

**PLAY COMMUNICATIONS S.A. FY 2017 results**

*Press release*

*February 27, 2018*

**CONTINUED EXPANSION OF REVENUES AND EBITDA DRIVEN BY ONGOING INCREASE IN CONTRACT SUBSCRIBER BASE AND GROWTH IN BLENDED ARPU**

Play delivered strong operational and financial results in the full year of 2017. By continuing to deliver unmatched value for the customer and executing on operational excellence we increased the subscriber base to 15.2m. The Company continued the growth of operating revenues for twelve months ended on December 31, 2017 to PLN 6,670m (+9.0% vs FY'16) which translated into an increase of Adjusted EBITDA amounting to PLN 2,298m (+12.9% vs FY'16), reducing the leverage to 3.0x of net debt to LTM Adjusted EBITDA.

**FY 2017 Highlights:**

**I. Continued commercial success:**

- **Market share increased to 28.8%**<sup>1</sup> (+2.5pp YoY) representing 15.2 million of subscribers, while share of contract subscribers increased to **62.0%**, from 58.0% as of end of December 31, 2016
- **Contract net adds amounted to 1,064k** in FY'17
- **Blended ARPU increased by 1.9% to the level of PLN 32.0**<sup>2</sup> versus FY'16
- **Contract churn remained stable** at the level of **0.7%**<sup>3</sup> in FY'17
- Further roll-out of 4G LTE network increased coverage of population to **93.4%** (+1.3pp YoY) and 4G LTE Ultra network increased coverage of population to **80.7%** (+1.9pp YoY) as of December 31, 2017

<sup>1</sup> based on number of SIMs as per Central Statistical Office of Poland

<sup>2</sup> presented for active subscribers on an average monthly basis; for detail definition please refer to the Report

<sup>3</sup> presented for reported subscribers on an average monthly basis; for detail definition please refer to the Report

## II. Solid Financial Performance:

- **Growth of Operating Revenue to the level of PLN 6,670m** (+9.0% vs FY'16) resulted from strong increase in contract subscribers base
- **Adjusted EBITDA growth to PLN 2,298m** (+12.9% vs FY'16) resulted from experiencing operating leverage and effect of scale. Adjusted EBITDA in H2 2017 was affected by roam like at home impact
- The above translated into further increase of **Adjusted EBITDA margin to 34.4%** (+1.2pp vs FY'16)
- Continuation of nationwide network roll-out - **Cash Capex<sup>4</sup> amounted to PLN 650m** (PLN 123m in Q4 2017) which is in line with the guidance
- **Adjusted EBITDA less Cash Capex<sup>3</sup>** amounted to PLN 1,647m (+6.3% vs FY'16)
- **FCFE (post lease payments)<sup>5</sup> decreased by 15.1% YoY** amounting to **PLN 664m**
- **Decreasing leverage 3.0x** LTM Adjusted EBITDA (versus 3.1x as of September 30, 2017) due to higher cash and cash equivalents level.

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<sup>4</sup> Excluding cash outflows in relation to frequency reservation acquisition

<sup>5</sup> 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

**Chief Executive Officer of P4 Sp. z o.o. comments on FY 2017 performance:**

*“2017 was a great year for PLAY. The overall trading performance and strong increase of key metrics of the Group were consistent with the plans we outlined at the IPO. In 2017 we benefited from effect of scale combined with our ongoing focus on cost efficiencies which allowed us to achieve impressive Adjusted EBITDA growth 12.9% Y-o-Y. Strong cash flow generation translating into FCFE, for a full year of 2017, amounting to PLN 664m, fully secures the capacity of paying out the dividend, in the amount of PLN 650m, as guided at IPO. Looking at our overall performance in 2017, we feel quite confident about our strategy and results in 2018, despite the impact of Roam Like At Home and further nationwide network roll-out. Hence, our intention is to keep the nominal value of dividend payout in 2019 at the same level as in 2018.*

*In Q4’17 we continued our efforts to meet customers’ expectations and provided the best quality services which translated into further base growth, to 15.2m of customers. In FY’17 we added 1,064.0 thousand of contract subscribers. We are strongly focused on execution of our strategy which translates to firm commercial development and solid financial performance. Our operating revenues for FY 2017 reached PLN 6,670m which is 9.0% higher comparing to FY 2016, and our adjusted EBITDA margin increased to 34.4%, +1.2pp vs FY 2016.*

*Since 15th of June 2017, we have to comply with the regulation introduced by EU which is Roam Like At Home. RLAH regulation eliminates EU roaming charges and impacts on the European telecoms industry by: 1) decreasing international roaming revenues; and 2) increasing international roaming costs (due to international carrier traffic and wholesale rates). In a second half of 2017, the negative change of international roaming revenue and international roaming costs amounted to circa PLN 101m (in Q3’17 – PLN 57m YoY; in Q4 – PLN 43m YoY) mostly due to the higher traffic generated by our customers. In September 2017, we applied for the sustainability. We received the positive decision from the Regulator on 15th of January 2018 and at the end of January 2018 we decided to incorporate some changes for new and retaining customers.*

*We continue our nationwide network roll-out strategy and at the end of 2017 we reported 5,746 of physical sites (increase by 609 of sites net, 697 gross vs year end of 2016). Moreover our 4G coverage with own network amounted to 93.4% of population (which states for 15.4 pp growth versus end of 2016) and 4G LTE Ultra network amounted to 80.7% of population (which states for 4.5 pp growth versus end of 2016). Our total network coverage including national roaming is more than 99% of population. In 2018 we intend to go live with over 1,000 of base stations.*

*For a full year 2017 we delivered solid results which are in line with our guidance provided at IPO.”*

*Jørgen Bang-Jensen*

## Results of PLAY for Q4 2017 and FY 2017:

	Three-month ended December 31,		Change (%)	Twelve-month ended December 31,		Change (%)
	2016	2017		2016	2017	
<b>Reported subscribers (thousands)</b>	<b>14,414.5</b>	<b>15,219.7</b>	<b>5.6%</b>	<b>14,414.5</b>	<b>15,219.7</b>	<b>5.6%</b>
Contract	8,366.4	9,430.4	12.7%	8,366.4	9,430.4	12.7%
Prepaid	6,048.1	5,789.3	(4.3%)	6,048.1	5,789.3	(4.3%)
Share of contract subscribers (%)	58.0%	62.0%	3.9%	58.0%	62.0%	3.9%
Share of prepaid subscribers (%)	42.0%	38.0%	(3.9%)	42.0%	38.0%	(3.9%)
<b>Net additions (thousands)</b>	<b>(224.7)</b>	<b>330.8</b>	<b>(247.2%)</b>	<b>264.3</b>	<b>805.2</b>	<b>204.6%</b>
Contract	367.4	226.9	(38.2%)	1,296.8	1,064.0	(18.0%)
Prepaid	(592.1)	103.8	(117.5%)	(1,032.5)	(258.8)	>100%
<b>Churn (%)<sup>1</sup></b>	<b>3.4%</b>	<b>1.6%</b>	<b>(1.8) pp</b>	<b>3.4%</b>	<b>2.1%</b>	<b>(1.3) pp</b>
Contract	0.6%	0.8%	0.2pp	0.7%	0.7%	0.1pp
Prepaid	6.9%	2.9%	(4.0) pp	6.4%	4.3%	(2.2) pp
<b>ARPU (PLN)<sup>2</sup></b>	<b>32.2</b>	<b>32.3</b>	<b>0.3%</b>	<b>31.4</b>	<b>32.0</b>	<b>1.9%</b>
Contract	39.4	38.1	(3.3%)	39.1	38.4	(1.9%)
Prepaid	17.8	19.1	7.3%	17.4	18.2	4.9%
<b>Data usage per subscriber (MB)<sup>2</sup></b>	<b>3,335.2</b>	<b>4,790.4</b>	<b>43.6%</b>	<b>2,773.2</b>	<b>4,117.9</b>	<b>48.5%</b>
Contract	4,039.5	5,824.1	44.2%	3,493.6	5,013.9	43.5%
Prepaid	1,941.0	2,473.9	27.5%	1,468.5	2,188.7	49.0%

<i>m</i> PLN	Three-month ended December 31,		Change (%)	Twelve-month ended December 31,		Change (%)
	2016	2017		2016	2017	
<b>Operating revenue</b>	<b>1,620.2</b>	<b>1,739.5</b>	<b>7.4%</b>	<b>6,117.6</b>	<b>6,669.9</b>	<b>9.0%</b>
Contribution margin	771.1	765.6	(0.7%)	2,856.7	3,101.4	8.6%
<b>EBITDA<sup>3</sup></b>	<b>523.2</b>	<b>563.9</b>	<b>7.8%</b>	<b>1,924.3</b>	<b>1,904.1</b>	<b>(1.0%)</b>
<i>EBITDA margin</i>	32.3%	32.4%	0.1pp	31.5%	28.5%	(2.9) pp
<b>Adjusted EBITDA<sup>4</sup></b>	<b>560.6</b>	<b>569.5</b>	<b>1.6%</b>	<b>2,035.3</b>	<b>2,297.7</b>	<b>12.9%</b>
<i>Adjusted EBITDA margin</i>	34.6%	32.7%	(1.9) pp	33.3%	34.4%	1.2pp
Net income	149.5	141.1	(5.6%)	712.0	385.6	(45.8%)
Cash capex <sup>5</sup>	138.9	123.3	(11.2%)	485.9	650.3	33.8%
<b>Adjusted EBITDA less cash capex</b>	<b>421.8</b>	<b>446.3</b>	<b>5.8%</b>	<b>1,549.3</b>	<b>1,647.4</b>	<b>6.3%</b>
Free cash flow to equity (post lease payments) <sup>6</sup>	405.8	297.0	(26.8%)	782.7	664.3	(15.1%)

<sup>1</sup> presented for reported subscribers on an average monthly basis; for detail definition please refer to the Report; <sup>2</sup> presented for active subscribers on average monthly basis over the period Q4 2017; for detail definition please refer to the Report; <sup>3</sup> includes non-recurring costs related inter alia to Initial Public Offering and Refinancing transaction; <sup>4</sup> excludes all non-recurring costs; <sup>5</sup> Cash capex means cash outflows for purchases of fixed assets and intangibles and prepayments for assets under construction, less proceeds from the sale of non-current assets in each period (excl. cash outflows in relation to frequency reservation acquisition); <sup>6</sup> 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

**About Play:**

***P4 Sp. z o. o., a wholly owned subsidiary of Play Communications S.A., trading as Play, is a consumer-focused mobile network operator in Poland with over 15.2m subscribers as of December 31, 2017. Play provides mobile voice, messaging, data offerings and video services and services to consumers and businesses (in particular to small office/home office subscribers and small/medium enterprises) on a contract and prepaid basis under our umbrella brand "PLAY". Play provides these services, available to 99% of the population, via an extensive, modern and cost-efficient 2G/3G/4G LTE telecommunications network complemented by long-term national roaming/network sharing agreements with the other three major Polish mobile network operators. For more information, visit [www.playcommunications.com](http://www.playcommunications.com) and [www.play.pl](http://www.play.pl).***

**Cautionary Statement:**

***The figures included in this press release are unaudited.***

***This press release contains forward-looking statements. You should not place undue reliance on such statements because they are subject to numerous risks and uncertainties relating to Play Communications S.A.'s and its subsidiaries (together the "Group") operations and business environment, all of which are difficult to predict and many are beyond the Group's control. Forward-looking statements include information concerning the Group's possible or assumed future results of operations, including descriptions of its business strategy. These statements often include words such as "may," "might," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "seek," "believe," "estimate," "predict," "potential," "continue," "contemplate," "possible" or similar expressions. The forward-looking statements contained in this press release are based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. You should understand that these statements are not guarantees of performance or results. They involve known and unknown risks, uncertainties and assumptions. Although the Group believes that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect its actual financial results or results of operations and could cause actual results to differ materially from those in these forward-looking statements. For additional information on the factors that could affect the Group's forward-looking statements, see the Group's risk factors, as they may be amended from time to time, set forth in the Prospectus published on [www.playcommunications.com](http://www.playcommunications.com). The Group disclaims and does not undertake any obligation to update or revise any forward-looking statement in this press release, except as required by applicable law or regulation.***

***Financial data included in this press release are presented in zloty rounded to the nearest millions. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding.***