



PLAY, May 2018

Q1 2018 Results PLAY Investor Presentation

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Agenda

Business and Strategy

**Jørgen
Bang-Jensen
CEO**



Financial Performance

**Holger Püchert
CFO**



Key Highlights – Continued Commercial Success

Subscriber base growth as of March 31, 2018

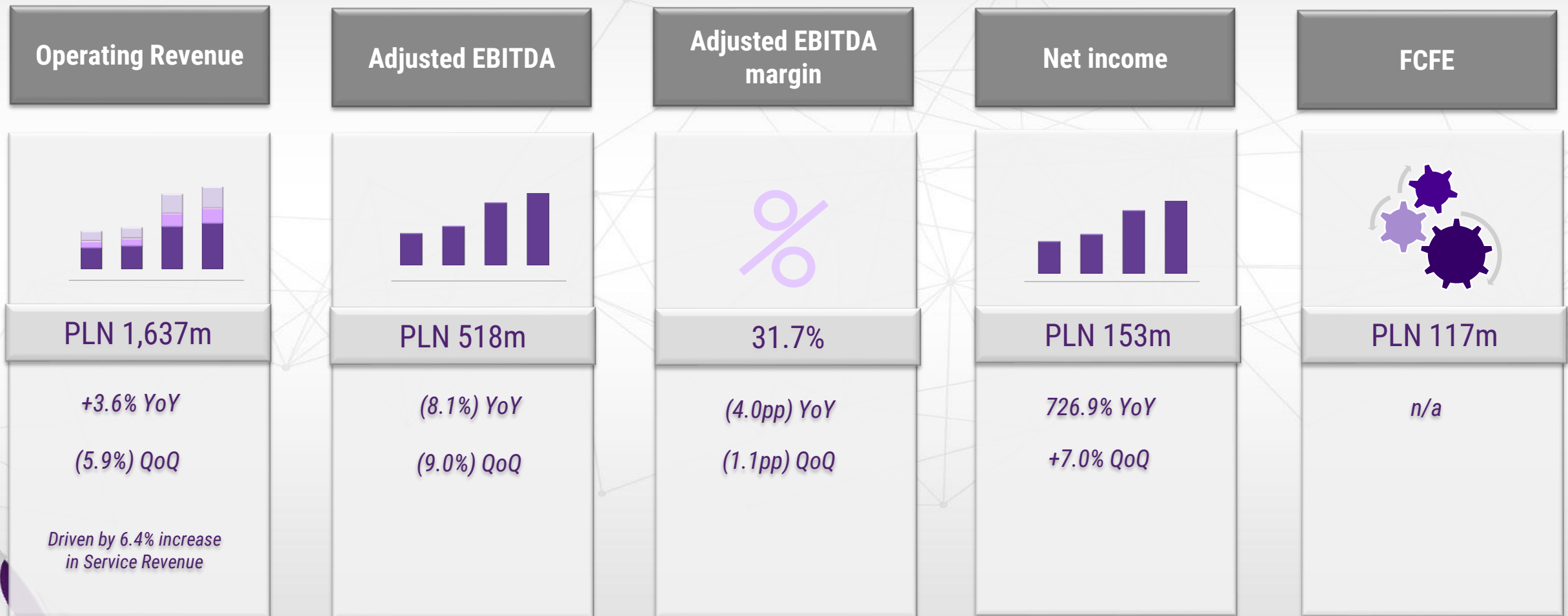
Quality of Subscribers



¹ presented for active subscribers on average monthly basis over the period Q1 2018; for detail definition please refer to the Report; ² presented for reported subscribers on an average monthly basis; for detail definition please refer to the Report

Key Highlights – Satisfactory Financial Performance

Q1 2018



Q1 2018 – Key Business Developments

Commercial and Financial Highlights

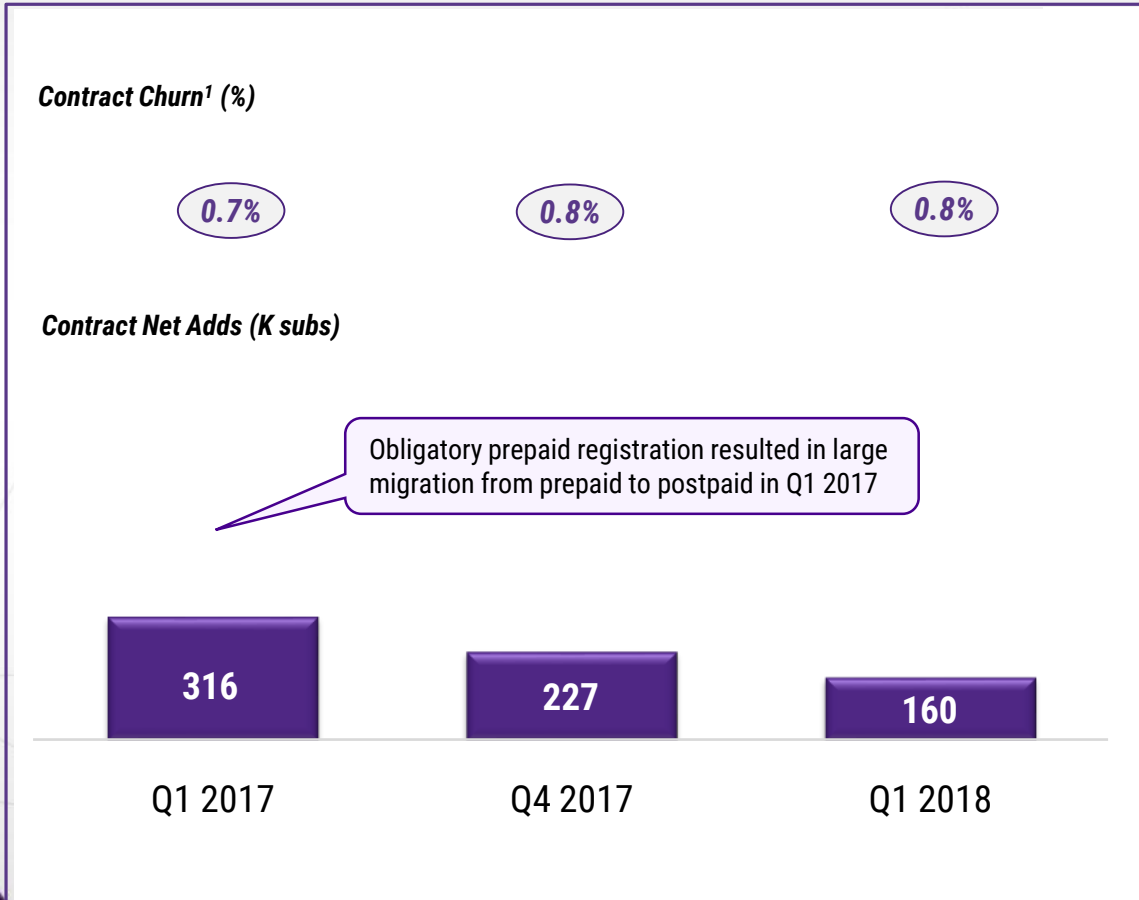
- **In Q1 2018 the market experienced a saturation in customer activity however we recorded the growth in customer usage:**
 - MNP in total market down by 8% YoY
 - Despite the decline in sales of goods and other revenue (handsets) by 4.3% YoY resulting from the lower customer activity, we recorded increase of operating revenue by 3.6% due to the increase of service revenue by 6.4%
- The growth of contract subscribers base (**we added 160k net contract subscribers**) and our **contract subscribers share** reached the level of **63.2%** which is in line with our strong focus on value of customers base
- **ARPU stabilization – blended ARPU increased to PLN 31.8¹** versus Q1'17 (PLN 31.0) and slightly decreased versus Q4'17 (PLN 32.3)
- Generation of significantly **higher net income versus last year, amounting to PLN 153m** (>>100% higher versus Q1'17) despite the negative impact of RLAH, at the level of PLN 34.2m
- In March 2018, **implementing sustainability charges in offers** for new post-paid, pre-paid and retained customers
- We have commercially launched our **NETBOX offer**, which is the **early version of our full AirFiber concept**, dedicated to provide fast internet to households and small businesses via a wireless (LTE) connection
- As an execution of **our upselling strategy we launched the insurance offers** and we observe a very positive uptake. We focused on: (1) up-selling of the display insurance for sold smartphones; and (2) innovative insurance sales platform Play Ubezpieczenia accessible via dedicated application. We have over 30 unique products related with: health, smartphone, home, family, travel, sport, security, etc.
- Additionally, **we launched as first operator an innovative family offer for prepaid customers**, with the Play24 app as dedicated activation channel, which is user experienced friendly and supports our digital strategy

Marketing activity

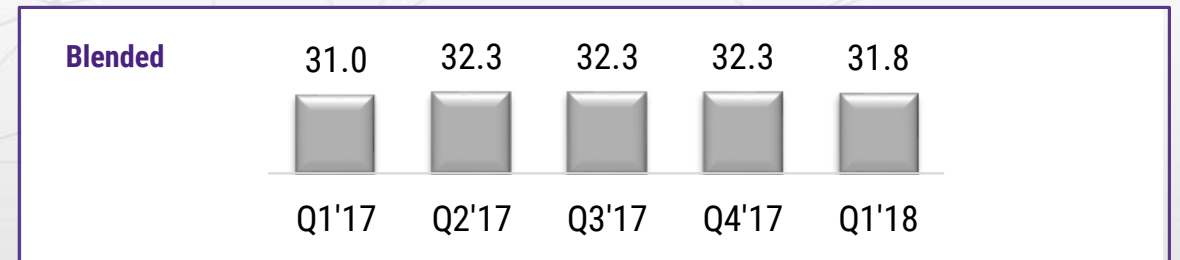
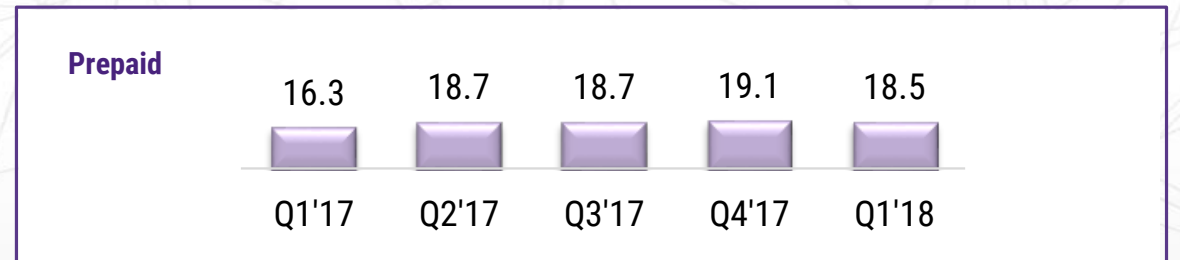
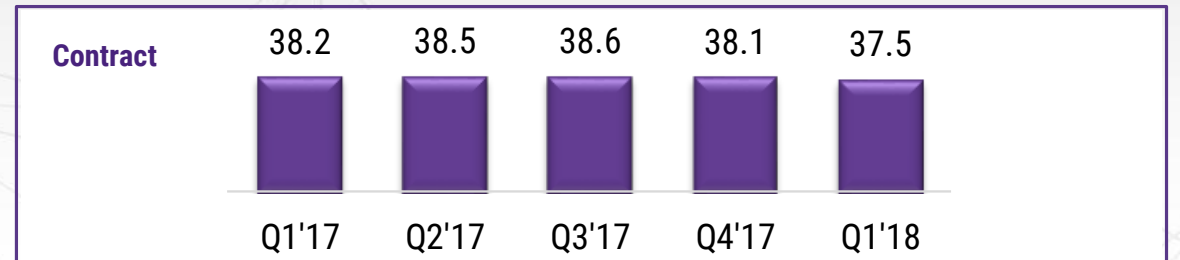
¹ presented for active subscribers on average monthly basis over the period Q1 2018

Contract Segment

Contract Net Adds (k subs)



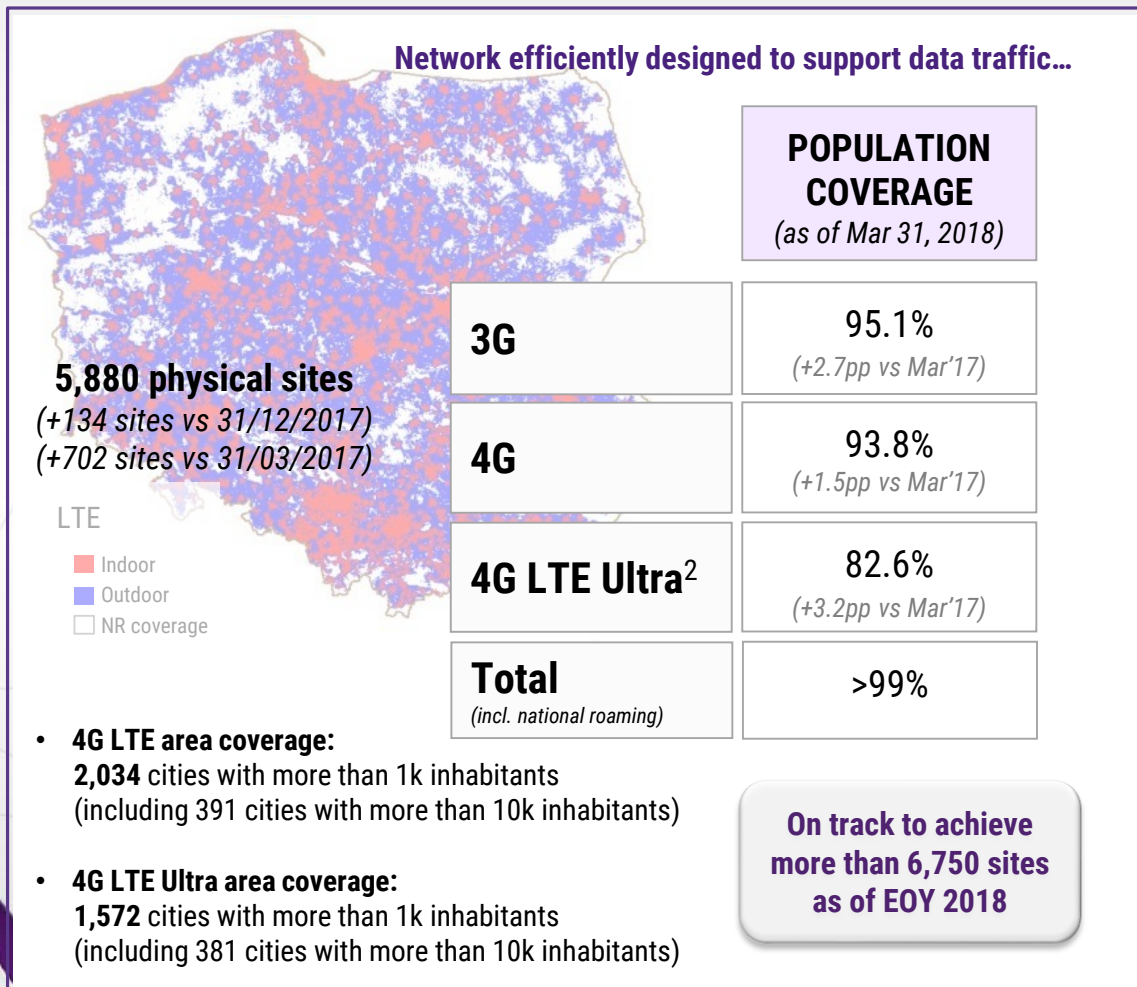
ARPU² (PLN / month)



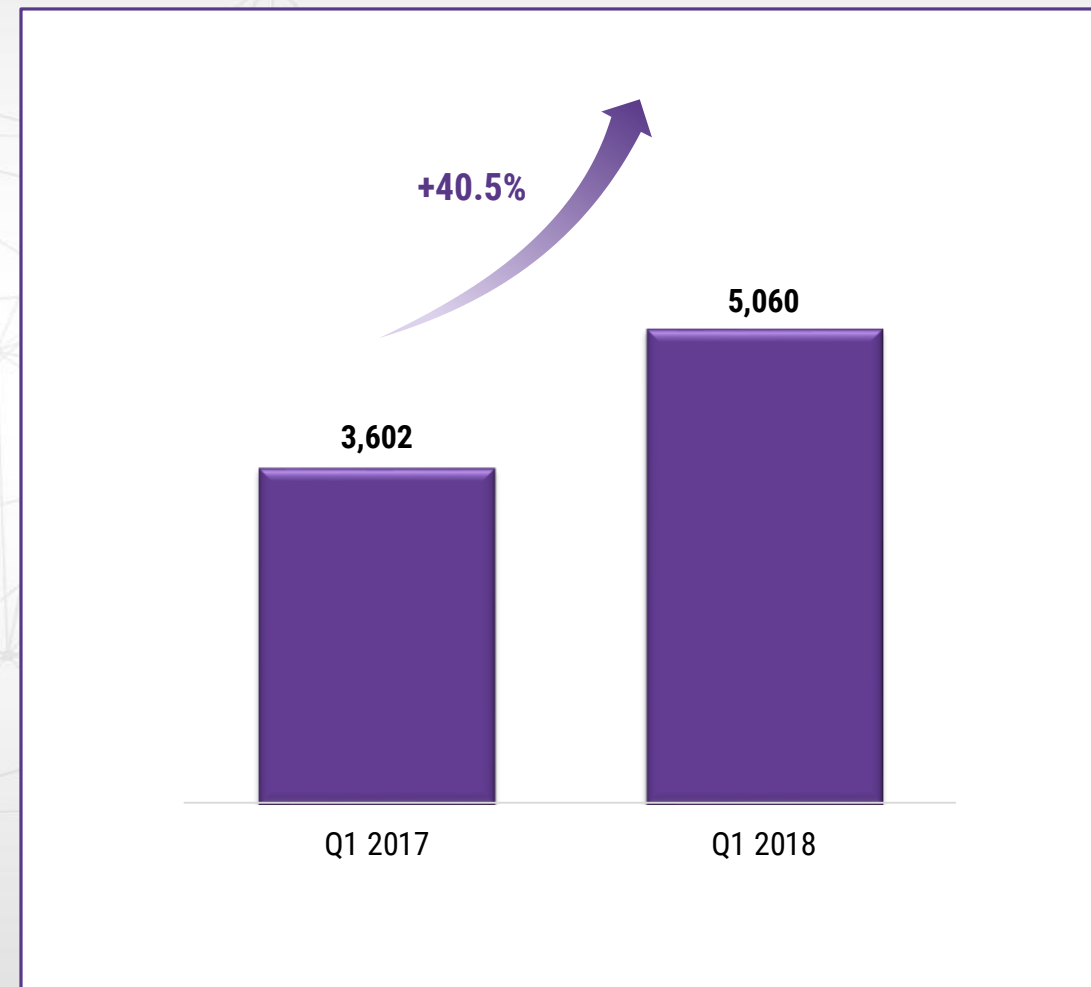
¹ presented for reported subscribers on an average monthly basis, for detail definitions please refer to the Report; ² presented for active subscribers on average monthly basis, for detail definitions please refer to the Report

Continuous Investments in Network Expansion

Network Coverage



Data Traffic Expansion¹ (MB)



¹ presented as total data usage traffic divided by the average active subscribers base (monthly average)

² aggregate frequency bands (LTE carrier aggregation)

Agenda

Business and Strategy

**Jørgen
Bang-Jensen
CEO**



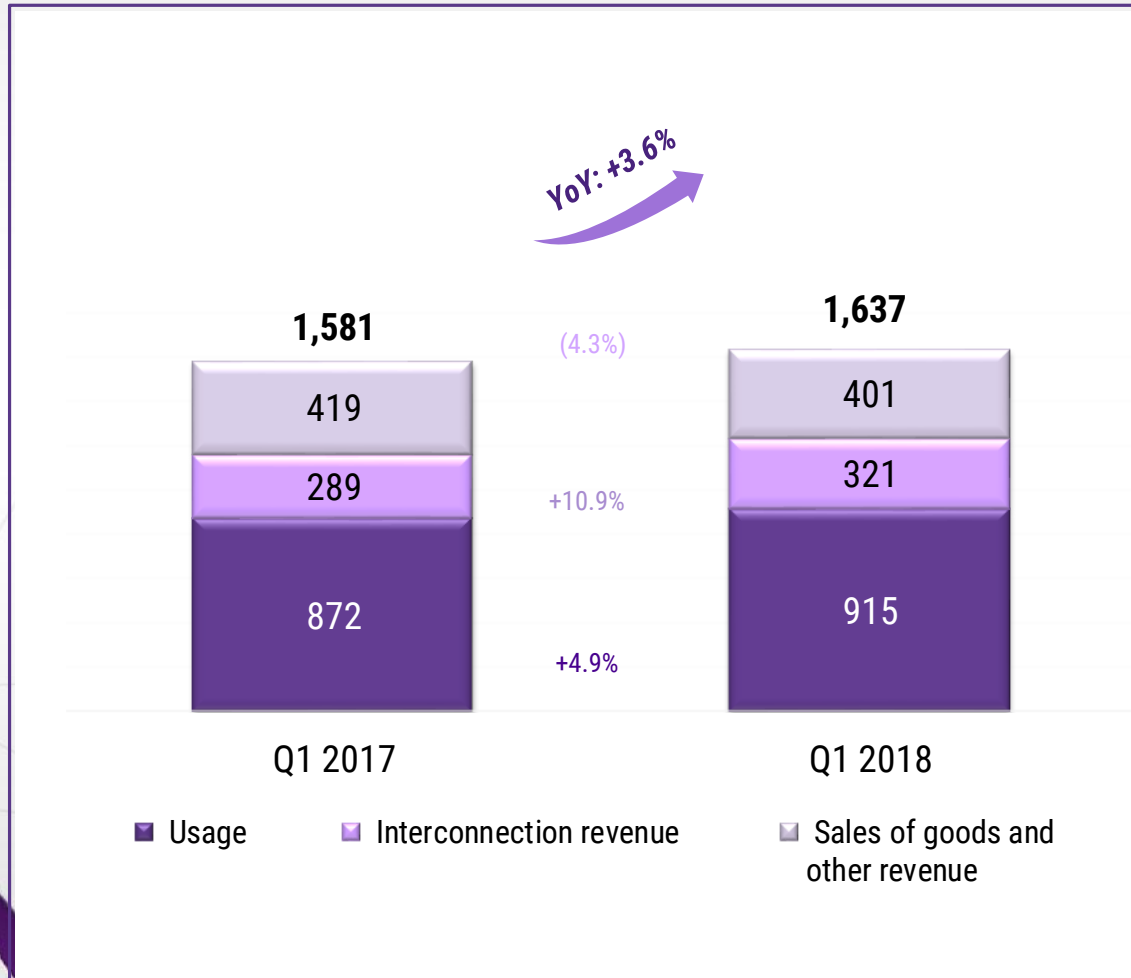
Financial Performance

**Holger Püchert
CFO**

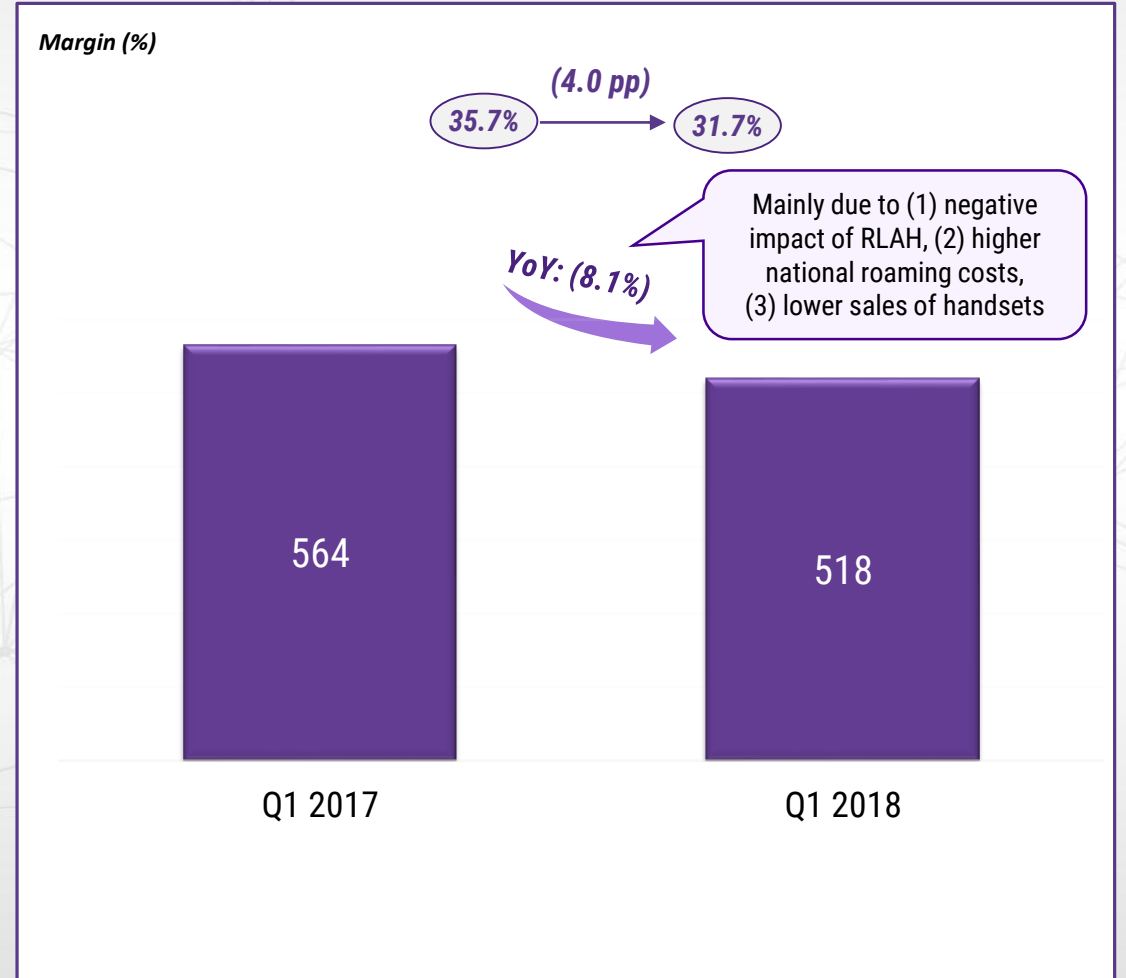


Continuous Revenue Growth

Operating Revenue (PLNm)

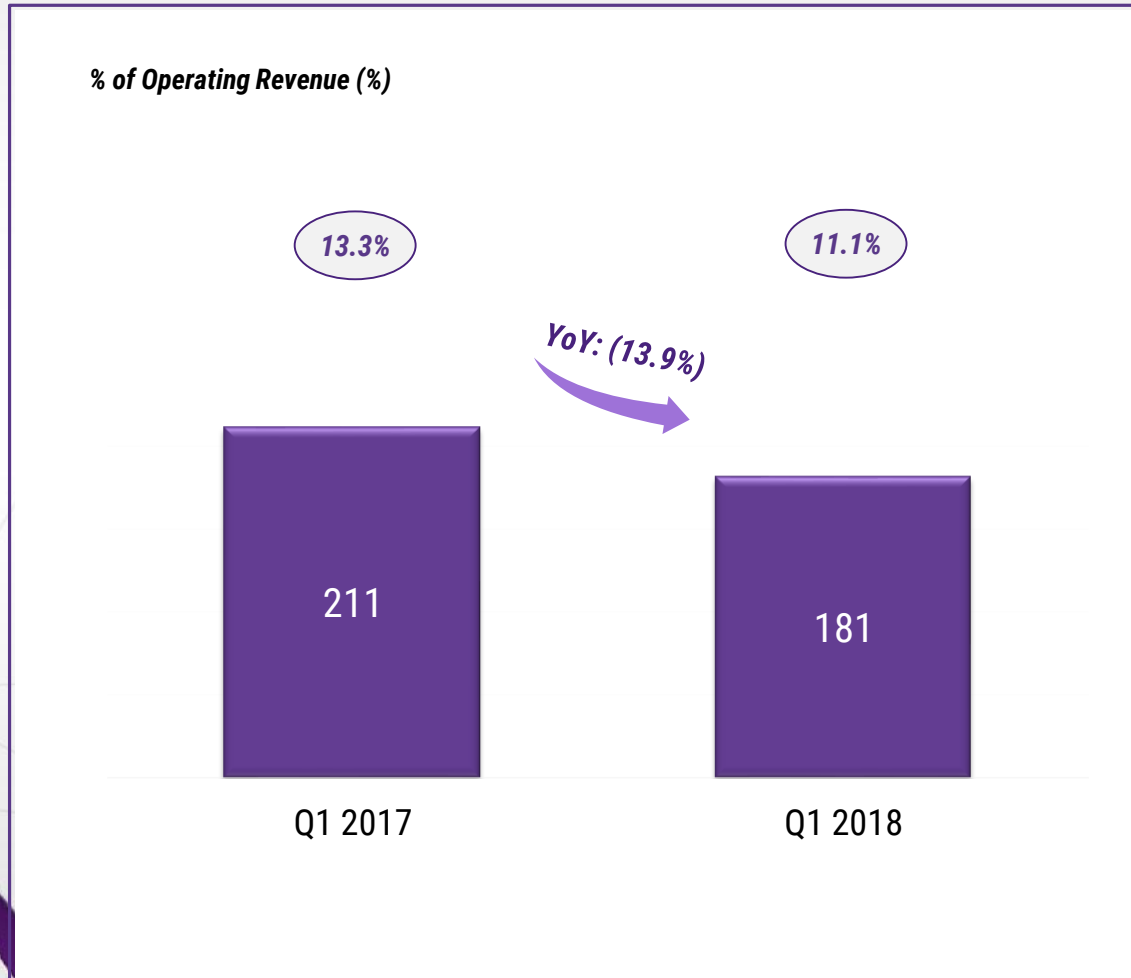


Adjusted EBITDA (PLNm)

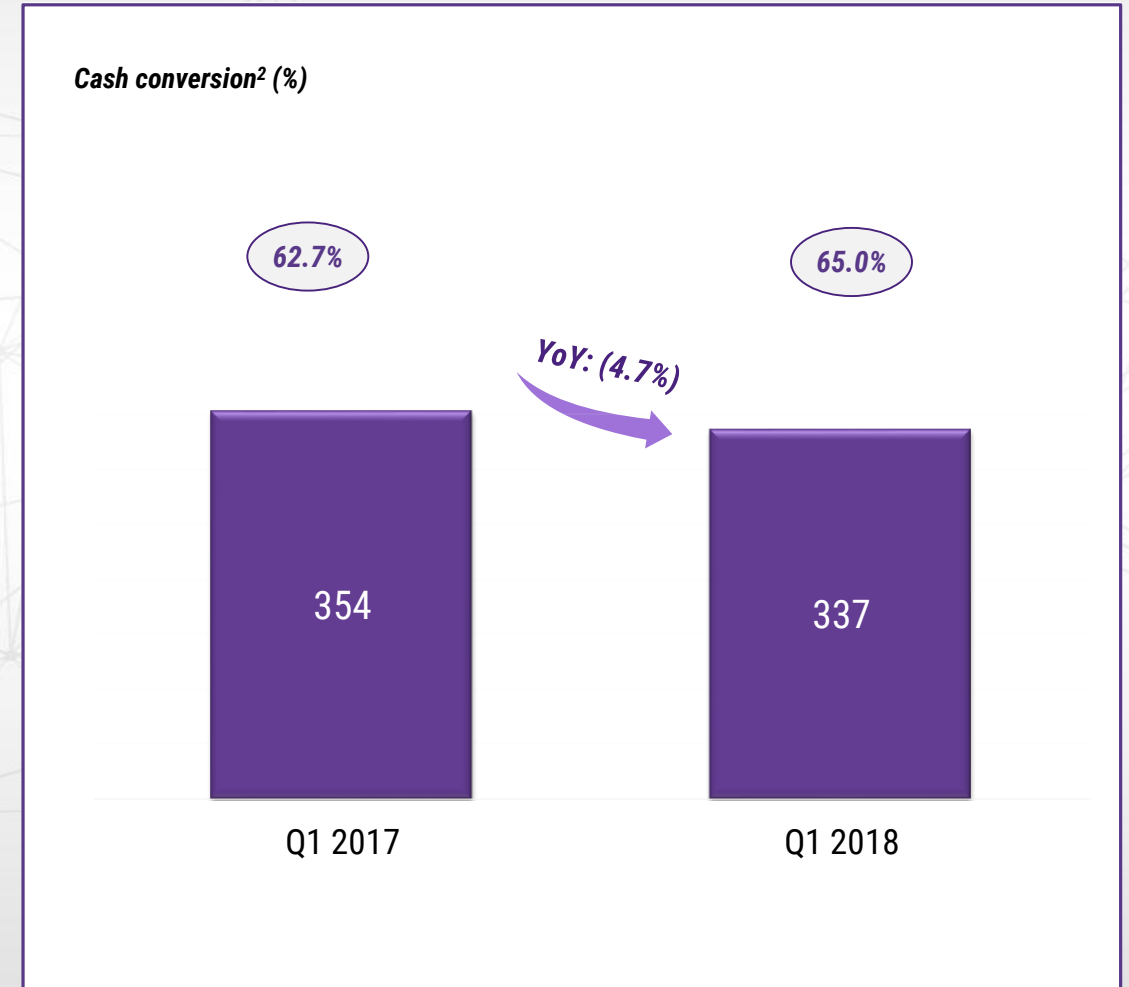


Attractive Cash Generation Profile

Cash Capex¹ (PLNm)



Adjusted EBITDA less Cash Capex¹ (PLNm)



¹ Excl. cash outflows in relation to frequency reservation acquisition; ² (Adj. EBITDA – Cash capex excl. cash outflows in relation to frequency reservation acquisition) / Adj. EBITDA

Summary Financials

<i>PLN millions</i>	Q1 2017	Q1 2018	Change (%)
Operating Revenue	1,581	1,637	3.6%
Service revenue	1,161	1,236	6.4%
Sales of goods and other revenue (Handsets)	419	401	(4.3%)
Expenses	(824)	(911)	10.5%
Interconnect costs	(307)	(333)	8.6%
National roaming	(45)	(64)	42.7%
COGS (Handsets)	(327)	(319)	(2.5%)
Contract costs, net (Commissions)	(108)	(112)	3.8%
Other services costs	(38)	(83)	119.5%
Contribution margin	756	727	(3.9%)
G&A and other ¹	(253)	(216)	(14.3%)
EBITDA	504	510	1.3%
EBITDA adjustments	60	8	(86.5%)
Adjusted EBITDA	564	518	(8.1%)
Depreciation and amortization	(191)	(189)	(1.0%)
Finance income	101	1	(98.8%)
Finance costs	(353)	(96)	(72.7%)
Profit before tax	61	227	269.7%
Income tax charge	(43)	(74)	72.1%
Net profit	18	153	726.9%
Earnings per share (PLN)	0.07	0.60	716.6%

¹ other operating income less other operating costs

FCFE (Post Lease Payments) Scheme

(PLNm)	Q1 2017	Q1 2018	Change (%)
Adjusted EBITDA	564	518	(8.1%)
Cash capital expenditures ¹	(211)	(181)	(13.9%)
Total change in net working capital and other, change in contract assets, change in contract liabilities and change in contract costs	(120)	(68)	(43.0%)
Cash interest ²	(165)	(71)	(56.8%)
Cash taxes	(159)	(30)	(81.4%)
Lease payments	(49)	(51)	3.0%
Free cash flow to equity (post lease payments)	(140)	117	n/a

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

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

FCFE (post lease payment) for Q1'18 higher versus Q1'17. The changes were as follows:

- Lower Adjusted EBITDA - resulting from negative RLAH impact and higher national roaming costs
- Lower cash capex – resulting mainly from the fact of spill-over effect between Q4'16 and Q1'17 for the infrastructure equipment
- Change in working capital, contract assets and liabilities and contract costs – mainly driven by lower handset sales (as contracts sold in Q1 2018 increase contract asset with lower intensity reducing the growth pace of the asset)
- Lower cash interest – impacted by refinancing; in Q1 2017 the Group paid interest on notes (accounted for 6-month period). Since Q2 2017 (after refinancing) interest on bank debt are paid on quarterly basis,
- Lower cash taxes – lower tax payment in Q1'18, due to number of non-recurring, tax deductible costs resulting from IPO and refinancing.

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

Leverage

	As of December 31, 2017		As of March 31, 2018	
	PLNm	xLTM Adj. EBITDA ¹	PLNm	xLTM Adj. EBITDA ²
Senior term loan	6,445	2.8x	6,250	2.8x
Leases	949	0.4x	921	0.4x
Other debt	26	0.0x	27	0.0x
Total debt - Play Communications S.A.	7,420	3.23x	7,198	3.20x
Cash and cash equivalents	629	0.3x	538	0.2x
Total net debt - Play Communications S.A.	6,791	2.96x	6,660	2.96x

Total net debt decreased by PLN 131m

¹ LTM Adj. EBITDA as of March 31, 2018 of PLN 2,252m

Note: On May 10, 2018 we paid a gross interim dividend of PLN 2.57 per ordinary share to its shareholders, in total PLN 652m.

Guidance

	2018 Guidance	Mid term
Revenue growth	No change on guidance (mid-single digits growth)	
Adj. EBITDA margin	Target to keep Adjusted EBITDA margin roughly stable	<p>No change on approach to the guidance:</p> <ul style="list-style-type: none"> Improvement vs previous year Adjusted EBITDA margin as we will benefit from our network roll-out (decreasing national roaming costs) and changes of international roaming (decreasing RLAH impact)
Cash capex intensity	Below PLN 800 m	<p>No change on guidance:</p> <ul style="list-style-type: none"> Around 8% of Revenue in the medium term, in line with our capital intensity in 2015/2016 2018-2020: An additional PLN 500 MM spend to accelerate own network roll out, spread over the three years and on top of our run-rate capex
Leverage		<p>No change on guidance:</p> <ul style="list-style-type: none"> Mid-term target – around 2.5x net debt (incl. leases²) to LTM Adj. EBITDA
Shareholder distribution	The intention is to keep the cash dividend at a similar level to the dividend paid out in 2018 ¹	<p>No change on guidance:</p> <ul style="list-style-type: none"> Pay-out ratio of 65-75% of the preceding year Free Cash Flow to Equity post lease payments

¹ Subject to relevant approvals

² As of March 31, 2018 the ratio of leases to LTM Adjusted EBITDA amounted to 0.4x. The leases are included in total debt but are not a subject of secured debt

Q&A



ask Play

Appendix



Quarterly KPIs

(PLNm)	Q4 2016	Q4 2017	Change (%)	Q1 2017	Q1 2018	Change (%)	Q4 2017	Q1 2018	Change (%)
Operating revenue	1,620	1,740	7.4%	1,581	1,637	3.6%	1,740	1,637	-5.9%
Service revenue	1,177	1,246	5.9%	1,161	1,236	6.4%	1,246	1,236	(0.8%)
Usage revenue	890	915	2.8%	872	915	4.9%	915	915	0.1%
Adjusted EBITDA	561	570	1.6%	564	518	(8.1%)	570	518	(9.0%)
Adjusted EBITDA Margin	34.6%	32.7%	(1.9 pp)	35.7%	31.7%	(4.0 pp)	32.7%	31.7%	(1.1 pp)
Reported Subscribers - Contract <i>(no of subs.)</i>	8,366	9,430	12.7%	8,682	9,590	10.5%	9,430	9,590	1.7%
Active Subscribers - Contract <i>(no of subs.)</i>	7,984	8,628	8.1%	8,173	8,735	6.9%	8,628	8,735	1.2%
Net Additions - Contract <i>(no of subs.)</i>	367	227	(38.2%)	316	160	(49.5%)	227	160	(29.7%)
Churn - Contract (%)	0.6%	0.8%	0.2 pp	0.7%	0.8%	0.1 pp	0.8%	0.8%	(0.1 pp)
ARPU - Contract <i>(PLN)</i>	39.4	38.1	(3.3%)	38.2	37.5	(1.8%)	38.1	37.5	(1.8%)
Data usage per subscriber - Contract <i>(MB)</i>	4,040	5,824	44.2%	4,404	6,123	39.0%	5,824	6,123	5.1%
Unit SAC - Contract cash <i>(PLN)</i>	322	377	17.3%	313	342	9.5%	377	342	(9.3%)
<i>% of Terminals in Contract Gross Adds</i>	44%	49%	5.1 pp	43%	45%	2.1 pp	49%	45%	(3.4 pp)
Unit SRC cash <i>(PLN)</i>	339	356	5.1%	324	308	(5.0%)	356	308	(13.7%)
<i>% of Terminals in Retention</i>	44%	45%	0.9 pp	42%	39%	(2.9 pp)	45%	39%	(6.2 pp)