



PLAY

PLAY COMMUNICATIONS

Q2 & H1 2020 Results Investor Presentation

10 August 2020

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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.)



All key financial KPIs improved YoY in H1 despite COVID-19 pandemic

Reported headline H1 results

Revenue: PLN 3.5bn
+1.6% YoY

Adj. EBITDA: PLN 1.2bn
+1.4% YoY

FCFE: PLN 522m
+48.9% YoY

Despite of COVID-19 impact on:

Lower sales of handsets, international roaming and pre-paid usage, partially offset by higher interconnect
[estimated impact: PLN -60m]

Revenue impacts partially offset by lower COGS and roaming costs, with higher interconnect, bad debt provision and anti-COVID opex
[estimated impact: PLN -65m]

Adj. EBITDA impact more than offset by positive impact of lower handset purchases on working capital
[estimated impact: PLN +55m]

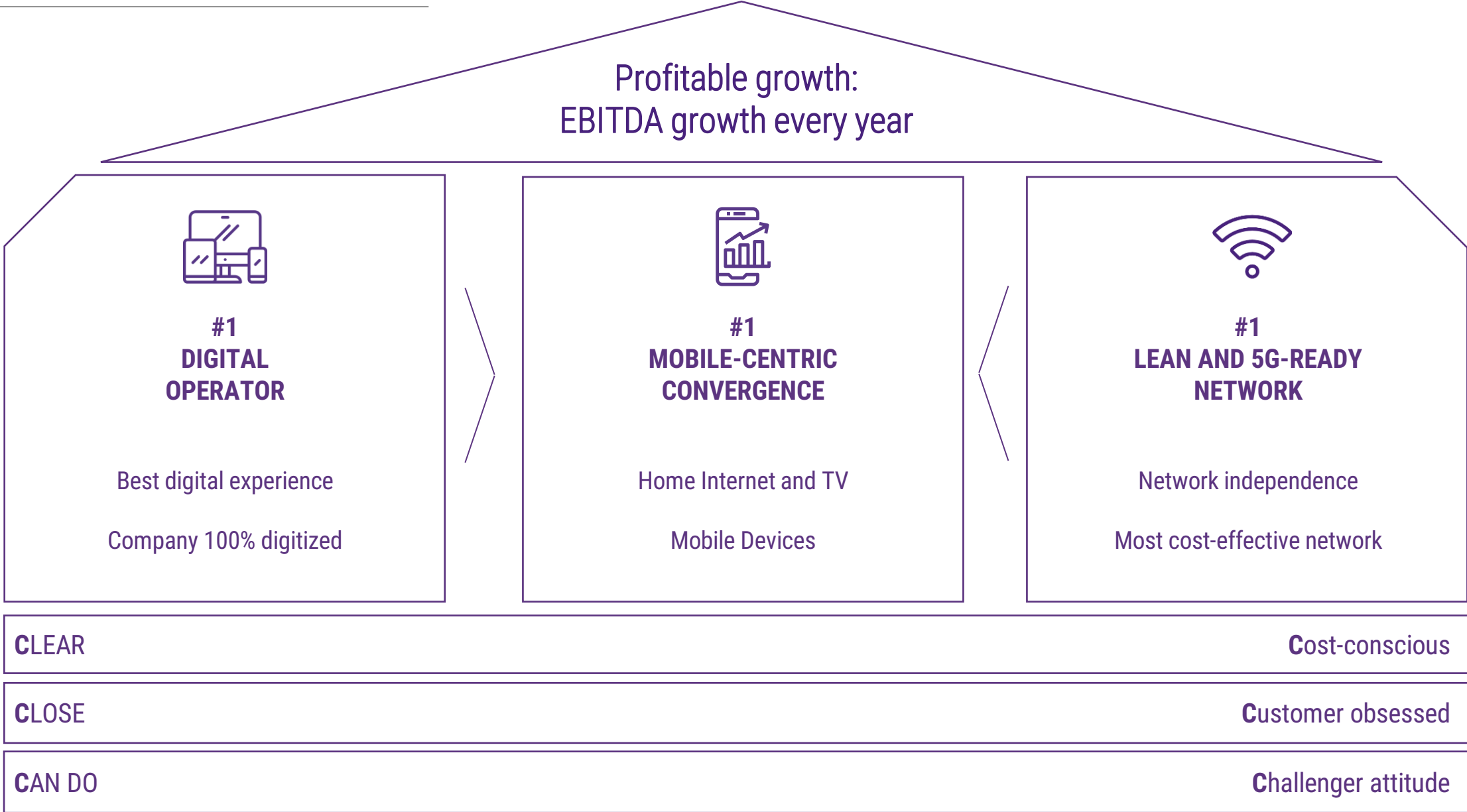
Key achievements in Q2

- Successful reopening of Points of Sales in shopping malls on May 4th with all COVID-19 related safety measures in place
- Total revenue stable YoY at PLN 1,755m despite PLN 63m (-14%) decline in sales of goods due to COVID-19 pandemic lockdown
- Adjusted EBITDA slipped YoY by only 2% to PLN 630m despite margin on sales of handsets sliding by PLN 24m (-28%)
- FCFE of 181m PLN (+6.6% YoY) based on lower cash capex and positive working capital impact largely offset by higher cash taxes
- Blended ARPU* up 3.8% YoY to PLN 34.7
- No increase in customers payment issues vs. Q1

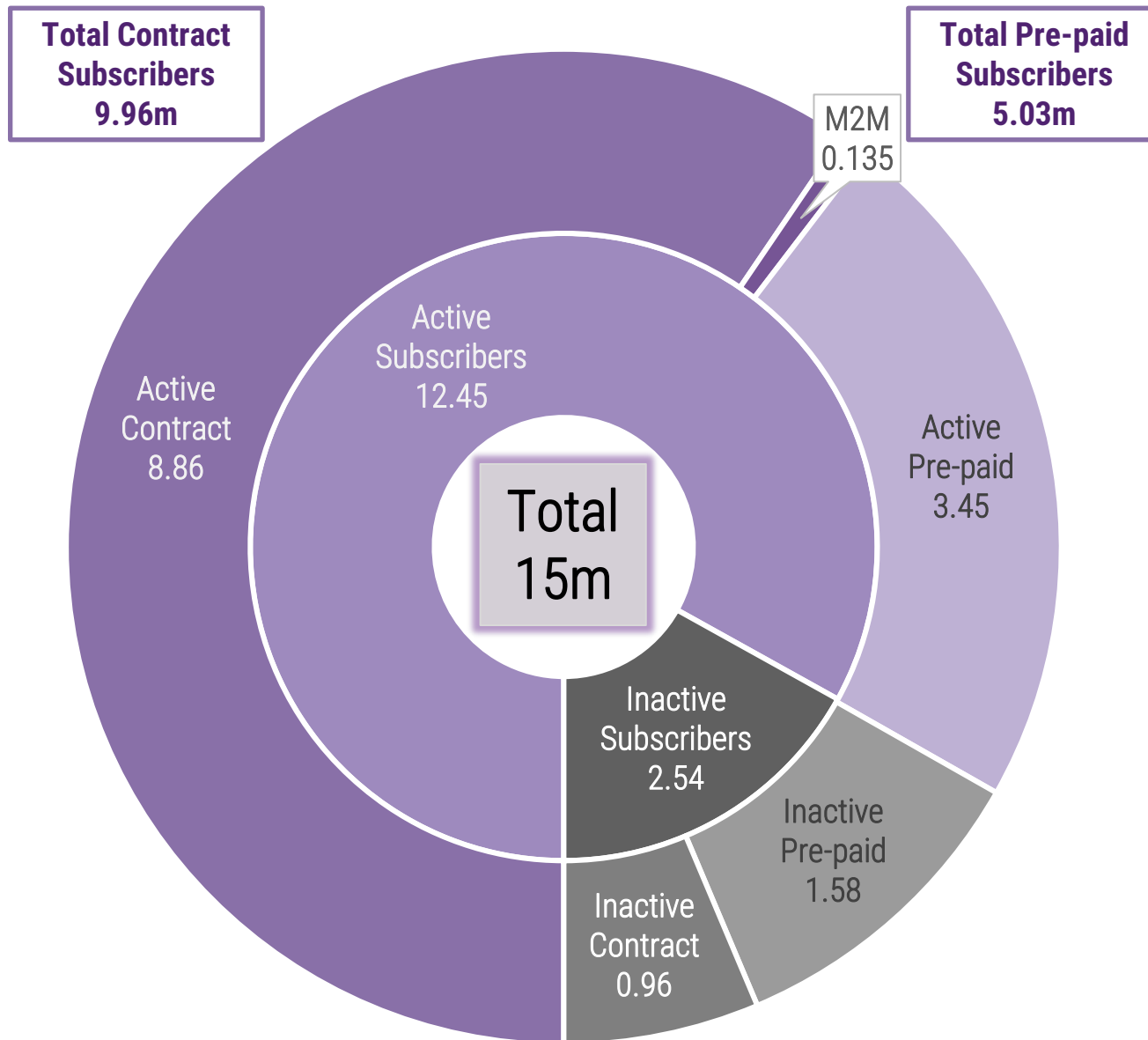
* Based on revised definition of active base with activity period for certain types of SIM cards shortened to 30 days – impacting also ARPU



PLAY 2022 strategy



Broadly stable customer bases despite COVID-19 lockdown



- Contract customer base excl. M2M stable at 9.8 million, including 8.9 million active contract subscribers (+1% YoY)
- Active pre-paid customer base reduced by 4.5% YoY, mainly due to border-crossing restrictions for our Ukrainian customers
- *Revised definition of active customers base with activity period for certain types of SIM cards shortened to 30 days – impacting also ARPU*

Continuous increase of existing customer base value

Blended ARPU in Q2



PLN 34.7¹

+3.8% YoY

Contract ARPU up by
3.6% YoY to PLN 40.1 in Q2

Contract churn in Q2



0.66%²

Contract churn improving by
0.05 pp YoY

Bundled share in Q2



40.3%

-1.5pp YoY

Slight decrease in bundled share due to
change in reporting of mobile internet
bundles

¹ Presented for active subscribers on average monthly basis over the period of Q2 2020; 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

Development of mobile services with 5G included

NEW CONTRACT OFFERS...



Contract offers for individuals with 5G access starting from Medium packages.

New offers for families in higher tier packages: 35 PLN for an additional SIM card with full voice, SMS and up to 70 GB data allowances.

... AND PRE-PAID PACKAGES



The first 5G enabled offer: Solo XL with unlimited voice, messaging and 20 GB data package for PLN 35.

LAUNCH OF RCS CHAT SERVICE



Successor to SMS supporting long text messages, multimedia attachments and delivery confirmation with no additional software.

RCS available on Android based smartphones, more to come.

POLISH POST JOINS PLAY



Customers now can move their number to PLAY at one of 4,500 post offices in Poland.

Simple and short procedure requiring only ID and mobile number.

Expansion of home services

MOBILE HOME INTERNET



New 5G enabled offer:
the largest data package of 500GB
and a 5G router.

FIXED BROADBAND



0.5 thousand customers at the end of Q2
after soft launch – soon to be supported with
proper advertising and promotion campaign.

PLAY NOW TV BOX



59 thousand customers at the end of
Q2 – more than 3x increase YoY.

PLAY NOW TV BOX CONTENT

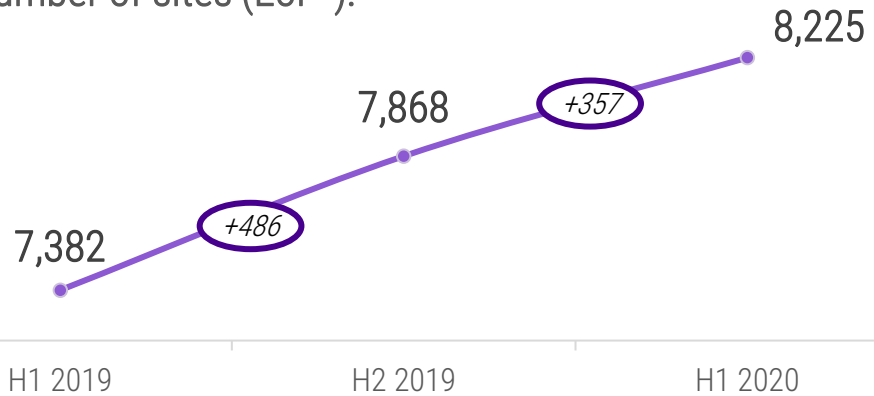


TVN24 and TVN24 BiS (June)
TV PULS and TV PULS 2 (July)
Canal+ (H2): agreement signed
New free-to-air TV channels over IP with the
support of National Broadcasting Authority

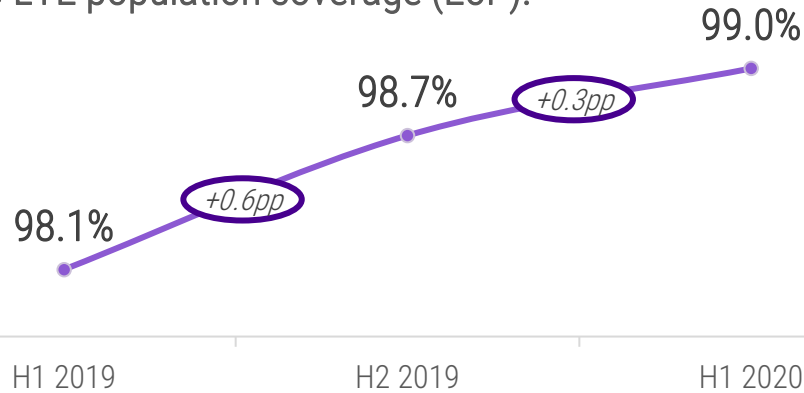
Network roll-out and upgrades

NETWORK ROLL-OUT...

- Number of sites (EoP¹):



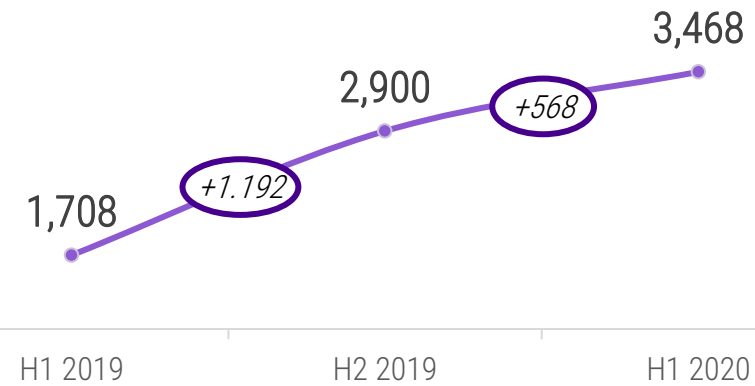
- 4G LTE population coverage (EoP):



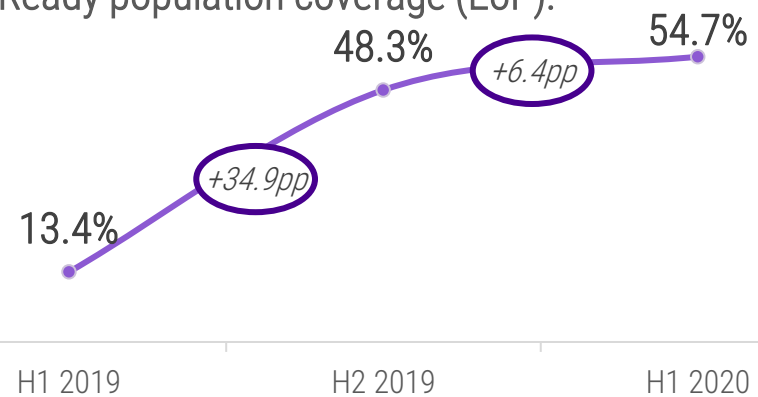
¹ End of Period

...AND IMPLEMENTATION OF 5G READY

- Number of 5G Ready sites (EoP):



- 5G Ready population coverage (EoP):



We are entering 5G era

PLAY 5G Legacy network on 2100 MHz

1st step in the development of PLAY 5G, since Dec. 2019:

- 5G Legacy and 5G Ready sharing 2100 MHz band thanks to **dynamic radio resource management**, providing comparable data transfer speeds.
- 58 polish cities (559 base stations) providing close to 13% population 5G Legacy coverage at the end of Q2:



First PLAY 5G plans

On 9 June, PLAY launched:

- new tariffs with access to 5G Legacy network
- enhanced data transfer packages designed for 5G
- 5G smartphones and modems

PLAY 5G network on C-band

2nd step in the development of PLAY 5G, as soon as auction will take place:

- Development of 5G based on the target **frequencies from the 3.4-3.8 GHz range** when higher network capacity will drive **higher data speeds**.

Further progress in digital in Q2

PLAY24

24

4.91 million active accounts
(vs 5.09 million EoP Q1)



ONLINE PAYMENTS & TOP-UPS

13.1% of invoices paid via online channels (vs. 12.6% EoP Q1)

12.8% of top-ups value via online channels (vs. 12.0% EoP Q1)

ONLINE RETENTION

11.32% digital B2C retention
(vs. 6.94% EoP Q1)

E-INVOICE

73% of e-invoice with B2B partners
(vs. 70% EoP Q1 2020).

17% of all invoices booked automatically using robot.

Acquisition of Virgin Mobile Poland



- ✓ On 9th August 2020 Play concluded acquisition of 100% shares in Virgin Mobile Poland and will:
 - Maintain and develop Virgin Mobile brand in Poland,
 - Integrate the company into Play Communications Group by harmonization of systems and processes, and
 - Analyze potential changes to products and offerings in order to complement the Group's portfolio.

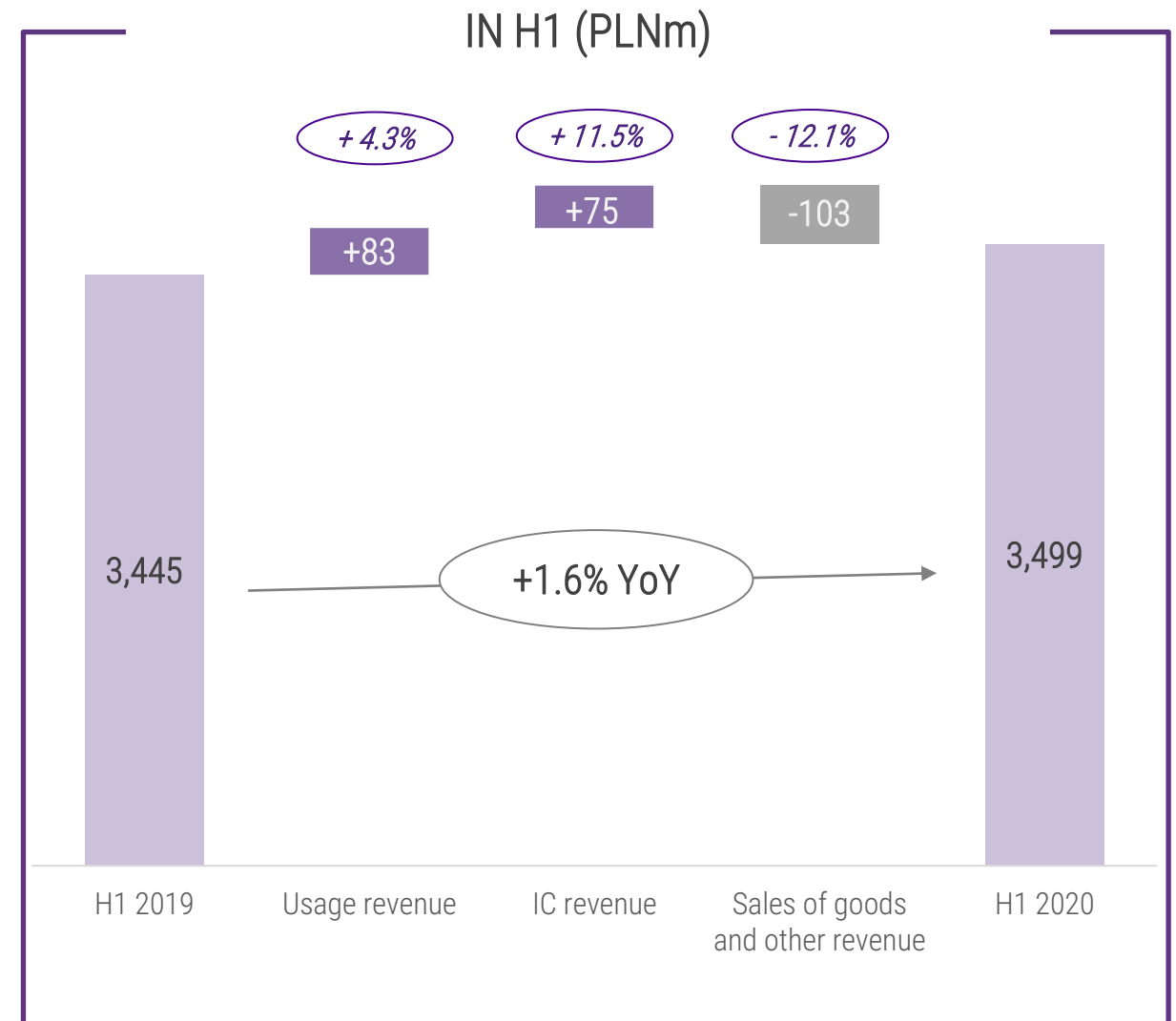
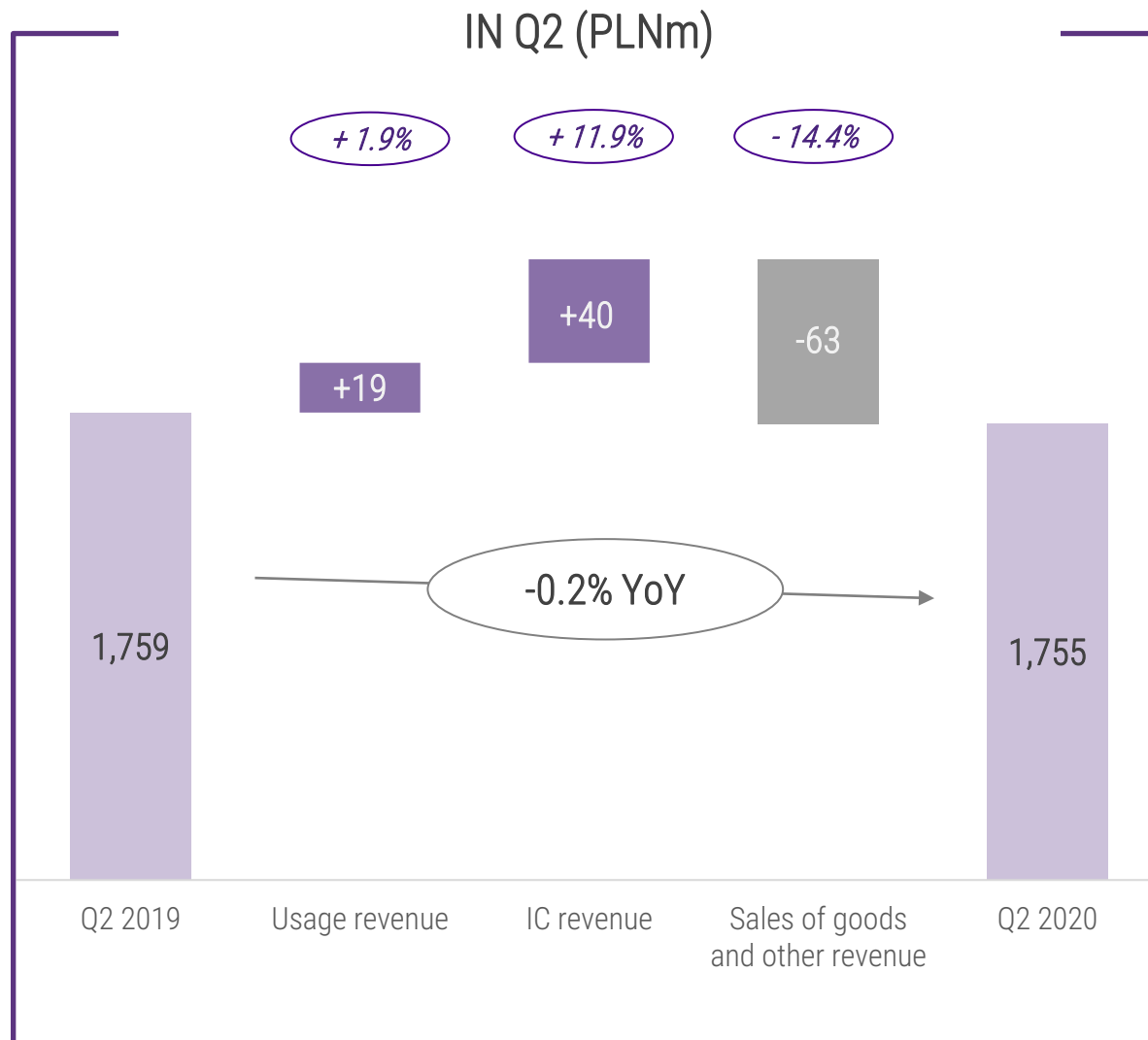
- ✓ In 2019 Virgin Mobile Poland had:
 - Revenues of PLN 94.3 million and EBITDA at PLN -6.7 million,
 - 396 thousand reported and 360 thousand active customers.

FINANCIAL PERFORMANCE

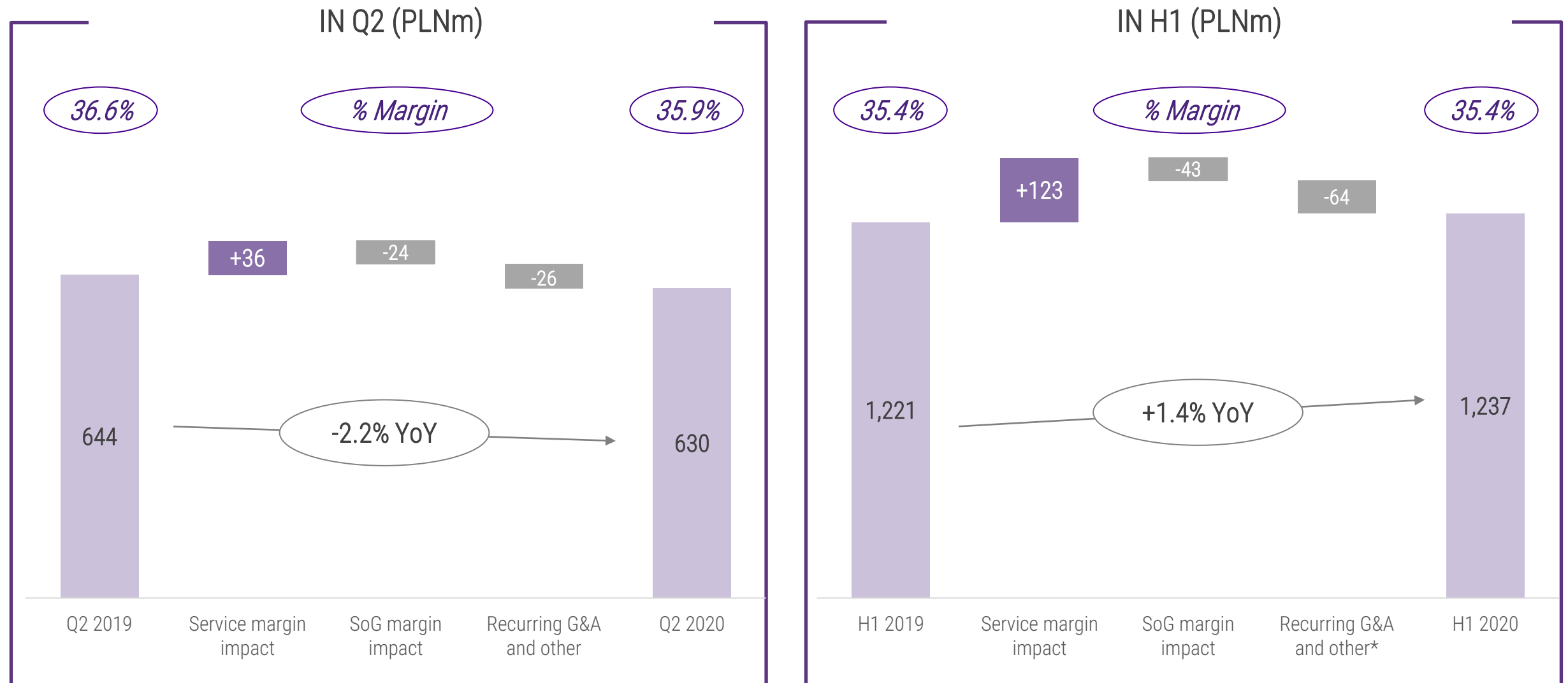
Marcin Szul
CFO of Play (P4 Sp. z o.o.)



Revenue increase YoY despite COVID-19 impact on Usage and SoG in H1

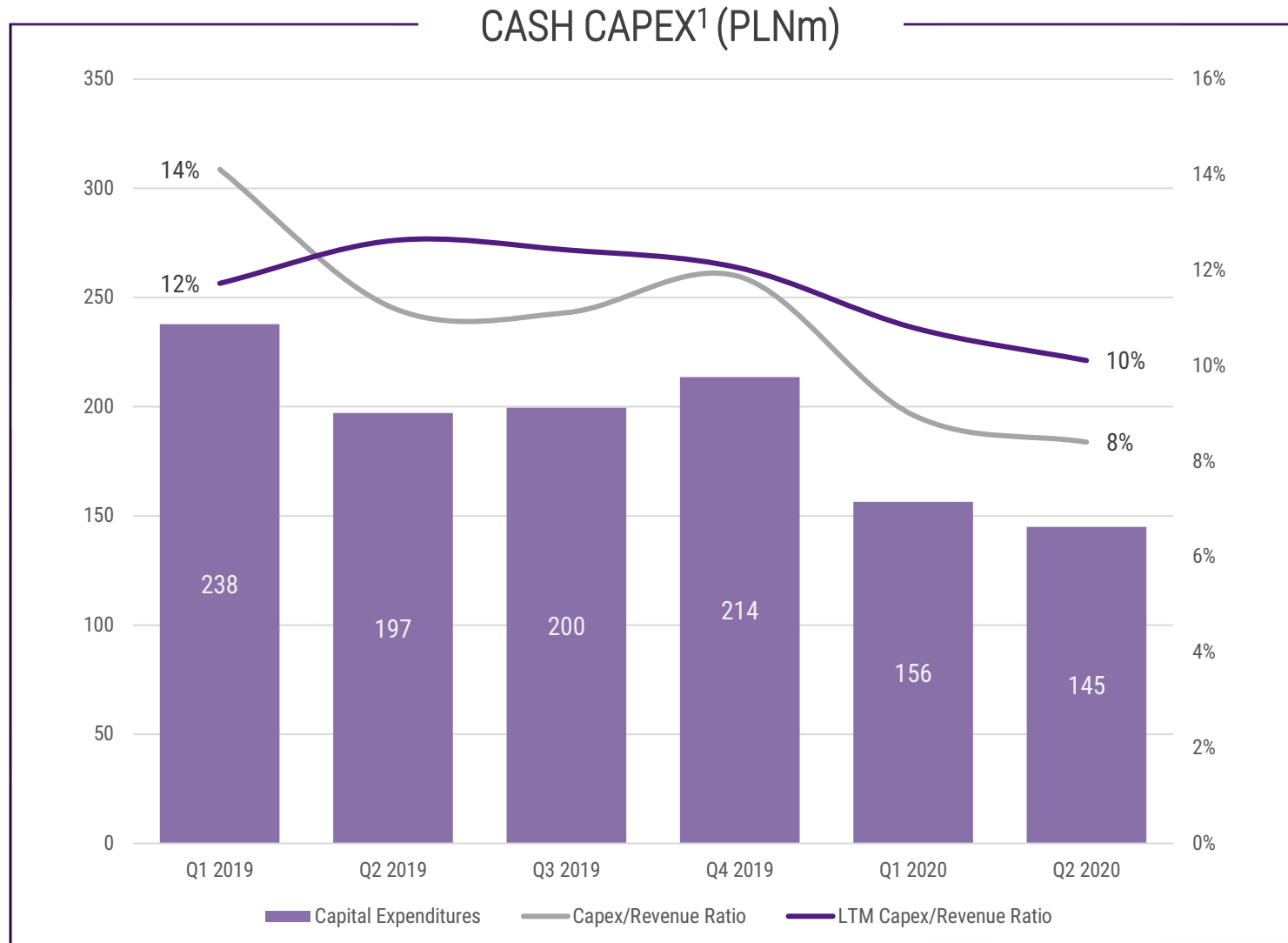


Adj. EBITDA higher YoY in H1, with lower COVID-19 G&A impact in Q2



* Including one-off bad debt provisions and impairment of contract assets of PLN 33m

Cash capex in H1 reflects delay in C-band auction, re-focused on accelerated network roll out & upgrades in H2



- Cash capex lower YoY, with 5G C-band related investments pushed back due to suspension and then cancellation of C-band auction
- Redeployed investment plan aims at higher cash capex in H2, focusing on increasing overall network capacity already in 2020
- Roll-out and upgrades in Q2:
 - 260 new base stations
 - 303 new 5G Ready sites
 - 57 new sites connected to fiber backhaul
- LTM cash capex to revenue at ~10%

¹ Excl. cash outflows in relation to frequency reservation acquisition

Improved FCFE in H1, thanks to lower cash capex & positive WC change

PLN millions	Q2 2019	Q2 2020	Change (%)	H1 2019	H1 2020	Change (%)
Adjusted EBITDA	644	630	-2%	1,221	1,237	1%
Total cash capital expenditures ¹	(197)	(145)	-26%	(435)	(302)	-31%
Total change in net working capital and other, change in contract assets, change in contract liabilities and change in contract costs	(42)	(7)	-84%	(47)	49	<100%
Cash interest ²	(64)	(58)	-9%	(130)	(114)	-12%
Cash taxes	(121)	(183)	52%	(157)	(234)	49%
Lease payments	(51)	(57)	10%	(101)	(115)	14%
Free cash flow to equity (post lease payments)	170	181	7%	350	522	49%

FCFE (post lease payments) for Q2 higher by 6.6% YoY as a combination of:

- Lower cash capex
- Positive impact of change in net working capital mainly thanks to lower handset purchases during COVID-19 lockdown
- Lower cash interest on better avg. interest rate and optimisation of SFA
- Higher cash taxes and lease payments

¹ Cash capital expenditures excluding cash outflows in relation to frequency reservation acquisitions

² Comprising cash interest paid on loans, notes and other debt

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

Summary of financials

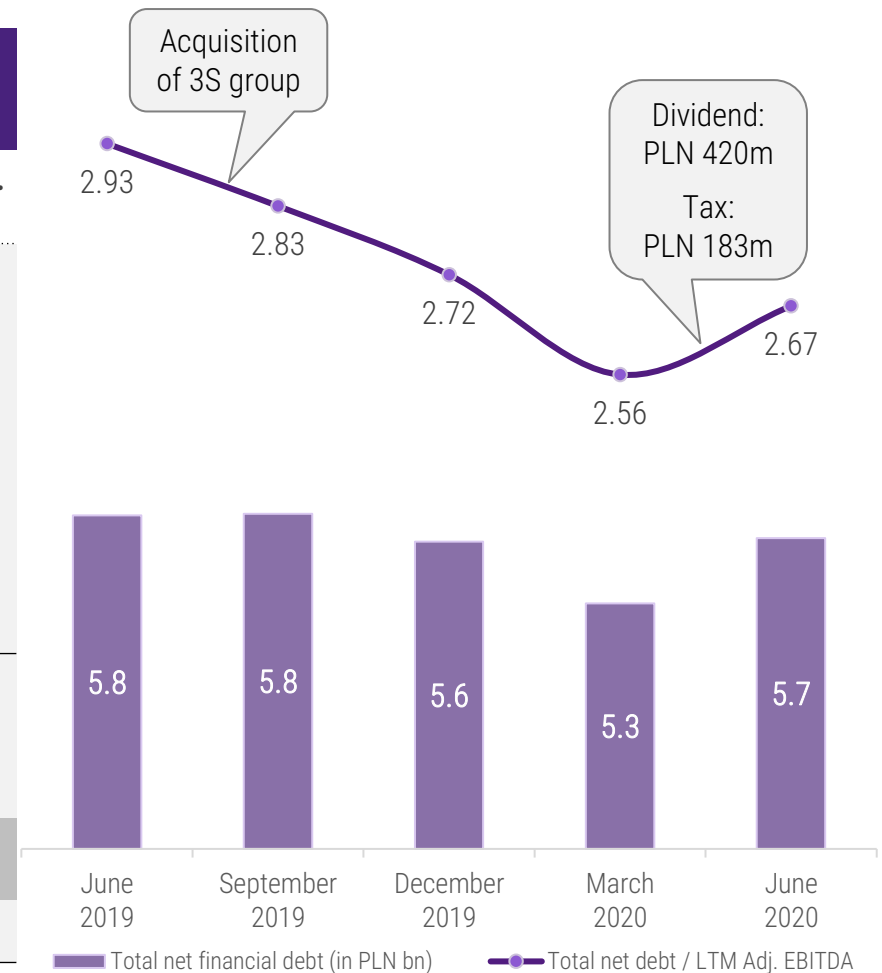
PLN millions

	Q2 2019	Q2 2020	Change %	H1 2019	H1 2020	Change %
Operating Revenue	1,759	1,755	(0.2%)	3,445	3,499	1.6%
Service revenue	1,323	1,381	4.4%	2,591	2,748	6.1%
Sales of goods and other revenue (Handsets)	436	373	(14.4%)	854	751	(12.1%)
Expenses	(890)	(877)	(1.5%)	(1,757)	(1,735)	(1.2%)
Interconnect costs	(337)	(372)	10.4%	(667)	(727)	8.9%
National roaming	(45)	(39)	(12.9%)	(89)	(73)	(17.5%)
COGS (Handsets)	(349)	(310)	(11.0%)	(677)	(616)	(8.9%)
Contract costs, net (Commissions)	(99)	(102)	2.7%	(202)	(206)	1.9%
Other services costs, incl. Int' roaming and content	(61)	(54)	(11.0%)	(122)	(113)	(7.8%)
Contribution margin	869	878	1.0%	1,688	1,764	4.5%
G&A and other ¹	(229)	(255)	11.5%	(474)	(537)	13.2%
EBITDA	640	622	(2.7%)	1,214	1,227	1.1%
EBITDA adjustments	4	8	75.2%	7	10	43.6%
Adjusted EBITDA	644	630	(2.2%)	1,221	1,237	1.4%
Depreciation and amortization	(221)	(240)	8.7%	(437)	(473)	8.3%
Finance income and costs	(83)	(82)	(1.1%)	(166)	(175)	5.4%
Profit before tax	336	300	(10.6%)	610	578	(5.2%)
Income tax charge	(82)	(62)	(23.8%)	(143)	(133)	(6.7%)
Net profit	254	238	(6.4%)	467	445	(4.7%)
Earnings per share (PLN)	1.0	0.9	(6.5%)	1.8	1.8	(4.8%)

¹ Other operating income less other operating costs

Leverage improved YoY thanks to strong cash generation and increase in adjusted EBITDA

	As of September 30, 2019, unaudited		As of December 31, 2019		As of March 31, 2020, unaudited		As of June 30, 2020, unaudited	
	PLNm	xLTM Adj. EBITDA	PLNm	xLTM Adj. EBITDA	PLNm	xLTM Adj. EBITDA	PLNm	xLTM Adj. EBITDA
Senior term loan ¹	5,771.7	2.40x	5,155.3	2.12x	5,155.3	2.09x	5,396.3	2.20x
Notes	-	-	751.4	0.31x	758.0	0.31x	750.7	0.31x
Revolving credit facilities drawn	36.5	0.02x	-	-	-	-	-	-
Other debt	26.3	0.01x	26.7	0.01x	20.9	0.01x	18.3	0.01x
- Cash and cash equivalents	(45.8)	-0.02x	(294.3)	-0.12x	(625.9)	-0.25x	(599.2)	-0.24x
Total net financial debt	5,788.6	2.41x	5,639.1	2.31x	5,308.4	2.15x	5,566.2	2.27x
Leases ²	1,011.2	0.42x	991.5	0.41x	996.5	0.40x	975.6	0.40x
Total net debt	6,799.8	2.83x	6,630.6	2.72x	6,304.9	2.56x	6,541.8	2.67x
LTM Adj. EBITDA	2,401.1		2,436.1		2,466.9		2,452.8	



¹ principal amount plus interest; ² including IFRS 16 impact, capitalization of leases

CONCLUSIONS

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



TowerCo

1

February 2020

Decision to prepare the carveout of Play's existing and future passive network infrastructure and to establish a dedicated subsidiary („TowerCo”) to host them.

2

June 2020

Acquisition of 100% of a shelf company, Polska Grupa Wieżowa S.A., for the sole purpose of potentially hosting and operating the passive infrastructure from Play.

3

To be continued

.....

Continuous operational, technical and legal preparations



2020 Guidance in perspective of COVID-19 related impacts

	FY 2020 Guidance	H1 2020 Result	Status
Revenue	+ 2-3% YoY	+ 1.6% YoY	Growth below original guidance due to lower sales of handsets
Adj. EBITDA	PLN 2.5-2.6 bn	PLN 1.7 bn	Confirmed
Cash CAPEX ¹	PLN 850-900m <i>(~12% of revenue)</i>	PLN 302m <i>(~10% of revenue)</i>	Confirmed
FCFE ²	> PLN 800m	522m	Confirmed
Distribution to Shareholders	40-50% of FCFE	45% of 2019 FCFE paid in Q2	Confirmed

¹ Play defines Cash Capex without frequency reservation cash outlays

² Post-lease payments

Q&A Session

