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PLAY

na Kartę

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Q4 and Full Year 2016 Results PLAY Investor Presentation  
February 28, 2017

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# Agenda

## Business and Strategy

**Jørgen  
Bang-Jensen**  
CEO



## Financial Performance

**Robert Bowker**  
CFO



## Q4 2016 – Key Business Developments (1/2)

### Continued Commercial Success

- We have reached 14.4m subscribers (+1.9% YoY) and 26.3% market share (+0.9pp YoY) as of December 31, 2016
- In last twelve months ended December 31, 2016, we have added 1,297k net contract subscribers (+367k in Q4). The share of contract subscribers at the end of Q4 2016 amounted to 58.0% (+8.0pp YoY)
- Play maintains its dominant position in Mobile Number Portability. Our share of all numbers moved between operators amounted to approximately 40% in Q4 2016 and on average 39% for the last twelve months (including MVNOs)
- We have started prepaid registration from July 25, 2016 and ended on February 1, 2017. The need to register a SIM is a requirement imposed by a new anti-terrorism law. Subscribers who have already purchased a prepaid card must report and assign them with their personal information. Cards that are not registered by 1st February 2017 are deactivated. We introduced a simplified registration procedure available in Play points of sale, via Play24/CC (channel available only for current Play customers) and in various external retail sales networks (e.g. RUCH/Inmedio/Post Office, etc.). As a result of prepaid registration, mobile operators can expect some changes in the prepaid market such as lower gross adds (less promo seekers and one-time-users), lower customer base (migration to contract, less clients with more than two SIM cards) offset by more valuable customers (less inactive clients, longer lifetime, higher margins). By the end of registration deadline, early February '17, we have registered circa 89% of our active prepaid subscribers
- In August 2016 we launched PLAY NOW – online video service offering access to live channels, catch up content and additional functionalities on smartphones, tablets, PCs and via Google Chromecast on TV screen. Entry tier of channels is included in the subscription fee for new and retaining Play customers. Additional tiers are available for extra fee. The number of active TV accounts reached 417k.

## Q4 2016 – Key Business Developments (2/2)

### 800/2600 MHz

- We continue building out our network using new frequencies and as of the end of December 2016, 800 MHz was enabled on 3,114 sites and 2600 MHz on 1,685 sites
- At the end of Q4 2016 our population coverage of LTE amounted to 92.1% (+1.6pp versus Q3 2016) and LTE Ultra amounted to 78.8% (+2.5pp versus Q3 2016).

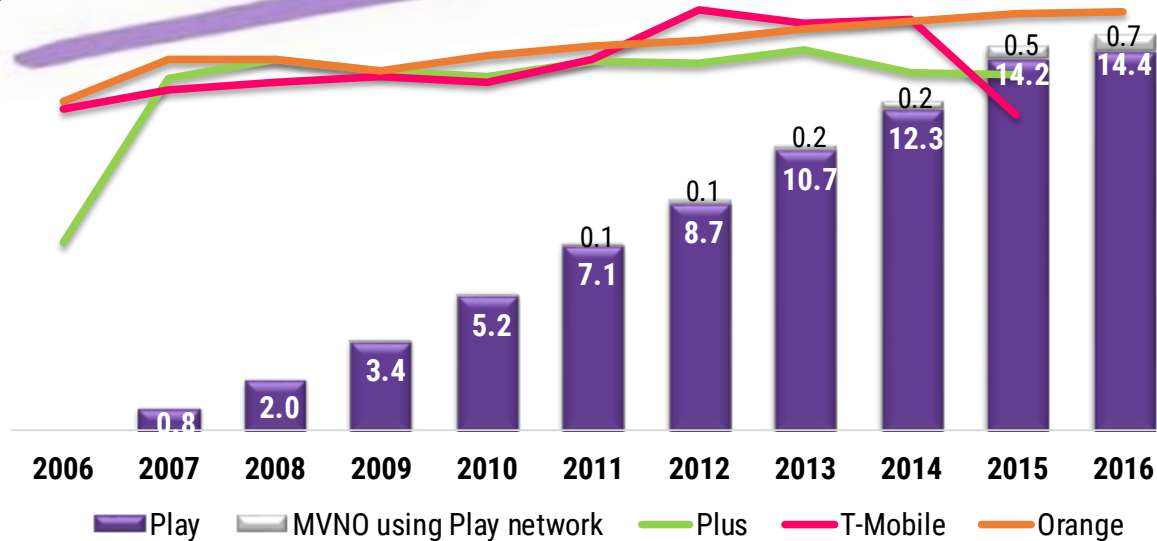
### Strong Financial Performance

- In Q2 2016, the Group early adopted new reporting standards IFRS 15 “Revenue from contracts with customers” and IFRS 16 “Leases”. The numbers in this presentation are based on the Financial Statements prepared in accordance with IFRS with early adoption of IFRS 15 and IFRS 16
- Usage revenues for the full year 2016, amounted to PLN 3,432m, an increase of 7.9% YoY
- Service revenues in Q4 2016 amounted to PLN 1,177m, an increase of 10.2% YoY
- Q4 2016 Adjusted EBITDA amounted to PLN 561m, an increase of 22% YoY.



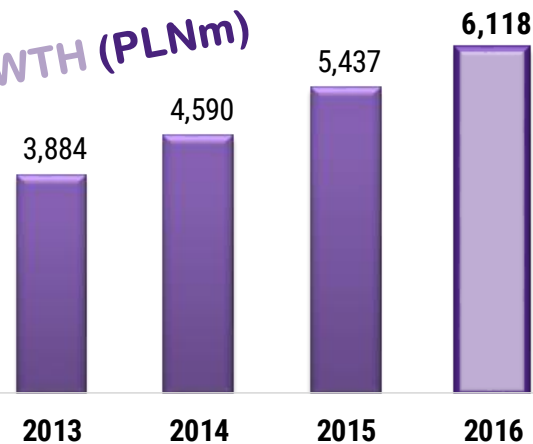
# Play's Ultra Growth

SUBSCRIBERS BASE ULTRA GROWTH (m subs.)



REVENUES ULTRA GROWTH (PLNm)

Constant growth of Revenue





# Q4 and Full Year 2016 – Key Highlights

Continued Commercial Success	Subscriber base growth	Total subs 14.4m +1.9% YoY -1.5% QoQ	Market share 26.3% +1.2pp YoY +0.3pp QoQ	Added subs 264k FY 2016 - 137.3% YoY - 85.8% YoY FY 2016
	Quality of Subscribers	blended ARPU PLN 32.2 Q4'16 +2.2% YoY +1.2% QoQ	Contract Churn 0.6% Q4'16 0.0pp YoY 0.0pp QoQ	Contract share 58.0% of subs +8.1pp YoY +3.4% QoQ
Strong Financial Performance	Q4 2016	Revenue PLN 1,620m +10.6% YoY +3.5% QoQ	Adjusted EBITDA PLN 561m +21.8% YoY +8.4% QoQ	Adj EBITDA Margin 34.6% +3.2pp YoY +1.6pp QoQ
	FY 2016	Revenue PLN 6,118m +12.5% YoY	Adjusted EBITDA PLN 2,035m +14.0% YoY	Adj EBITDA Margin 33.3% +0.4pp YoY

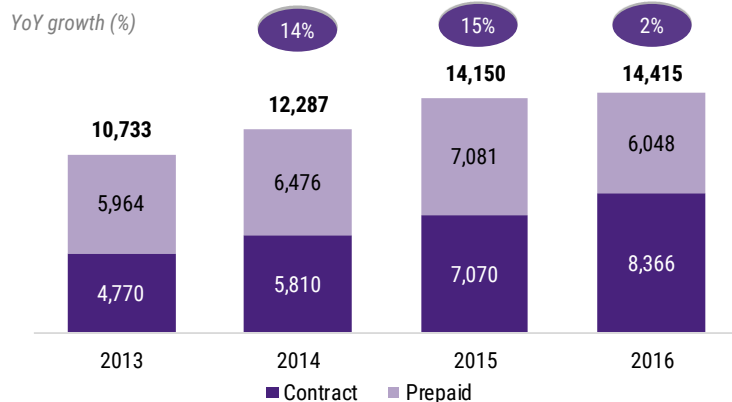
# Fast growth of customer base and stable ARPU continues to drive revenue and profitability expansion

PLAY



## Fast growing subscriber base...

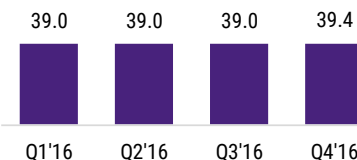
### Subscriber base (000s) at the end of:



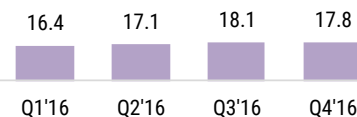
## ...with stable ARPU...

### ARPU (PLN / month)<sup>2</sup>

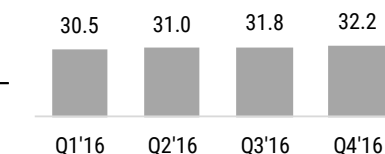
#### Contract



#### Prepaid

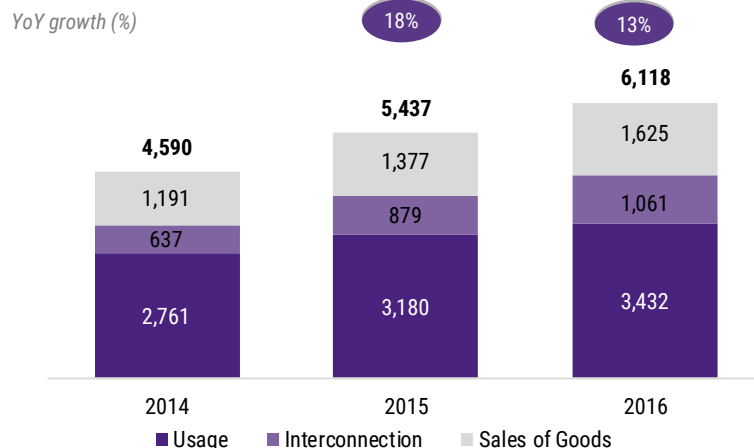


#### Total subscriber base



## ...continues to drive revenue expansion...

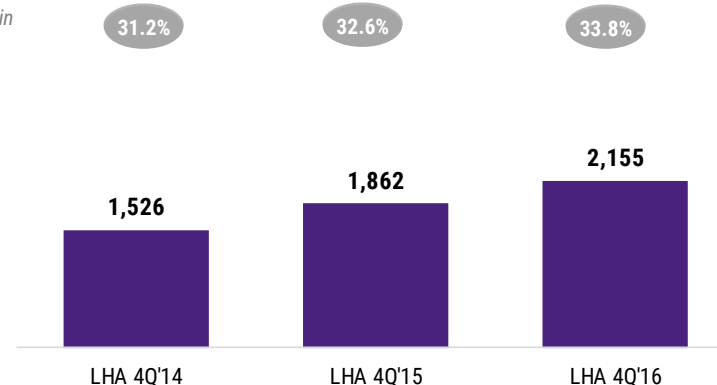
### Total Revenues (PLNm)



## ...and profitability

### Adjusted EBITDA<sup>1</sup> (PLNm)

#### Adjusted EBITDA margin



<sup>1</sup> EBITDA means operating profit for the period plus depreciation and amortization; Adjusted EBITDA means EBITDA plus costs of advisory services provided by shareholders, plus cost/(income) resulting from valuation of retention programs and plus certain one off items; <sup>2</sup> excl. Coca-cola adjustments



## Q4 2016 – Marketing activity

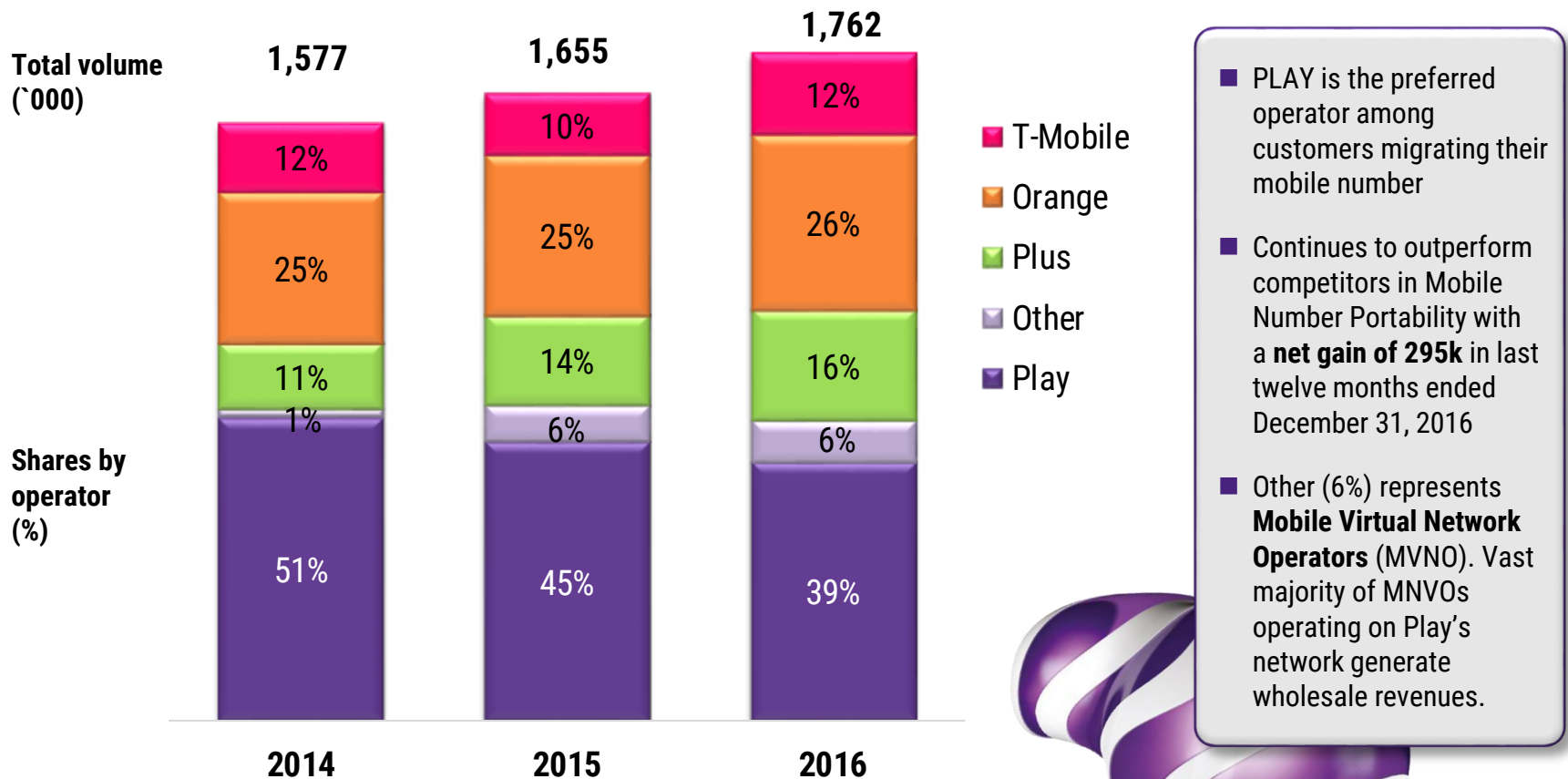


- We have started prepaid registration in July 2016 and ended on February 1, 2017
- By the end of registration deadline, early February '17, only about 80K of active customers were not registered
- We have performed incentive campaigns:
  - **„Karta milion warta”** („the SIM card for PLN 1m”) - subscribers that registered number take part in lottery where the total price is PLN 1m
  - **„Akcja Rejestracja”** („registration action”) – registered subscribers receive PLN 100 for voice, SMS and 10GB data + are taking part in iPhone7 lottery (to win every week)
- We are Partner of WOŚP (Great Orchestra of Christmas Charity – the largest benefit organization)
- In January 2017 we supported 25th Grand Finale.



# Continued Leadership in Mobile Number Portability...

Total volume of "Port-Ins" under MNP ('000) and shares by MNOs (%)<sup>1</sup>



<sup>1</sup> Source: multi-operator MNP management platform.

# Agenda

## Business and Strategy

**Jørgen  
Bang-Jensen**  
CEO



## Financial Performance

**Robert Bowker**  
CFO



## Summary Financials (1/2)

<i>PLN millions</i>	Q4 2015	Q4 2016	Change (%)	Q3 2016	Q4 2016	Change (%)
<b>Total Revenue</b>	<b>1,465</b>	<b>1,620</b>	<b>11%</b>	<b>1,566</b>	<b>1,620</b>	<b>3%</b>
Service revenue	1,068	1,177	10%	1,141	1,177	3%
Usage revenue	824	890	8%	880	890	1%
Retail contract revenue	635	702	11%	685	702	2%
Retail prepaid revenue	166	155	-7%	165	155	-6%
Other revenue	24	33	39%	30	33	13%
Interconnection revenues	244	287	18%	261	287	10%
Sales of goods and other revenue (Handsets)	397	443	12%	425	443	4%
<b>Total Direct Costs</b>	<b>(806)</b>	<b>(849)</b>	<b>5%</b>	<b>(828)</b>	<b>(849)</b>	<b>3%</b>
Interconnect costs	(271)	(306)	13%	(285)	(306)	7%
National roaming	(43)	(48)	11%	(47)	(48)	1%
COGS (Handsets)	(350)	(347)	-1%	(355)	(347)	-2%
Contract costs, net (Comissions)	(100)	(105)	4%	(92)	(105)	14%
Other service costs	(41)	(43)	5%	(49)	(43)	-11%
<b>Contribution</b>	<b>659</b>	<b>771</b>	<b>17%</b>	<b>738</b>	<b>771</b>	<b>4%</b>
G&A and other <sup>1</sup>	(227)	(248)	9%	(250)	(248)	-1%
<b>EBITDA</b>	<b>432</b>	<b>523</b>	<b>21%</b>	<b>488</b>	<b>523</b>	<b>7%</b>
Other EBITDA adjustments <sup>2</sup>	28	37	34%	29	37	29%
<b>Adjusted EBITDA</b>	<b>460</b>	<b>561</b>	<b>22%</b>	<b>517</b>	<b>561</b>	<b>8%</b>
<i>Total Revenue (%)</i>	<i>31.4%</i>	<i>34.6%</i>	<i>+3.2pp</i>	<i>33.0%</i>	<i>34.6%</i>	<i>+1.6pp</i>

<sup>1</sup> Other operating income less other operating costs;

<sup>2</sup> Includes: advisory services fees, valuation of retention programs and other one-off items.

## Summary Financials (2/2)



<i>(PLNm)</i>	Q3 2015	Q3 2016	Q4 2015	Q4 2016
<b>Operating Revenue</b>	<b>1,388</b>	<b>1,566</b>	<b>1,465</b>	<b>1,620</b>
Service Revenue	1,052	1,141	1,068	1,177
Service Costs (Interconnection, roaming and other services costs)	(345)	(381)	(355)	(397)
<b>Service Margin</b>	<b>707</b>	<b>760</b>	<b>713</b>	<b>780</b>
<i>Service Margin %</i>	67.2%	66.6%	66.7%	66.2%
Sales of goods and other revenue	336	425	397	443
Cost of goods sold	(289)	(356)	(350)	(347)
<b>Gross Margin on handsets</b>	<b>47</b>	<b>69</b>	<b>47</b>	<b>96</b>
<i>Gross Margin %</i>	14.0%	16.2%	11.7%	21.7%
Contract costs, net (commission)	(101)	(92)	(100)	(105)
<b>Contribution Margin</b>	<b>653</b>	<b>738</b>	<b>659</b>	<b>771</b>
G & A expenses and other	(220)	(250)	(227)	(248)
<b>EBITDA</b>	<b>433</b>	<b>488</b>	<b>432</b>	<b>523</b>
<i>EBITDA Margin %</i>	31.2%	31.2%	29.5%	32.3%
Non-recurring costs	(38)	(29)	(28)	(37)
<b>Adjusted EBITDA</b>	<b>471</b>	<b>517</b>	<b>460</b>	<b>561</b>
<i>Adjusted EBITDA Margin %</i>	33.9%	33.0%	31.4%	34.6%

# FCF Summary

PLN millions	Q4 2015	Q4 2016	Change (%)	Q3 2016	Q4 2016	Change (%)
<b>Adjusted EBITDA</b>	<b>460</b>	<b>561</b>	<b>22%</b>	<b>517</b>	<b>561</b>	<b>8%</b>
Non-cash items and changes in provisions	(7)	0	n/a	(3)	0	n/a
Change in working capital	14	80	479%	(38)	80	n/a
Changes in contract costs (net)	(13)	(8)	-36%	(32)	(8)	-75%
Changes in contract assets	8	(64)	n/a	66	(64)	n/a
Changes in contract liabilities	3	10	287%	14	10	-28%
Cash capex (net)	(92)	(139)	50%	(129)	(139)	8%
Income tax paid	(0)	(0)	100%	(0)	(0)	n/a
<b>FCF before financing and non-recurring items</b>	<b>372</b>	<b>440</b>	<b>18%</b>	<b>394</b>	<b>440</b>	<b>12%</b>
Proceeds from finance liabilities	-	-	n/a	20	-	-100%
Repayment of finance liabilities	(49)	(52)	5%	(193)	(52)	-73%
Purchase of debt securities <sup>1</sup>	-	-	n/a	(71)	-	-100%
Deposit paid to UKE in relation with spectrum auction	442	-	n/a	-	-	n/a
Other <sup>2</sup>	(16)	(15)	-4%	(49)	(15)	-70%
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>749</b>	<b>373</b>	<b>-50%</b>	<b>100</b>	<b>373</b>	<b>273%</b>
Effect of exchange rate change on cash and cash equivalents	(2)	(0)	-99%	0	(0)	n/a
Beginning of period cash and equivalents	809	(32)	n/a	(133)	(32)	-76%
End of period cash and equivalents	1,557	341	-78%	(32)	341	n/a

<sup>1</sup> Purchase of Series D Notes issued by Play Topco; <sup>2</sup> Advisory services fee paid out, retention programmes and special bonuses paid out, foreign exchange gains / (losses) and other one-off, loans given and proceeds from loans granted, early termination fee.



As of December 31, 2016			
	PLNm	EURm <sup>1</sup>	xLHA Adj. EBITDA <sup>2</sup>
Cash and cash equivalents (overdrafts)	341	77	0.2x
Revolving Credit Facilities drawn	-	-	-
Leases	843	190	0.4x
Other debt	3	1	0.0x
Senior Secured Notes	3,408	770	1.6x
<i>of which EUR 725m 5.25% fixed rate Notes due 2019<sup>3</sup></i>	3,277	741	1.5x
<i>of which PLN 130m WIBOR+3.50% floating rate Notes due 2019<sup>4</sup></i>	131	30	0.1x
Secured debt	4,254	961	2.0x
<b>Net secured debt (including overdrafts)</b>	<b>3,913</b>	<b>884</b>	<b>1.8x</b>
<b>EUR 270m 6.50% Senior Unsecured Notes due 2019<sup>5</sup></b>	<b>1,227</b>	<b>277</b>	<b>0.6x</b>
Total debt - Play Holdings 2 S.à r.l.	5,480	1,239	2.5x
<b>Net debt - Play Holdings 2 S.à r.l.</b>	<b>5,139</b>	<b>1,162</b>	<b>2.4x</b>
<b>EUR 415m 7.75% / 8.50% Senior PIK Toggle Notes due 2020<sup>6</sup></b>	<b>1,883</b>	<b>426</b>	<b>0.9x</b>
Total debt - Play Topco S.A.	7,364	1,664	3.4x
<b>Net debt - Play Topco S.A.</b>	<b>7,023</b>	<b>1,587</b>	<b>3.3x</b>

<sup>1</sup> Currency exchange rate as of December 31, 2016

<sup>2</sup> LHA Adj. EBITDA as of December 31, 2016

<sup>3</sup> Including accrued interest

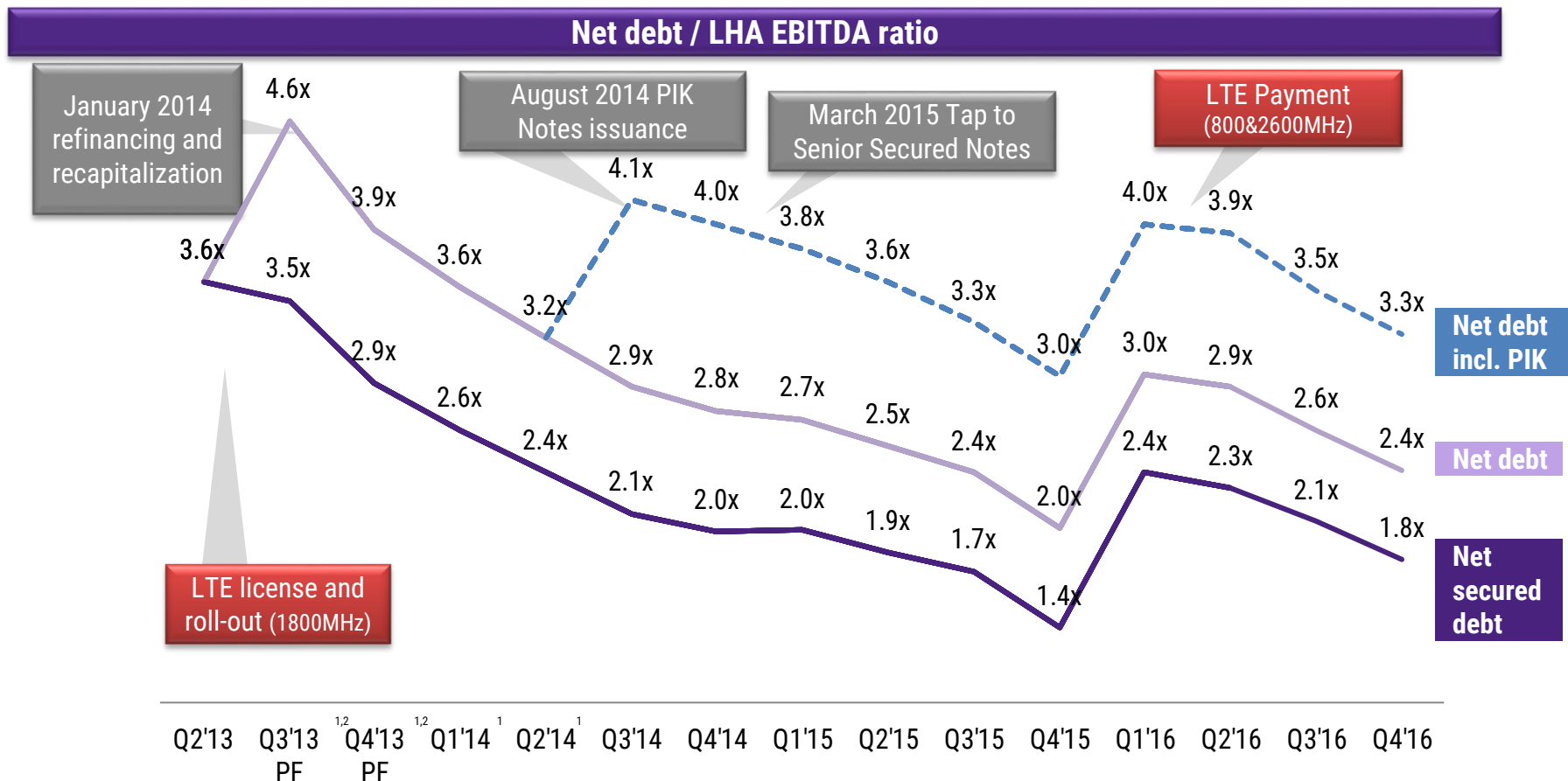
<sup>4</sup> Including accrued interest

<sup>5</sup> Including accrued interest

<sup>6</sup> Including accrued interest

PLN	EUR
<b>4.4240</b>	NA
<b>2,155</b>	487
69.7	<b>15.8</b>
<b>1.1</b>	0.3
32.1	<b>7.3</b>
47.4	<b>10.7</b>

# Ultra strong deleveraging track record



**Fast EBITDA growth based on revenue growth out of a stable cost base and efficient capex allows for quick deleveraging**

<sup>1</sup> Net debt assuming full escrow release and distribution of escrowed amounts to shareholders; debt includes accrued interest and finance leases;

<sup>2</sup> Pro forma for January 2014 refinancing and recapitalization (Senior Secured Notes and Senior Notes issuance; CDB/Altor debt repayment and distribution to shareholders).

## Quarterly KPIs

	Q3 2015	Q3 2016	Change (%)	Q4 2015	Q4 2016	Change (%)	Q3 2016	Q4 2016	Change (%)
<b>Total revenue</b>	<b>1,388</b>	<b>1,566</b>	<b>13%</b>	<b>1,465</b>	<b>1,620</b>	<b>11%</b>	<b>1,566</b>	<b>1,620</b>	<b>3%</b>
Service revenue	1,052	1,141	8%	1,068	1,177	10%	1,141	1,177	3%
Usage revenue	830	880	6%	824	890	8%	880	890	1%
<b>Adjusted EBITDA</b>	<b>471</b>	<b>517</b>	<b>10%</b>	<b>460</b>	<b>561</b>	<b>22%</b>	<b>517</b>	<b>561</b>	<b>8%</b>
<b>Adjusted EBITDA Margin</b>	<b>33.9%</b>	<b>33.0%</b>	<b>-0.9pp</b>	<b>31.4%</b>	<b>34.6%</b>	<b>+3.2pp</b>	<b>33.0%</b>	<b>34.6%</b>	<b>+1.6pp</b>
Reported Subscribers - Contract	6,717	7,999	19%	7,070	8,366	18%	7,999	8,366	5%
Net Additions - Contract	275	370	34%	353	367	4%	370	367	-1%
Churn - Contract	0.7%	0.7%	0.0pp	0.6%	0.6%	0.0pp	0.7%	0.6%	-0.1pp
ARPU - Contract	41.5	39.0	-6%	40.3	39.4	-2%	39.0	39.4	1%
Data usage per subscriber - Contract	2,388	3,322	39%	2,730	3,871	42%	3,322	3,871	17%
Unit SAC - Contract cash <sup>1</sup>	335	348	4%	360	322	-11%	348	322	-7%
% of Terminals in Contract Gross Adds	51%	44%	-7.1pp	49%	44%	-5.1pp	44%	44%	-0.4pp
Unit SRC cash <sup>1</sup>	312	348	12%	381	339	-11%	348	339	-3%
% of Terminals in Retention	49%	46%	-2.9pp	51%	44%	-7.1pp	46%	44%	-1.4pp

<sup>1</sup> Calculated on cash basis.

## Annual KPIs

	<i>Unit</i>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total revenue</b>	<i>PLNm</i>	<b>3,884</b>	<b>4,590</b>	<b>5,437</b>	<b>6,118</b>
Service revenue	<i>PLNm</i>	2,850	3,398	4,060	4,493
Usage revenue	<i>PLNm</i>	2,310	2,761	3,180	3,432
<b>Adjusted EBITDA</b>	<i>PLNm</i>	<b>1,011</b>	<b>1,436</b>	<b>1,786</b>	<b>2,035</b>
<b>Adjusted EBITDA Margin</b>	<i>PLNm</i>	<b>26.0%</b>	<b>31.3%</b>	<b>32.8%</b>	<b>33.3%</b>
Reported Subscribers - Contract	<i>k Subs.</i>	4,770	5,810	7,070	8,366
Net Additions - Contract	<i>k Subs.</i>	893	1,041	1,259	1,297
Churn - Contract	<i>%</i>	0.7%	0.8%	0.6%	0.7%
ARPU - Contract	<i>PLN</i>	41.4	41.7	41.0	39.1
Data usage per subscriber - Contract	<i>MB</i>	849	1,274	2,358	3,387
Unit SAC - Contract cash <sup>1</sup>	<i>PLN</i>	375	349	333	354
% of Terminals in Contract Gross Adds	<i>%</i>	56%	52%	48%	45%
Unit SRC cash <sup>1</sup>	<i>PLN</i>	295	295	314	364
% of Terminals in Retention	<i>%</i>	47%	46%	47%	46%

<sup>1</sup> Calculated on cash basis.

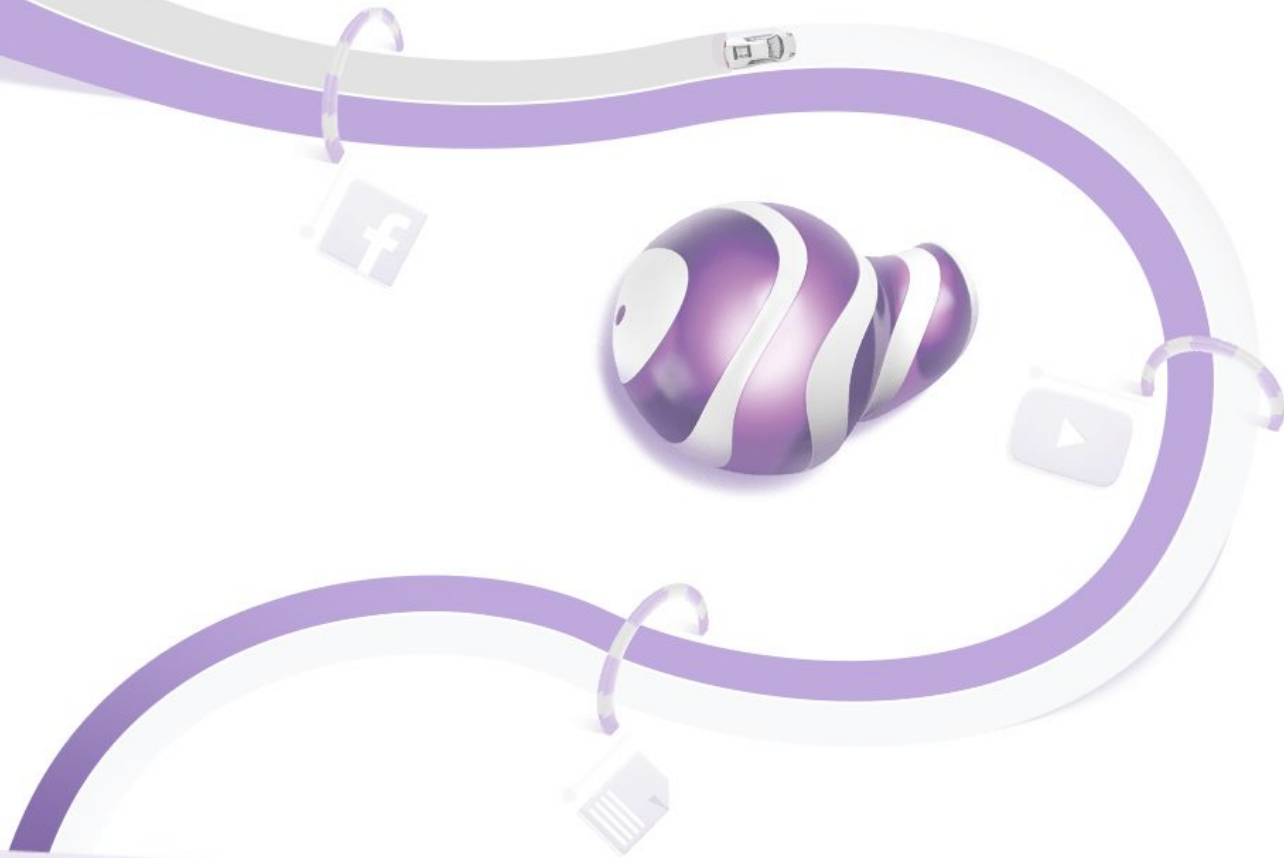


ask **PLAY**



## Appendix

- **Adjusted EBITDA reconciliation**





## Adjusted EBITDA Reconciliation

<i>PLN millions</i>	Q4 2015	Q4 2016	Change (%)	2015	2016	Change (%)
<b>Operating Profit</b>	<b>279</b>	<b>361</b>	<b>29%</b>	<b>1,066</b>	<b>1,290</b>	<b>21%</b>
D&A	153	162	6%	597	634	6%
Advisory services fees	7	12	80%	28	36	30%
Valuation of retention programs	16	6	-61%	93	7	-92%
One-off adjustments	6	19	249%	2	68	3751%
<b>Adjusted EBITDA</b>	<b>460</b>	<b>561</b>	<b>22%</b>	<b>1,786</b>	<b>2,035</b>	<b>14%</b>
<i>% of Revenues</i>	31.4%	34.6%	+3.2pp	32.8%	33.3%	+0.4pp