



Świat Najlepszych Telewizji

# Cyfrowy Polsat S.A.

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**Poland's No 1 DTH platform**

**ING EMEA Forum**

**1-5 December 2008, Prague**



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# **Introduction to Cyfrowy Polsat**



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# Cyfrowy Polsat highlights

Largest DTH operator in Poland, 5th largest in Europe

Attractive, unconsolidated market with significant growth potential

Experienced senior management team



Extensive, high-quality programming offer at competitive prices

Strong financial profile

Upfront payment subscription and STB sale business model with low churn rates

Strong brand name and high customer satisfaction



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# Cyfrowy Polsat today

Largest provider of DTH services in Poland with 2.4 million subscribers<sup>1</sup>

Comprehensive programming offering, with 71 Polish language channels and over 500 FTA foreign language channels

First DTH operator to launch DVR, in November 2006

HDTV available since November 2007

Launched MVNO services on 8 September 2008 (pre-paid and post-paid)

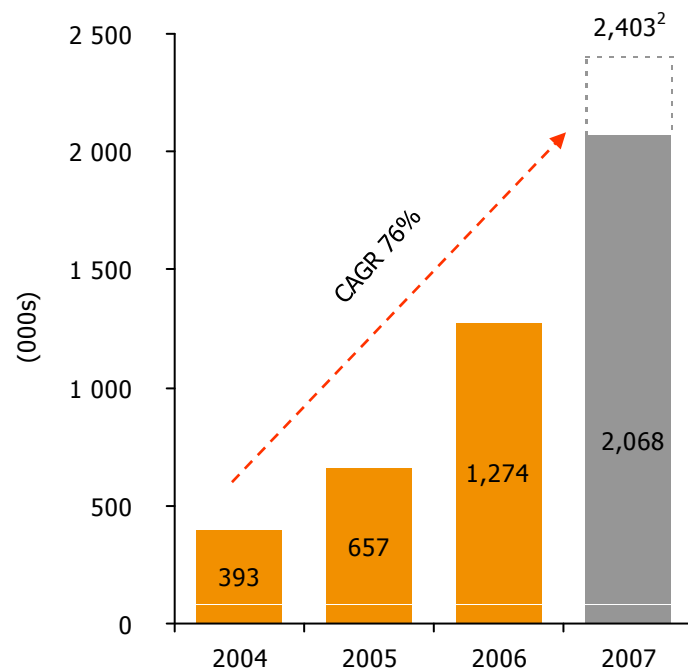
Note:

1 As at 30 September 2008

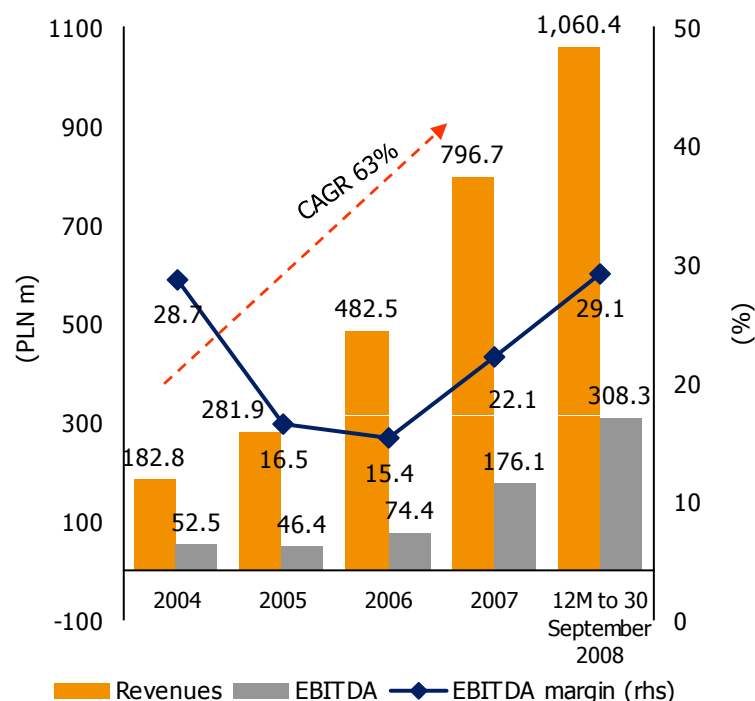
# Dynamic growth ...

## Significant subscriber and revenue growth

### Subscribers<sup>1</sup>



### Revenues and EBITDA



Source: Calculated based on Grupa Cyfrowy Polsat S.A. audited IFRS financial statements for 2004–2007 and Company data

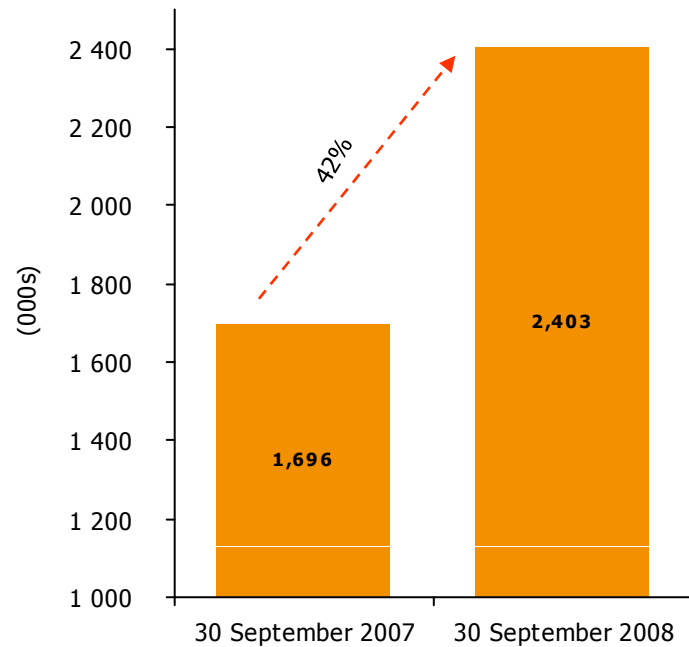
Notes:

- 1 Year end subscriber numbers for 2004–2007
- 2 As at 30 September 2008
- 3 2006 financials are reclassified to conform with FY 2007 results; results from the subsidiary EMARKET, sold on 31 August 2007 are presented under "net profit/(loss) from discontinued operations"
- 4 2007 EBITDA adjusted for the fair value of shares subscribed to by members of the Management Board (PLN 10.2 million)

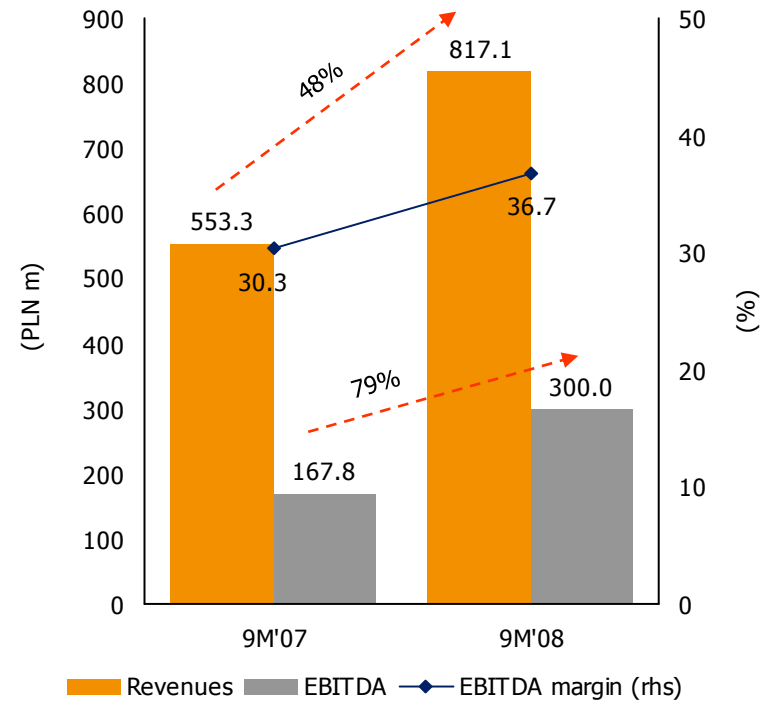
# ... further continued in 2008

## We continued to significantly grow in 2008

### Subscribers



### Revenues and EBITDA



Notes:

1 9M'07 and 9M'08 financials are unaudited



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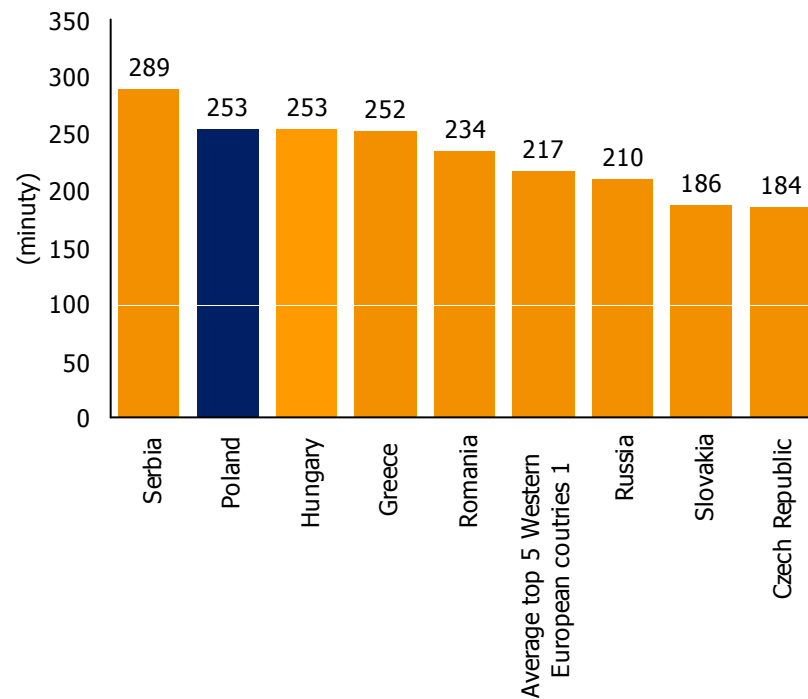
# Polish Pay TV market

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# TV viewing time

## Average daily TV viewing minutes per adult (2007)



- Poland has one of the highest average daily TV viewing minutes
- Watching Pay TV is a common and generally cheap form of entertainment

Activity	Illustrative cost (PLN)
Mini Package	10
Menu McDonald	12
Mini Max Package	20
Movie ticket	22-27
Family Package	38
1/2h of bowling	45

Source: WARC (World Advertising Research Center) 2007

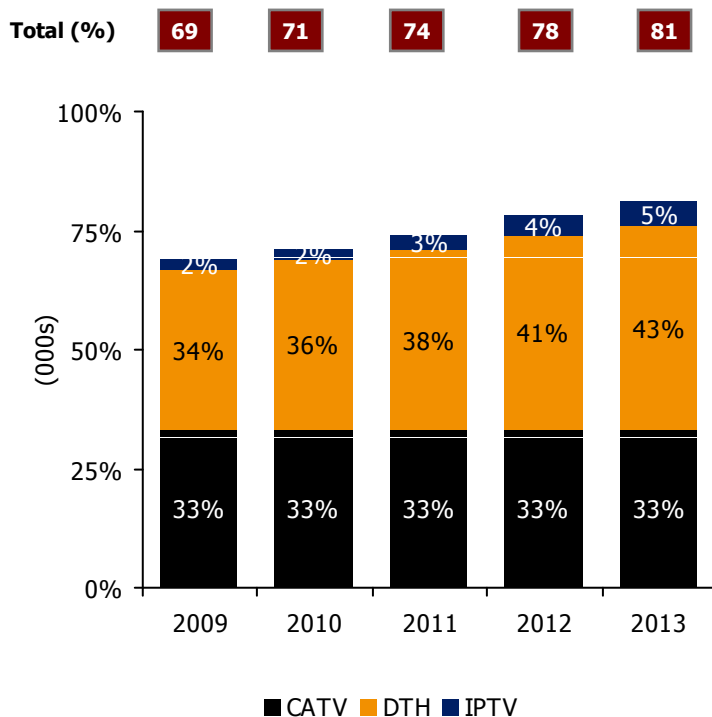
Note:

1 Includes Italy, Germany, France, UK and Spain

# The Polish DTH market

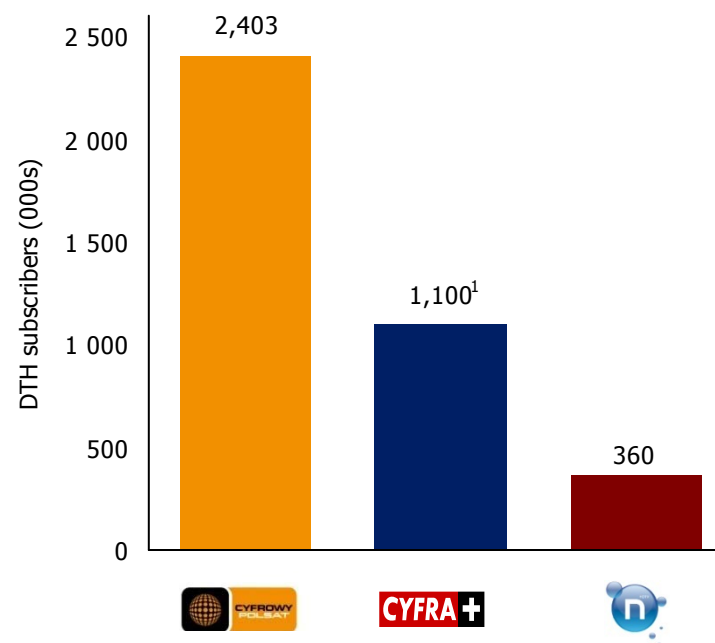
Poland is one of the largest DTH markets in Europe, with significant room for growth

Polish pay TV market penetration forecast



Source: Informa, Eastern European TV 12th Edition (cable penetration adjusted for the homes passed)

DTH operators in Poland—September 2008



Source: Press, Company information

Notes:

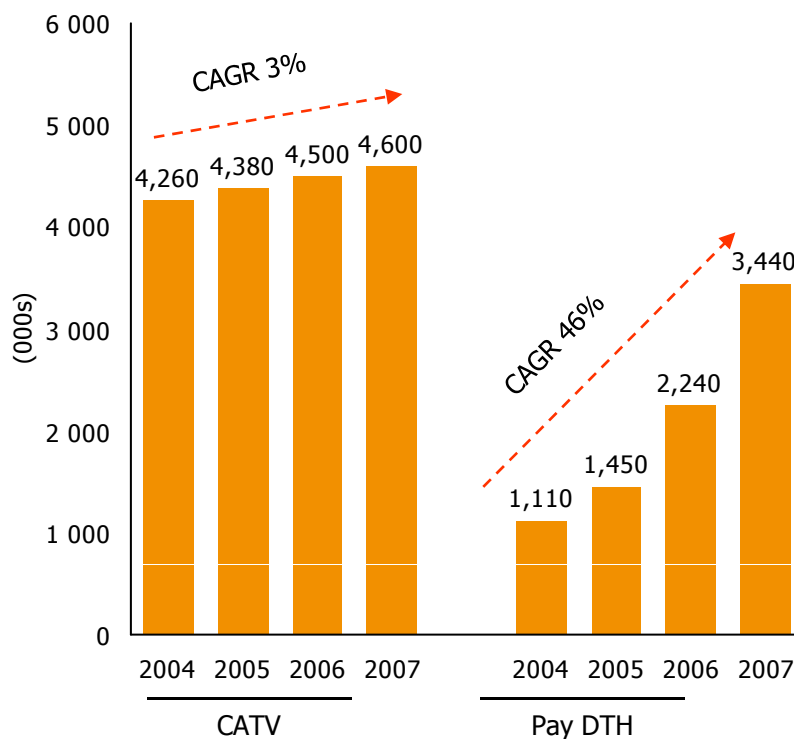
1 Data as at 30 June 2008



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# Poland's fastest growing DTH player

## Increase in CATV/DTH subscribers in Poland



Source: GUS, KRRiTV, PIKE, Informa,

## Cyfrowy Polsat's share of DTH growth

Our market share of net adds

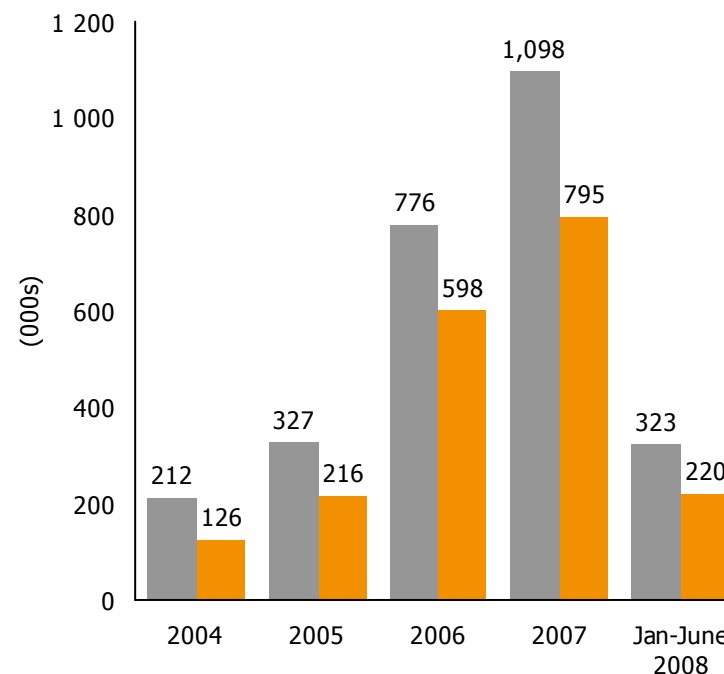
59%

66%

77%

72%

68%



■ Total pay DTH net additions ■ Cyfrowy Polsat net additions

Source: Informa, press (for 2007), own estimates



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## Our product

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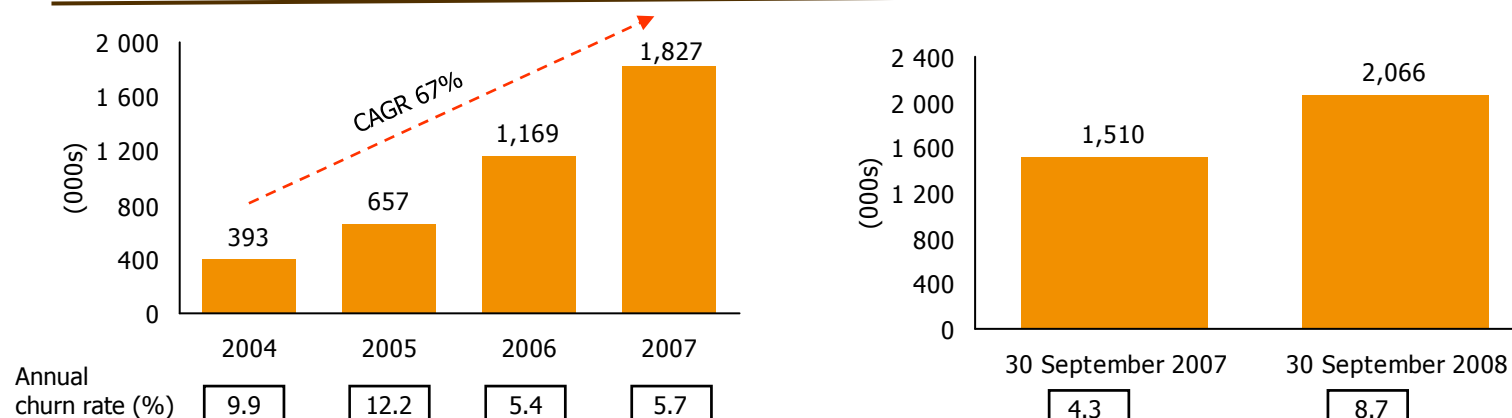
# Our packages

Over 500 TV channels and 9 Polish radio channels

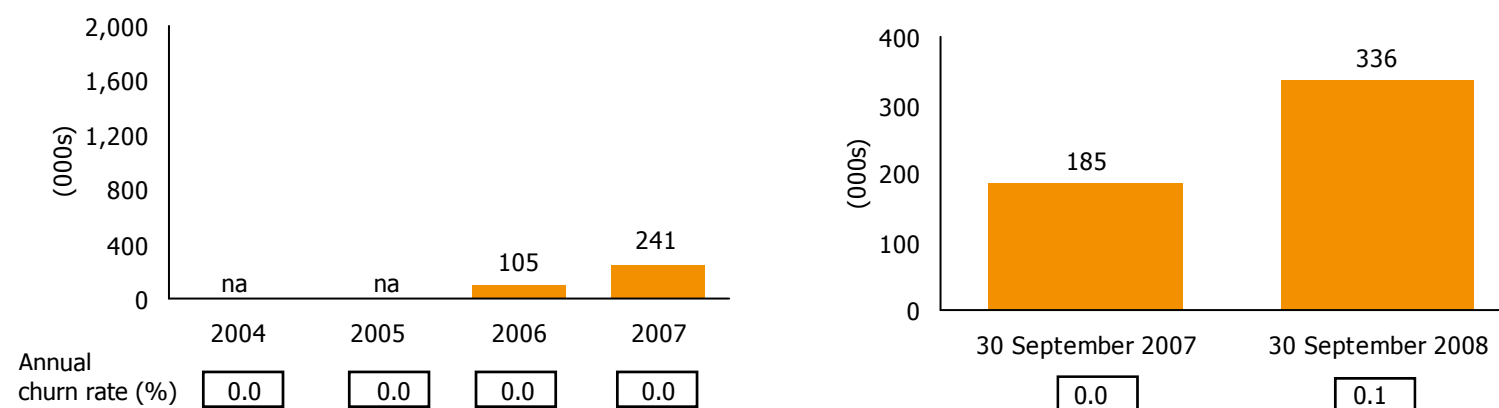
		Subscribers (000s)	No. of Channels	Price (PLN)
Family (Basic)		2,066	47	37.90
Relax Mix		Upgrade from Family Package	62	Family + 19.90
Relax Mix + HBO	<p>Relax Mix as above</p>	Upgrade from Family Package	65	Family + 39.90
Super Film package	<p>Relax Mix as above</p>	Upgrade from Family Package	67	Family + 49.90
HD		A la carte	4	Family /HBO + 6 per channel
Mini		336	18	9.90
Mini Max			22	19.90

# Subscriber performance

## Subscribers<sup>1</sup> —Family Package – 86% of our subscriber base



## Subscribers<sup>1</sup> —Mini Package – 14% of our subscriber base

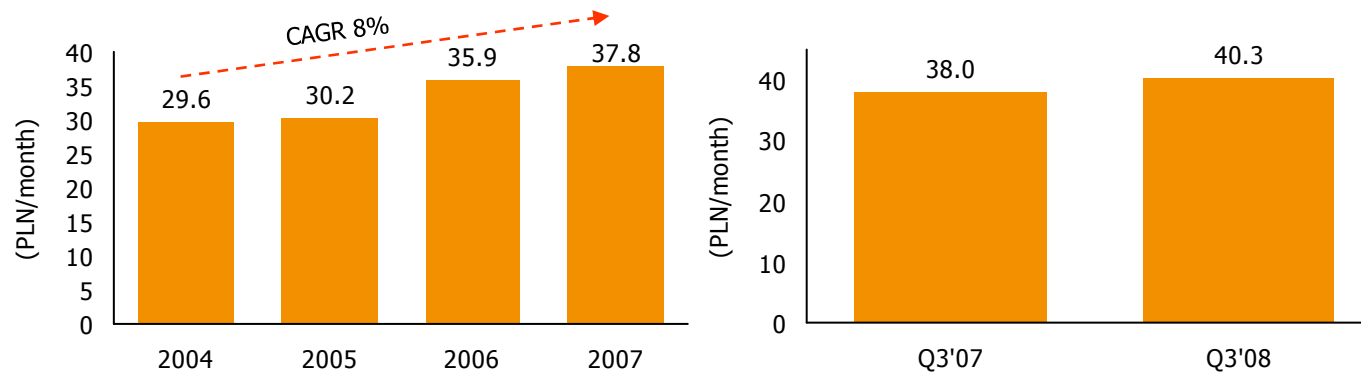


Notes:

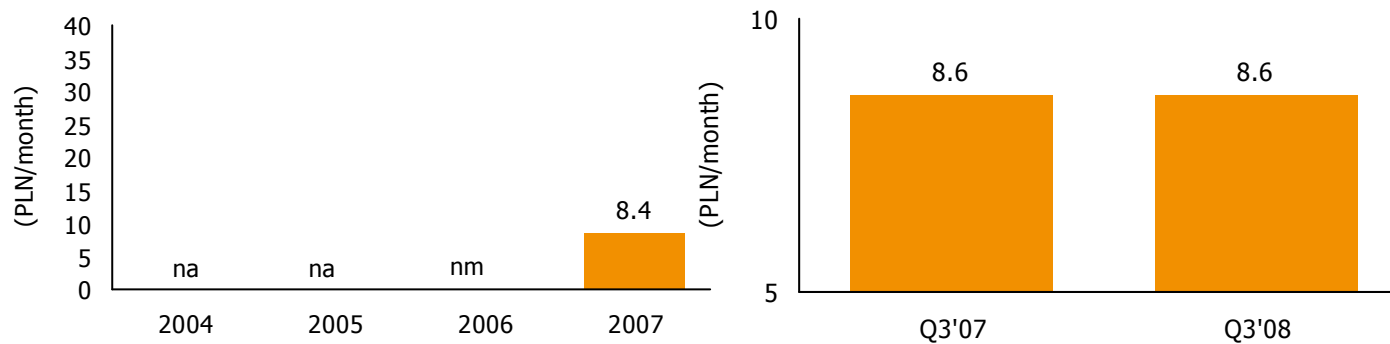
1 Year end subscriber numbers for 2004–2007

# ARPU performance

## ARPU<sup>1</sup> —Family Package



## ARPU<sup>1</sup> —Mini Package



Source: Calculated based on Grupa Cyfrowy Polsat S.A. audited IFRS financial statements for 2004–2007 and Company data

Notes:




1 ARPU is calculated as subscription revenues divided by average subscribers (based on the monthly average)



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# Poland's DTH players comparison

**Cyfrowy Polsat maintains competitive prices while offering high quality services**

			
<b>Launch date</b>	<ul style="list-style-type: none"> <li>December 1999</li> </ul>	<ul style="list-style-type: none"> <li>November 1998</li> </ul>	<ul style="list-style-type: none"> <li>October 2006</li> </ul>
<b>Subscribers<sup>1</sup></b>	<ul style="list-style-type: none"> <li>2,402,524</li> </ul>	<ul style="list-style-type: none"> <li>c. 1,100,000</li> </ul>	<ul style="list-style-type: none"> <li>c. 360,000</li> </ul>
<b>Channels</b>	<ul style="list-style-type: none"> <li>71 Polish TV</li> <li>Access to over 500 FTA channels via HotBird</li> </ul>	<ul style="list-style-type: none"> <li>72 Polish TV</li> <li>Access to FTA channels via HotBird</li> </ul>	<ul style="list-style-type: none"> <li>77 Polish TV</li> <li>Access to FTA channels via HotBird</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>Key content: 2 exclusive sports channels; 15 movie channels incl. HBO</li> <li>Polsat and all key TVN, TVP channels</li> </ul>	<ul style="list-style-type: none"> <li>Key content: 2 exclusive sports channels; 20 movie channels incl. CANAL + and HBO</li> <li>Key TVN, TVP but no Polsat channels</li> </ul>	<ul style="list-style-type: none"> <li>Key content: 1 exclusive sports channel; 20 movie channels incl. HBO</li> <li>Key TVN, TVP channels but no Polsat channels</li> </ul>
<b>Packages (monthly fees)</b>	<ul style="list-style-type: none"> <li>Entry: PLN 10/€3</li> <li>Full: PLN 112/€33</li> </ul>	<ul style="list-style-type: none"> <li>Entry: PLN 19/€6</li> <li>Full: PLN 147/€43</li> </ul>	<ul style="list-style-type: none"> <li>Entry: PLN 32/€9</li> <li>Full: PLN 190/€56</li> </ul>
<b>New services (launch date)</b>	<ul style="list-style-type: none"> <li>HDTV (November 2007)</li> <li>DVR (November 2006)</li> <li>MVNO (September 2008)</li> </ul>	<ul style="list-style-type: none"> <li>HDTV (Q4 2006)</li> <li>IPTV in co-operation with TPSA (2006)</li> <li>DVR (2008)</li> </ul>	<ul style="list-style-type: none"> <li>HDTV (Q4 2006)</li> <li>VoD (September 2007)</li> <li>DVR (December 2006)</li> </ul>

Source: Company information, Press

Notes:

1 As at 30 September 2008





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## Our strategy

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# Strategy: highlights

Continue to build value of our DTH business with key targets to:

1. Increase penetration of pay DTH satellite broadcasting services
2. Increase ARPU through creation of new packages, launch of new products and possible increases of subscription prices
3. Continue to manage existing operations cost-effectively and efficiently (e.g. improve profitability through in-house production of STBs)

Leverage brand name and existing subscriber base to launch bundled services

1. MVNO services launched on 8 September 2008
2. Consider offering broadband and fixed-line telephony in the future

# The MVNO opportunity

## Strategically valuable option

- Combination of DTH and MVNO can serve as the basis for a potential future multiple-play offering
- Large addressable market beyond DTH customer base

## Controllable costs

- Limited incremental investment
- Numerous operational synergies (sales, customer care, marketing, etc.)
- Access to mobile content from current business partners

## Limited risk

- Leverages brand equity and sales network of 1,277 PoS
- Phased investment
- Early entrant in a fast-growing market

## High potential return

- New business generating incremental profits
- Maintain DTH customer loyalty and reduce churn
- Cross-promotion and cross-selling

**The MVNO provides attractive upside potential**



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## Financial highlights

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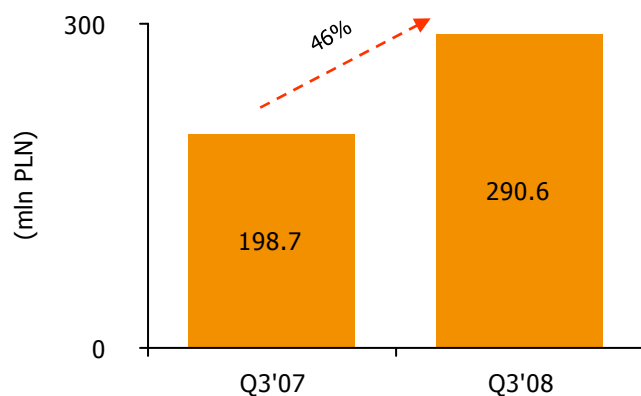


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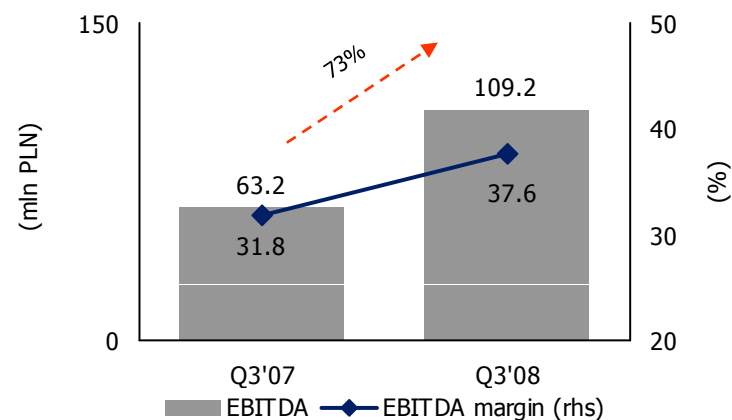
# Dynamic growth year-on-year

## Financial results

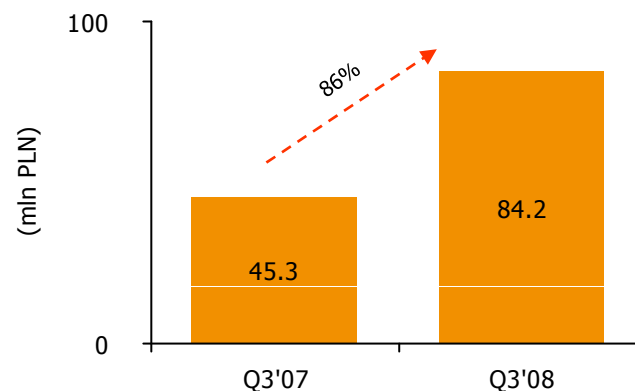
### Revenues



### EBITDA and EBITDA margin



### Net income



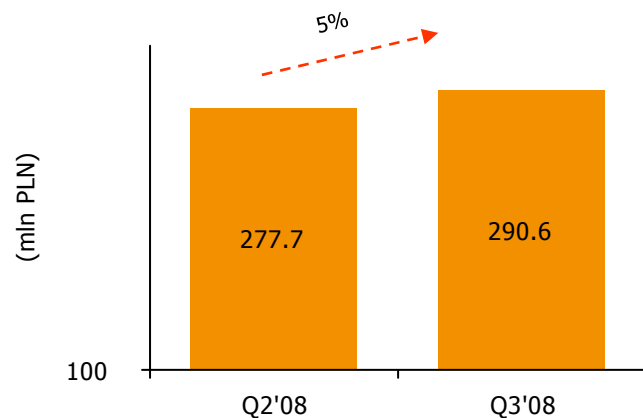


Świat Najlepszych Telewizji

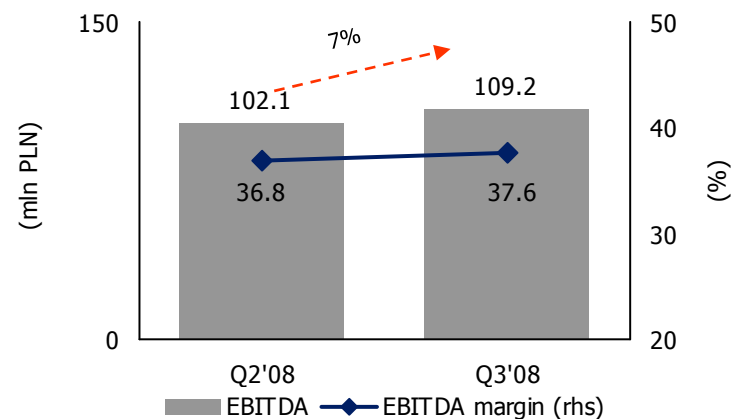
# Dynamic growth quarter-on-quarter

## Financial results

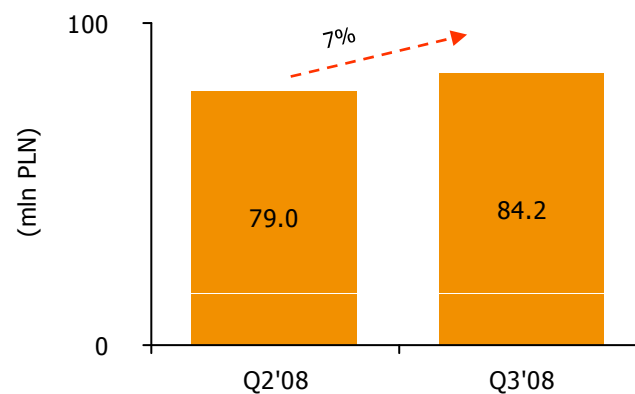
### Revenues



### EBITDA and EBITDA margin



### Net income

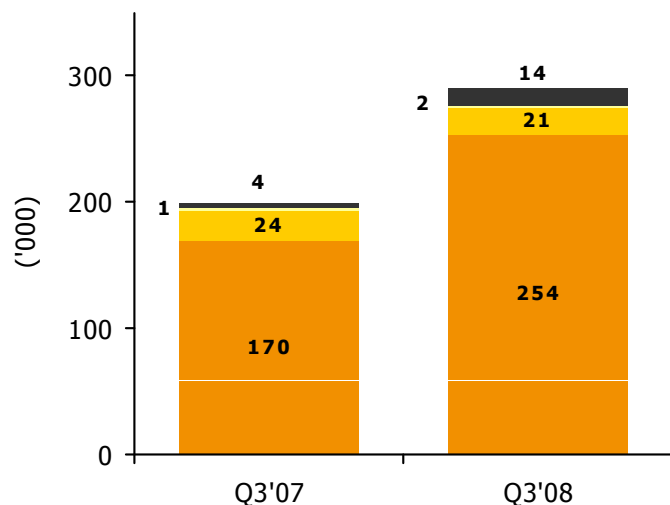




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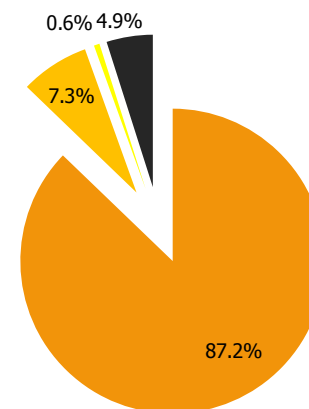
# Revenues up by 46% due to an increase in subscription fees

Revenues (mln PLN)



■ Other operating revenues  
 ■ Sales of signal transmission services  
 ■ Sales of satellite television receiving equipment  
 ■ Subscription fees

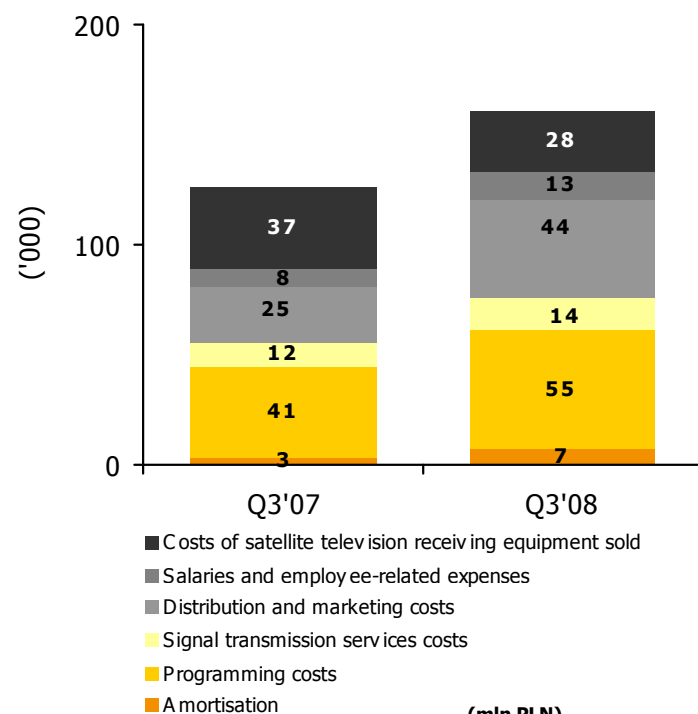
Q3 2008 revenues breakdown (%)



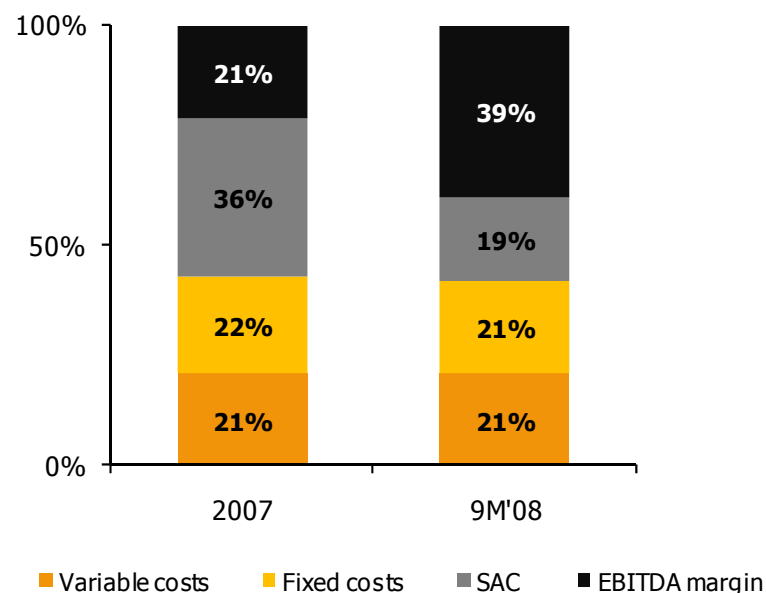
(mln PLN)	Q3 2007	Q3 2008	Change
Operating revenues	198.7	290.6	46%
Subscription fees	170.1	253.6	49%
Sales of satellite television receiving equipment	24.1	21.1	(12%)
Sales of signal transmission services	0.5	1.8	>100%
Other operating revenues	4.0	14.1	>100%

# Operating costs grew slower than revenues

Operating costs (mln PLN)



Share on variable/fixed/SAC costs in revenues (%)



(mln PLN)	Q3 2007	Q3 2008	Change
Operating costs	138.5	188.5	36%
Amortisation	3.0	7.1	134%
Programming costs	40.6	55.0	35%
Signal transmission services costs	12.4	14.1	14%
Distribution and marketing costs	24.8	44.0	77%
Salaries and employee-related expenses	8.0	13.4	67%
Costs of satellite television receiving equipment sold	36.7	27.5	(25%)
Other operating costs	13.0	27.4	111%



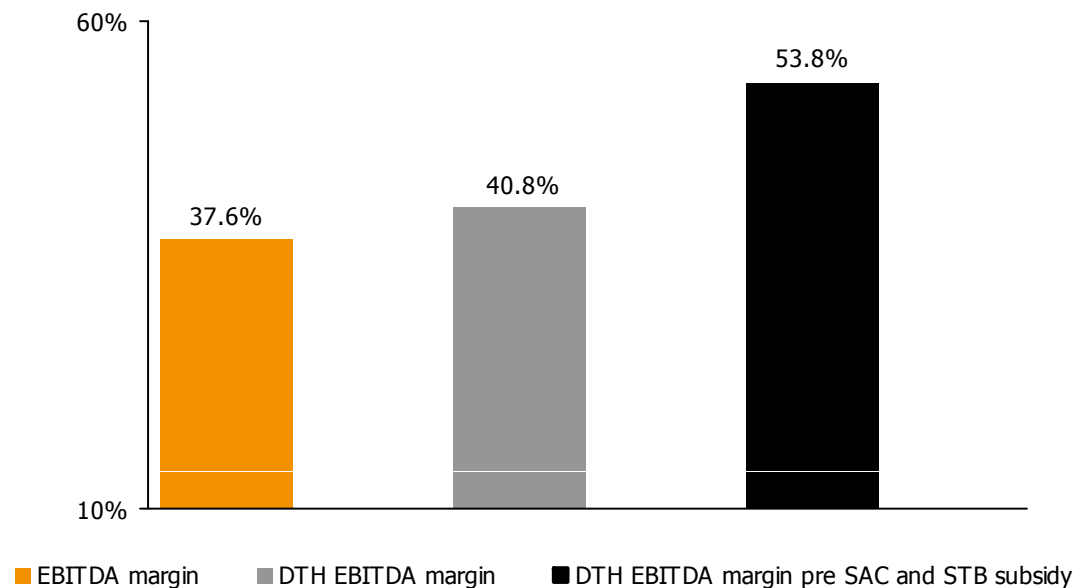


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## EBITDA margin pre SAC and STB subsidy was almost 54%

An increase in subscription fees and a decrease in SACs positively impact EBITDA margin

EBITDA margin, DTH EBITDA margin and DTH EBITDA margin pre SAC and STB subsidy

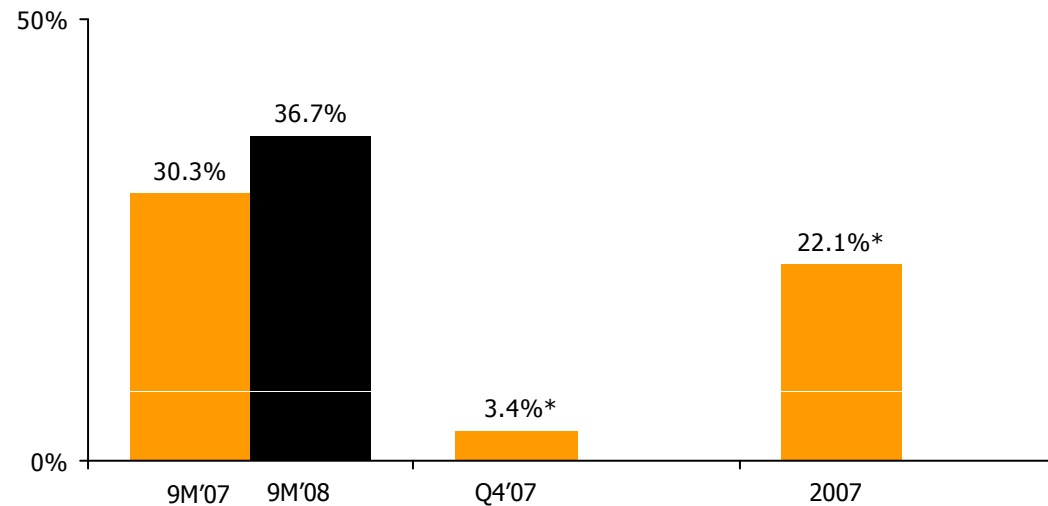


DTH EBITDA margin was 40.8% and DTH EBITDA margin pre SACs and STB subsidy was 53.8%

## Seasonality of DTH business

Historically approximately 50% of our subscriber additions were realized in Q4 of each year, which throughout the increased subscriber acquisition costs had a negative impact on EBITDA margin achieved in that periods

### Seasonality of EBITDA margin



\* EBITDA adjusted for salaries of Management Board resulting from issuance of shares of F series

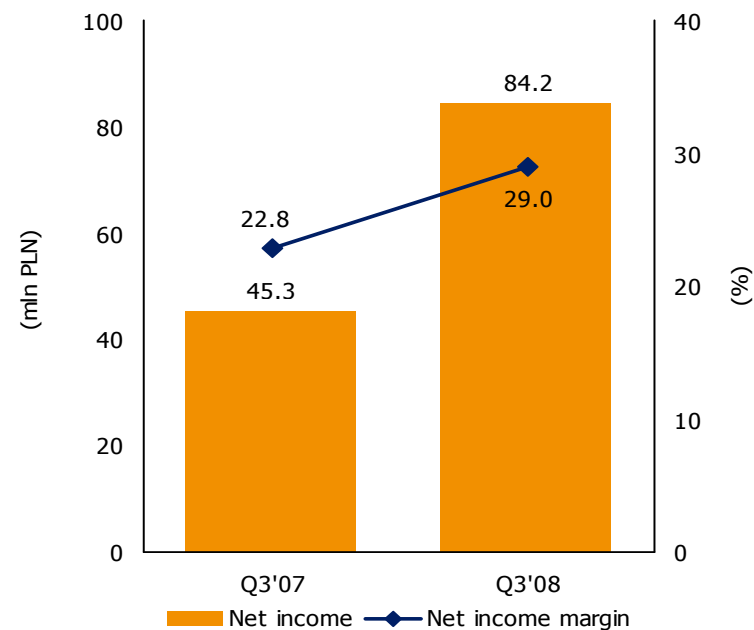
As at 30 September 2007 we had 1.7 mln subscribers

During Q4 2007 we acquired 373 ths. subscribers, which resulted in 22% increase in our subscriber base

Adjusted Q4 2007 EBITDA was PLN 8.3 mln as compared to PLN 46.4-63.2 mln in the previous quarters of 2007

# Net income increased by 86%

## Net income (mln PLN )



We paid dividend of PLN 0.14 per share from 2007 profits

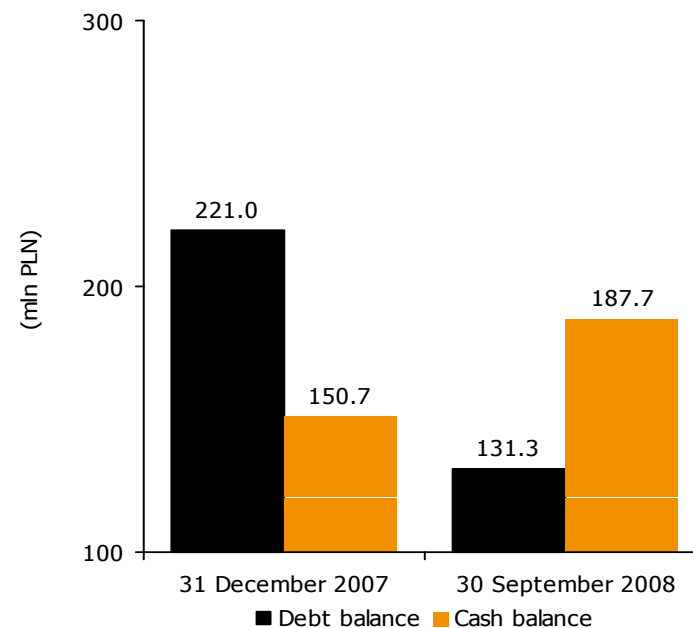
We adopted a dividend policy: for the fiscal years 2008-2010 we will pay 33-66% of our net income based on cash needs for the further development of the Company

## Safe debt level

As of 30 September 2008 our cash balance was higher than our debt balance by PLN 56.4 mln

We partially repaid our loans in the amount of PLN 36 mln during Q3 2008, out of which Euro 5.8 mln was a partial repayment of a bank loan by Praga Business Park before the merger with Cyfrowy Polsat

Debt balance vs. cash balance (mln PLN )

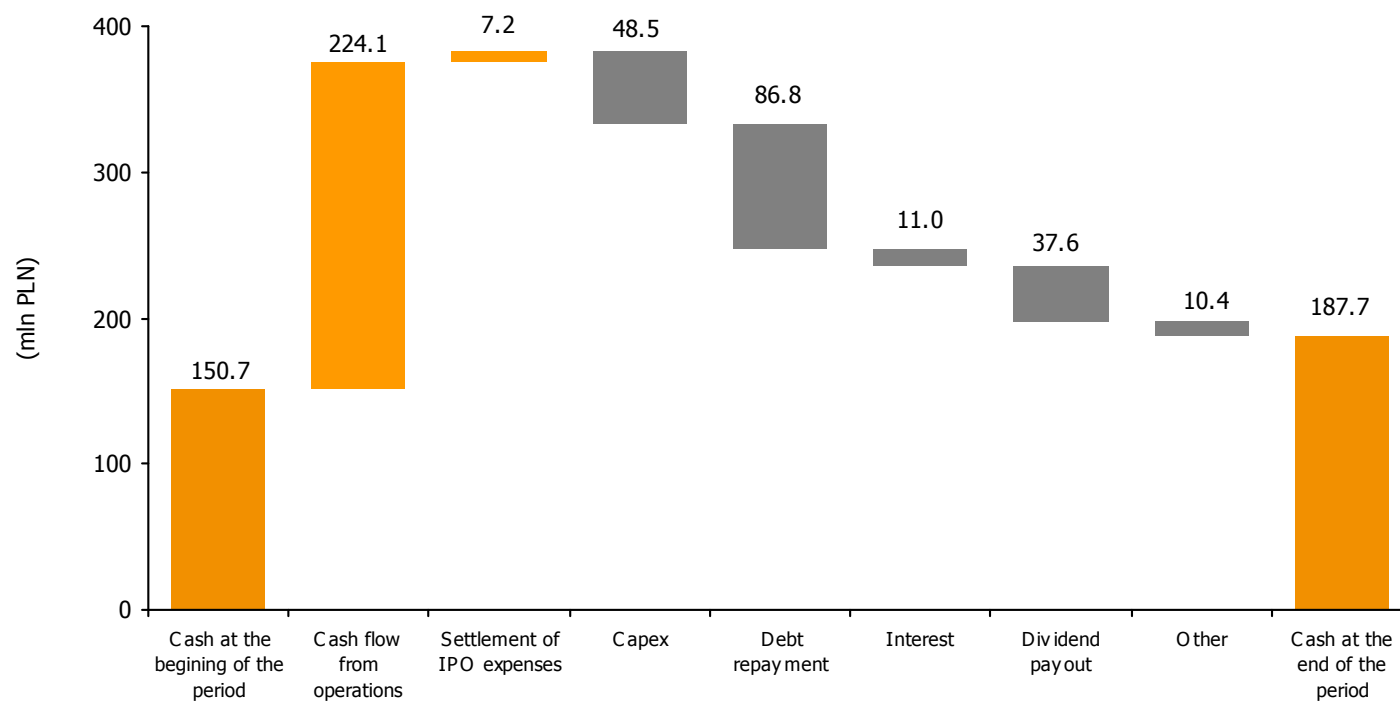




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## Our cash balance increased by PLN 37 mln (24%)

### Net cash flow – 9 months 2008 (mln PLN )





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# Additional information

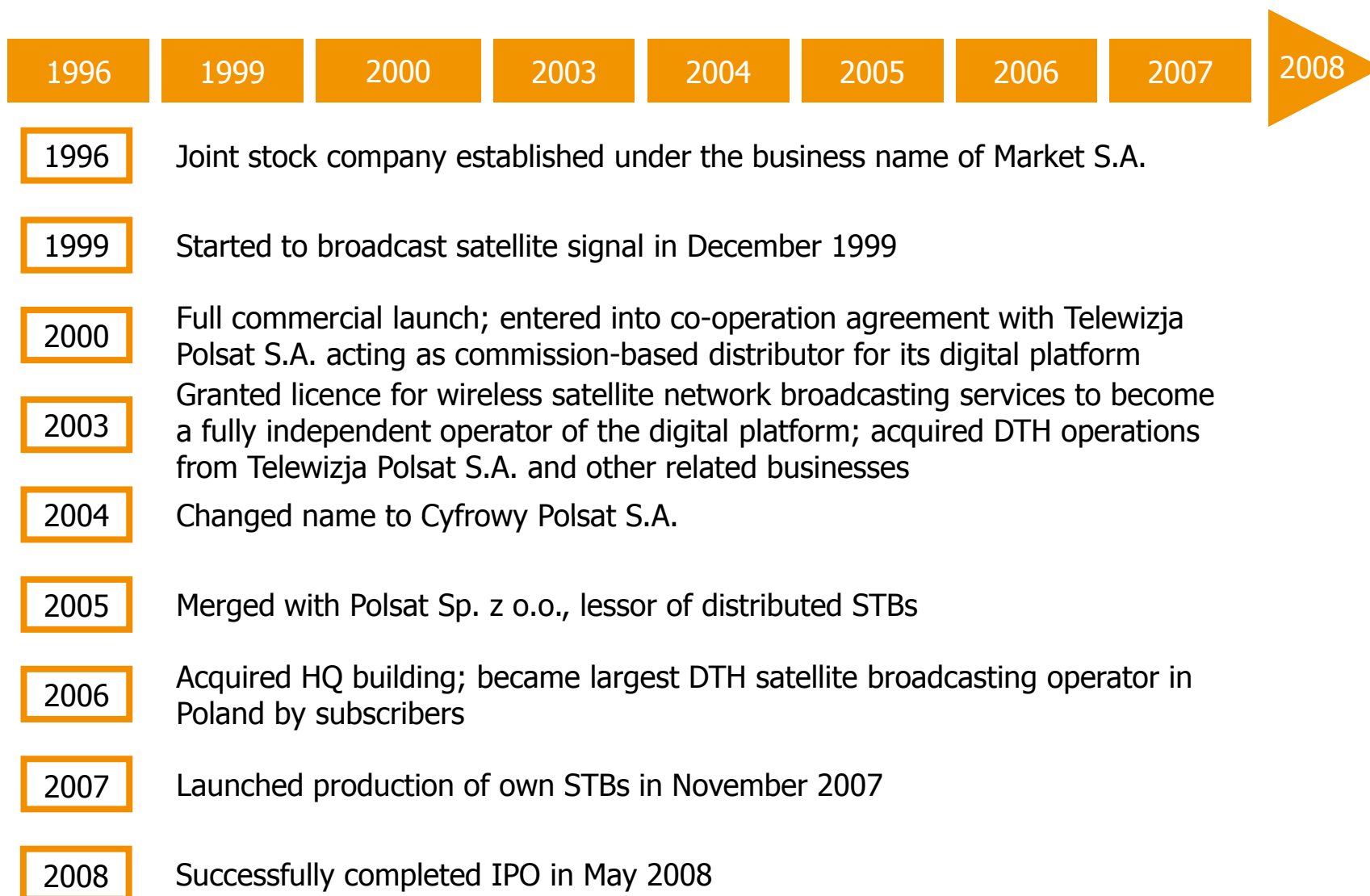
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## Appendix



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# Milestones in our history





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# Corporate governance

## Supervisory Board

**Zygmunt Solorz-Żak**

Chairman

**Robert Gwiazdowski**

Member

**Andrzej Papis**

Member

**Leszek Rekša**

Member

**Heronim Ruta**

Member

## Management Board

**Dominik Libicki**

Chief Executive Officer and the  
President of the Management Board

**Maciej Gruber**

Chief Financial Officer

**Andrzej Matuszyński**

Chief Marketing Officer

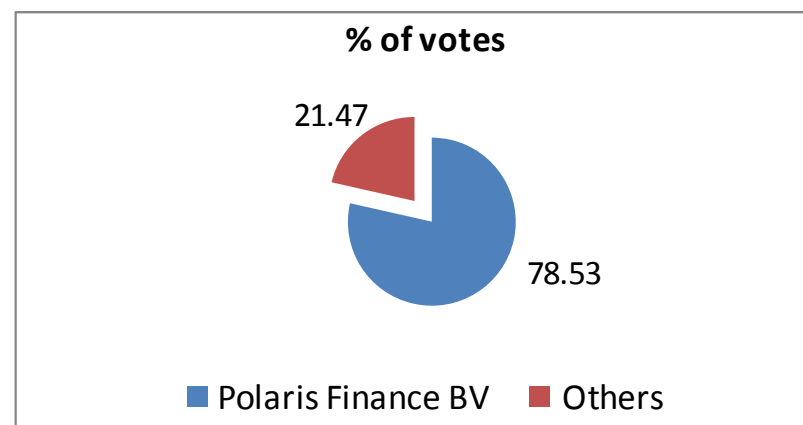
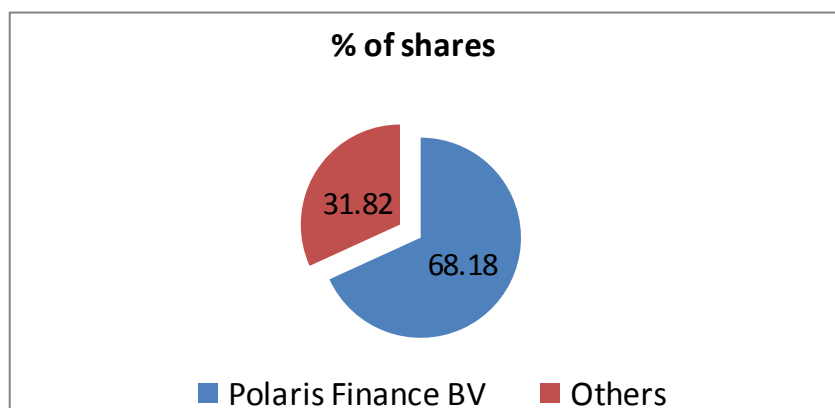
**Dariusz Działkowski**

Chief Technology Officer



# Shareholding structure

Ip	Shareholder	No. shares	% shares	No. votes	% votes
1.	Polaris Finance B.V. <sup>1</sup>	182,943,750	68.18%	357,968,750	78.53%
2.	Others <sup>2</sup>	85,381,250	31.82%	97,856,250	21.47%
	Total	268,325,000	100.00%	455,825,000	100.00%



Notes:

1

85% of shares belongs to Mr Zygmunt Solorz-Żak and 15% of shares belongs to Mr Heronim Ruta

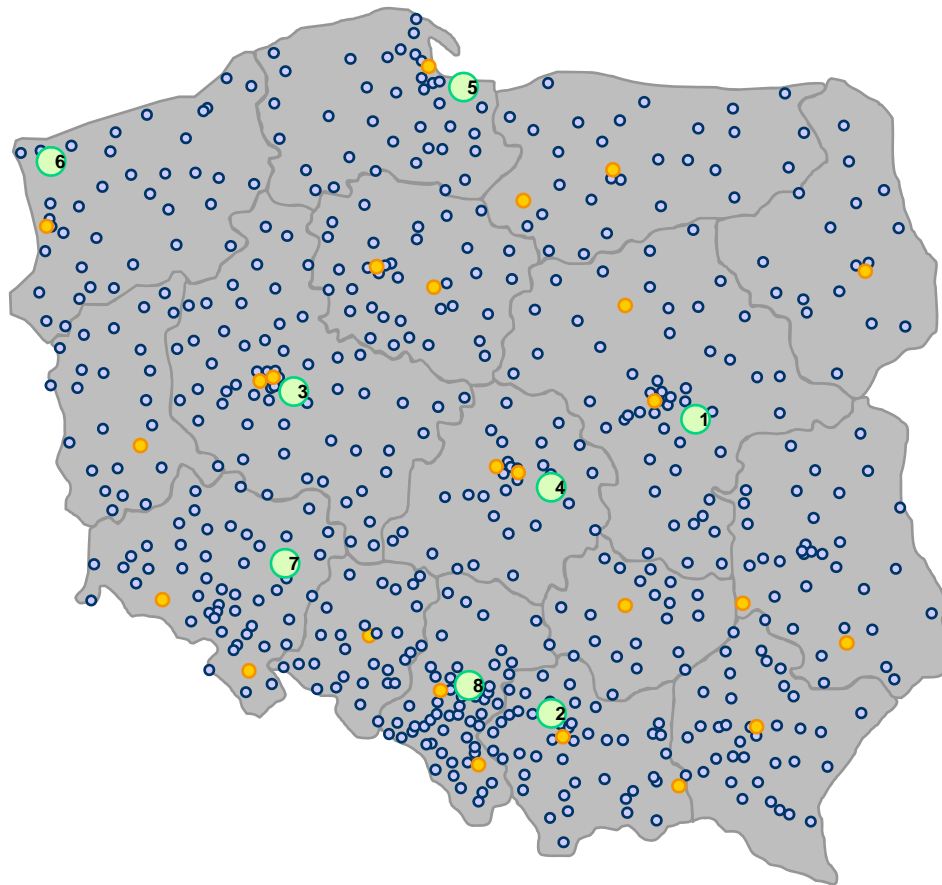
2

3.95% of shares belongs to Mr Zygmunt Solorz-Żak , 0.70 % of shares belongs to Mr Heronim Ruta and 0.24% shares belongs to the members of the Management Board



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# Our DTH satellite distribution network



**KEY:**

● = Cyfrowy Polsat's 25 wholesale distributors

● = Cyfrowy Polsat's 1,277 PoS

1 Warsaw 5 Gdańsk

2 Kraków 6 Szczecin

3 Poznań 7 Wrocław

4 Łódź 8 Katowice

**Specialised DTH network**