



Q3 2018 Results Investor Presentation

PLAY Communications – 12 November 2018

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Agenda

Business Performance

Financial Performance

Conclusions

Q&A

Business Performance

Jean Marc Harion
CEO of Play
(P4 Sp. z o.o.)



Key highlights – successful launch of new offers

Generations

Family SIM bundle for 5-10 people, from PLN 20 per person per month



New Play Internet

Higher transfer limits and new outdoor modem Net Box






Best price guarantee

Selected handsets offered contract-free at guaranteed lowest prices



Key highlights – ongoing growth in subscriber base

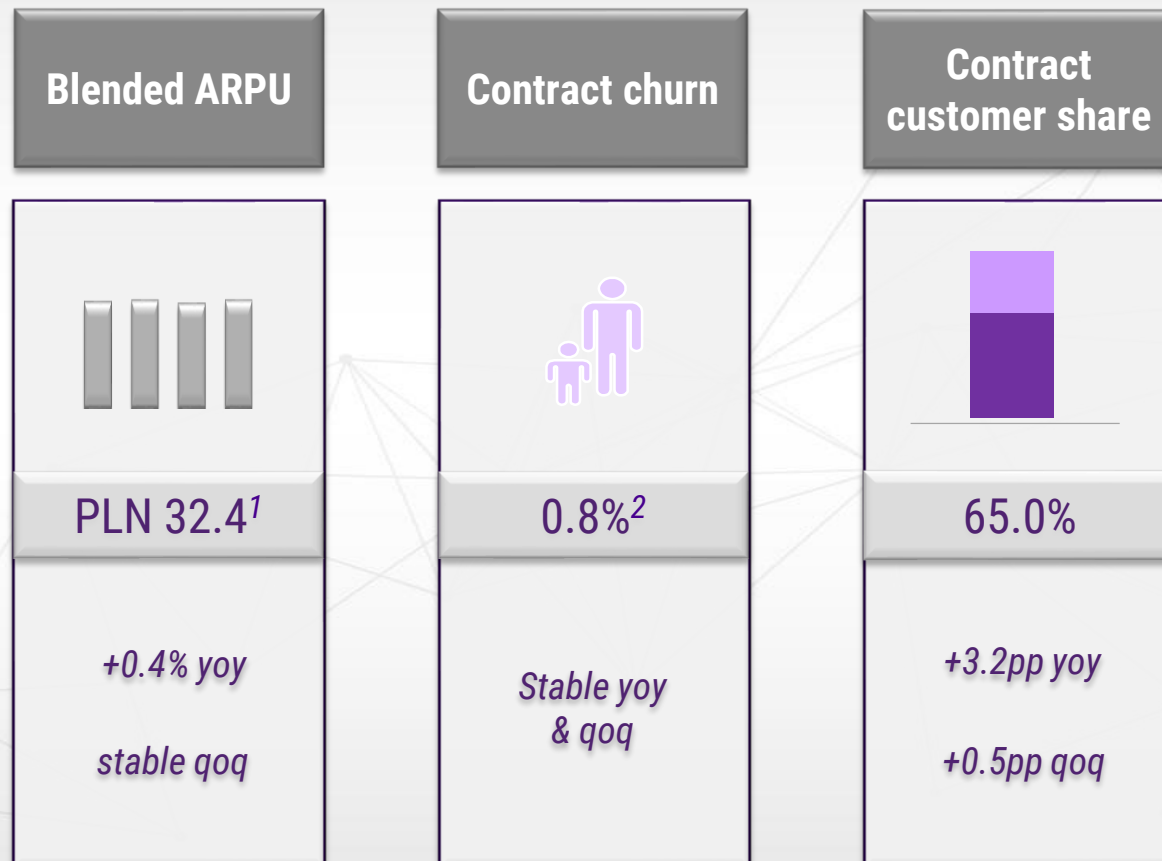
Subscriber base at the end of Q3 2018

Total customers	Active customers	Contract net adds
		
15.0m	12.7m	+61k
+134k yoy +568k yoy contract subs	+369K yoy +496K yoy contract subs	Contract subs +0.6% qoq

- **15.0m** reported customers (+0.9% yoy),
o/w **9.8 m contract subs** (+6.2% yoy)
- **12.7m** active customers (+3.0% yoy),
o/w **9.0m contract subs** (+5.8% yoy)
- **Contract subscriber growth** significantly offsets prepaid base erosion

Key highlights – good customer mix

Quality of customers in Q3 2018



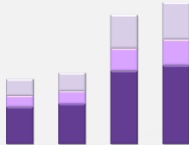



- Blended ARPU up to **PLN 32.4**
- Long-term contract churn stable at **0.8%**
- Contract customer share up to **65.0%**
(+3.2 pp yoy)

¹ Presented for active subscribers on average monthly basis over the period of Q3 2018; for detailed definition please refer to the Report;

² Presented for reported subscribers on an average monthly basis; for detailed definition please refer to the Report

Key highlights – continuous strong FCFE generation

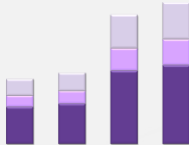



Key financial figures for Q3 2018

Operating Revenue	Adjusted EBITDA	Net profit	FCFE
			
PLN 1,707m	PLN 555m	PLN 190m	PLN 181m
(0.8%) yoy <i>Service revenue +2.5% yoy</i>	(1.7%) yoy <i>Margin 32.5%</i>	+1.5% yoy	+5.4% yoy

- Operating revenue driven by **2.5% service revenue growth**, offset by 9.7% decline in sales of goods resulting from lower share of terminal offers sold
- **Adj. EBITDA** reflects upon revenue evolution combined with national roaming, network development related costs and new product start-up expenses
- **Net profit** up by 1.5% yoy to **PLN 190m**
- **FCFE generation up by 5.4% yoy** despite ambitious nationwide network rollout – **364 physical sites built in Q3 bringing the total number to 6,440 sites**

Key highlights – solid financial performance in 9M 2018

Key financial figures for 9M 2018

Operating Revenue	Adjusted EBITDA	Net profit	FCFE
			
PLN 5,032m	PLN 1,624m	PLN 542m	PLN 603m
2.1% yoy <i>Service revenue +4.3% yoy</i>	(6.0%) yoy <i>Margin 32.3%</i>	+121.9% yoy	+64.2% yoy

- **Operating revenue up by 2.1% with 4.3% service revenue growth**, partially offset by 4.2% decline in sales of goods
- **Adj. EBITDA predominantly driven by transition costs** of national roaming, network development related costs and new product start-up expenses
- **Cumulated Net profit up by 121.9% yoy to PLN 542m**
- **Strong FCFE generation, improved yoy by 64.2% to PLN 603m** while network roll-out is 1.4x faster than year ago

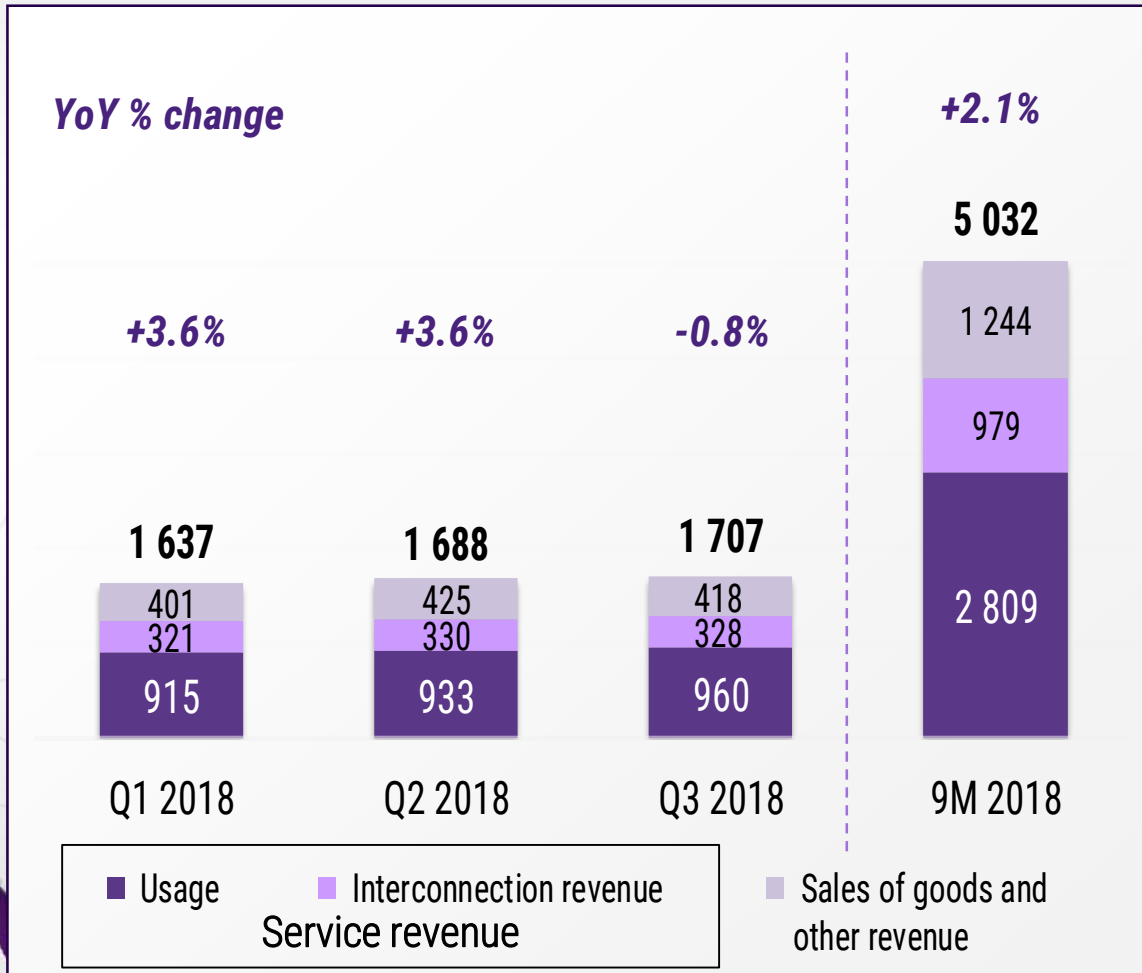
Financial Performance

*Holger Püchert,
CFO of Play
(P4 Sp. z o.o.)*



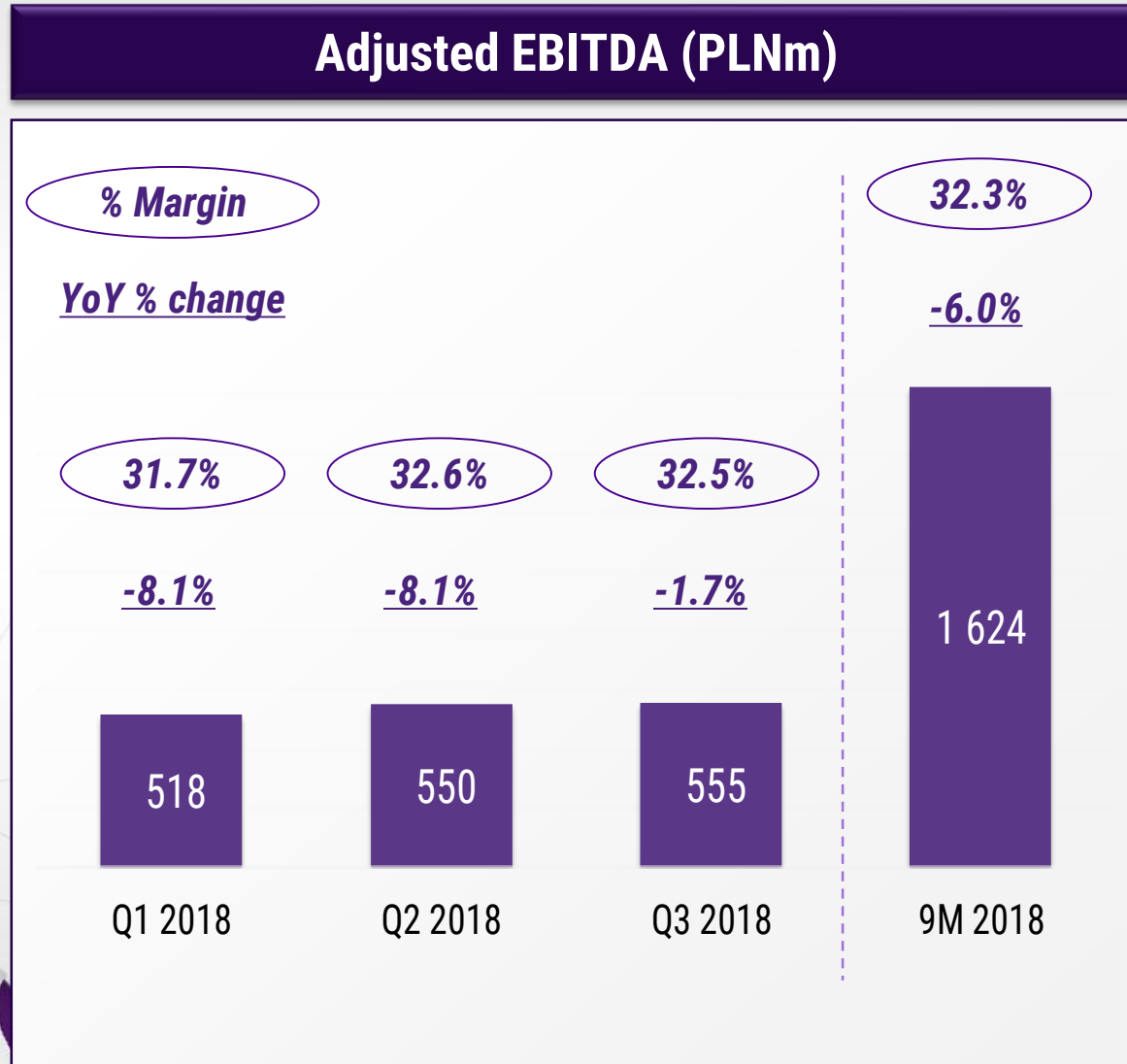
Revenue driven by constant service revenue growth

Operating revenue (PLNm)



- **Service revenue growth reached 2.5% yoy in Q3'18 and 4.3% yoy for 9M'18**
 - Fuelled by both usage and interconnection
- **Sales of goods and other revenue down by 9.7% yoy in Q3'18 and 4.2% yoy for 9M'18**
 - Lower share of terminal offers sold in overall contract sales

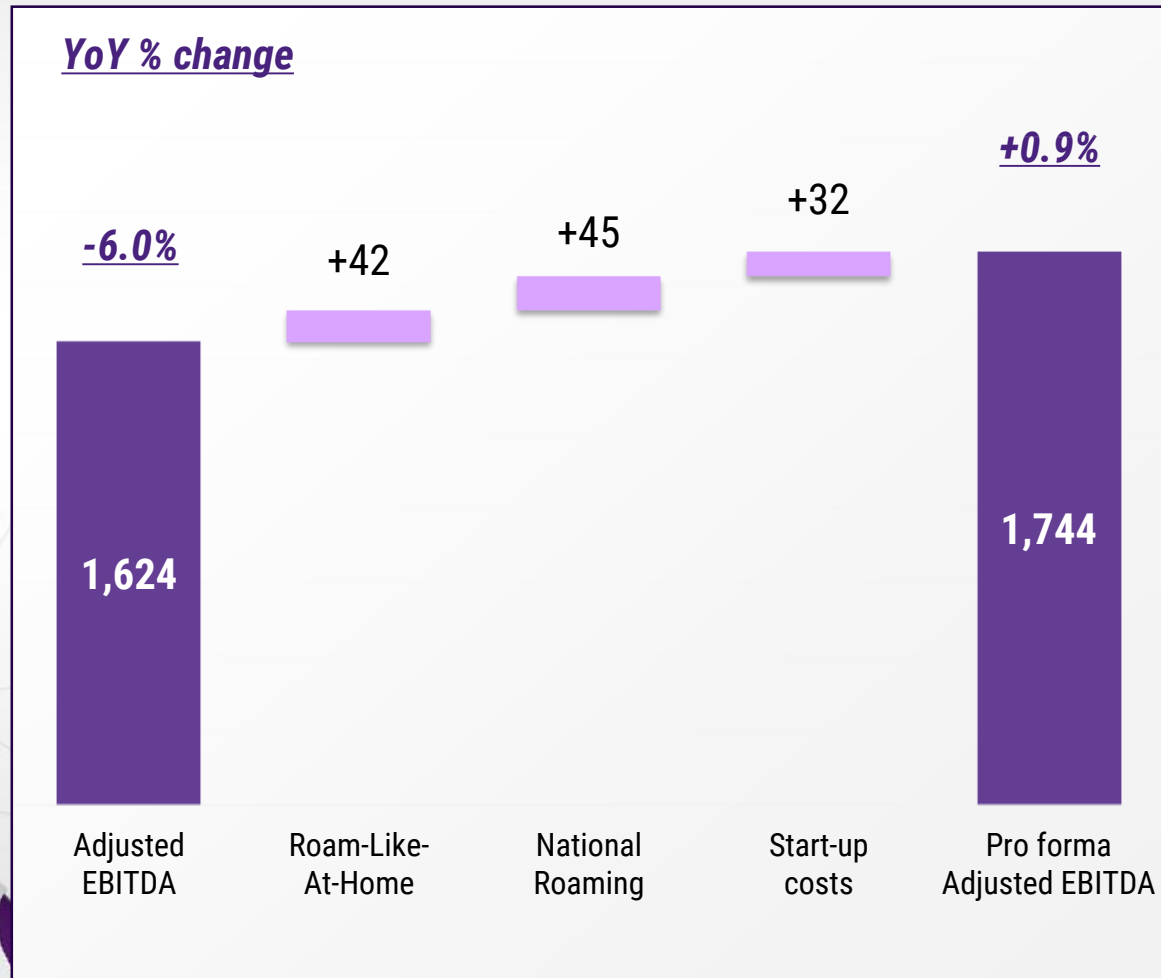
Adj. EBITDA reflects SoG revenue evolution and transition costs



- **Adj. EBITDA in Q3'18 was only 1.7% lower yoy** reflecting higher national roaming, network development related costs and start up of new products
 - RLAH impact in Q3'18 was positive at PLN 25m yoy as a result of full comparability to Q3'17, effect of sustainability measures introduced in Q2'18 and better pricing from roaming partners

Increased Pro-forma Adj. EBITDA with decreasing RLAH impact

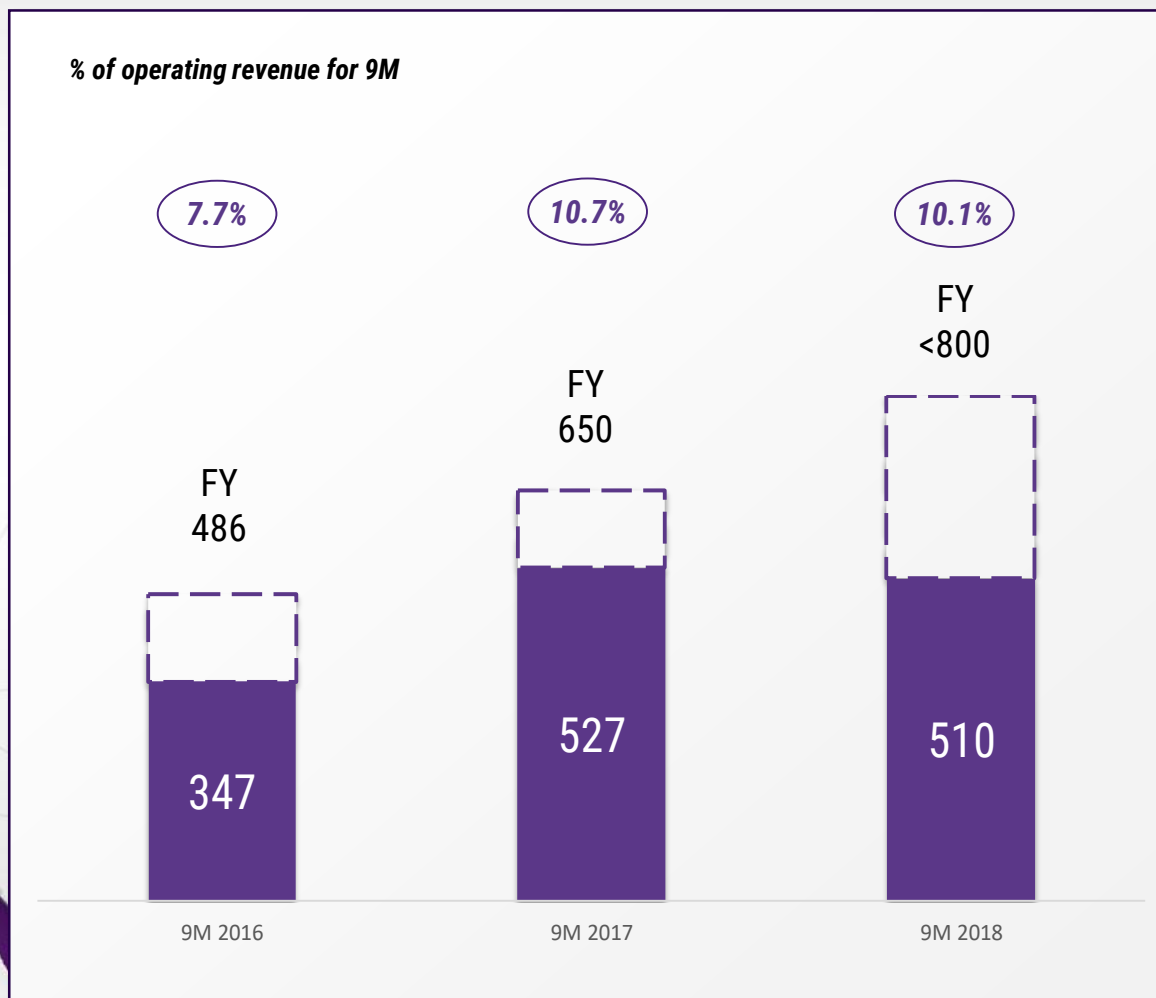
9M'18 Pro-forma Adjusted EBITDA bridge (PLNm)



- **Pro-forma Adjusted EBITDA for 9M'18 was up by 0.9% cf. 2.0% growth in H1'18** predominantly as a result of decreasing impact of Roam-Like-At-Home
 - As foreseen in H1'18 - RLAH impact is decreasing with positive effect of PLN 25m in Q3'18 yoy for adj.EBITDA driving YTD impact to PLN -42m from PLN -67m in H1'18 for adj. EBITDA
 - National roaming and new product start-up costs developed in line with previous quarters

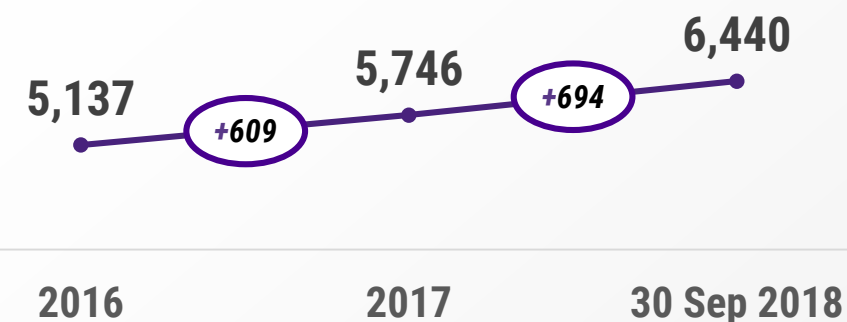
Network roll-out on track to ~7k sites at the end of 2018

Cash capex¹ (PLNm) intensification due to...

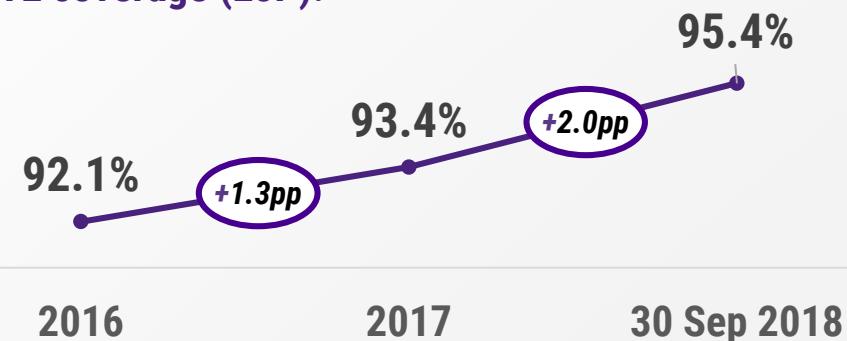


... accelerated own network roll-out

Number of sites (EoP):



4G LTE coverage (EoP):



¹ Excl. cash outflows in relation to frequency reservation acquisition

Summary of financials

<i>PLN millions</i>	Q3 2017	Q3 2018	Change (%)	Q3 2017 YTD	Q3 2018 YTD	Change
Operating Revenue	1,721	1,707	(0.8%)	4,930	5,032	2.1%
Service revenue	1,258	1,289	2.5%	3,632	3,788	4.3%
Sales of goods and other revenue (Handsets)	463	418	(9.7%)	1,298	1,244	(4.2%)
Expenses	(943)	(947)	0.4%	(2,595)	(2,780)	7.1%
Interconnect costs	(329)	(343)	4.4%	(953)	(1,017)	6.7%
National roaming	(50)	(73)	45.4%	(143)	(205)	43.9%
COGS (Handsets)	(371)	(347)	(6.5%)	(1,011)	(1,012)	0.2%
Contract costs, net (Commissions)	(108)	(102)	(5.1%)	(322)	(319)	(0.9%)
Other services costs	(85)	(81)	(4.2%)	(166)	(226)	36.0%
Contribution margin	778	760	(2.3%)	2,336	2,252	(3.6%)
G&A and other ¹	(282)	(216)	(23.5%)	(996)	(635)	36.2%
EBITDA	496	544	9.7%	1,340	1,618	20.7%
EBITDA adjustments	70	12	(83.3%)	388	6	(98.3%)
Adjusted EBITDA	565	555	(1.7%)	1,728	1,624	(6.0%)
Depreciation and amortization	(184)	(198)	7.5%	(594)	(585)	(1.5%)
Finance income	72	5	(93.7%)	173	2	(99.1%)
Finance costs	(137)	(93)	(32.2%)	(555)	(284)	(48.9%)
Profit before tax	247	257	4.3%	364	751	106.3%
Income tax charge	(60)	(68)	13.1%	(119)	(208)	74.4%
Net profit	187	190	1.5%	244	542	121.9%
Earnings per share (PLN)	0.74	0.75	1.2%	0.97	2.14	119.8%

¹ Other operating income less other operating costs

FCFE (post lease payments)

(PLNm)	Q3 2017	Q3 2018	Change (%)	Q3 2017 YTD	Q3 2018 YTD	Change (%)
Adjusted EBITDA	565	555	(1.7%)	1,728	1,624	(6.0%)
Cash capital expenditures ¹	(167)	(202)	21.4%	(527)	(510)	(3.2%)
Total change in net working capital and other, change in contract assets, change in contract liabilities and change in contract costs	(88)	(11)	(87.9%)	(184)	(35)	(80.8%)
Cash interest ²	(78)	(71)	(8.9%)	(317)	(214)	(32.4%)
Cash taxes	(13)	(38)	196.3%	(185)	(105)	(43.0%)
Lease payments	(49)	(53)	8.9%	(147)	(156)	5.9%
Free cash flow to equity (post lease payments)	171	181	5.4%	367	603	64.2%

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 Q3'18 higher YoY as a result of:

- Lower Adjusted EBITDA – driven by higher national roaming, network development related costs and new product start-up costs
- Higher cash capex – related to accelerated network roll-out
- Lower increase in contract assets
- Reduced level of cash interest
- Higher cash taxes – higher tax payment in Q3'18, due to higher tax prepayments

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, 2018		As of September 30, 2018	
	PLNm	xLTM Adj. EBITDA ¹	PLNm	xLTM Adj. EBITDA ²
Senior term loan ³	6,248	2.8x	6,054	2.8x
Leases ⁴	934	0.4x	955	0.4x
Other debt	45	0.0x	33	0.0x
Total debt	7,227	3.28x	7,042	3.21x
Cash and cash equivalents	180	0.1x	154	0.1x
Total net debt	7,047	3.20x	6,888	3.14x

Lower leverage due to the solid cash generation and continuous repayment of senior term loan

Note: On May 10, 2018 we paid a gross interim dividend of PLN 2.57 per ordinary share to its shareholders, in total PLN 653m

¹ LTM Adj. EBITDA as of June 30, 2018 of PLN 2,203m ² LTM Adj. EBITDA as of September 30, 2018 of PLN 2,194m

³ principal plus interest; ⁴ including IFRS 16 impact, capitalization of leases

2018 Guidance status

	9M 2018 Execution	FY 2018 Guidance	Status
Revenue growth	+2.1% growth Driven by service revenue growth	2 – 3% growth Driven by service revenue growth	~ Confirmed ~2% yoy, driven by service revenue
Adj. EBITDA	PLN 1.6bn 74-77% of FY guidance range	PLN 2.1bn – PLN 2.2bn	✓ Confirmed
Cash CAPEX	PLN 510m 64% of FY guidance limit	Up to PLN 800 m	✓ Confirmed
FCFE ¹	PLN 603m 75-80% of FY guidance range	PLN 750m – PLN 800m	✓ Confirmed
Distribution to Shareholders	40-50% of FCFE		✓ Confirmed

¹ Post lease payments

Conclusions

*Jean Marc Harion
CEO of Play
(P4 Sp. z o.o.)*



Sustainable value creation through mobile-centric convergence

SUSTAINABLE EBITDA GROWTH & SHAREHOLDER RETURN



1 – with related services and dedicated financing

Q&A



ask PLAY

Appendix



Quarterly KPIs

(PLNm)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Operating revenue	1,620	1,581	1,629	1,721	1,740	1,637	1,688	1,707
Service revenue	1,177	1,161	1,213	1,258	1,246	1,236	1,264	1,289
Usage revenue	890	872	914	945	915	915	933	960
Adjusted EBITDA	561	564	599	565	570	518	550	555
Adjusted EBITDA Margin	34.6%	35.7%	36.8%	32.8%	32.7%	31.7%	32.6%	32.5%
Reported Subscribers - Contract (no of subs.)	8,366	8,682	8,942	9,203	9,430	9,590	9,711	9,771
Active Subscribers - Contract (no of subs.)	7,984	8,173	8,335	8,490	8,628	8,735	8,838	8,987
Net Additions - Contract (no of subs.)	367	316	260	261	227	160	121	61
Churn - Contract (%)	0.6%	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%
ARPU - Contract (PLN)	39.4	38.2	38.5	38.6	38.1	37.5	37.7	37.9
Data usage per subscriber - Contract (MB)	4,040	4,404	4,746	5,039	5,824	6,123	6,098	6,312
Unit SAC - Contract cash (PLN)	322	313	338	370	377	342	413	409
<i>% of Terminals in Contract Gross Adds</i>	44%	43%	46%	47%	49%	45%	47%	50%
Unit SRC cash (PLN)	339	324	324	349	356	308	350	352
<i>% of Terminals in Retention</i>	44%	42%	44%	45%	45%	39%	41%	40%

More information

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Upcoming reporting date in 2018



FY 2018 Results

4 March 2019

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