

26 February 2020

PLAY COMMUNICATIONS S.A.*

("Play" or the "Company")

Results for the fourth quarter and twelve months of 2019

PLAY delivers all-time best financial results in 2019

- **Reported customer base of 15.3 million, confirming PLAY's mobile leadership**
- **Operating revenue up by 2.9% YoY to PLN 7.04 billion in 2019, reflecting mainly stronger usage revenue (blended ARPU increase of 1.5% YoY) and customer's loyalty (contract churn improving YoY to 0.75%)**
- **Adjusted EBITDA¹ was at the record high level of PLN 2.44 billion (+12.8% YoY) driven by PLN 365 million improvement in service margin**
- **Free Cash Flow to Equity¹ reached its highest ever level of PLN 929 million (+13.8% YoY), a function of growth in adjusted EBITDA despite higher cash capex and taxes**
- **Own network roll-out on track to 9,500 base stations target at the end of 2021, delivering significant national roaming cost savings, providing 4G LTE and 5G Ready coverage of 98.7% and 48.3%, respectively**

Play (WSE: PLY), the leading Polish mobile network operator, today announces its results for the fourth quarter and twelve months of 2019. The results reconfirm Play's leading market position with further improvements in customer base and all financial metrics.

Jean Marc Harion, CEO of P4, commented:

"I am very pleased to present to you the all-time best results of PLAY, with revenue exceeding PLN 7 billion and growing 3% year-on-year.

Over the first twelve months of implementation of our mobile-centric strategy, we have been progressing well on all our strategic pillars. We launched our new mobile-convergent services and plans, such as the PLAY Now TV Box and the Homebox plans family, which offer generous data bundles for individual, family and business customers.

Our digital focus allowed to accelerate the automation of our business processes and the usage of our regularly upgraded Play24 self-care application. Rolling-out our cost-efficient network gave us the opportunity to upgrade it to 5G Ready for close to half of the Polish population.

All the above combined with our cost-efficient operating model and commercial excellence laid grounds to outperforming our original guidance and posting excellent financial results. Reported customer base of 15.3 million also confirms our leadership in this very competitive and saturating mobile market.

2020 will be all about 5G. We are ready to fully embrace this opportunity for the benefit of our customers: our 5G Ready layer already covers 37% of population, we have started upgraded it to 5G Legacy on 2.1 GHz frequency in Tricity and 16 additional cities; and we are waiting for the conditions for 5G C-band spectrum auction, which will be key for further development of 5G coverage and data transmission speeds.

Finally, I would like to flag two significant developments which we have just made. First, PLAY has decided to prepare the carveout of its existing and future passive network infrastructure and to establish a dedicated subsidiary („TowerCo") to host them. Second, we have just connected our first customers within our Friendly User Trial of fixed broadband offer which will be launched commercially during the first half of 2020."

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 14-15 for an explanation of certain limitations to the use of these measures.

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Operational Highlights:

- **Reconfirmed Play's position as Poland's leading mobile-convergent operator:**
 - 15.3m reported customers and 12.9m active customers (+1.7% and +2.1% YoY, respectively);
 - Contract customer share at 65.5% (-0.2pp YoY) at the end of 2019 with contract churn improving slightly YoY to 0.75%;
 - Blended ARPU increased to PLN 33.0 (+1.7% YoY) in Q4 and PLN 32.8 (+1.5% YoY) in full year 2019, with a bundled SIM ratio at 41%;
 - 32.2 thousand customers of Play Now Box TV service launched commercially in April 2019;
- **Network roll-out on track:**
 - 7,868 sites operational at the end of December (+12.4% YoY), with 865 new sites added net in 2019;
 - 4G LTE population coverage reached 98.7% (+2.0pp YoY) while 37% of sites were upgraded to 5G Ready providing 48.3% population coverage;
 - Clear leadership in own network data transmission according to SpeedTest.pl since November 2018.

Financial Highlights:

- Full year revenue amounted to PLN 7,041m (+2.9% YoY). Operating revenue reached PLN 1,800m (-0.4% YoY) in Q4, driven by 5.6% growth in usage revenue, more than offset by 13% decrease in sales of goods.
- Adjusted EBITDA was PLN 1,866m (+14.9% YoY) in 2019. In Q4 it amounted to PLN 570m (+6.5% YoY), mainly driven by PLN 87m improvement in the service margin.
- Net profit for the year was up by 16.4% YoY to PLN 867m on the backdrop of EBITDA improvement, partially offset by higher D&A and income tax. Net profit decreased to PLN 166m (-17.7% YoY) in Q4 reflecting predominantly higher income tax charge.
- Cash capex amounted to PLN 848m for twelve-month period (+11.7% YoY) and PLN 214m in Q4 (-11.5% YoY), driven by expansion and upgrades of Play's radio and core networks, as well as capitalisation of customer premises equipment for mobile broadband and Play Now TV Box services.
- For the full year Free cash flow to equity (post lease payments) (FCFE¹) amounted to PLN 929m (+13.8% YoY). FCFE was PLN 169m in Q4 (-20.4% YoY) reflecting predominantly working capital impact driven by decrease in payables at year end.
- Net Debt to Adjusted EBITDA declined to 2.72x at the end of December, compared to 3.11x at the end of 2018, thanks to solid cash generation, continuous repayment of senior term loan and increase in Adjusted EBITDA, despite PLN 368m of dividend paid in Q2 and PLN 330m cash outlay for acquisition of 3S Group in Q3.

Holger Püchert, CFO of P4, commented:

"Our financial results 2019 are excellent: adjusted EBITDA was above PLN 2.4 billion – up by close to 13%, while net profit reached PLN 867 million and Free Cash Flow to Equity arrived at PLN 929 million, all with double digit growth rates. We have also strengthened our balance sheet improving Net Debt to adjusted EBITDA ratio to 2.7x from 3.1 at the end of 2018 despite close to PLN 800 million cash outlays related to dividend distribution and acquisition of 3S Group, including its debt takeover. Recent issuance of PLN bonds further strengthens our financing capabilities related to upcoming 5G spectrum auction."

2020 guidance:

	PLAY 2019-2022 ambition	FY 2019 Results	FY 2020 Guidance	Comments
Revenue growth		+2.9%	2-3%	Usage revenue growth partly softened by softer increase in handset sales
Adjusted EBITDA	Continuous EBITDA annual growth until 2022	PLN 2,436m	PLN 2.5-2.6 bn	Driven by growing Service margin, partly offset by higher opex (network, payroll)
Cash capex	11-13% of revenue until 2021, down to 10% afterwards	PLN 848m	PLN 850-900m	Network capex rebalanced from radio to fiber backhaul (3S) and core (5G), increase in digitalisation
FCFE²	High cash conversion rate compared to European telecoms	PLN 929m	> PLN 800m	Impacted YoY by temporary increased cash capex (5G, digitalisation) and significantly higher cash taxes
Distribution to Shareholders	40-50% of FCFE	Confirmed	40-50% of FCFE	Intention as per 2019-2022 ambition

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

	Three months ended December 31		Change	Twelve months ended December 31		Change
	2018	2019		2018	2019	
Operating revenue	1,807	1,800	(0.4%)	6,839	7,041	2.9%
EBITDA	542	556	2.6%	2,160	2,406	11.4%
Adj. EBITDA	535	570	6.5%	2,159	2,436	12.8%
Net profit	202	166	(16.4%)	745	867	16.4%
Cash Capex	(241)	(214)	(11.5%)	(760)	(848)	11.7%
FCFE	213	169	(20.4%)	816	929	13.8%
Total Reported Customers (in '000)	15,016	15,265	1.7%	15,016	15,265	1.7%
Reported Contract Customers (in '000)	9,866	9,991	1.3%	9,866	9,991	1.3%
Total Active Customers (in '000)	12,653	12,929	2.2%	12,653	12,929	2.2%
Active Contract Customers (in '000)	8,985	9,327	3.8%	8,985	9,327	3.8%
Net Contract Additions (in '000)	95	43	(54.3%)	436	125	(71.4%)
Contract Churn (%)	0.77%	0.77%	0.00 pp	0.78%	0.75%	(0.03 pp)
Contract ARPU (PLN)	37.5	37.8	0.7%	37.6	37.7	0.3%
Data Usage per Contract Customer (MB)	6,941	9,014	29.9%	6,373	8,072	26.7%
Network sites build in the period (net)	563	255	(54.7%)	1,257	865	(31.2%)

² Post lease payments, excluding cash out for acquisitions.

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Holger Püchert, CFO since March 2017, has decided to leave Play Group for personal reasons towards the end of the year 2020. Board of Directors of Play Communications and the management team of Play would like to thank Holger for his contribution including significant milestones such as IPO in 2017, PLN 7 billion Senior Facilities Agreement arranged in 2018, as well as Play's best financial results ever in 2019. Play will appoint a new CFO of P4 in due course.

Conference call

The management team will host an analyst and investor conference call at 08.00am UK time (9:00am CET), on Thursday 27th February 2020, including a Question and Answer session. Financial results for the three and twelve months ended 31 December 2019 are available on the Play website at:

<https://www.playcommunications.com/events/2019>

Online registration is required for the conference call at: <http://emea.directeventreg.com/registration/5595195>

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

Presentation and audio webcast will be available upon registration at:

<https://edge.media-server.com/mmc/p/wyqppcnr>

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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 over 15m subscribers as of December 31, 2019. 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.