PLAY COMMUNICATIONS

Q1 2019 Results Investor Presentation

13 May 2019

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Agenda

BUSINESS PERFORMANCE

FINANCIAL PERFORMANCE

CONCLUSIONS

Q&A SESSION

BUSINESS PERFORMANCE

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

PLAY 2022 strategy

Profitable growth:
EBITDA growth every year

#1 IN DIGITAL

Digital
- #1 Digital operator
- Shops productivity +20% and calls -40%
- 30% remote retentions from 2021
- 70% contract Play24 users from 2021

#1 IN MOBILE-CENTRIC CONVERGENCE

ARPU/A	Driving usage revenue growth
ISP	#3 ISP
TV	Top 3 OTT TV in 2022
Devices	#1 smartphones retail chain

#1 LEAN AND 5G-READY NETWORK

Network rollout
- 9,500 sites in 2021
- #1 or 2 fastest mobile network in Poland
- Cash CAPEX / revenue <10% from 2021
- Switch-off National Roaming in 2022

CLEAR - Cost-conscious	Lower fixed costs each year from 2020	Lower cost per GB in Poland
CLOSE - Customer obsessed	#1 NPS	#1 Brand
CAN DO - Challenger attitude	Preferred employer	

Further progress across key strategic pillars

BRAND RECOGNITION

#1 among Mobile Network Operators in Poland:

- Net Promoter Score,
- Favourite Brand Index

NETWORK COVERAGE AND SPEED

7.1k base stations on air at the end of Q1:

- 121 new stations launched,
- 4G LTE population coverage at 97.4
- #1 own network speed exceeding 23 Mbps
- 11% of stations upgraded to 5G-Ready

PLAY INTERNET FAMILY OFFER

50-300 GB data offers with 5G-Ready network router

PLAY NOW TV

Friendly User Test of big screen TV service:

- 9k testers,
- positive user feedback,
- launched commercially in April

Source for NPS and brand index: Smartscope S.C.

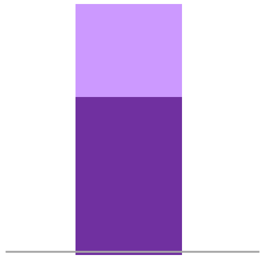
Customer base reflecting focus on contract subscribers

Total customers	Active customers	Contract customers
15.0m	12.7m	9.9m
	+279k YoY	*+327k YoY*
#1 customer base in Poland	*84% of total customers*	*out of which 91% active*

- Contract customer base up to 9.9 million (+3.4% YoY), including 9.1 million active contract subs (+3.6% YoY)
- Active pre-paid customer base reduced by ca. 38k (-1.0% YoY), partly due to migration to post-paid

Spotlight on increasing existing customer base value

Blended ARPU	Contract churn	Bundled share
PLN 31.8[1]	0.8%[2]	42.0%
Stable YoY	*Stable YoY*	*+4.2pp YoY*

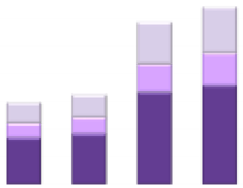
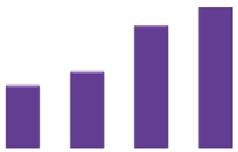


- Long-term contract churn remains stable at 0.8%
- 42% share of bundled SIM cards drive increase in ARPA

[1] Presented for active subscribers on average monthly basis over the period of Q1 2019; 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

Q1: Solid performance across key financial metrics

Key financial figures for Q1 2019

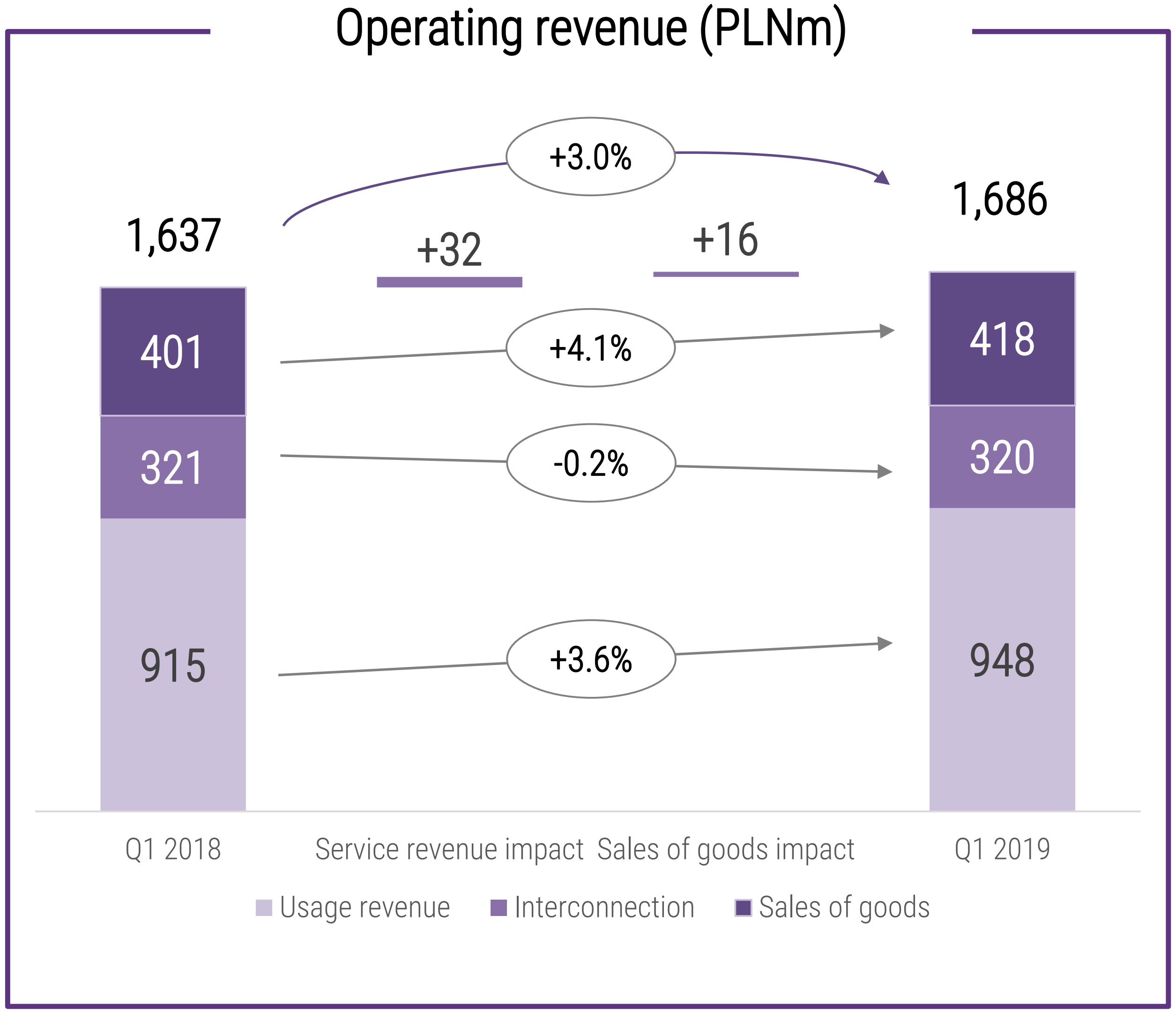
Operating Revenue	Adjusted EBITDA	Net profit	FCFE
			
PLN 1,686m	PLN 576m	PLN 214m	PLN 181m
+3.0% YoY	*+11.2% YoY*	*+39.7% YoY*	*+54.3% YoY with Cash Capex up 31% YoY*
Usage revenue +3.6% YoY	*Margin 34.2%*	*Margin 12.7%*	

- Revenue up by 3.0% YoY driven mainly by usage revenue and supported by sales of goods
- Adjusted EBITDA improved on the backdrop of revenue growth and decrease in national / international roaming costs, partially offset mainly by network maintenance and advertising
- Net profit up by 39.7% YoY, boosted by higher adj. EBITA, coupled with lower interest and tax
- FCFE up by 54.3% YoY

FINANCIAL PERFORMANCE

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

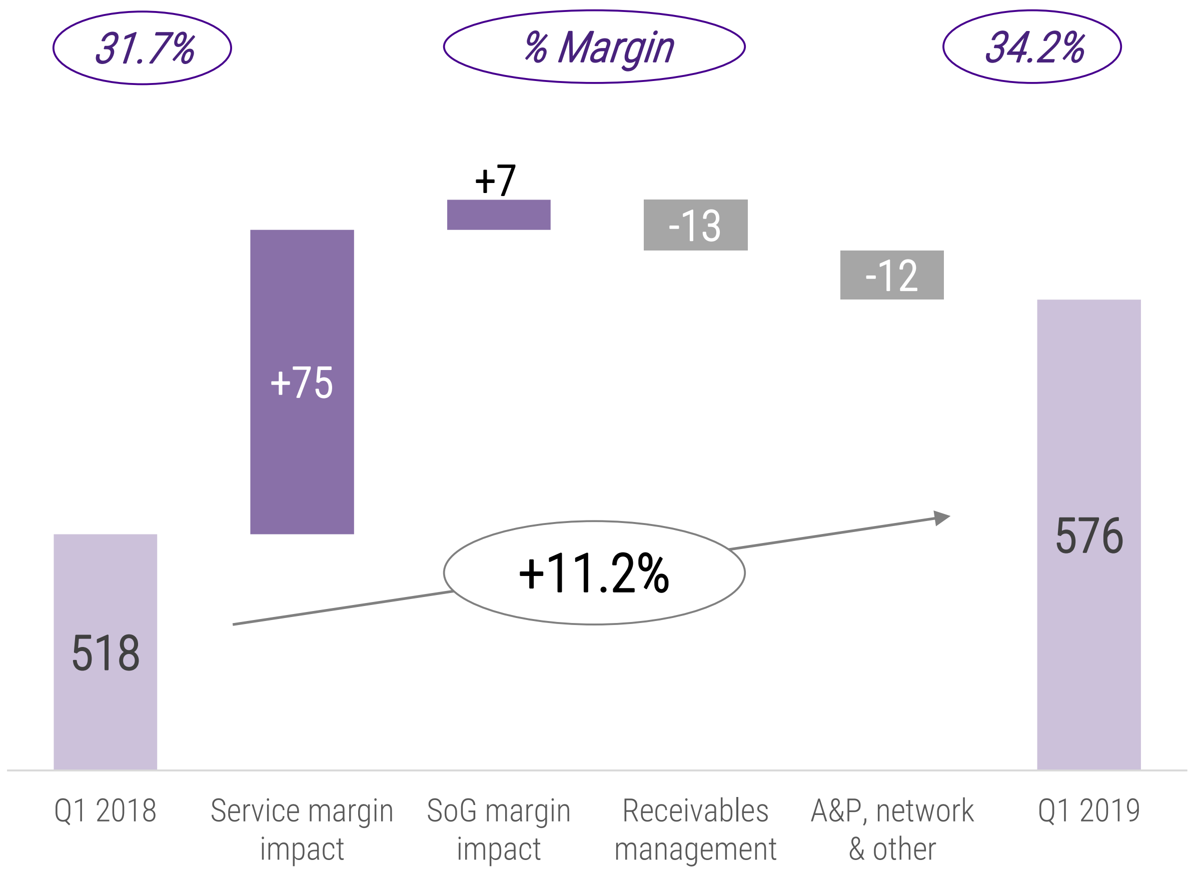
Revenue driven by constant service revenue growth



- Usage revenue growth reached 3.6% YoY
- Sales of goods and other revenue up by 4.1% YoY
  - Stable share of terminal offers sold in acquisition and retention, further fuelled by wholesale transactions

Adjusted EBITDA reflects improvement in both revenue and cost

Adjusted EBITDA (PLNm)



- **Adj. EBITDA was 11.2% higher YoY** reflecting mainly:
  - strong growth in service margin reflecting both revenue increase and lower roaming costs,
  - partially mitigated by loss on receivables management coupled with some higher G&A costs including A&P and network maintenance.
- **Significant improvement of Adj. EBITDA margin to 34.2%**

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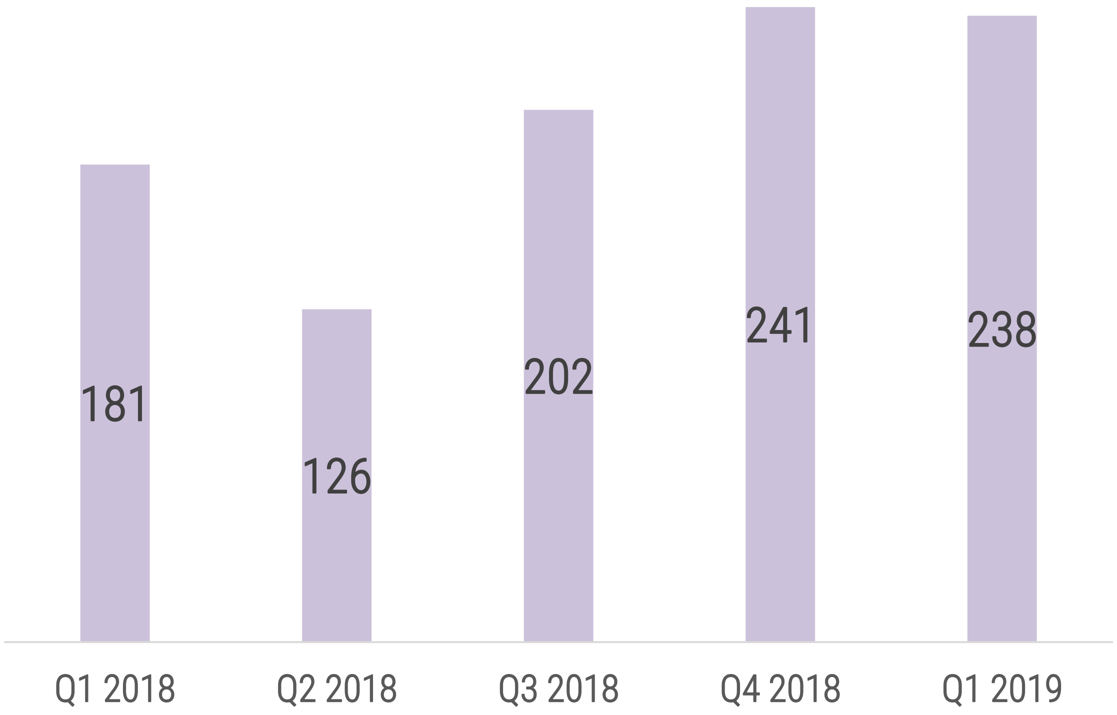
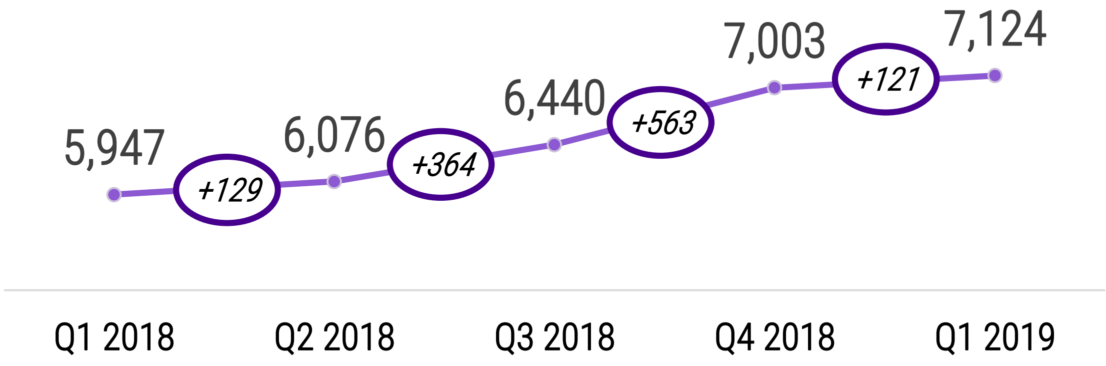
Network roll-out in Q4'18 with spill-over effect on Q1'19 cash capex

Cash capex[1] (PLNm)

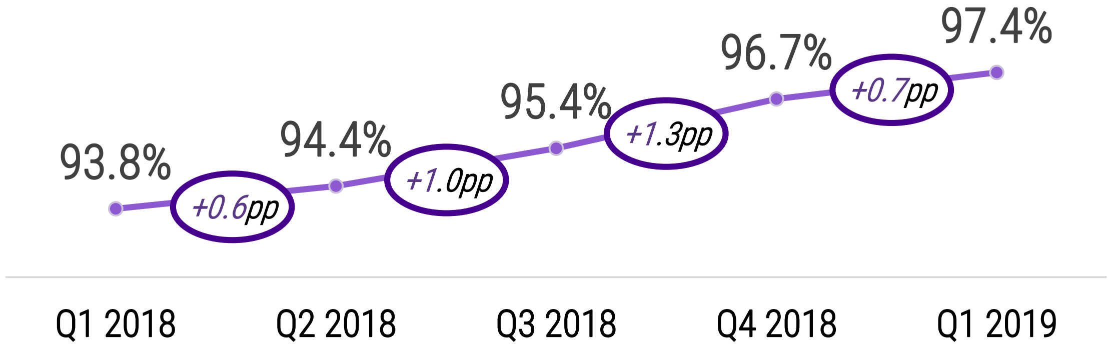


Driven mainly by own network roll-out

- Number of sites (EoP):



- 4G LTE population coverage (EoP):



[1] *Excl. cash outflows in relation to frequency reservation acquisition*

Summary of financials

PLN millions	Q1 2018	Q1 2019	Change (%)
Operating Revenue	**1,637**	**1,686**	**3.0%**
Usage revenue	915	948	3.6%
Interconnection revenue	321	320	-0.2%
Sales of goods and other revenue (Handsets)	401	418	4.1%
Expenses	**(911)**	**(867)**	**(4.8%)**
Interconnect costs	(333)	(330)	(0.7%)
National roaming	(64)	(44)	(30.7%)
COGS (Handsets)	(319)	(328)	2.8%
Contract costs, net (Commissions)	(112)	(103)	(8.3%)
Other services costs, incl. Int' roaming and content	(83)	(62)	(25.3%)
Contribution margin	**727**	**819**	**12.7%**
G&A and other[1]	(216)	(245)	13.2%
EBITDA	**510**	**574**	**12.4%**
EBITDA adjustments	8	3	(66.7%)
Adjusted EBITDA	**518**	**576**	**11.2%**
Depreciation and amortization	(189)	(216)	14.6%
Finance income	1	0	(80.4%)
Finance costs	(96)	(84)	(13.4%)
Profit before tax	**227**	**274**	**21.1%**
Income tax charge	(74)	(61)	(17.4%)
Net profit	**153**	**214**	**39.7%**
Earnings per share (PLN)	**0.60**	**0.84**	**40.0%**

[1] Other operating income less other operating costs

FCFE (post lease payments)

(PLNm)	Q1 2018	Q1 2019	Change (%)
Adjusted EBITDA	518	576	11.2%
Cash capital expenditures[1]	(181)	(238)	31.2%
Total change in net working capital and other, change in contract assets, change in contract liabilities and change in contract costs	(68)	(5)	(92.1%)
Cash interest[2]	(71)	(66)	(7.2%)
Cash taxes	(30)	(36)	22.4%
Lease payments	(51)	(50)	(1.6%)
Free cash flow to equity (post lease payments)	**117**	**181**	**54.3%**

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

FCFE (post lease payment) for Q1 2019 higher by 54.3% YoY as a function of:

- Higher Adjusted EBITDA (as described before)
- Higher cash capex – related mainly to network roll-out
- Lower change in working capital across all main lines
- Lower levels of cash interest, offset by higher cash taxes (no more tax benefit on 2017 IPO costs)

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 December 31, 2018		As of March 31, 2019	
	PLNm	xLTM Adj. EBITDA[1]	PLNm	xLTM Adj. EBITDA[2]
Senior term loan[3]	6,052	2.8x	5,880	2.7x
Leases[4]	985	0.5x	998	0.5x
Other debt	30	0.0x	25	0.0x
Total debt	**7,067**	**3.27x**	**6,903**	**3.11x**
Cash and cash equivalents	354	0.2x	334	0.2x
Total net debt	**6,713**	**3.11x**	**6,569**	**2.96x**

- PLN 173m of senior term loan repaid in Q1 2019

Lower leverage thanks to solid cash generation, continuous repayment of senior term loan and increase in adj. EBITDA

[1] LTM Adj. EBITDA as of December 31, 2018 of PLN 2,159m; [2] LTM Adj. EBITDA as of March 31, 2019 of PLN 2,217m; [3] principal plus interest; [4] including IFRS 16 impact, capitalization of leases

CONCLUSIONS

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

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2019 Guidance Status: positive trends in Q1, FY guidance maintained

	Q1 Results	FY 2019 Guidance	Interpretation for FY Guidance
Revenue	+3%	Growth below 2018 result	Confirmed
Adj. EBITDA	PLN 576m	PLN 2.2-2.3bn	At higher end of guidance
Cash CAPEX[1]	PLN 238m	Up to PLN 800m	Confirmed
FCFE[2]	PLN 181m	PLN 670-750m	At higher end of guidance

1 Play defines Cash Capex without frequency reservation cash outlays
2 Post lease payments

Q&A Session

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