

PLAY COMMUNICATIONS S.A.*

("Play" or the "Company")

Results for the fourth quarter and full year 2018

With strong commercial and financial performance,
Play reconfirms leadership in the mobile market in Poland

- *Leading market position maintained with 15m reported customers and increasing share of contract subscribers*
- *Active contract subscriber base up by ca. 360k YoY, i.e. 4.1%, with continued low, stable churn of 0.8%*
- *Full year revenue improved by 2.5% YoY to PLN 6.8bn driven by higher service revenue*
- *Sustained YoY growth in full year net profit to PLN 745m, up by 92.2%, and EBITDA, up by 13.4%*
- *Highest ever FCFE generation of PLN 816m in 2018, up by 22.8%*
- *Accelerated roll-out of nationwide network (1.3k new base stations built in a year) driving higher cash capex by 15.5%, successfully upgraded to 1st 5G-ready network in Poland*

Play (WSE: PLY), the leading Polish mobile network operator, today announces its results for the fourth quarter and full year 2018. The results reconfirm Play's leading market position with improvements in customer base, revenue, net profitability and cash generation.

Jean Marc Harion, CEO of P4, commented:

"After a transition year, during which we accelerated the roll-out of our own network to secure our independence from national roaming and mitigated the impact of Roam-Like-At-Home regulation, we are proud to reconfirm our leading position in the mobile market in Poland, and at the same time report improvements in our operating and financial performance – in line with the guidance communicated in August last year.

More than ever, we have maintained customers at the heart of our operations, driving customers' value and loyalty thanks to our large portfolio of mobile and mobile convergent services. Consistently with our 2019-2022 strategy, introduced in November 2018, we are rolling out a 5G-ready cost-effective network, our leading results of Net Promoter Score and brand awareness underline the commercial excellence and we accelerate the digitalisation of the company, with a priority given to online retention and acquisition, and self-care through Play24 and chatbots. This ambition is reflected in our guidance for 2019, where we expect improvement in our adjusted EBITDA despite slower revenue growth and increased cash capex for the capitalized customer equipment and digitisation."

Operational Highlights:

- **Reconfirmed Play's position as Poland's leading mobile operator:**
 - 15.0m reported customers and 12.7m active customers (-1.3% and +2.1% YoY, respectively) at year-end;
 - Contract customer share up to 65.7% (+3.7pp YoY) at the end of 2018 whilst contract churn remained low and stable at 0.8% during the period;
 - Blended full year ARPU increased to PLN 32.3 (+1.0% YoY), arriving at PLN 32.4 in Q4 (+0.6% YoY), with a bundled SIM ratio increasing to 42%;
- **Preferred mobile operator in Poland with focus on customer value and loyalty:**
 - Top Net Promoter Score, brand and advertising awareness in the mobile market;
 - Successful launch of mobile-centric convergent products and services;
- **Clear progress in digitisation**
 - 4 million customers using self-care Play24;
 - Paperless shops roll-out program with 40% e-signature transactions ratio;
 - E-invoices reach 93% share among PLAY customers;

- **Accelerated network roll-out on target:**
 - 7,003 sites operational at the end of 2018 (+22% YoY), with 563 new sites added in Q4 only;
 - Continuous leadership in own network data transmission according to SpeedTest.pl since November 2018;
 - Strategic target extended to ~9,500 sites by year-end 2021.

Financial Highlights:

- Operating revenue reached PLN 1,807m (+3.9%) in Q4, driven equally by growth in service revenue and sales of goods. Consequently, full year revenue amounted to PLN 6,839m (+2.5% YoY) with service revenue at PLN 5,083m (+4.2% YoY) while sales of goods and other revenue declined to PLN 1,756m (-2.0% YoY) due to the lower share of mobile phone contracts within acquired and retained subscriber base.
- Adjusted EBITDA amounted to PLN 535m in Q4 (-6.0% YoY) mainly impacted by higher national roaming, network development related costs and new offer launch expenses. The same drivers brought full year adjusted EBITDA to PLN 2,159m (-6.0% YoY) – in line with the guidance. EBITDA has grown by 13.4% YoY, up to PLN 2,160m.
- Net profit increased to PLN 202m in Q4 (+41.5% YoY) and PLN 745m for full year (+92.2% YoY) reflecting improvement in G&A, as well as lower net finance costs, inflated by refinancing related expenses in 2017.
- Cash capex amounted to PLN 241m in Q4 (+95.7% YoY) and PLN 751m for full year (+15.5% YoY), driven by accelerated expansion of Play's network.
- Free cash flow to equity (post lease payments) (FCFE¹) of PLN 213m in Q4 (-28.3% YoY) reflects predominantly significantly higher cash capex in the period. For full year result of PLN 816m (+22.8% YoY) higher capex was more than offset by positive impact of lower increase in contract assets, as well as reduced cash interest and cash taxes.
- The Group intention is to distribute in 2019 45% of the FCFE generated in 2018 (i.e., to follow the previously communicated 2018 guidelines with 40-50% range of the FCFE), such distribution being subject to the decision of the Board of Directors.

Holger Püchert, CFO of P4, commented:

"We delivered for 2018 the highest FCFE and Net profit in the history of Play. Although last year the Group paid high dividend of PLN 652m and invested the high amount of PLN 751m in the network and IT, the company repaid PLN 391m from cash and cash flows on its bank debt. Early this year we have agreed with our lending partners more favourable conditions and higher flexibility in the repayment profile of our bank financing. Altogether, our financial standpoint at the beginning of 2019 is strong. We expect that our operating excellence and the network investments - reducing our national roaming costs - will increase adjusted EBITDA in 2019."

2019 guidance:

	FY 2019 Guidance	Comments
Revenue	Growth below 2018 result	Service revenue growth, partly offset by softer handset sales
Adjusted EBITDA	PLN 2.2-2.3bn	Driven by growing Service margin, partly offset by higher opex (network, new services)
Cash capex	Up to PLN 800m	Network capex stable rebalanced from radio to core, increase from digitalisation and CPE capitalization
FCFE	PLN 670-750m	Impacted YoY by increased cash capex and significantly higher cash taxes
Distribution to Shareholders	40-50% of FCFE	Intention as per 2019-2022 ambition ²

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 Assuming that no spectrum auction takes place.

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

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

	Three months ended December 31		Change	Twelve months ended December 31		Change
	2017	2018		2017	2018	
Operating revenue	1,740	1,807	3.9%	6,670	6,839	2.5%
EBITDA	542	564	3.8%	1,904	2,160	13.4%
Adj. EBITDA	570	535	(6.0%)	2,298	2,159	(6.0%)
Net profit	143	202	41.5%	387	745	92.2%
Cash Capex	(123)	(241)	95.7%	(650)	(751)	15.5%
FCFE	297	213	(28.3%)	664	816	22.8%
Total Reported Customers (in '000)	15,220	15,016	(1.3%)	15,220	15,016	(1.3%)
Reported Contract Customers (in '000)	9,430	9,866	4.6%	9,430	9,866	4.6%
Total Active Customers (in '000)	12,394	12,653	2.1%	12,394	12,654	2.1%
Active Contract Customers (in '000)	8,628	8,985	4.1%	8,628	8,985	4.1%
Net Contract Additions (in '000)	227	95	(58.2%)	1,064	436	(59.0%)
Contract Churn (%)	0.8%	0.8%	(0.06) pp	0.7%	0.8%	0.05 pp
Contract ARPU (PLN)	38.1	37.5	(1.6%)	38.4	37.6	(1.9%)
Data Usage per Contract Customer (MB)	4,790	5,900	23.2%	4,118	5,363	30.2%
Network sites build in the period (net)	323	563	74.3%	609	1,257	106.4%

Conference call

The management team will host an analyst and investor conference call at 09.00am UK time (10:00am CET), on Tuesday 5th March 2019, including a Question and Answer session. Financial results for the three and twelve months ended 31 December 2018 will be available on the Play website at:

<https://www.playcommunications.com/events/2018/>

Online registration is required for the conference call at: <http://emea.directeventreg.com/registration/8745579>

Conference call ID: 8745579

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

Contacts:

Investors:

Tomasz Poźniak

tomasz.pozniak@playcommunications.com

Media:

Marcin Gruszka

marcin.gruszka@play.pl

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 December 31, 2018. 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.