

PLAY COMMUNICATIONS S.A. H1 2017 results

Press release

August 22, 2017

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

H1 2017 Highlights:

I. Continued commercial success:

- **Market share increased to 28.0%**¹ (+2.5pp YoY) representing 14.5 million of subscribers, while share of contract subscribers increased to **61.7%**, from 52.2% as of end of June 30, 2016
- **Contract net adds amounted to 576k** (+260k in Q2'17)
- Blended **ARPU**² **increased to PLN 32.3 in Q2'17** from PLN 31.0 in Q1'17 and from PLN 31.0 in Q2'16
- **Contract churn remained** at the low level of **0.7%**³
- Further roll-out of 4G LTE network increased coverage of population to **92.7%** (+4.8pp YoY) and 4G LTE Ultra network increased coverage of population to **80.3%** (+11.0pp YoY) as of June 30, 2017

II. Strong Financial Performance:

- **Growth of Operating Revenue to the level of PLN 3,210m** (+9.5% vs H1'16) resulted from strong increase in contract subscribers base
- **Adjusted EBITDA growth to PLN 1,163m** (+21.5% vs H1'16) resulted from experiencing operating leverage and effect of scale
- The above translated into further increase of **Adjusted EBITDA margin to 36.2%** (+3.6pp vs H1'16)

¹ based on number of SIMs as per Central Statistical Office of Poland

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

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

- Continuation of nationwide network roll-out - **Cash Capex⁴ amounted to PLN 360m** (PLN 150m in Q2 2017) which is in line with the guidance
- **Adjusted EBITDA less Cash Capex³ amounted to PLN 802m** (+ 8.5% vs H1'16)
- **FCFE (post lease payments)⁵ increased by 31.3% YoY** amounting to **PLN 196m**
- **Decreasing leverage 3.2x** LTM Adjusted EBITDA (versus 3.4x as of March 31, 2017) due to further EBITDA growth and higher cash and cash equivalents level

Chief Executive Officer of P4 Sp. z o.o. comments on first half of 2017 performance:

"The first half of 2017 was a half year of a strong growth for PLAY. We achieved 28% of market share in terms of number of subscribers. And more importantly, the dominant part of the H1 2017 growth comes from strong increase of contract subscriber base. Exceptional commercial development translates into firm financial performance with H1 2017 revenue reaching PLN 3,210m which is 9.5% higher comparing to H1 2016, and our adjusted EBITDA margin increasing to 36.2%.

In June 2017 we introduced a new contract offering called STAN NIELIMITOWANY (UNLIMITED) which includes seven unlimited components: voice, messaging, data, UE roaming, Showmax, Tidal and PLAY NOW. On prepaid we continued NIC NIE PRZEPADA (NOTHING IS LOST) offerings which we find as very successful.

We continue our nationwide network roll-out strategy – at the end of June 2017 we increased 4G LTE network coverage to 92.7% of population (which states for 4.8 pp growth versus comparable period in 2016) and 4G LTE Ultra network to 80.3% of population (which states for 11.0 pp growth versus comparable period in 2016). Our total network coverage including national roaming is more than 99% of population. Furthermore, in August 2017 we added 3.7GHz spectrum to already strong spectrum portfolio.

Our performance for the half year supports our guidance for entire year 2017 which we provided in the Prospectus (which has been approved by Luxembourg Financial Supervision Authority (Commission de Surveillance du Secteur Financier); dated on June 30, 2017)."

Jørgen Bang-Jensen

⁴ Excluding cash outflows in relation to frequency reservation acquisition

⁵ 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

Results of PLAY for Q2 2017 and H1 2017:

	Three-month ended June 30,		Change (%)	Six-month ended June 30,		Change (%)
	2016	2017		2016	2017	
Reported subscribers (thousands)	14,617.4	14,484.4	(0.9%)	14,617.4	14,484.4	(0.9%)
Contract	7,629.0	8,942.2	17.2%	7,629.0	8,942.2	17.2%
Prepaid	6,988.3	5,542.2	(20.7%)	6,988.3	5,542.2	(20.7%)
Share of contract subscribers (%)	52.2%	61.7%	18.3%	52.2%	61.7%	18.3%
Share of prepaid subscribers (%)	47.8%	38.3%	(20.0%)	47.8%	38.3%	(20.0%)
Net additions (thousands)	197.4	142.0	(28.1%)	467.1	69.8	(85.0%)
Contract	288.4	260.1	(9.8%)	559.4	575.8	2.9%
Prepaid	(90.9)	(118.0)	29.8%	(92.3)	(505.9)	>100%
Churn (%)¹	3.5%	2.1%	(1.3) pp	3.4%	2.6%	(0.8) pp
Contract	0.7%	0.7%	0.0 pp	0.7%	0.7%	0.0 pp
Prepaid	6.4%	4.4%	(2.0) pp	6.3%	5.6%	(0.7) pp
ARPU (PLN)²	31.0	32.3	4.0%	30.7	31.6	2.9%
Contract	39.0	38.5	(1.2%)	39.0	38.4	(1.6%)
Prepaid	17.1	18.7	9.3%	16.8	17.5	4.3%
Data usage per subscriber (MB)²	2,522.7	3,909.0	55.0%	2,499.7	3,755.8	50.3%
Contract	3,240.6	4,746.4	46.5%	3,227.4	4,577.0	41.8%
Prepaid	1,274.9	2,094.9	64.3%	1,266.0	2,025.7	60.0%

<i>m</i> PLN	Three-month ended June 30,		Change (%)	Six-month ended June 30,		Change (%)
	2016	2017		2016	2017	
Operating revenue	1,488.8	1,628.7	9.4%	2,931.4	3,209.5	9.5%
Contribution margin	686.9	801.2	16.6%	1,347.6	1,557.7	15.6%
EBITDA³	446.7	340.8	(23.7%)	913.1	844.6	(7.5%)
<i>EBITDA margin</i>	30.0%	20.9%	(9.1) pp	31.1%	26.3%	(4.8) pp
Adjusted EBITDA⁴	490.6	598.7	22.0%	957.5	1,163.0	21.5%
<i>Adjusted EBITDA margin</i>	33.0%	36.8%	3.8pp	32.7%	36.2%	3.6pp
Net income	39.2	39.0	(0.5%)	176.1	57.5	(67.3%)
Cash capex ⁵	96.5	150.0	55.4%	218.1	360.5	65.3%
Adjusted EBITDA less cash capex	394.1	448.8	13.9%	739.4	802.5	8.5%
Free cash flow to equity (post lease payments) ⁴	222.6	335.6	50.7%	149.1	195.8	31.3%

¹ presented for reported subscribers on an average monthly basis; for detail definition please refer to the Report; ² presented for active subscribers on average monthly basis over the period Q2 2017; for detail definition please refer to the Report; ³ includes one-off related to Initial Public Offering and Refinancing transaction; ⁴ 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 14.5m subscribers as of June 30, 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 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.