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# PLAY



## Q2 2015 Results PLAY Investor Presentation

August 27, 2015

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# Agenda

**Business and Strategy**

**Jørgen  
Bang-Jensen  
CEO**



**Financial Performance**

**Robert Bowker  
CFO**



# Q2 2015 – Key Highlights

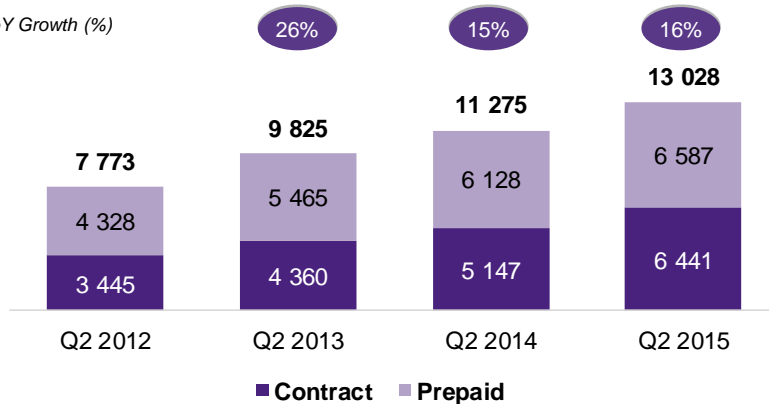
Strong Financial Performance	Q2 2015	Revenue <i>PLN 1,299 m</i> <b>+23.1% YoY</b>	Adjusted EBITDA <i>PLN 374m</i> <b>+38.7% YoY</b>	Adj EBITDA Margin <b>28.8%</b> <b>+3.2pp YoY</b>
	LHA	Revenue <i>PLN 5,052 m</i> <b>+23.8% YoY</b>	Adjusted EBITDA <i>PLN 1,394 m</i> <b>+37.3% YoY</b>	Adj EBITDA Margin <b>27.6%</b> <b>+2.7pp YoY</b>
Continued Commercial Success	Subscriber base growth	Total subs <i>13.0 m</i> <b>+15.5% YoY</b>	Market share <b>22.3%</b> <b>+2.5pp YoY</b>	Added subs <i>343k in Q2'15</i> <b>+3.2% YoY</b>
	Quality of Subscribers	Blended ARPU <i>PLN 38.7</i> <b>+3.7% YoY</b>	Contract Churn <b>0.6%</b> <b>-0.1pp YoY</b>	Contract share <b>49,4% of subs</b> <b>+3.8pp YoY</b>

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

## Fast growing subscriber base...

### Subscriber base (000s)

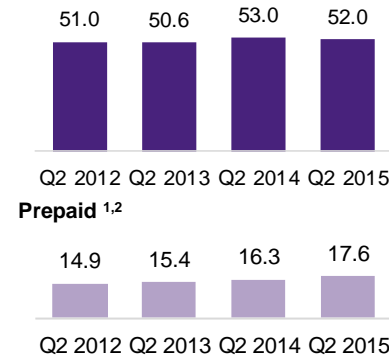
YoY Growth (%)



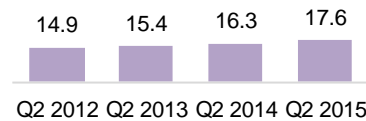
## ...with stable ARPU...

### ARPU (PLN / month)<sup>1</sup>

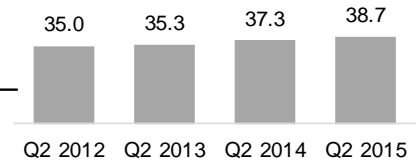
Contract <sup>1</sup>



Prepaid <sup>1,2</sup>



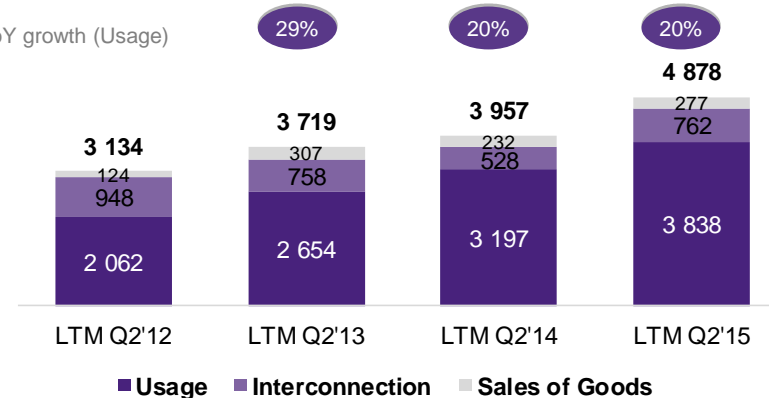
Total subscriber base <sup>1,2</sup>



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

### Total Revenues (PLNm)

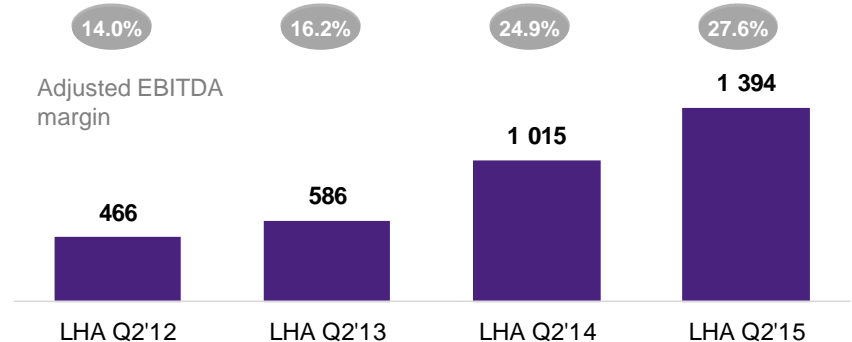
YoY growth (Usage)



## ...and profitability

### Adjusted EBITDA<sup>3,4</sup> (PLNm)

Adjusted EBITDA margin



<sup>1</sup> MTR-Adjusted; <sup>2</sup> Adjusted for one-off effect of co-branded promotion with Coca-Cola; <sup>3</sup> Adjusted for costs/(income) resulting from valuation of retention programs and certain one-off items, plus a reversal of capitalization, and impairment of SAC assets and SRC assets (see s.16); <sup>4</sup> Last Half-year Annualized (LHA) Adjusted EBITDA, calculated as sum of last two quarters multiplied by 2, eg. LHA Q2'15 Adjusted EBITDA = 2 x (Q1 2015 Adj. EBITDA of PLN 323.5m + Q2 2015 Adj. EBITDA of PLN 373.7m) = PLN 1,394m;

## Q2 2015 Key Business Developments

### Continued Commercial Success

- Play reached 13m subscribers (+15.5% y-o-y) and 22.3% market share (+2.5 p.p. y-o-y) as of June 30, 2015
- In Q2 2015 we have added 343k subscribers, of which 310k were contract subscribers, increasing the share of contract subscribers to 49.4% of total subscriber base (+3.8 p.p. y-o-y)
- Play maintains its unrivaled position in Mobile Number Portability. Our share of all numbers moved between MNOs amounted to approximately 48% in Q2 2015 and 49% for the twelve months.
- Our contract churn rate in Q2 2015 decreased to 0.6%
- Since April, we have remodeled 355 shops out of total 811 and we expect to finish remodeling by September this year. A large, modern shop network is vital for Play to attract new and retain existing customers.

### Strong Financial Performance

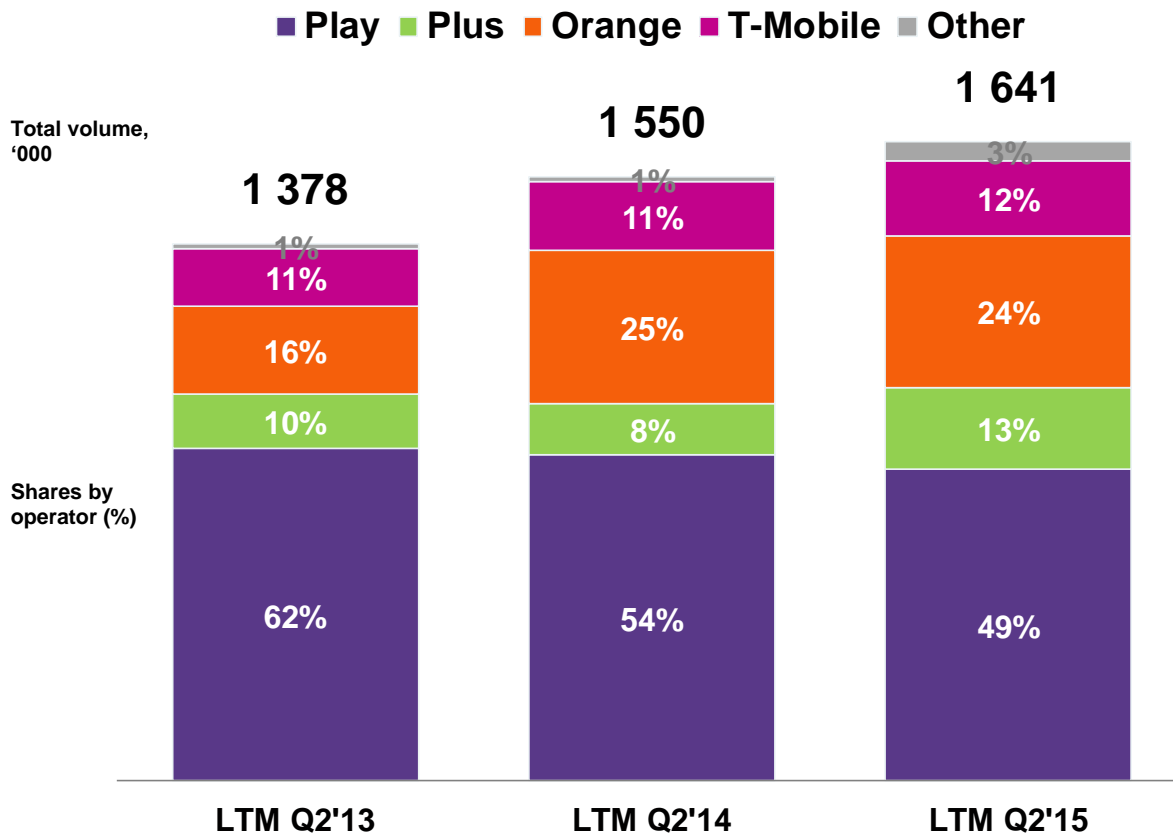
- Usage revenues for twelve months ended Q2 2015 amounted to PLN 3,838m, increasing by 20% year over year
- Q2 2015 usage revenues amounted to PLN 1,009m, an increase of 18% over Q2 2014 outpacing subscriber base growth
- Adjusted EBITDA for twelve months ended Q2 2015 amounted to PLN 1,261m, an increase by 37% year over year
- Adjusted EBITDA in Q2 2015 amounted to PLN 374m, up by 16% quarter on quarter and 39% year over year

### 800/2,600MHz auction

- The LTE auction launched on February 10, 2015 was still ongoing as of the date of this presentation
- Play continues its participation in the auction, topping up required deposit equal to 25% of its own current bids (the amount of latest payment not disclosed due to commercial sensitivity)

# Continued Leadership in Mobile Number Portability...

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



- PLAY is the preferred operator among customers migrating their mobile number
- Continues to outperform competitors in Mobile Number Portability with a net gain of 552k in last 12 months ended June 2015

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

# Agenda

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Bang-Jensen  
CEO**



**Financial Performance**

**Robert Bowker  
CFO**





# Summary Financials

<i>PLN millions</i>	Q2 2014	Q2 2015	Change	Q1 2015	Q2 2015	Change
<b>Total Revenue</b>	<b>1,055</b>	<b>1,299</b>	<b>23%</b>	<b>1,228</b>	<b>1,299</b>	<b>6%</b>
Service revenue	1,004	1,225	22%	1,156	1,225	6%
Usage revenue	852	1,009	18%	959	1,009	5%
Retail contract revenue	688	818	19%	788	818	4%
Retail prepaid revenue	145	160	10%	148	160	8%
Other revenue	19	31	61%	24	31	31%
Interconnection revenues	152	216	42%	197	216	10%
Sales of goods and other revenue	51	74	44%	71	74	3%
<b>Total Direct Costs</b>	<b>(328)</b>	<b>(416)</b>	<b>27%</b>	<b>(398)</b>	<b>(416)</b>	<b>4%</b>
Interconnect costs	(185)	(248)	34%	(230)	(248)	8%
Network Sharing	(40)	(38)	-6%	(38)	(38)	1%
COGS	(52)	(73)	41%	(73)	(73)	0%
Other direct costs & SRC/SAC not eligible for capitalization	(51)	(57)	12%	(57)	(57)	0%
<b>Contribution</b>	<b>726</b>	<b>883</b>	<b>22%</b>	<b>830</b>	<b>883</b>	<b>6%</b>
D&A	(309)	(359)	16%	(356)	(359)	1%
Other <sup>1</sup>	(4)	14	n/a	(13)	14	n/a
G&A	(261)	(273)	5%	(250)	(273)	9%
<b>Operating Profit</b>	<b>153</b>	<b>265</b>	<b>73%</b>	<b>211</b>	<b>265</b>	<b>26%</b>
SAC / SRC Costs Capitalized	(249)	(286)	15%	(289)	(286)	-1%
D&A	309	359	16%	356	359	1%
Other EBITDA adjustments <sup>2</sup>	57	35	-38%	46	35	-24%
<b>Adjusted EBITDA</b>	<b>269</b>	<b>374</b>	<b>38.7%</b>	<b>323</b>	<b>374</b>	<b>16%</b>
<i>Total Revenue (%)</i>	<i>25.5%</i>	<i>28.8%</i>	<i>+3.2pp</i>	<i>26.3%</i>	<i>28.8%</i>	<i>+2.4pp</i>
<b>Cash Capex</b>	<b>108</b>	<b>101</b>	<b>-6%</b>	<b>113</b>	<b>101</b>	<b>-10%</b>

<sup>1</sup> Other operating income less other operating costs; <sup>2</sup> Includes: impairment of SAC/SRC asset, advisory services fees, valuation of retention programs and other one-off items;

# FCF Summary

<i>PLN millions</i>	Q2 2014	Q2 2015	Change	Q1 2015	Q2 2015	Change
<b>Adjusted EBITDA</b>	<b>269</b>	<b>374</b>	<b>39%</b>	<b>323</b>	<b>374</b>	<b>16%</b>
Non-cash items and changes in provisions	(1)	(1)	-58%	(1)	(1)	-36%
Change in working capital	17	(35)	n/a	(94)	(35)	-63%
Cash capex (net)	(108)	(101)	-6%	(113)	(101)	-10%
Income tax paid	(0)	(1)	1134%	(0)	(1)	624%
<b>FCF before financing and non-recurring items</b>	<b>177</b>	<b>236</b>	<b>34%</b>	<b>115</b>	<b>236</b>	<b>105%</b>
Proceeds from finance liabilities	-	(0)	n/a	544	(0)	n/a
Repayment of finance liabilities	(9)	(7)	-18%	(8)	(7)	-5%
Cash interest (net) and other financial costs	(13)	(2)	-84%	(110)	(2)	-98%
Purchase of debt securities	-	(0)	n/a	(75)	(0)	-100%
Deposit paid to UKE in relation with spectrum auction	-	(135)	n/a	(184)	(135)	-26%
Other <sup>1</sup>	(16)	(30)	85%	1	(30)	n/a
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>138</b>	<b>62</b>	<b>-55%</b>	<b>284</b>	<b>62</b>	<b>-78%</b>
Effect of exchange rate change on cash and cash equivalents	0	13	5851%	(7)	13	n/a
Beginning of period cash and equivalents	147	775	428%	498	775	56%
End of period cash and equivalents <sup>2</sup>	285	849	198%	775	849	10%

<sup>1</sup> Retention programs and special bonuses paid out, advisory services fees paid and other one-off; <sup>2</sup> Do not include deposit paid to UKE in relation with spectrum auction

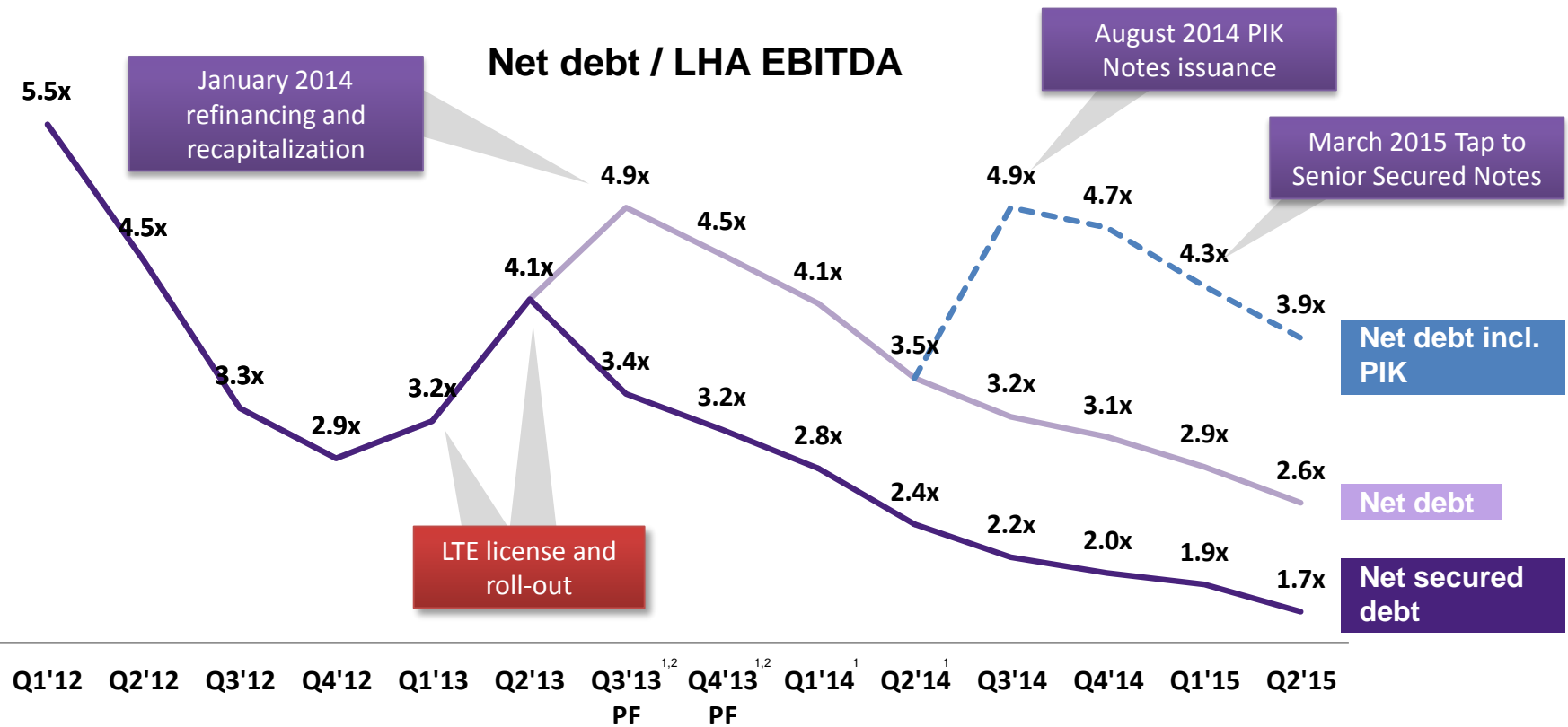
# Capitalization

As of June 30, 2015

	PLNm	EURm <sup>1</sup>	xLHA Adj. EBITDA <sup>2</sup>
Cash and cash equivalents <sup>3</sup>	849	202	
Finance Leases	42	10	
Senior Secured Notes	3,237	772	2.3x
<i>of which EUR 725m 5.25% fixed rate Notes due 2019<sup>4</sup></i>	3,106	741	
<i>of which PLN 130m WIBOR+3.50% floating rate Notes due 2019<sup>5</sup></i>	131	31	
Secured debt	3,280	782	2.4x
<b>Net secured debt</b>	<b>2,430</b>	<b>579</b>	<b>1.7x</b>
<b>EUR 270m 6.50% Senior Unsecured Notes due 2019<sup>6</sup></b>	<b>1,163</b>	<b>277</b>	<b>0.8x</b>
Total debt - Play Holdings 2 S.à r.l.	4,443	1,059	3.2x
<b>Net debt - Play Holdings 2 S.à r.l.</b>	<b>3,593</b>	<b>857</b>	<b>2.6x</b>
<b>EUR 415m 7.75%/ 8.50% Senior PIK Toggle Notes due 2020<sup>7</sup></b>	<b>1,786</b>	<b>426</b>	<b>1.3x</b>
Total debt - Play Topco S.A.	6,229	1,485	4.5x
<b>Net debt - Play Topco S.A.</b>	<b>5,379</b>	<b>1,283</b>	<b>3.9x</b>

<sup>1</sup> Currency exchange rate as of June 30, 2015 1 EUR = 4.1944 PLN; <sup>2</sup> Based on Play Holdings 2 LHA Adj. EBITDA of PLN 1,394.3 m as of June 30, 2015; <sup>3</sup> Do not include deposit paid to UKE in relation with spectrum auction of PLN 318.8 m; <sup>4</sup> Including accrued interest EUR 15.6 m / PLN 65.4 m; <sup>5</sup> Including accrued interest PLN 1.1 m / EUR 0.3 m; <sup>6</sup> Including accrued interest EUR 7.3 m / PLN 30.5 m; <sup>7</sup> Including accrued interest EUR 10.8 m / PLN 45.3 m

# Strong deleveraging track record

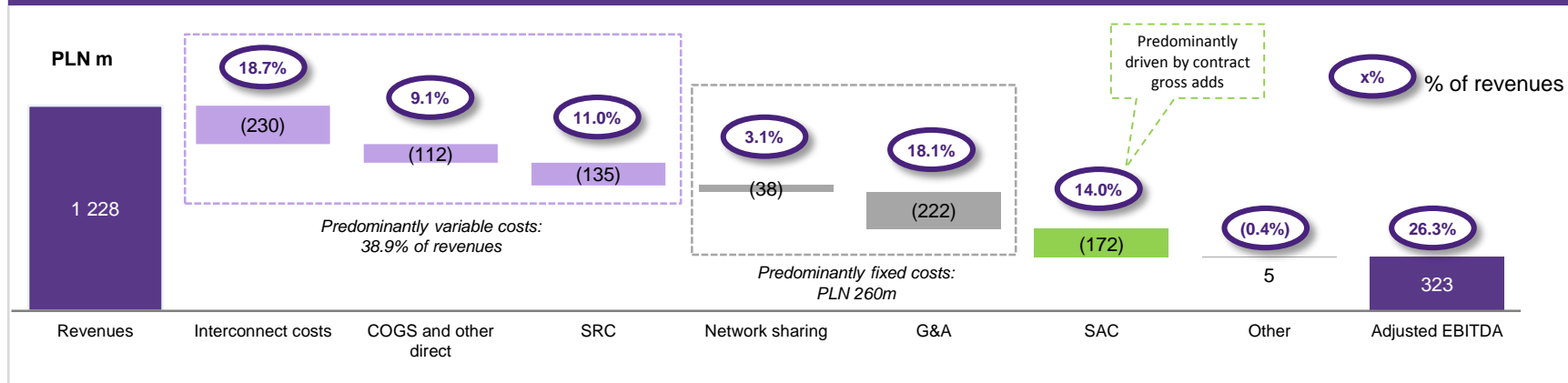


■ Fast EBITDA growth based on revenue growth out of a stable cost base and efficient capex allows for quick deleveraging

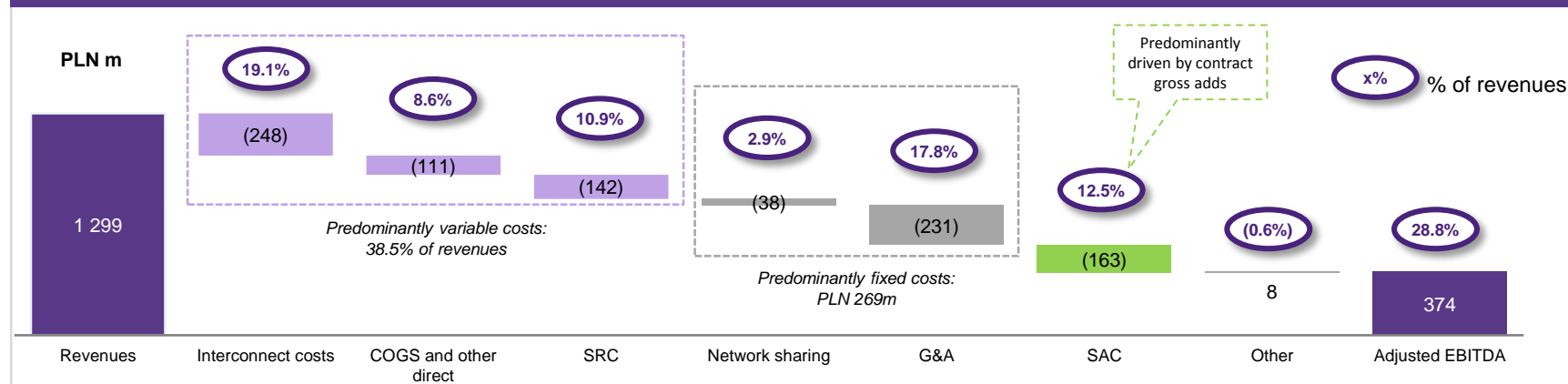
<sup>1</sup> Net debt assuming full escrow release and distribution of escrowed amounts to shareholders; debt includes accrued interest and finance leases; <sup>2</sup> Pro forma for January 2014 refinancing and recapitalization (Senior Secured Notes and Senior Notes issuance; CDB/Alior debt repayment and distribution to shareholders)

# Play continues to benefit from operating leverage

**EBITDA Bridge Q1 2015**



**EBITDA Bridge Q2 2015**



# Q&A

# Appendix

- Adjusted EBITDA reconciliation
- Quarterly KPIs
- Annual KPIs

## Adjusted EBITDA Reconciliation

<i>PLN millions</i>	Q2 2014	Q2 2015	Change	Q1 2015	Q2 2015	Change
<b>Operating Profit</b>	<b>153</b>	<b>265</b>	<b>73%</b>	<b>211</b>	<b>265</b>	<b>26%</b>
D&A	309	359	16%	356	359	1%
Reversal of SAC/SRC Capitalization	(249)	(286)	15%	(289)	(286)	-1%
Impairment of SAC/SRC	11	14	22%	11	14	24%
Advisory services fees	6	9	68%	7	9	42%
Valuation of retention programs	41	31	-24%	21	31	47%
Other one-off other operating costs	(1)	(19)	1256%	7	(19)	n/a
<b>Adjusted EBITDA</b>	<b>269</b>	<b>374</b>	<b>39%</b>	<b>323</b>	<b>374</b>	<b>16%</b>
<i>% of Revenues</i>	25.5%	28.8%	+3.2pp	26.3%	28.8%	+2.4pp

- We define Adjusted EBITDA as operating profit plus depreciation and amortization, advisory services fees, cost/(income) resulting from valuation of retention programs and certain one-off items, plus a reversal of capitalization, and impairment of SAC assets and SRC assets



# Quarterly KPIs

	<i>Unit</i>	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
<b>Total revenue</b>	<i>m PLN</i>	<b>929</b>	<b>937</b>	<b>979</b>	<b>986</b>	<b>1,055</b>	<b>1,146</b>	<b>1,206</b>	<b>1,228</b>	<b>1,299</b>
Change QoQ	%	6%	1%	5%	1%	7%	9%	5%	2%	6%
<b>Service revenue</b>	<i>m PLN</i>	<b>873</b>	<b>874</b>	<b>910</b>	<b>938</b>	<b>1,004</b>	<b>1,089</b>	<b>1,130</b>	<b>1,156</b>	<b>1,225</b>
Change QoQ	%	9%	0%	4%	3%	7%	9%	4%	2%	6%
<b>Usage revenue</b>	<i>m PLN</i>	<b>711</b>	<b>762</b>	<b>782</b>	<b>801</b>	<b>852</b>	<b>927</b>	<b>944</b>	<b>959</b>	<b>1,009</b>
Change QoQ	%	7%	7%	3%	2%	6%	9%	2%	2%	5%
<b>Adjusted EBITDA</b>	<i>m PLN</i>	<b>193</b>	<b>203</b>	<b>211</b>	<b>238</b>	<b>269</b>	<b>275</b>	<b>289</b>	<b>323</b>	<b>374</b>
Change QoQ	%	92%	5%	4%	13%	13%	2%	5%	12%	16%
<b>Adjusted EBITDA Margin</b>	%	<b>20.7%</b>	<b>21.7%</b>	<b>21.5%</b>	<b>24.2%</b>	<b>25.5%</b>	<b>24.0%</b>	<b>23.9%</b>	<b>26.3%</b>	<b>28.8%</b>
Reported Subscribers - Contract	<i>k Subs.</i>	4,360	4,564	4,770	4,924	5,147	5,457	5,810	6,132	6,441
Change QoQ	%		5%	5%	3%	5%	6%	6%	6%	5%
Net Additions - Contract	<i>k Subs.</i>	225	204	206	154	223	310	354	321	310
Change QoQ	%		-9%	1%	-25%	45%	39%	14%	-9%	-4%
Churn - Contract	%	0.6%	0.8%	0.7%	0.8%	0.8%	0.7%	0.7%	0.7%	0.6%
ARPU - Contract (MTR-Adjusted) <sup>1</sup>	<i>PLN</i>	50.6	51.1	51.4	51.5	53.0	54.3	53.5	52.2	52.0
Change QoQ	%		1%	1%	0%	3%	2%	-1%	-2%	0%
Data usage per subscriber - Contract	<i>MB</i>	826	787	832	943	1,091	1,289	1,710	2,060	2,204
Change QoQ	%		-5%	6%	13%	16%	18%	33%	20%	7%
unit SAC - Contract	<i>PLN</i>	315	331	335	329	311	340	323	296	286
Change QoQ	%		5%	1%	-2%	-5%	10%	-5%	-8%	-3%
unit SRC	<i>PLN</i>	278	275	265	280	300	286	254	254	276
Change QoQ	%		-1%	-4%	5%	7%	-5%	-11%	0%	9%

<sup>1</sup> MTR-Adjusted – current, symmetrical Mobile Termination Rate of PLN 0.0429 applied to historical ARPU

# Annual KPIs

	<i>Unit</i>	FY 2012	FY 2013	FY 2014	Q2 2015 LTM	Q2 2015 LHA
<b>Total revenue</b>	<i>m PLN</i>	<b>3,579</b>	<b>3,720</b>	<b>4,392</b>	<b>4,878</b>	<b>5,052</b>
Change YoY	%	31%	4%	18%	23%	24%
<b>Service revenue</b>	<i>m PLN</i>	<b>3,336</b>	<b>3,458</b>	<b>4,161</b>	<b>4,601</b>	<b>4,762</b>
Change YoY	%	26%	4%	20%	23%	23%
<b>Usage revenue</b>	<i>m PLN</i>	<b>2,388</b>	<b>2,918</b>	<b>3,524</b>	<b>3,838</b>	<b>3,935</b>
Change YoY	%	37%	22%	21%	20%	19%
<b>Adjusted EBITDA</b>	<i>m PLN</i>	<b>562</b>	<b>707</b>	<b>1,072</b>	<b>1,261</b>	<b>1,394</b>
Change YoY	%	n.a.	26%	52%	37%	37%
<b>Adjusted EBITDA Margin</b>	%	<b>15.7%</b>	<b>19.0%</b>	<b>24.4%</b>	<b>25.9%</b>	<b>27.6%</b>
Reported subscribers - Contract	<i>k Subs.</i>	3,877	4,770	5,810	6,441	6,441
Change YoY	%	25%	23%	22%	25%	25%
Net additions - Contract	<i>k Subs.</i>	782	893	1,041	1,294	1,262
Change YoY	%	-9%	14%	17%	64%	67%
Churn - Contract	%	0.9%	0.7%	0.8%	0.7%	0.7%
ARPU - Contract (MTR-Adjusted) <sup>1</sup>	<i>PLN</i>	51.1	50.8	53.1	53.0	52.1
Change YoY	%	6%	0%	4%	2%	0%
Data usage per subscriber - Contract	<i>MB</i>	898	849	1,274	1,816	2,132
Change YoY	%	22%	-5%	50%	99%	110%
unit SAC - Contract	<i>PLN</i>	355	333	326	311	291
Change YoY	%	-14%	-6%	-2%	-5%	-9%
unit SRC	<i>PLN</i>	259	271	280	267	265
Change YoY	%	-12%	5%	3%	-4%	-9%

<sup>1</sup> MTR-Adjusted – current, symmetrical Mobile Termination Rate of PLN 0.0429 applied to historical ARPU