

10 August 2020

**PLAY COMMUNICATIONS S.A.\***

**("Play" or the "Company")**

**Results for the second quarter and the first half of 2020**

**PLAY continued growing revenue and adjusted EBITDA  
in the first half of 2020 despite COVID-19 impact**

- **Operating revenue increased by 1.6% YoY to PLN 3.5bn in H1 driven by strong service revenue and despite sales of goods lower YoY by PLN 103m due to shut down of approximately half of Points of Sales for almost two months**
- **Adjusted EBITDA<sup>1</sup> reached PLN 1,237m in H1 (+1.4% YoY), reflecting improvement in service margin, largely offset by lower sales of goods margins, higher G&A costs and one-off bad debt provision booked in Q1**
- **Free Cash Flow to Equity<sup>1</sup> generation was PLN 522m in H1 (+48.9% YoY), strongly supported by lower cash capex and positive evolution of working capital**
- **Reported subscriber base stable YoY at 15m despite the loss of cross-border working pre-paid customers impacted by COVID-19 restrictions**
- **Blended ARPU improved to PLN 34.3 (+4.1% YoY) in H1 with contract ARPU up to PLN 39.7 (+3.5%) and contract churn lowered to 0.70% from 0.73% in H1 2019**
- **Guidance for full year 2020 reflects COVID-19 impacts on handsets sales and margin in H1, 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, FCFE<sup>1</sup> and distribution to shareholders remain unchanged**

Play (WSE: PLY), the leading Polish mobile network operator, today announces its results for the second quarter and the first half of 2020. The results reconfirm Play's strong market position with its customer base, revenue and profitability highly resilient to the impacts of COVID-19 pandemic.

**Jean Marc Harion, CEO of P4, commented:**

*"After focusing on securing business continuity and customer support due to COVID-19 pandemic, we gradually returned to more normal life in the second half of Q2. We reopened our Points of Sales in the shopping malls on May 4<sup>th</sup> and we now have up to one third of employees working in our HQ.*

*With the suspension and then cancellation of 5G C-band frequency auction, which is unlikely to restart this year, we are refocusing our investments on faster roll-out of our sites and higher capacity of our network, including further coverage of 5G technology using our existing frequencies.*

*Furthermore, we successfully launched new mobile and home Internet plans including access to 5G. We responded to growing need for seamless communications solutions by launching first in Poland our own RCS chat service. We also continue expanding our TV offering with TVN news channels added to our TV packages, while signing contract with Canal+ will soon enrich Play Now TV Box offer with access to Canal+ online linear and VoD content.*

*Our H1 results show the resilience of our business model to the pandemic situation. Our cash generation remains strong and we continued growing our operating revenue and adjusted EBITDA YoY in the first half of 2020 despite the slowdown due to our lower handsets sales during the lockdown, and we now look forward to the recovery of consumers' economic*

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<sup>1</sup> 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.

confidence in the second half of this year. As it will be difficult to offset it totally, we foresee a lower growth of our operating revenue for full year 2020. Nevertheless, we confirm the other KPIs of our FY 2020 guidance. Adjusted EBITDA should still land within the PLN 2.5-2.6 billion range. Without any change to our Capex plans, our perspective for FCFE generation and dividend policy remain unchanged compared to initial guidance.

Finally:

- 1) We actively continue working on the operational, technical and legal preparation of the carveout of our towers and at the end of June we acquired 100% of a shelf company, Polska Grupa Wieżowa S.A., for the sole purpose of potentially hosting and operating the passive infrastructure from Play.
- 2) We closed the acquisition of Virgin Mobile Poland on August 9<sup>th</sup>, and we have already started the integration of the company within Play Group. Our intention is to develop the brand and its offerings in Poland, and I would like to welcome Virgin Mobile Poland customers and employees in Play family."

### Operational Highlights:

- **Reconfirmed Play's position as Poland's leading mobile-convergent operator:**
  - 15.0m reported customers and 12.45m active customers (-0.1% and -0.5% YoY, respectively);
  - Contract customer share up to 66.5% (+0.2pp YoY) at the end of June 2020 whilst contract churn improved to 0.66% in Q2 and 0.70% in the first half of the year;
  - Blended ARPU increased to PLN 34.7 (+3.8% YoY) in Q2 and PLN 34.3 (+4.1% YoY) in the first half of 2020, with a bundled SIM ratio of 40%;
  - 59.2 thousand customers of Play Now TV Box service at the end of Q2 2020, more than tripled over last twelve months;
  - 0.5 thousand of fixed broadband customers acquired since the product's launch end of March 2020.
- **Network roll-out on target:**
  - 8,225 sites operational at the end of June (+11.4% YoY), with 357 new sites added in H1 (260 in Q2);
  - 4G LTE population coverage reached 99.0% (+0.9pp YoY), 42% of sites were upgraded to 5G Ready at the end of June providing 54.7% population coverage while 5G Legacy is available in 58 cities covering 12.9% of population;
  - Fiber backhaul roll-out in progress with 145 new sites connected in H1 2020.

### Financial Highlights:

- Operating revenue reached PLN 1,755m (-0.2% YoY) in Q2, driven by 1.9% growth in usage revenue and 11.9% in interconnections revenue, which were more than offset by 14.4% drop in sales of goods. Consequently, half year revenue amounted to PLN 3,499m (+1.6% YoY).
- Adjusted EBITDA amounted to PLN 630m in Q2 (-2.2% YoY) with PLN 36m YoY improvement in the service margin neutralized by PLN 24m YoY lower margin on sales of goods and PLN 26m higher YoY G&A and other costs. Half year Adjusted EBITDA was PLN 1,237m (+1.4% YoY).
- Net profit decreased to PLN 238m in Q2 (-6.4% YoY) and PLN 445m for the first half of the year (-4.7% YoY) reflecting predominantly higher depreciation and amortization.
- Cash capex amounted to PLN 145m in Q2 (-26.3% YoY) and PLN 302m for half year (-30.6% 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.
- Free cash flow to equity (post lease payments) (FCFE) of PLN 181m in Q2 (+6.6% YoY) while half year result was PLN 522m (+48.9% YoY), in both cases increase reflects mainly lower cash capex and positive impact of changes in working capital, partially offset by higher cash taxes..
- Net Debt to Adjusted EBITDA arrived at 2.67x at the end of June, compared to 2.72x at the end of 2019, thanks to solid cash generation and increase in Adjusted EBITDA. Quarter on quarter increase from 2.56x at the end of March is a temporary result of cash outlays for PLN 420m of dividend and PLN 183m of cash taxes paid in Q2.

**Marcin Szul, CFO of P4, commented:**

"Our results in the first half of 2020 coupled with gradual recovery of sales operations after COVID-19 related lockdown make us confident that Play will deliver upon the key targets of Adjusted EBITDA and FCFE. Despite temporary increase of our leverage in Q2, purely related to cash outlays for the dividend and cash tax settlement for 2019 paid last quarter, we expect further decrease of our Net Debt to Adjusted EBITDA ratio in the second half of this year. Our financial standing remains strong and we are looking forward to further accelerating our operations as markets continue to reopen after the lockdown."

**2020 Guidance in perspective of COVID-19 related impacts:**

	<b>FY 2020 Guidance</b>	<b>H1 Results</b>	<b>Status</b>
<b>Revenue</b>	<b>+ 2-3% YoY</b>	<b>+1.6%</b>	<b>Growth below original guidance due to lower sales of handsets</b>
<b>Adjusted EBITDA</b>	<b>PLN 2.5-2.6 bn</b>	<b>PLN 1,2bn</b>	<b>Confirmed</b>
<b>Cash capex</b>	<b>PLN 850-900m (~12% of revenue)</b>	<b>PLN 302m (~10% of revenue)</b>	<b>Confirmed</b>
<b>FCFE</b>	<b>&gt; PLN 800m</b>	<b>PLN 522m</b>	<b>Confirmed</b>
<b>Distribution to Shareholders</b>	<b>40-50% of FCFE</b>	<b>45% of 2019 FCFE paid in Q2</b>	<b>Confirmed</b>

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

	<b>Three months ended June 30</b>		<b>Change</b>	<b>Six months ended June 30</b>		<b>Change</b>
	<b>2019</b>	<b>2020</b>		<b>2019</b>	<b>2020</b>	
<b>Operating revenue</b>	<b>1,759</b>	<b>1,755</b>	<b>(0.2%)</b>	<b>3,445</b>	<b>3,499</b>	<b>1.6%</b>
<b>EBITDA</b>	<b>640</b>	<b>623</b>	<b>(2.7%)</b>	<b>1,214</b>	<b>1,227</b>	<b>1.1%</b>
<b>Adj. EBITDA</b>	<b>644</b>	<b>630</b>	<b>(2.2%)</b>	<b>1,221</b>	<b>1,237</b>	<b>1.4%</b>
<b>Net profit</b>	<b>254</b>	<b>238</b>	<b>(6.4%)</b>	<b>467</b>	<b>445</b>	<b>(4.7%)</b>
<b>Cash Capex</b>	<b>(197)</b>	<b>(145)</b>	<b>(26.3%)</b>	<b>(435)</b>	<b>(302)</b>	<b>(30.6%)</b>
<b>FCFE</b>	<b>170</b>	<b>181</b>	<b>6.6%</b>	<b>350</b>	<b>522</b>	<b>48.9%</b>
<b>Total Reported Customers (in '000)</b>	15,006	14,984	(0.1%)	15,006	14,984	(0.1%)
<b>Reported Contract Customers (in '000)</b>	9,942	9,957	0.2%	9,942	9,957	0.2%
<b>Total Active Customers (in '000)</b>	12,510	12,446	(0.5%)	12,510	12,446	(0.5%)
<b>Active Contract Customers (in '000)</b>	8,895	8,995	1.1%	8,895	8,995	1.1%
<b>Net Contract Additions (in '000)</b>	24	(15)	(162.3%)	76	(34)	(145.0%)
<b>Contract Churn (%)</b>	0.71%	0.66%	(0.05) pp	0.73%	0.70%	(0.03) pp
<b>Contract ARPU (PLN)</b>	38.8	40.1	3.6%	38.4	39.7	3.5%
<b>Data Usage per Contract Customer (MB)</b>	7,861	10,562	34.4%	7,693	10,435	35.6%
<b>Network sites build in the period (net)</b>	258	260	0.8%	379	357	(5.8%)

\* 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 08.00am UK time (9:00am CET), on Tuesday 11th August 2020, including a Question and Answer session. Financial results for the three and six months ended 30 June 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/2062976>

Conference call ID: 2062976

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/iq33qqvb>

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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 15m subscribers as of June 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 99% of the Polish population complemented by national roaming/network sharing agreements. For more information, visit [www.playcommunications.com](http://www.playcommunications.com) and [www.play.pl](http://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](http://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.*