

PLAY COMMUNICATIONS S.A.*

("Play" or the "Company")

Results for the third quarter and nine months of 2020

PLAY continued growing revenue and adjusted EBITDA

- **Operating revenue kept growing in Q3 (+0.4% YoY) with nine months result amounting to PLN 5.3bn (up by 1.2% YoY) driven by further growth of service revenue and despite sales of goods gradually recovering but still below last year's levels.**
- **Adjusted EBITDA¹ reached PLN 663.5m in Q3 (+2.9% YoY with 37% margin), and PLN 1.9bn for nine-month period (+1.9% YoY with 36% margin) – on track to reaching full year guidance, reflecting continuous improvement in service margin.**
- **Free Cash Flow to Equity¹ generation was PLN 211m in Q3 (-48.5% YoY) as a result of accelerated investments as well as negative impact of working capital change. Nine-month result was PLN 732 million, ahead of the guidance milestone.**
- **Reported subscriber base increased by 1.9% YoY to 15.4m while active base was up by 2.9% YoY to 12.9m, predominantly on the backdrop of acquisition of Virgin Mobile Poland.**
- **Blended ARPU improved to PLN 34.3 in both Q3 and nine months, growing by 1.3% and 3.1%, respectively. Contract ARPU was up to PLN 39.6 in Q3 and 39.7 in nine-month period while contract churn lowered to 0.73% and 0.71%, respectively.**
- **The Company upholds the revised guidance for full year 2020 with revenues likely to grow lower YoY and adjusted EBITDA still in the PLN 2.5-2.6bn range at this stage, while expectations for cash capex, FCFE¹ and distribution to shareholders remain unchanged.**

Play (WSE: PLY), the leading Polish mobile network operator, today announces its results for the third quarter and nine months of 2020. The results reconfirm Play's leading market position with further growth in its customer base, revenue and profitability.

Jean Marc Harion, CEO of P4, commented:

"Last quarter we have been returning to 'new normal' with sales traffic in our Points of Sales coming back to pre-pandemic levels. Usage revenue continues to grow while interconnect has normalized. Sales of goods are back at satisfactory levels with only a small deficit compared to last year. All in all, our results in the third quarter show continuous improvement and are well on track to meet our full year guidance.

PLAY is now back in full swing – we have introduced new mobile contract and prepaid offerings, further enhanced our mobile and Home services, supported by PLAY-specific marketing campaigns, including our recently launched fixed broadband Internet.

We are moving forward fast on the integration of Virgin Mobile, we are still on stand-by regarding 5G C-band auction and we proceed with the separation of the organised part of enterprise, which will manage our passive infrastructure."

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 (available [here](#)) "Presentation of Financial Information–Non-IFRS Measures" on pages 12-14 for an explanation of certain limitations to the use of these measures.

Operational Highlights:

- **Reconfirmed Play's position as Poland's leading mobile-convergent operator:**
 - 15.4m reported customers and 12.9m active customers (+1.9% and +2.9% YoY, respectively);
 - Contract customer share slipped to 66.3% (+0.2pp YoY) at the end of September 2020 driven by acquisition of mainly prepaid customer base of Virgin Mobile Poland, whilst contract churn improved to 0.73% in Q3 and 0.71% in the nine-month period;
 - Blended ARPU increased to PLN 34.3 in both Q3 and nine-month period (+1.3% and +3.1% YoY, respectively);
 - 83 thousand customers of Play Now TV Box service at the end of Q3 2020, more than quadrupled over last twelve months;
 - 2.5 thousand of fixed broadband customers acquired since the product's launch end of March 2020.
- **Network roll-out on target:**
 - 8,448 sites operational at the end of September (+7.4% YoY), with 580 new sites added in nine months (223 in Q3);
 - 4G LTE population coverage reached 99.2% (+0.5pp YoY), 48% of sites were upgraded to 5G Ready at the end of September providing 61% population coverage while 5G Legacy is available in 58 cities covering 13.2% of population;
 - Fiber backhaul roll-out in progress with 265 new sites connected in nine months of 2020.

Financial Highlights:

- Operating revenue reached PLN 1,803m (+0.4% YoY) in Q3, driven by 1.9% growth in usage revenue and 2.8% in interconnections revenue, which were largely offset by 4.9% lower sales of goods. Consequently, nine-month revenue amounted to PLN 5,302m (+1.2% YoY).
- Adjusted EBITDA amounted to PLN 664m in Q3 (+2.9% YoY) with PLN 35m YoY improvement in the service margin largely neutralized by PLN 19m higher YoY G&A and other costs with sales of goods margin broadly stable (PLN +2m YoY). Nine-month Adjusted EBITDA was PLN 1,901m (+1.9% YoY).
- Net profit increased to PLN 270m in Q3 (+15.7% YoY) and PLN 715m for the nine months of the year (+2.1% YoY) reflecting predominantly lower finance costs and income tax.
- Cash capex amounted to PLN 269m in Q3 (+34.6% YoY) and PLN 571m for nine months (-10.1% YoY), with YoY decrease related to delay and then cancellation of 5G C-band frequency auction which resulted in push back of 5G C-band investments to 2021 and acceleration of investments in network capacity and coverage in the second half of 2020.
- Free cash flow to equity (post lease payments) (FCFE) amounted to PLN 211m in Q3 (-48.5% YoY) while nine-month result was PLN 732m (-3.5% YoY), in both cases decrease reflects mainly negative impact of changes in working capital and higher cash taxes, additionally fuelled by higher cash capex in Q3.
- Net Debt to Adjusted EBITDA arrived at 2.58x at the end of September, compared to 2.72x at the end of 2019, thanks to solid cash generation and increase in Adjusted EBITDA despite cash outlays of PLN 420m for dividend and PLN 183m for settlement of cash taxes for 2019 paid in Q2.

Marcin Szul, CFO of P4, commented:

"Our results in the first nine months of 2020 show clear signs of post-lockdown recovery and we remain confident that our revised full year guidance will be met. Continuous improvement in our adjusted EBITDA and FCFE generation again resulted in lower leverage with Net Debt to Adjusted EBITDA arriving at 2.58x after temporary increase in Q2 driven by payment of dividend and settlement of cash taxes for 2019. Our forward-looking confidence is also based on the fact that we have not observed any issues with cash collection from our customers, however we remain prudent in our approach to the bad debt provision booked in Q2."

2020 Guidance in perspective of COVID-19 related impacts and nine-month results:

	FY 2020 Guidance	9m Results	Status
Revenue	+ 2-3% YoY	+1.2%	Growth below original guidance due to lower sales of handsets
Adjusted EBITDA	PLN 2.5-2.6 bn	PLN 1,9bn	Confirmed
Cash capex	PLN 850-900m (~12% of revenue)	PLN 571m (~11% of revenue)	Confirmed
FCFE	> PLN 800m	PLN 732m	Confirmed
Distribution to Shareholders	40-50% of FCFE	45% of 2019 FCFE paid in Q2	Confirmed

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

	Three months ended September 30		Change	Nine months ended September 30		Change
	2019	2020		2019	2020	
Operating revenue	1,796	1,803	0.4%	5,241	5,302	1.2%
EBITDA	636	651	2.4%	1,850	1,878	1.6%
Adj. EBITDA	645	664	2.9%	1,866	1,901	1.9%
Net profit	233	270	15.7%	701	715	2.1%
Cash Capex	(200)	(269)	34.6%	(635)	(571)	(10.1%)
FCFE	409	211	(48.5%)	759	732	(3.5%)
Total Reported Customers (in '000)	15,107	15,392	1.9%	15,107	15,392	1.9%
Reported Contract Customers (in '000)	9,948	10,045	1.0%	9,948	10,045	1.0%
Total Active Customers (in '000)	12,527	12,869	2.9%	12,527	12,869	2.9%
Active Contract Customers (in '000)	8,911	9,047	1.5%	8,911	9,047	1.5%
Net Contract Additions (in '000)	6	88	x14	81	54	19.8%
Contract Churn (%)	0.77%	0.73%	(0.03) pp	0.74%	0.71%	(0.03) pp
Contract ARPU (PLN)	39.2	39.6	1.0%	38.6	39.7	2.6%
Data Usage per Contract Customer (MB)	8,446	10,761	27.4%	7,945	10,548	32.8%
Network sites build in the period (net)	231	223	(3.5%)	610	580	4.9%

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

Conference call

The management team will host an analyst and investor conference call at 10.00am UK time (11:00am CET), on Thursday 5th November 2020, including a Question and Answer session. Financial results for the three and nine months ended 30 September 2020 will be available on the Play website at: <https://www.playcommunications.com/events/2020>

Online registration is required for the conference call at: <http://emea.directeventreg.com/registration/8799942>

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

Presentation and webcast will be available upon registration at: <https://edge.media-server.com/mmc/p/7bdvzrub>

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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 15.4m subscribers as of September 30, 2020. 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/5G telecommunications network covers more than 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.