

26 August 2019

PLAY COMMUNICATIONS S.A.*

("Play" or the "Company")

Results for the second quarter and the first half of 2019

Excellent performance with the highest quarterly adjusted EBITDA ever drives upward revision of guidance for full year 2019

- **Operating revenue increased by 4.2% YoY to PLN 1.76bn in Q2 driven by improvements in both usage revenue and sales of goods**
- **Adjusted EBITDA reached the highest ever quarterly level of PLN 644m (+17.1% YoY), reflecting improvements in service and sales of goods margins**
- **Active subscriber base up by ca. 250k YoY (+2.0%) with improved contract churn (0.7%), high shares of contract (66%) and bundled (42%) customers, maintaining leading market position (15m reported customers)**
- **Guidance for full year 2019 was revised upwards: adjusted EBITDA to arrive in PLN 2.3-2.4bn range and Free Cash Flow to Equity to be between PLN 770m and PLN 830m**

Play (WSE: PLY), the leading Polish mobile network operator, today announces its results for the second quarter and the first half of 2019. The results reconfirm Play's leading market position with improvements in customer base, revenue and profitability.

Jean Marc Harion, CEO of P4, commented:

"As an outcome of PLAY' excellent performance in the first half of this year, we are revising upward our full year guidance. We strongly believe that a more rational market environment and our discipline in executing upon our mobile-centric strategy both support value generation for PLAY's shareholders. Last quarter we continued expansion of our service portfolio, by launching commercially the Play Now TV Box with promising results and introducing our Homebox mobile-convergent offering. Network roll-out is bearing fruits not only by reduction of national roaming costs but also by building unique customer experience with the accelerated expansion of our 5G Ready coverage and soon recently acquired 3S' fibre backhaul. We maintain our lean culture by implementing further efficiency improvements through digitalisation of business processes. All that contributes to our success and I am looking forward to reporting our progress to you in the coming quarters."

Operational Highlights:

- **Reconfirmed Play's position as Poland's leading mobile-convergent operator:**
 - 15.0m reported customers and 12.7m active customers (-0.2% and +2.0% YoY, respectively);
 - Contract customer share up to 66.3% (+1.7pp YoY) at the end of June 2019 whilst contract churn improved to 0.7% in both Q2 and the first half of the year;
 - Blended ARPU increased to PLN 32.9 (+1.4% YoY) in Q2 and PLN 32.3 (+0.7% YoY) in the first half of 2019, with a bundled SIM ratio maintained at 42%;
 - 17.6 thousand customers of Play Now Box TV service launched commercially in April 2019;
- **Network roll-out on target:**
 - 7,382 sites operational at the end of June (+21.5% YoY), with 258 new sites added in Q2;
 - 4G LTE population coverage reached 98.1% (+3.7pp YoY) while 23% of sites were upgraded to 5G Ready at the end of June providing 13.4% population coverage;
 - Continuous leadership in own network data transmission according to SpeedTest.pl since November 2018, confirmed by Poland's Speedtest Award from Ookla for mobile network speed in the first half of 2019.

* Play Communications S.A. is the holding company for Play Group which operating subsidiary P4 Sp. z o.o. manages the Play brand.

Financial Highlights:

- Operating revenue reached PLN 1,759m (+4.2% YoY) in Q2, driven by 6.1% growth in usage revenue and 2.8% in sales of goods. Consequently, half year revenue amounted to PLN 3,445m (+3.6% YoY).
- Adjusted EBITDA amounted to the highest ever quarterly level of PLN 644m in Q2 (+17.1% YoY) mainly driven by PLN 88m improvement in the service margin and PLN 9m increase in sales of goods margin. Half year Adjusted EBITDA was PLN 1,221m (+14.2% YoY).
- Net profit increased to PLN 254m in Q2 (+27.1% YoY) and PLN 467m for the first half of the year (+32.6% YoY) reflecting improvement in EBITDA as well as lower net finance costs, partially offset by higher D&A.
- Cash capex amounted to PLN 197m in Q2 (+55.9% YoY) and PLN 435m for half year (+41.3% YoY), driven by expansion of Play's radio and core networks, as well as capitalisation of customer premises equipment for mobile broadband and Play Now TV Box services.
- Free cash flow to equity (post lease payments) (FCFE¹) of PLN 170m in Q2 (-44.4% YoY), in line with 2019 guidance reflecting predominantly higher cash capex, negative change in the working capital and significantly increased cash taxes in the period, more than offsetting improvement in adjusted EBITDA. For the half year FCFE amounted to PLN 350m (-17.1% YoY) as a result of the same factors.
- Net Debt to Adjusted EBITDA arrived at 2.93x at the end of June, compared to 3.11x at the end of 2018, thanks to solid cash generation, continuous repayment of senior term loan and increase in Adjusted EBITDA, despite PLN 368m of dividend paid in Q2.

Holger Püchert, CFO of P4, commented:

"The results speak for themselves, specifically the highest ever quarterly adjusted EBITDA in Q2 in the history of Play Communications S.A. Thanks to such strong performance we further decreased PLAY's leverage² despite significant dividend payment. Profitability being above our original expectations allows us to improve the guidance with higher cash generation to be partially used for acceleration of our network roll-out and upgrades but also to contribute to Free Cash Flow to Equity."

2019 guidance:

	FY 2019 Original Guidance	FY 2019 Revised Guidance
Revenue	Growth below 2018 result	Confirmed
Adjusted EBITDA	PLN 2.2-2.3bn	PLN 2.3-2.4bn
Cash capex	Up to PLN 800m	PLN 800-830m
FCFE³	PLN 670-750m	PLN 770-830m
Distribution to Shareholders	40-50% of FCFE	Confirmed

¹ 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.

² Leverage defined as Net Debt to LTM adj. EBITDA

³ Post lease payments, excluding cash out for purchase of 3S, which we exclude from FCFE calculation as an exceptional item.

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Financial and operational summary (in PLN million, unless otherwise stated):

	Three months ended June 30		Change	Six months ended June 30		Change
	2018	2019		2018	2019	
Operating revenue	1,688	1,759	4.2%	3,325	3,445	3.6%
EBITDA	563	640	13.6%	1,074	1,214	13.0%
Adj. EBITDA	550	644	17.1%	1,069	1,221	14.2%
Net profit	200	254	27.1%	353	467	32.6%
Cash Capex	(126)	(197)	55.9%	(308)	(435)	41.3%
FCFE	305	170	(44.4%)	422	350	(17.1%)
Total Reported Customers (in '000)	15,035	15,006	(0.2%)	15,035	15,006	(0.2%)
Reported Contract Customers (in '000)	9,711	9,942	2.4%	9,711	9,942	2.4%
Total Active Customers (in '000)	12,467	12,717	2.0%	12,467	12,717	2.0%
Active Contract Customers (in '000)	8,838	9,102	3.0%	8,838	9,102	3.0%
Net Contract Additions (in '000)	121	24	(79.8%)	280	76	(73.1%)
Contract Churn (%)	0.8%	0.7%	(0.08) pp	0.8%	0.7%	(0.04) pp
Contract ARPU (PLN)	37.7	37.8	0.3%	37.6	37.4	(0.3%)
Data Usage per Contract Customer (MB)	6,098	7,661	25.6%	6,110	7,507	22.9%
Network sites build in the period (net)	196	258	31.6%	330	379	14.8%

Conference call

The management team will host an analyst and investor conference call at 08.00am UK time (9:00am CET), on Tuesday 27th August 2019, including a Question and Answer session. Financial results for the three and six months ended 30 June 2019 will be available on the Play website at: <https://www.playcommunications.com/events/2019>

Online registration is required for the conference call at: <http://emea.directeventreg.com/registration/6885858>

Conference call ID: 6885858

Upon registration you will automatically receive the dial-in details.

Presentation and audio webcast will be available upon registration at: <https://edge.media-server.com/mmc/p/569hikfp>

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About Play: Play Communications S.A. is the holding company for Play Group which operating subsidiary P4 Sp. z o.o. manages the Play brand. Play is a consumer-focused mobile network operator in Poland with over 15m subscribers as of June 30, 2019. It provides mobile voice, messaging, data and video services for both consumers and businesses (in particular to SMEs) on a contract and prepaid basis under the umbrella brand PLAY. Its modern and cost-efficient 2G/3G/4G LTE telecommunications network covers 99% of the Polish population complemented by national roaming/network sharing agreements. For more information, visit www.playcommunications.com and 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. 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.