

PLAY COMMUNICATIONS S.A. Q3 2017 results

Press release

November 14, 2017

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

Play delivered strong operational and financial results in the third quarter of 2017. By continuing to deliver unmatched value for the customer and executing on operational excellence we increased the subscriber base to 14,9m. The company continued the growth of operating revenues for nine months ended on September 30, 2017 to PLN 4,930m (+9.6% vs 9M'16) which translated into an increase of Adjusted EBITDA amounting to PLN 1,728m (+17.2% vs 9M'16), reducing the leverage to 3.1x of net debt to LTM Adjusted EBITDA.

Q3 2017 Highlights:

I. Continued commercial success:

- **Market share increased to 28.5%**¹ (+2.5pp YoY) representing 14.9 million of subscribers, while share of contract subscribers increased to **61.8%**, from 54.6% as of end of September 30, 2016
- **Contract net adds amounted to 261k** in Q3'17
- **Blended ARPU remained stable at the level of PLN 32.3**² versus Q2'17 and increased from PLN 31.8 in Q3'16
- **Contract churn slightly increased to 0.8%**³ from 0.7% in Q2'17
- Further roll-out of 4G LTE network increased coverage of population to **92.2%** (+1.7pp YoY) and 4G LTE Ultra network increased coverage of population to **79.4%** (+3.2pp YoY) as of September 30, 2017

II. Solid Financial Performance:

- **Growth of Operating Revenue to the level of PLN 4,930m** (+9.6% vs 9M'16) resulted from strong increase in contract subscribers base
- **Adjusted EBITDA growth to PLN 1,728m** (+17.2% vs 9M'16) resulted from experiencing operating leverage and effect of scale. Adjusted EBITDA in Q3 2017 was affected by roam like at home impact

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

- The above translated into further increase of **Adjusted EBITDA margin to 35.1%** (+2.3pp vs 9M'16)
- Continuation of nationwide network roll-out - **Cash Capex⁴ amounted to PLN 527m** (PLN 167m in Q3 2017) which is in line with the guidance
- **Adjusted EBITDA less Cash Capex³** amounted to PLN 1,201m (+6.5% vs 9M'16)
- **FCFE (post lease payments)⁵ decreased by 2.6% YoY** amounting to **PLN 367m**
- **Decreasing leverage 3.1x** LTM Adjusted EBITDA (versus 3.2x as of June 30, 2017) due to higher cash and cash equivalents level

Chief Executive Officer of P4 Sp. z o.o. comments on Q3 2017 performance:

"Q3 2017 was a solid quarter for PLAY. We continued subscriber base growth to 14.9m accompanied by stable ARPU which led to further expansion of service revenue, amounting to PLN 1,258m (+10.2% YoY). In Q3'17 we have added 404.6 thousand of subscribers (261.3 contract net adds, 143.3 prepaid net adds). Strong commercial development translates into firm financial performance with 9M 2017 revenue reaching PLN 4,930m which is 9.6% higher comparing to 9M 2016, and our adjusted EBITDA margin increasing to 35.1%, +2.3pp vs 9M 2016. It is worth to add on June 15, 2017 has become effective roam like at home regulation ("RLAH"). Hence, Q3'17 was the first quarter which includes impact of RLAH. It would be reasonable to assume RLAH impact to continue in coming quarters.

We continue our nationwide network roll-out strategy and at the end of Q3'17 we reported 5,423 of physical sites. Moreover our 4G coverage with own network amounted to 92.2% of population (which states for 1.7 pp growth versus comparable period in 2016) and 4G LTE Ultra network amounted to 79.4% of population (which states for 3.2 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. We feel comfortable with our strong operational and financial performance in Q3 2017.

Our performance for the nine-months of 2017 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 Q3 2017 and 9M 2017:

	Three-month ended September 30,		Change (%)	Nine-month ended September 30,		Change (%)
	2016	2017		2016	2017	
Reported subscribers (thousands)	14,639.3	14,889.0	1.7%	14,639.3	14,889.0	1.7%
Contract	7,999.1	9,203.5	15.1%	7,999.1	9,203.5	15.1%
Prepaid	6,640.2	5,685.5	(14.4%)	6,640.2	5,685.5	(14.4%)
Share of contract subscribers (%)	54.6%	61.8%	13.1%	54.6%	61.8%	13.1%
Share of prepaid subscribers (%)	45.4%	38.2%	(15.8%)	45.4%	38.2%	(15.8%)
Net additions (thousands)	21.9	404.6	1746.6%	489.0	474.4	(3.0%)
Contract	370.0	261.3	(29.4%)	929.4	837.0	(9.9%)
Prepaid	(348.1)	143.3	(141.2%)	(440.4)	(362.6)	>100%
Churn (%)¹	3.3%	1.6%	(1.7) pp	3.4%	2.3%	(1.1) pp
Contract	0.7%	0.8%	0.0 pp	0.7%	0.7%	0.0 pp
Prepaid	6.3%	3.1%	(3.2) pp	6.3%	4.7%	(1.5) pp
ARPU (PLN)²	31.8	32.3	1.7%	31.1	31.9	2.5%
Contract	39.0	38.6	(1.1%)	39.0	38.4	(1.4%)
Prepaid	18.1	18.7	3.3%	17.2	17.9	4.0%
Data usage per subscriber (MB)²	2,739.8	4,151.0	51.5%	2,580.5	3,889.4	50.7%
Contract	3,433.4	5,038.9	46.8%	3,298.5	4,734.0	43.5%
Prepaid	1,429.6	2,233.6	56.2%	1,318.6	2,095.2	58.9%

mPLN	Three-month ended September 30,		Change (%)	Nine-month ended September 30,		Change (%)
	2016	2017		2016	2017	
Operating revenue	1,566.0	1,720.8	9.9%	4,497.4	4,930.3	9.6%
Contribution margin	737.9	778.1	5.4%	2,085.6	2,335.8	12.0%
EBITDA³	488.1	495.6	1.6%	1,401.1	1,340.3	(4.3%)
EBITDA margin	31.2%	28.8%	(2.4) pp	31.2%	27.2%	(4.0) pp
Adjusted EBITDA⁴	517.1	565.2	9.3%	1,474.6	1,728.2	17.2%
Adjusted EBITDA margin	33.0%	32.8%	(0.2) pp	32.8%	35.1%	2.3pp
Net income	386.4	186.9	(51.6%)	562.5	244.5	(56.5%)
Cash capex ⁵	128.9	166.5	29.2%	347.0	527.0	51.9%
Adjusted EBITDA less cash capex	388.2	398.7	2.7%	1,127.6	1,201.2	6.5%
Free cash flow to equity (post lease payments) ⁴	227.9	171.5	(24.7%)	376.9	367.3	(2.6%)

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 Q3 2017; for detail definition please refer to the Report; ³ includes one-off costs 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 14.9m subscribers as of September 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.