

12 May 2020

PLAY COMMUNICATIONS S.A.*

("Play" or the "Company")

Results for the first quarter 2020

Solid start of the year despite unfavourable market environment related to COVID-19

- **Operating revenue increased by 3.5% YoY to PLN 1.74bn driven by 7.8% improvement in service revenue with blended ARPU increase of 4.7% YoY, partially offset by weaker sales of handsets impacted by COVID-19 pandemic lockdown**
- **Adjusted EBITDA¹ reached PLN 607m (+5.3% YoY), reflecting predominantly solid contribution from service margin**
- **Free Cash Flow to Equity¹ generation was PLN 341m in Q1, up by 88.7% YoY, strongly supported by adjusted EBITDA, lower cash capex and positive evolution of working capital**
- **PLAY operations were only marginally impacted by COVID-19 pandemic thanks to immediate activation of Business Continuity Management plan and adjustment measures its operations to the situation**

Play (WSE: PLY), the leading Polish mobile network operator, today announces its results for the first quarter 2020. The results reconfirm Play's leading market position with improvements in customer base, revenue, adjusted EBITDA, net profitability and cash generation.

Jean Marc Harion, CEO of P4, commented:

"We have entered 2020 with strong momentum built upon record results delivered last year. Due COVID-19 pandemic, we decided to slow down current communication activity and refocus on securing business continuity and customers support to fully support all our clients in these difficult times. Thanks to the effort of all Players, for 95% of which homeworking has been enabled in 3 days, our customers have not faced any service disruption. Play took many initiatives to support its customers, in particular seniors, students and SOHO customers. We are closely monitoring efficiency of all our business processes and adjusting where necessary and we will update our stakeholders about possible material impact on Play's performance.

The crisis highlights the critical role played by Play, as the leader of the Polish mobile market, to keep every single citizen connected and safe. In the meantime, our solid Q1 results show the resilience of our business over the same difficult time.

Operating revenue and adjusted EBITDA growth in Q1 2020, underlined by strong Free Cash Flow to Equity generation make us confident that operating execution of our mobile-centric strategy works well. With launch of our Fixed Broadband offerings at the end of March, we have further expanded our home services portfolio despite the difficult environment. We strongly believe that when the situation will come back to normal after the lockdown, Play will continue to successfully gain new customers across full line of services.

And finally, we are carefully following the recent developments about 5G C-band frequency auction, which was supposed to start at the end of April, and we will participate to it in due time. Meanwhile, we continue upgrading our network to 5G Ready and implementing 5G on 2.1 GHz band. Play is ready for 5G and we will pursue our 5G ambitions once 5G devices will be available in Poland."

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 13-14 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:**
 - 15.2m reported customers and 12.6m active customers (+1.1% and +1.0% YoY, respectively), both including 132 thousand M2M SIM cards;
 - Contract customer share at 65.6% with contract churn low and stable at 0.75%;
 - Blended ARPU up YoY at PLN 33.8 (+4.7% YoY) while contract ARPU improved to PLN 39.2 (+3.7%);
 - 47 thousand of PLAY NOW TV BOX subscribers reached in one year from introduction of the service;
 - Commercial launch of Fixed Broadband offering at the end of March.
- **Network roll-out on target:**
 - 7,965 sites operational at the end of March 2020 (+14% YoY), with 4G LTE population coverage at 98.8%;
 - 40% of sites upgraded to 5G-Ready providing 51% population coverage;
 - Fiber backhaul roll-out in progress with 88 new sites connected in Q1 2020.

Financial Highlights:

- Operating revenue reached PLN 1,744m (+3.5% YoY), driven by growth in service revenue (+7.8% YoY) partially mitigated by lower sales of goods (-9.6% YoY) due to lockdown related to COVID-19 pandemic;
- Adjusted EBITDA amounted to PLN 607m (+5.3% YoY) reflecting mainly improvement in service margin;
- Net profit slipped to PLN 208m (-2.8% YoY), with EBITDA growth offset by higher depreciation, net finance costs (mainly foreign exchange impact) and income tax charge;
- Cash capex amounted to PLN 156m (-34.2% YoY), predominantly due to absence of overflow of payments from Q4 2019;
- Free cash flow to equity (post lease payments) (FCFE) reached PLN 341 (+88.7% YoY) on the backdrop of stronger EBITDA, lower cash capex and positive impact of changes in working capital (mainly decline in contract assets due to lower sales of handsets).
- Board of Directors decided on distribution of 45% of FCFE generated in 2019 in a form of interim dividend at PLN 1.65 per share, which was paid today, on May 12th.

Holger Püchert, CFO of P4, commented:

"Our results in Q1 reconfirm strong financial position of Play, which we underlined by arranging additional financing of PLN 1.2 billion in such uncertain environment. In April we drew down the whole amount and majority of it was used for partial prepayment of existing debt. We have further improved the leverage bringing Net Debt to adjusted EBITDA ratio just above 2.5x already now. Our cash and available financing provide strong safety buffer and make us confident in our ability to further generate value for our stakeholders."

Marcin Szul has been appointed as Chief Financial Officer to the Management Board of P4 sp. z o.o., a wholly owned subsidiary of the Company, effective from July 1, 2020. This appointment reflects upon Holger Puechert, Chief Financial Officer and Management Board Member of the Company, stepping down from his responsibilities with the effect as of end of day on June 30, 2020.

Marcin Szul has over 20 years of experience in the management of corporate finance, management accounting and controlling functions, of which vast majority within telecommunications. He spent last 10 years in P4 serving as the Financial Controlling Director. Prior to joining P4, he had worked for PTK Centertel (mobile arm of currently Orange Poland) and UPC Poland (part of Liberty Global Group), amongst others. Marcin Szul holds a master's degree in finance and banking from Warsaw School of Economics and MBA degree from IESE Business School in Barcelona.

2020 guidance unchanged despite uncertainties related to COVID-19:

	FY 2020 Guidance	Q1 Results	COVID-19 impacts assumptions
Revenue	+ 2-3% YoY	+3.5%	Higher Service revenue but lower Handsets revenue
Adjusted EBITDA	PLN 2.5-2.6 bn	PLN 607m	Higher Service margin but lower Handsets margin
Cash capex	PLN 850-900m (~12% of revenue)	PLN 156m	Network roll out ambition confirmed for 2020
FCFE	> PLN 800m	PLN 341m	Positive working capital change
Distribution to Shareholders	40-50% of FCFE	-	No change to the policy

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

	Three months ended March 31		Change
	2019	2020	
Operating revenue	1,686	1,744	3.5%
EBITDA	574	605	5.4%
Adj. EBITDA	576	607	5.3%
Net profit	214	208	(2.8%)
Cash Capex	(238)	(156)	(34.2%)
FCFE	181	341	88.7%
Total Reported Customers (in '000)	15,032	15,197	1.1%
Reported Customers excl. M2M (in '000)	14,913	15,065	1.0%
Reported Contract Customers (in '000)	9,917	9,971	0.6%
Total Active Customers (in '000)	12,451	12,581	1.0%
Active Customers excl. M2M (in '000)	12,332	12,449	0.9%
Active Contract Customers (in '000)	8,838	9,030	2.2%
Net Contract Additions (in '000)	51	(19)	n/a
Contract Churn (%)	0.75%	0.75%	0.00 pp
Contract ARPU (PLN)	37.8	39.2	3.7%
Data Usage per Contract Customer (MB)	7,322	10,069	37.5%
Network sites build in the period (net)	121	97	(19.8%)

Conference call and presentation webcast

The management team will host an analyst and investor conference call at 08.00am UK time (9:00am CET), on Wednesday 13th May 2020, including a Question and Answer session. Financial results for the three months ended 31st March 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/1249684>

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/z7k3mjxb>

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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 March 31, 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 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.