)	1.2%	(145)	(147)	1.6%
Free cash flow to equity (post lease payments)	**228**	**171**	**(24.7%)**	**377**	**367**	**(2.6%)**

[1] Cash capital expenditures excluding cash outflows in relation to frequency reservation acquisitions
[2] Comprising cash interest paid on loans, notes, and other debt

FCFE (post lease payment) for 9M'17 slightly lower versus 9M'16. The changes were as follows:

- Higher adj. EBITDA - resulting from experiencing operating leverage and effect of scale
- Higher cash capex – resulting mainly from continuation of nationwide network roll-out
- Change in working capital, contract assets and liabilities and contract costs – largely driven by the significant reduction in the amount of installment sales after October 2016 (change in Q3'17 standalone largely results from the high sale of contracts with terminals)
- Higher cash interest – resulting from timing of interests payments which resulted from refinancing transaction in March 2017. The Group debt used to be composed of notes and in March the notes were refinanced with bank loans
- Higher cash taxes – higher tax payment in 9M 2017, due to increase in the taxable profit for 2016 in comparison to 2015 mainly due to the lower amount of utilized tax losses as substantial portion of prior years' losses had already been utilized before

The measures presented are not comparable to similarly titled measures used by other companies. Free cash flow to equity (post lease payments) does not reflect all past expenses and cash outflows as well as does not reflect the future cash requirements necessary to pay significant interest expense, income taxes, or the future cash requirements necessary to service interest or principal payments, on our debts. We encourage you to review our financial information in its entirety and not rely on a single financial measure. See in Report "Presentation of Financial Information—Non-IFRS Measures" for an explanation of certain limitations to the use of these measures

Leverage

	As of June 30, 2017		As of September 30, 2017	
	PLNm	xLTM Adj. EBITDA[1]	PLNm	xLTM Adj. EBITDA[2]
Cash and cash equivalents	271	0.1x	332	0.1x
Senior term loan	6,443	2.9x	6,444	2.8x
Leases	873	0.4x	892	0.4x
Other debt	21	-	21	0.0x
Total debt - Play Communications S.A.	**7,337**	**3.3x**	**7,357**	**3.2x**
Total net debt - Play Communications S.A.	**7,067**	**3.2x**	**7,025**	**3.1x**

Adjusted EBITDA growth based on revenue growth on the back of a stable cost base and efficient capex allows for further deleveraging

[1] *LTM Adj. EBITDA as of June 30, 2017 of PLN 2,241m*
[2] *LTM Adj. EBITDA as of September 30, 2017 of PLN 2,289m*

No Change on Guidance

	GUIDANCE	9M 2017 ACTUAL
Revenue growth	▪ Mid-single digits growth over the medium term	▪ **+9.6%** Operating Revenue (PLN 4,930m)
EBITDA margin	▪ Further improvement vs. 2016 Adjusted EBITDA margin	▪ **+2.3pp** Adjusted EBITDA margin (35.1%)
Cash capex intensity	▪ 2017: Below PLN 700m ▪ Around 8% in the medium term, in line with our capital intensity in 2015/2016 ▪ 2018-2020: An additional PLN 500 MM spend to accelerate own network roll out, spread over the three years and on top of our run-rate capex	▪ **In line with guidance PLN 527m**
Leverage	▪ Target – around 2.5x net debt to LTM Adjusted EBITDA	▪ **Decreasing leverage to 3.1x** net debt to LTM Adjusted EBITDA
Shareholder distribution	▪ Cash dividend for the FYE Dec-17 of PLN 650 MM in Q2 2018(1) ▪ From 2018 onwards, pay-out ratio of 65-75% of the preceding year Free Cash Flow to Equity post lease payments ▪ To be revisited, once we have reached our leverage target of around 2.5x	▪ **No change of guidance**

[1] *Subject to approval by the AGM*

Q&A

ask Play

Appendix

Quarterly KPIs

(PLNm)	Q2 2016	Q2 2017	Change (%)	Q3 2016	Q3 2017	Change (%)	Q2 2017	Q3 2017	Change (%)
Operating revenue	**1,489**	**1,629**	***9.4%***	**1,566**	**1,721**	***9.9%***	**1,629**	**1,721**	***5.7%***
Service revenue	1,107	1,213	*9.5%*	1,141	1,258	*10.2%*	1,213	1,258	*3.7%*
Usage revenue	843	914	*8.4%*	880	945	*7.3%*	914	945	*3.3%*
Adjusted EBITDA	**491**	**599**	***22.0%***	**517**	**565**	***9.3%***	**599**	**565**	***-5.6%***
Adjusted EBITDA Margin	**33.0%**	**36.8%**	***3.8 p.p.***	**33.0%**	**32.8%**	***(0.2 p.p.)***	**36.8%**	**32.8%**	***(3.9 p.p.)***
Reported Subscribers - Contract *(no of subs.)*	7,629	8,942	***17.2%***	7,999	9,203	***15.1%***	8,942	9,203	***2.9%***
Active Subscribers - Contract *(no of subs.)*	7,411	8,335	***12.5%***	7,702	8,490	***10.2%***	8,335	8,490	***1.9%***
Net Additions - Contract *(no of subs.)*	288	260	***(9.8%)***	370	261	***(29.4%)***	260	261	***0.5%***
Churn - Contract *(%)*	0.7%	0.7%	***(0.0 p.p.)***	0.7%	0.8%	***0.1 p.p.***	0.7%	0.8%	***0.1 p.p.***
ARPU - Contract *(PLN)*	39.0	38.5	***(1.2%)***	39.0	38.6	***(1.1%)***	38.5	38.6	***0.1%***
Data usage per subscriber - Contract *(MB)*	3,241	4,746	***46.5%***	3,433	5,039	***46.8%***	4,746	5,039	***6.2%***
Unit SAC - Contract cash *(PLN)*	379	338	***(10.7%)***	348	370	***6.4%***	338	370	***9.4%***
% of Terminals in Contract Gross Adds	*47%*	*46%*	***(1.6 p.p.)***	*44%*	*47%*	***3.0 p.p.***	*46%*	*47%*	***1.5 p.p.***
Unit SRC cash *(PLN)*	368	324	***(12.2%)***	348	349	***0.4%***	324	349	***7.9%***
% of Terminals in Retention	*46%*	*44%*	***(1.8 p.p.)***	*46%*	*45%*	***(0.5 p.p.)***	*44%*	*45%*	***1.5 p.p.***