



**PLAY**



**PLAY**  
**Q2 & H1 RESULTS**  
**PRESS CONFERENCE**

August 27th 2019



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# **BUSINESS PERFORMANCE & HIGHLIGHTS**

# PLAY 2022 strategy

Profitable growth:  
**EBITDA growth every year**



**#1**

## **DIGITAL OPERATOR**

Best digital experience  
Company 100% digitized



**#1**

## **MOBILE-CENTRIC CONVERGENCE**

Home Internet and TV  
Mobile Devices



**#1**

## **LEAN AND 5G-READY NETWORK**

Network independence  
Most cost effective network

**CLEAR**

**Cost-conscious**

**CLOSE**

**Customer obsessed**

**CAN DO**

**Challenger attitude**

# Further progress in digital



## PLAY24

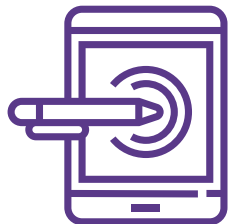
New version of the selfcare app launched in April with upgrades including native top-ups (blik, G Pay, Apple Pay), click-2-call and chat functionalities

**4.2 million active users**



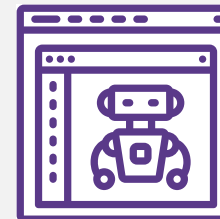
## ONLINE RETENTION

Introduction of online multisim retention functionality including handset purchase – previously available only in PoS



## PoS DIGITALISATION

E-signature introduced in Points of Sales driving share of fully digitilised transactions to **40%**, improving customer experience and reducing costs



## E-BOOKING

Implementation of Robotic Process Automation and enhanced Optical Character Recognition results in **automated booking of ~15%** of invoices to the financial system

# Enrichment of mobile-centric products and services portfolio



## PLAY NOW TV BOX

Launched commercially in April with close to 18 thousand subscribers at the end of June and average viewing time of 75 minutes per active user per day in Q2



## HOMEBOX

New mobile-centric package launched early June combining regular mobile plan with Wireless to the Home (WTTH) service



## MORE-FOR-MORE

New post-paid, pre-paid and mix mobile plans reflecting upon more-for-more strategy: significantly higher data transmission at reasonably increased prices



## HANDSETS

0.8m handsets sold in H1 2019, providing PLAY with 20% retail market share in Poland

# PLAY & VECTRA Cooperation Agreement



## ALTERNATIVE HOTSPOT SOLUTION

Fixed WiFi hotspots, complementary to PLAY 5G Ready & 5G WTTH – as of H1 2020  
Protecting mobile network from congestion in very dense areas



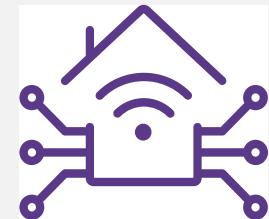
## RESELLING MODEL

No upfront payment for access to the network, no capex invested  
Part of strategic partnership including already MVNO and backhaul transmission



## 2.7M HOUSEHOLDS

Close to 40% of households in coverage of high speed fixed networks in Poland



## EASINESS

Easier to install and use than FTTH thanks to existing connections to apartments

# Accelerated preparation for 5G



## 5G READY

5G READY already deployed in 23% of PLAY network sites with Internet speed of up to 900 Mbps



## 5G

5G tests initiated in Toruń based on 100 Mhz block within 3.5-3.6 Ghz frequency band

5G deployment in Legia Stadium (Warsaw) announced in cooperation with Ericsson



## #1 IN SPEED TESTS

The fastest mobile Internet in H1 2019 according to speedtest.pl and Ookla



## NETWORK ROLL-OUT

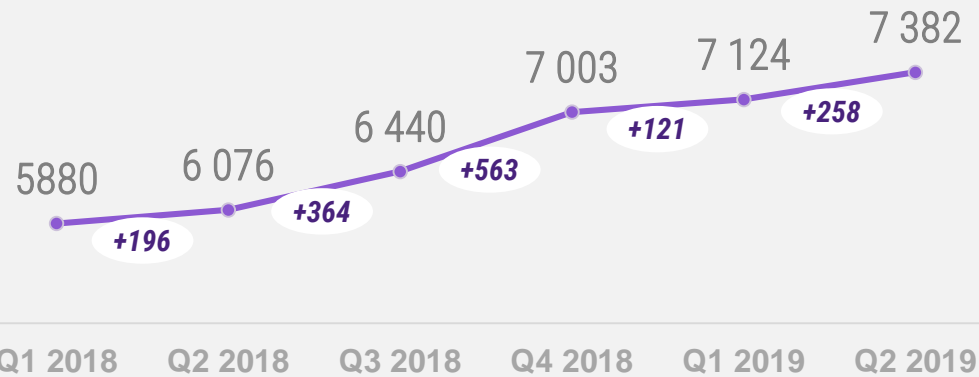
~380 new sites added to PLAY footprint in H1 2019, providing 98.1% population coverage with own LTE network



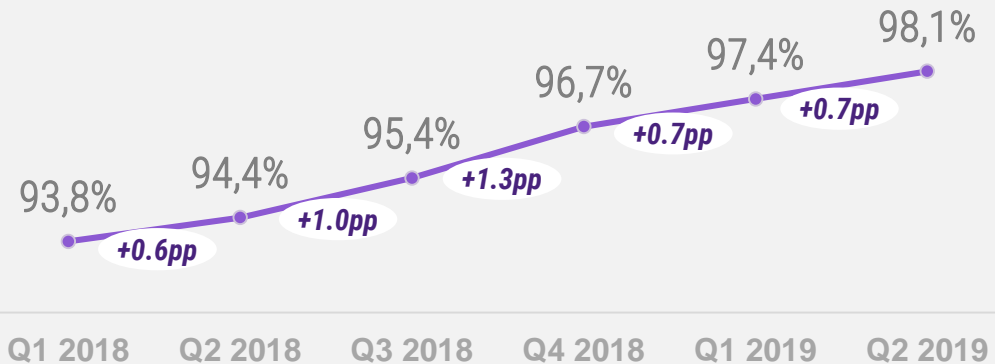
# Network roll-out and upgrades

## NETWORK ROLL-OUT...

- Number of sites (EoP):

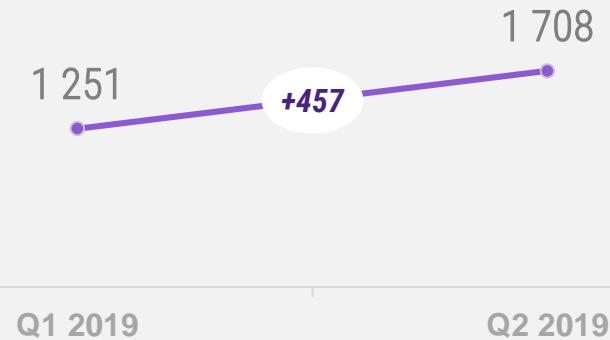


- 4G LTE population coverage (EoP):

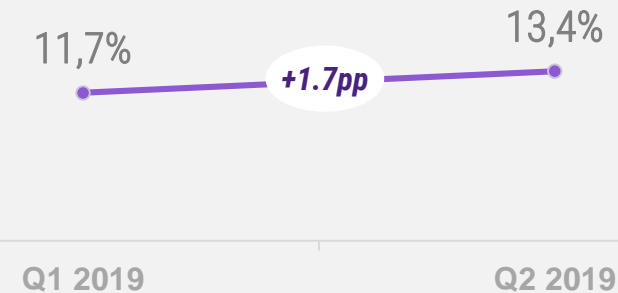


## ...AND IMPLEMENTATION OF 5G READY

- Number of 5G Ready sites (EoP):



- 5G Ready population coverage (EoP):





# Acquisition of 3S: support execution of mobile-centric strategy

## RATIONALE

- Securing metro fiber access to existing & future base stations - timely and cost efficiently
- Ensure long-term cost control through ownership of fiber transmission and data centers

## CONTEXT

- 5G ready and 5G roll out require high capacity transmission (high speed and low latency)
- Transmission market is becoming more challenging with price and availability risks

## FIT

- Play and 3S have successfully worked as partners for 10 years
- We share the culture of entrepreneurship, cost efficiency and fast execution

## COST/CAPEX SYNERGIES

- Stabilizing collocation and combined network costs despite expected 5G-lead data growth
- Joint procurement savings

## REVENUE/ EBITDA UPSIDE

- Extending Play's B2B and wholesale offerings (new product lines)
- Expanding 3S offer nationwide through Play salesforce and fiber roll-out plan

# KEY OPERATIONAL & FINANCIAL METRICS

# Customer base reflecting continuous focus on contract subscribers

## TOTAL CUSTOMERS



**15.0M**

#1 customer base in Poland

## ACTIVE CUSTOMERS



**12.7M**

+250k YoY

85% of total customers

## CONTRACT CUSTOMERS



**9.9M**

+231k YoY

out of which 92% active

Contract customer base up to **9.9 million (+2.4% YoY)**, including 9.1 million active contract subs (+3.0% YoY)

Active pre-paid customer base reduced by ca. **15k (-0.4% YoY)**, partly due to migration to post-paid

# Spotlight on increasing existing customer base value

## BLENDED ARPU



**PLN 32.9<sup>1</sup>**

+1.4% YoY

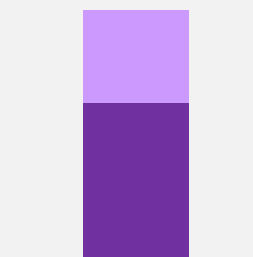
## CONTRACT CHURN



**0.7%<sup>2</sup>**

-0.1pp YoY

## BUNDLED SHARE



**41.8%**

+1.6pp YoY

Contract ARPU up to **PLN 37.8 in Q2**

Contract churn **improved to 0.7% in Q2**

42% share of bundled SIM cards drive increase in ARPA

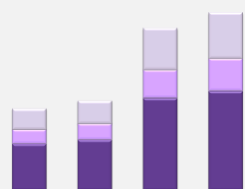
<sup>1</sup> Presented for active subscribers on average monthly basis over the period of Q2 2019; for detailed definition please refer to the Report;

<sup>2</sup> Presented for reported subscribers on an average monthly basis; for detailed definition please refer to the Report

# Q2: Exceptional performance with the highest quarterly adj. EBITDA ever

Key financial figures for Q2 2019

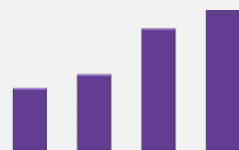
## OPERATING REVENUE



**PLN  
1,759M**

+4.2% YoY  
Usage revenue  
+6.1% YoY

## ADJUSTED EBITDA



**PLN  
644M**

+17.1% YoY  
Margin 36.6%

## NET PROFIT



**PLN  
254M**

+27.1% YoY  
Margin 14.4%

## FCFE



**PLN  
170M**

In line  
-44.4% YoY

Revenue up by 4.2% YoY driven by 6.1% increase in usage revenue and 2.8% growth in sales of goods

Adjusted EBITDA improved thanks to revenue growth and decrease in national & international roaming costs, partially offset by G&A, mainly network maintenance and payroll

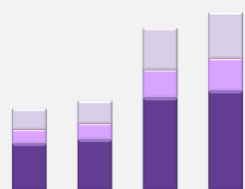
Net profit up by 27% YoY, boosted by higher adj. EBITDA, coupled with lower interest, but higher D&A and tax

FCFE in line with 2019 guidance, lower by 44.4%YoY due to higher cash capex and cash taxes

# H1: Extremely strong performance across key financial metrics

Key financial figures for H1 2019

## OPERATING REVENUE



**PLN  
3,445M**

+3.6% YoY

Usage revenue  
+4.8% YoY

## ADJUSTED EBITDA



**PLN  
1,221M**

+14.2% YoY

Margin 35.4%

## NET PROFIT



**PLN  
467m**

+32.6% YoY

Margin 13.6%

## FCFE



**PLN  
350m**

In line

-17.1% YoY

Revenue up by 3.6% YoY

Adjusted EBITDA increase through revenue growth and improved cost base

Net profit up by 32.6% YoY

FCFE in line with 2019 guidance, lower by 17.1% YoY due to higher cash capex and cash taxes – good perspective for FY trend

# GUIDANCE STATUS 2019



# 2019 Guidance Status

	H1 Results	FY 2019 Guidance	Interpretation for FY Guidance
Revenue	<b>+3.6%</b>	<b>Growth below 2018 result</b>	<b>Confirmed</b>
Adj. EBITDA	<b>PLN 1.2bn</b>	<b>PLN 2.2-2.3bn</b>	<b>PLN 2.3-2.4bn</b>
Cash CAPEX <sup>1</sup>	<b>PLN 435m</b>	<b>Up to PLN 800m</b>	<b>PLN 800-830m</b>
FCFE <sup>2</sup>	<b>PLN 350m</b>	<b>PLN 670-750m</b>	<b>PLN 770-830m</b>
Distribution to Shareholders	<b>PLN 368m paid for 2018</b>	<b>40-50% of FCFE</b>	<b>Confirmed</b>

1 Play defines Cash Capex without frequency reservation cash outlays

2 Post lease payments, excluding cash out for purchase of 3S, which we exclude from FCFE calculation as exceptional item

# Q&A Session

