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Q1 2014 Results
PLAY Investor Presentation

May 23, 2014

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Agenda

Business and Strategy	Jørgen Bang-Jensen CEO	
Financial Performance	Robert Bowker CFO	

Q1 2014 – Key Highlights

Strong Financial Performance

- Usage revenues for the twelve months ended Q1 2014 amounted to PLN 3,056m, rising by 21% year over year
- Q1 2014 usage revenues amounted to PLN 801m, an increase by 21% over Q1 2013, outpacing subscriber base growth
- Adj. EBITDA for the twelve months ended Q1 2014 amounted to PLN 845m, up by 44% over Q1 2013
- Q1 2014 Adj. EBITDA amounted to PLN 238m, up by 13% over Q4 2013, and marked further EBITDA % margin growth to 24.2% in Q1 2014, from 21.5% in prior quarter

Continued Commercial Success

- Play reached 10.94m subscribers as of March 31, 2014 (+17% y-o-y) while increasing retail ARPU through further improving contract/prepaid subscriber mix, and as result achieving fast usage revenue growth (+21% y-o-y)
- 73% of subscriber base growth in Q1 2014 was attributable to higher-ARPU, low-churn contract subscribers
- Play maintains its unrivaled position in Mobile Number Portability, taking more than 50% of all numbers moved between MNOs for **the 20th consecutive quarter – 5 years in a row**

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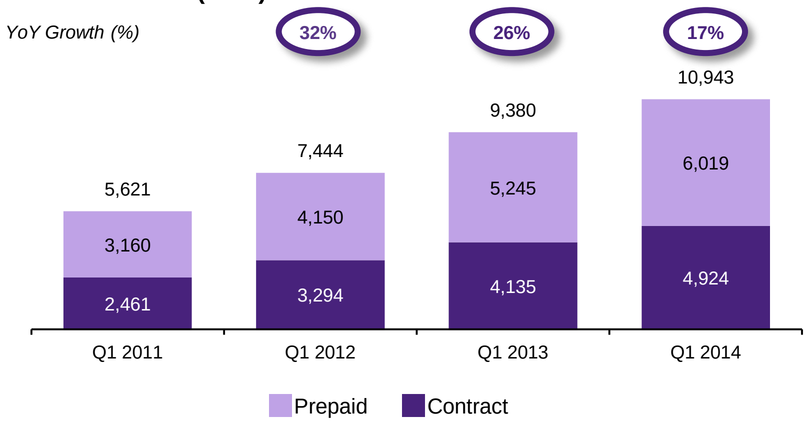
Fast growth of customer base and stable ARPU drive revenue and profitability expansion

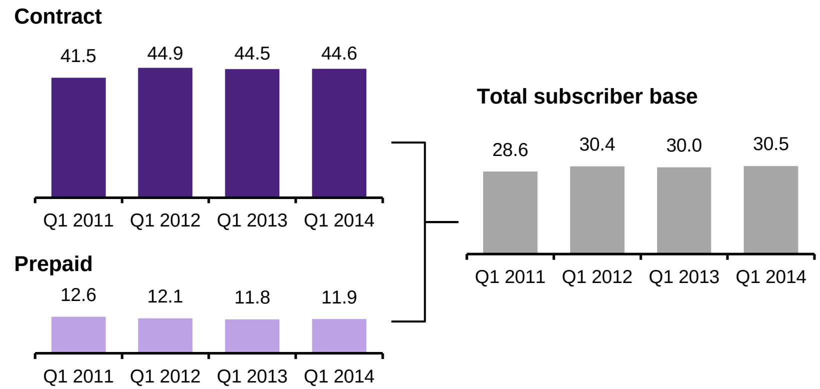
Fast growing subscriber base…

Subscriber base (000s)



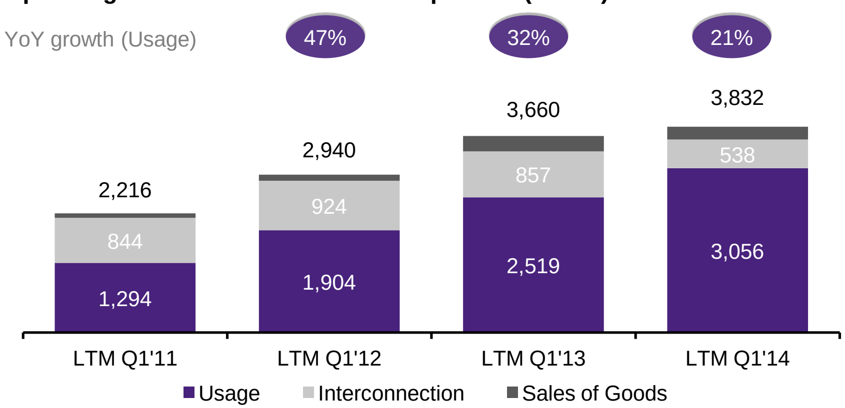
…with stable ARPU…

ARPU (Outbound) (PLN / month)



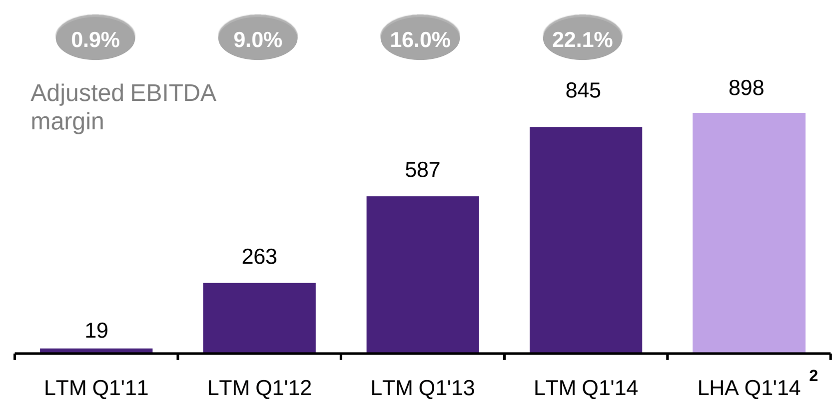
…drive revenue expansion…

Operating Revenues – Twelve month periods (PLNm)



…and profitability

Adjusted EBITDA[1] (PLNm)



[1] 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); [2] LHA Adjusted EBITDA calculated as (Q4 2013 Adj. EBITDA of PLN 211m + Q1 2014 Adj. EBITDA of 238m) x 2 = 898m;

Recent developments – Key Highlights (1/2)

Successful roll-out of 4G LTE

- PLAY launched commercially 4G LTE in 2013 becoming the second Polish operator to launch 4G LTE
  - 1,674 4G LTE sites on-air as of March 31, 2014
  - 30% population coverage of 4G LTE as of March 31, 2014
- Well on track to meet 1,800MHz spectrum license obligations, with approx. 2,230 sites with 1,800MHz frequency (in both LTE and GSM) already completed, representing approx. 70% of the 3,200 sites required by June 2015

New Network Sharing/ National Roaming deal with T-Mobile

- On March 25, 2014, Play started introducing T-Mobile as the main network sharing partner, based on renewed long-term deal offering very good commercial and technical conditions,
- The agreement covers all technologies and all frequency bands and will be in place for a 7 year period,
- Play will continue to work with Plus and Orange networks and also offer the reach of these networks for relevant customers
- The cooperation also enables Play more flexible allocation of its own 900 and 1,800 MHz bands, resulting in further improved experience for Play's customers

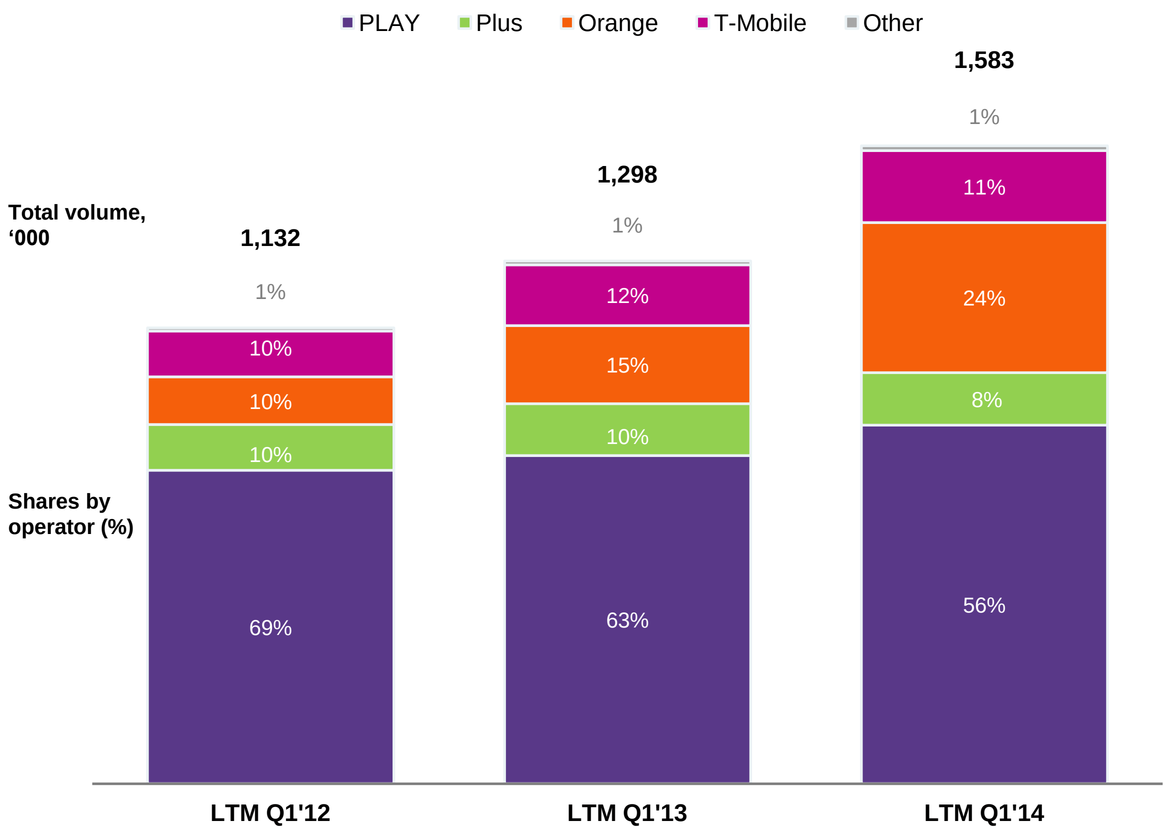
Recent developments – Key Highlights (2/2)

800/2,600MHz auction

- The timing and the shape of the auction remain unclear
- The consultation process revealed difference of views not only between market players but also between regulatory authorities in Poland – telecom regulator (UKE) and national competition authority (UOKiK)
- National competition authority has undertaken an investigation to review spectrum sharing initiatives such as T-Mobile and Orange collaboration
- National competition authority called upon telecom regulator to:
    - Postpone the LTE auction until after completion of its investigation
    - Consider tender process as opposed to multi-round auction in order to maintain competition in the market and to prevent unwanted, excessive concentration of spectrum

Continued Leadership in Mobile Number Portability…

Total volume of “Port-Ins” under MNP (‘000) and shares by MNOs (%)[1]



- PLAY is the preferred operator among customers migrating their mobile number
- Consistent leadership for 20 quarters and the absolute number of Port-Ins constantly growing
- Continues to outperform competitors in Mobile Number Portability with a net gain of 157k in Q1 2014
- PLAY expects to maintain the nominal Port-In volumes, but at declining market share
- Competitors are increasingly engaged in MNP mostly through corporate segment, on which PLAY is deliberately not focusing

[1] Actual figures, derived from multi-operator MNP management platform

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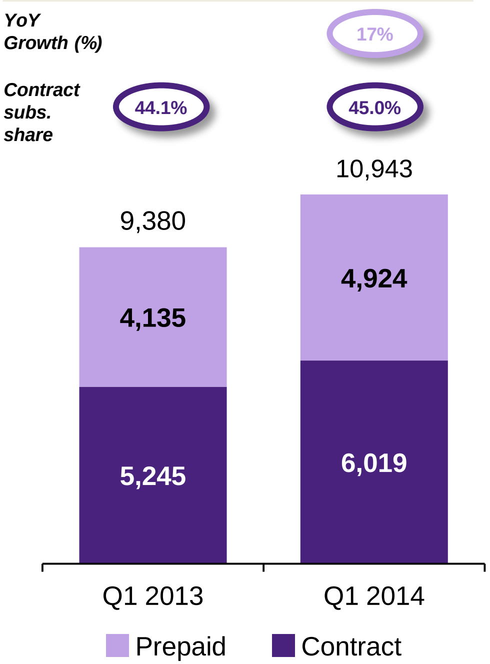
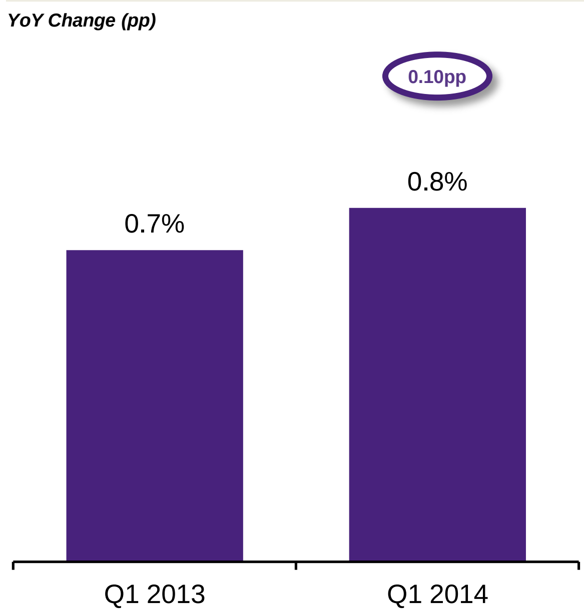
…results in high-quality subscriber base growth and ARPU increase

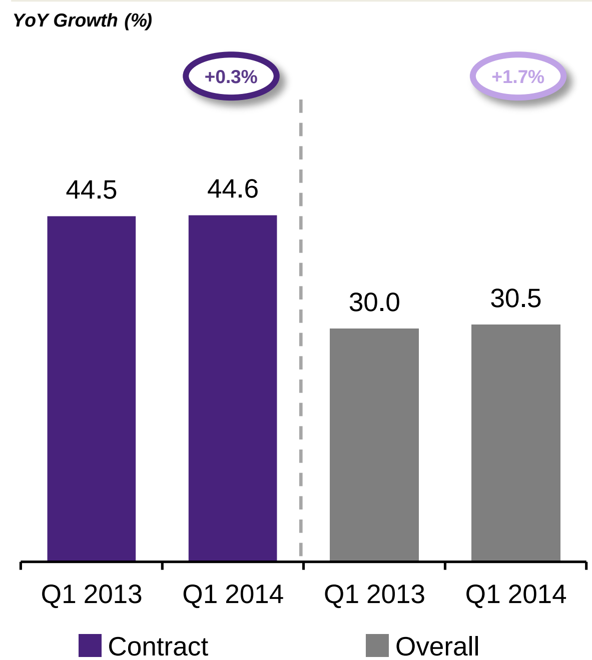
Subscribers (000s)



Contract Churn



Contract and total ARPU (Outbound) (PLN / month)



- 17% subscriber base growth year on year, with increasing share of the valuable contract subscribers (45.0% in Q1 2014, compared to 44.1% in Q1 2013)
- Steady contract ARPU and improving subscriber mix lead to overall outbound ARPU growth

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Summary Financials

PLN millions	Q1 2013	Q1 2014	Change	Q4 2013	Q1 2014	Change
Service revenue	**802**	**938**	**17%**	**910**	**938**	**3%**
Usage revenue	663	801	21%	782	801	2%
Retail contract revenue	534	649	22%	626	649	4%
Retail prepaid revenue	113	131	15%	134	131	-3%
Other revenue	16	22	38%	22	22	-1%
Interconnection revenues	139	137	-1%	128	137	7%
Sales of goods and other revenue	73	48	-34%	69	48	-31%
Total Revenue	875	986	13%	979	986	1%
Interconnect Costs	(176)	(168)	-5%	(157)	(168)	7%
Network Sharing	(53)	(55)	3%	(47)	(55)	17%
COGS	(70)	(49)	-30%	(69)	(49)	-30%
Other direct costs & SRC/SAC not eligible for capitalization	(37)	(47)	25%	(56)	(47)	-16%
Total Direct Costs	(337)	(318)	-5%	(328)	(318)	-3%
Contribution	**538**	**668**	**24%**	**651**	**668**	**3%**
D&A	(274)	(291)	6%	(297)	(291)	-2%
Other[1]	(8)	2	n.a.	(11)	2	n.a.
G&A	(222)	(260)	17%	(189)	(260)	38%
Operating Profit (Loss)[2]	**34**	**118**	**243%**	**154**	**118**	**-23%**
SAC / SRC Costs Capitalized	(232)	(219)	-6%	(225)	(219)	-3%
D&A	274	291	6%	297	291	-2%
Other EBITDA adjustments	24	48[3]	100%	(15)	48	n.a.
Adjusted EBITDA	**100**	**238**	**138%**	**211**	**238**	**13%**
Total Revenue (%)	*11.5%*	*24.2%*		*21.5%*	*24.2%*	
Cash Capex	**81**	**106**	**32%**	**120**	**106**	**-12%**

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[1] Other operating income less other operating costs; [2] Includes one-off costs of notes issuance; [3] Includes: impairment of SAC/SRC asset, advisory services fees, valuation of retention programs and other one-off items;
[4] MTR-Adjusted EBITDA for Q1 2013 amounted to PLN 110m

FCF Summary

PLN millions	Q1 2013	Q1 2014	Change	Q4 2013	Q1 2014	Change
Adjusted EBITDA	**100**	**238**	**138%**	**211**	**238**	**13%**
Non-cash items and changes in provisions	(2)	(3)	50%	(1)	(3)	180%
Change in working capital	106 [1]	(29)	n.a.	20	(29)	n.a.
Cash capex (net)	(81)	(106)	32%	(120)	(106)	(12%)
Income tax paid	(0)	(0)		-	(0)	n.a.
FCF before financing and non-recurring items	**124**	**101**	**(19%)**	**110**	**101**	**(8%)**
Proceeds from finance liabilities	89	3,816		99	3,816	
Repayment of finance liabilities net of restricted cash impact	(124)	(2,373)		(124)	(2,373)	
Distribution to shareholders	-	(718)		-	(718)	
Transfer to escrow account	-	(720)		-	(720)	
Advisory services fee paid out	(7)	-		(8)	-	
Retention programs and special bonuses paid out	-	(29)		(16)	(29)	
Civil transaction tax paid	-	(7)		-	(7)	
Cash interest (net) and other financial costs	(20)	(101)		(24)	(101)	
Foreign exchange gains / (losses)	5	7		2	7	
Net increase (decrease) in cash and cash equivalents	**68**	**(26)**		**38**	**(26)**	
Effect of exchange rate change on cash and cash equivalents	(0)	(0)		0	(0)	
Beginning of period cash and cash equivalents	122	173		134	173	
End of period cash and cash equivalents	190	147		173	147	

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[1] Reflects intensified new contract subscriber acquisition in Q1 2013, for which a stock of handsets was built up at the end of Q4 2012, and which was subsequently successfuly sold in Q1 2013

Capitalization

	Actual			Pro Forma for escrow release[1]		
	PLNm	EURm[3]	xLHA Adj. EBITDA[4]	PLNm	EURm[3]	xLHA Adj. EBITDA[4]
Cash and cash equivalents	147	35	0.16x	147	35	0.16x
Escrow (short-term investments)[2]	709	170	0.79x	-	-	-
Revolving Credit Facilities drawn	-	-	-	-	-	-
Finance Leases	51	12	0.06x	51	12	0.06x
Senior Secured Notes	2,655	637	2.96x	2,655	637	2.96x
of which EUR fixed rate Notes [5]	2,524	605	2.81x	2,524	605	2.81x
of which PLN floating rate Notes [5]	131	31	0.15x	131	31	0.15x
Secured debt	2,707	649	3.01x	2,707	649	3.01x
Net secured debt	**1,850**	**444**	**2.06x**	**2,560**	**614**	**2.85x**
Senior Unsecured Notes[5]	1,138	273	1.27x	1,138	273	1.27x
Total debt	3,845	922	4.28x	3,845	922	4.28x
Net debt	**2,989**	**716**	**3.33x**	**3,698**	**886**	**4.12x**

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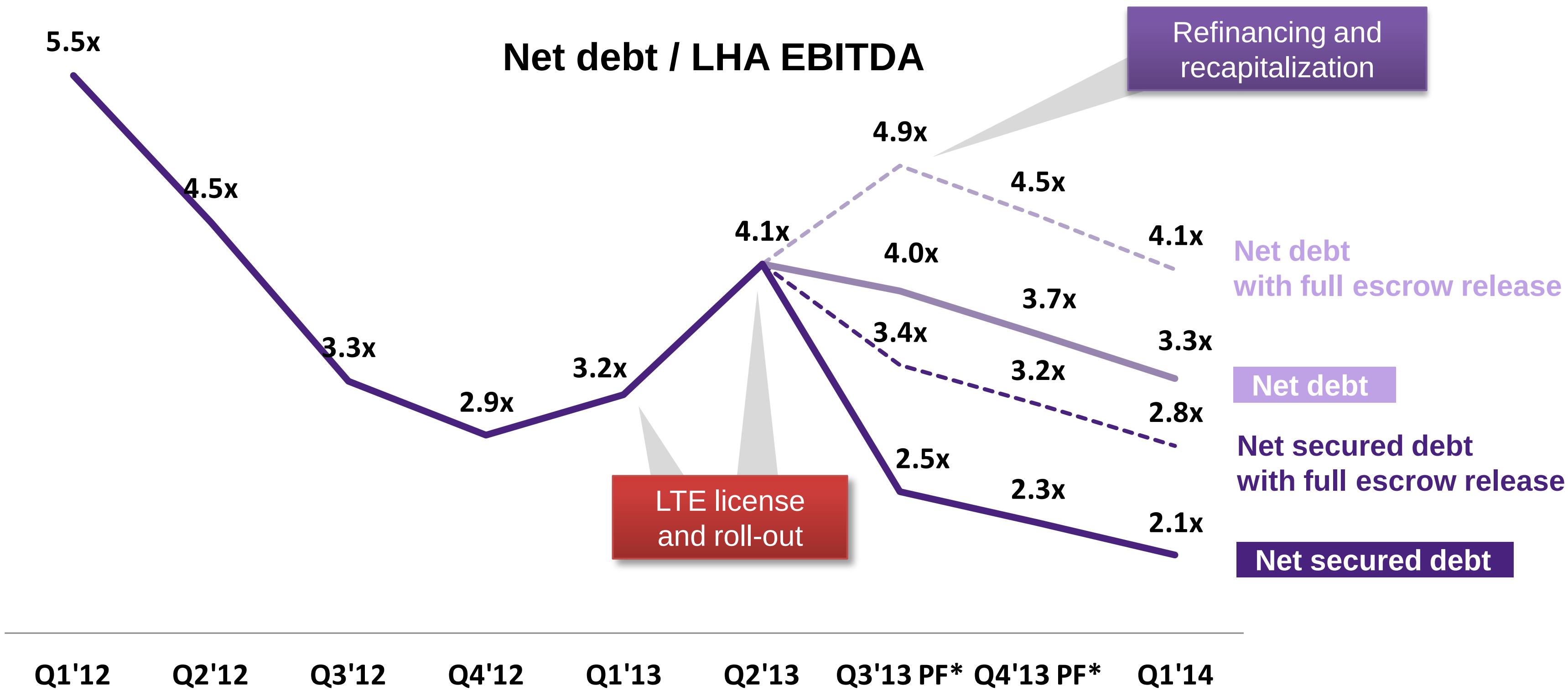
[1] Assuming escrow released in full; [2] Escrow is recognized as short-term investment, but is eligible under finance documents, for inclusion in net debt calculation; [3] Currency exchange rate as of March 31, 2014 1 EUR = 4.1713 PLN; [4] LHA Adj. EBITDA of PLN 898 million as of March 31, 2014; [5] Including accrued interest

Strong deleveraging as result of EBITDA growth



- Fast EBITDA growth based on revenue growth out of a stable cost base allows for quick deleveraging

* For Q3 and Q4 2013 net debt pro forma for refinancing and recapitalization was used (bond issuance; CDB/Alior debt repayment and distribution to shareholders)

Q&A

Appendix

Adjusted EBITDA Reconciliation

PLN millions	Q1 2013	Q1 2014	Change	Q4 2013	Q1 2014	Change
Operating Profit	**34**	**118**	**243%**	**154**	**118**	**-23%**
D&A	274	291	6%	297	291	-2%
Reversal of SAC/SRC Capitalization	(232)	(219)	-6%	(225)	(219)	-3%
Impairment of SAC/SRC	13	6	-52%	11	6	-45%
Management Fees	4	5	24%	2	5	159%
Valuation of retention program adj.	7	33	363%	(34)	33	n.a.
Other one-off operating costs	-	3	n.a.	6	3	-49%
Adjusted EBITDA	**100**	**238**	**138%**	**211**	**238**	**13%**
% of Revenues	*11.5%*	*24.2%*	*111%*	*21.5%*	*24.2%*	*12%*
MTR adjustment to revenue[1]	(46)	-	-100%	-	-	n.a.
MTR adjustment to costs[1]	56	-	-100%	-	-	n.a.
MTR-Adjusted EBITDA[1]	**110**	**238**	**117%**	**211**	**238**	**13%**
% of MTR-Adjusted Revenues	*13.3%*	*24.2%*		*21.5%*	*24.2%*	

- We define Adjusted EBITDA as operating profit/(loss) 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
- We define MTR-Adjusted EBITDA margin as MTR-Adjusted EBITDA divided by MTR-Adjusted operating revenue in the applicable period; MTR-Adjusted operating revenue is defined as operating revenue less adjustment to interconnection revenue

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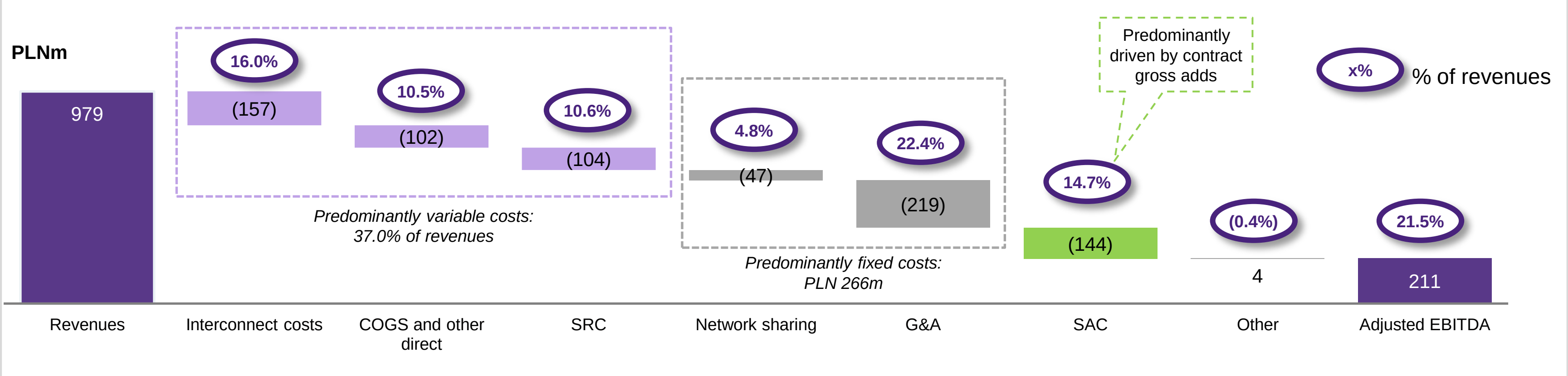
[1] Last MTR change took effect from July 1, 2013 – periods after that date do not require adjustment to current MTRs

Adj. EBITDA growth driven by revenue expansion and flexible cost structure

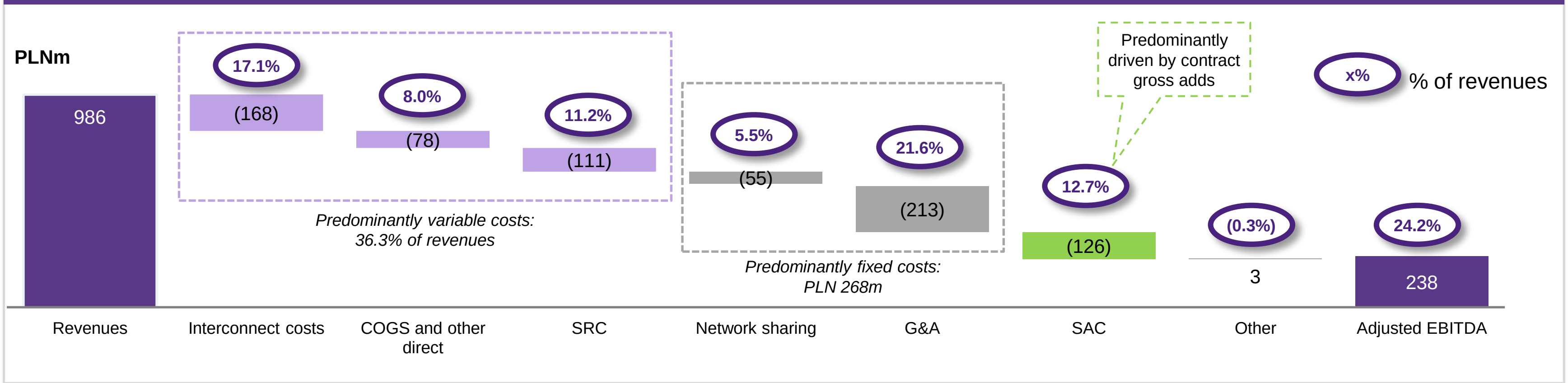
EBITDA Bridge Q4 2013



- Adjusted EBITDA increase to PLN 211m in Q4 2013 compared to PLN 203m in Q3 2013 mainly due to:
  - Expansion of revenues which also translates into increased service costs due to growth in traffic
  - Stable fixed cost base (network sharing and Opex) despite growing revenues
  - Offset by higher SAC costs due to the growth in contract gross adds

Adj. EBITDA growth driven by revenue growth and savings in G&A costs, SAC and COGS

EBITDA Bridge Q1 2014



- Adjusted EBITDA increase to PLN 238m in Q1 2014 compared to PLN 211m in Q4 2013 mainly due to:
  - Q4 2013 had significantly higher Subscriber Acquisition Costs (SAC) and Costs of Goods Sold (COGS) which is characteristic for holiday season and results from higher sales
  - Savings on SAC and COGS where offset in other categories, in particular interconnect and network sharing costs, resulting from growing traffic