Q4'09 results

2009 results

corrected

17 May 2010

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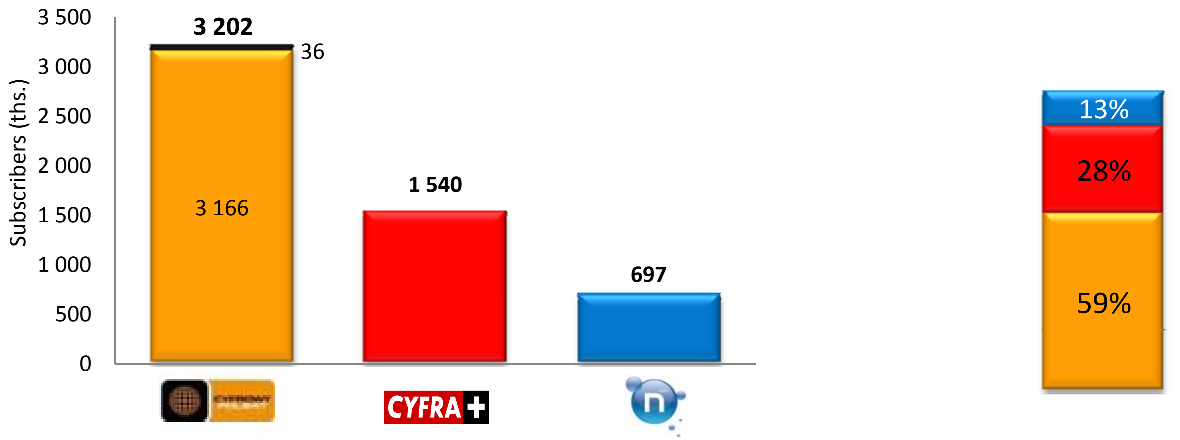
1

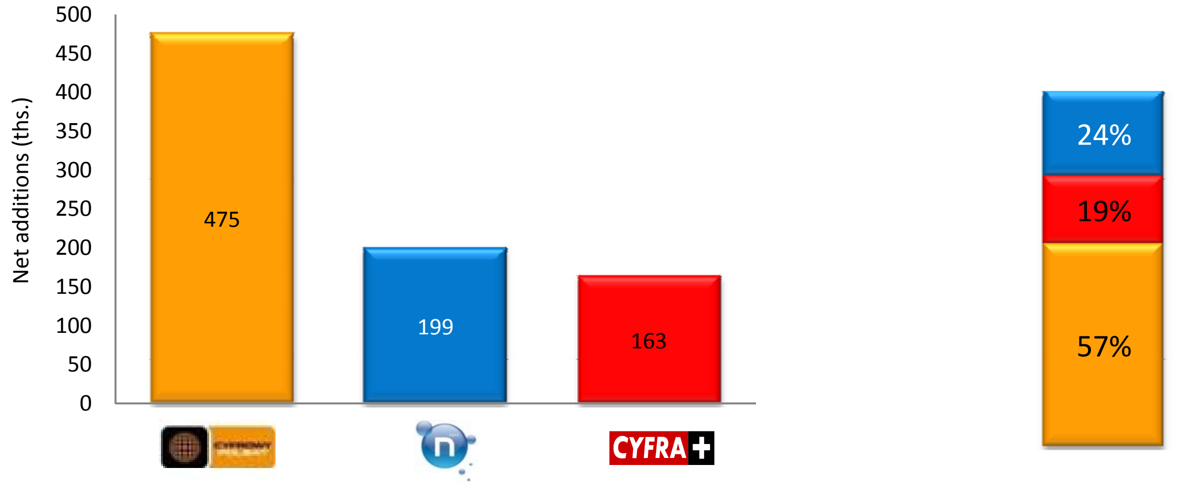
DTH market in 2009

DTH subscribers market

Number of subscribers as at 31 December 2009 and market shares



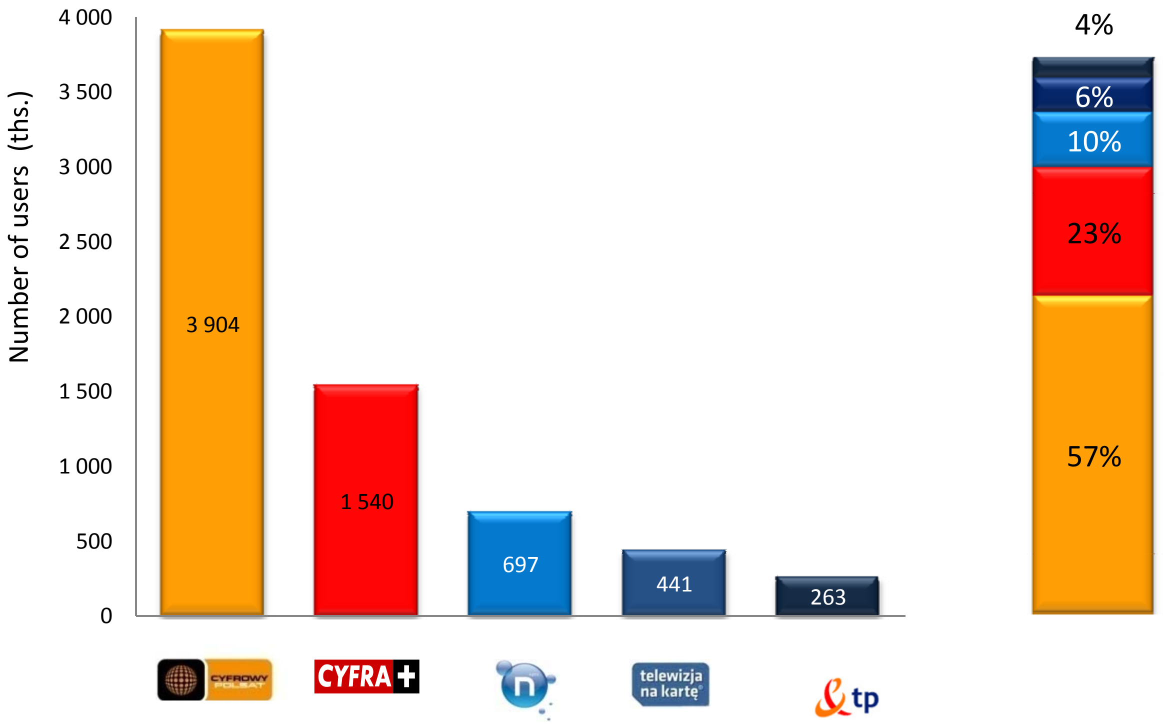
Number of net additions in 2009 and market sahres



Source: Press publications, annual report of TVN S.A. Capital Group

DTH users market

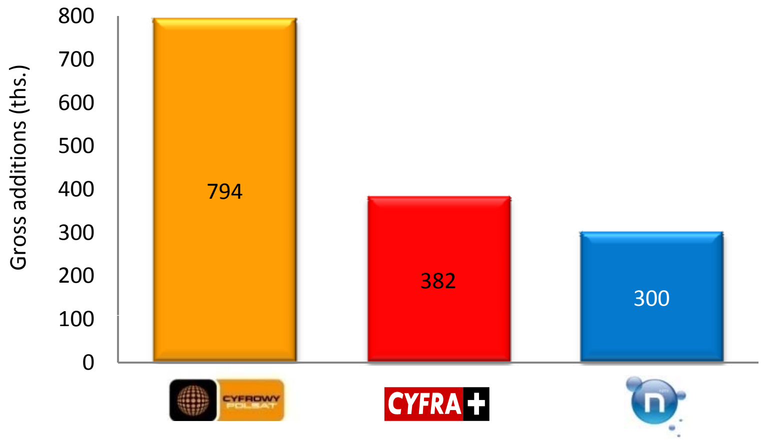
Number of users of DTH services as at 31 December 2009 and market shares

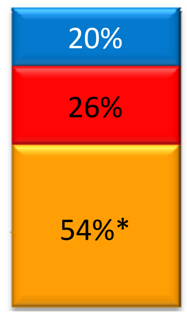


Source: Press publications, annual report of TVN S.A. Capital Group, Telekomunikacja Polska S.A. website

DTH market gross additions and churn rate

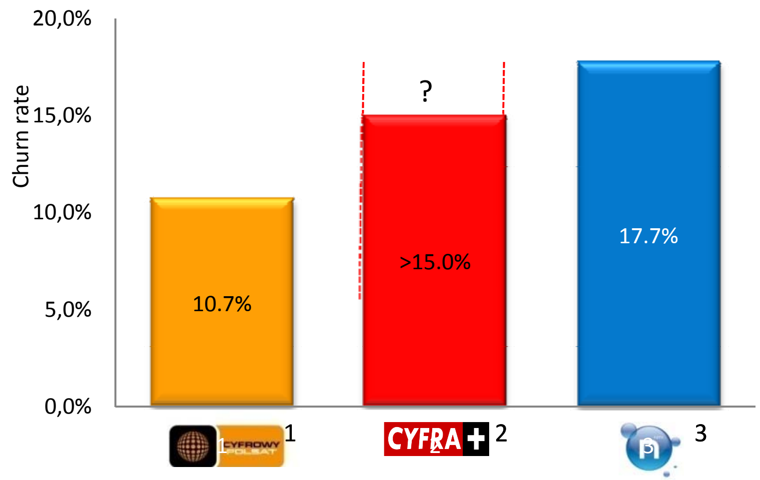
Number of gross additions in 2009 and market shares





* Subscribers acquired within our special offering with second set-top box free are calculated as one

Churn rate



1. Cyfrowy Polsat S.A. annual report
2. Press conference of President of Canal + Cyfrowy Sp. z o.o. (2 March 2010)
3. TVN S.A. Capital Group annual report

   gross additions 300 ths.
   net additions 199 ths.
   average number of subscribers in 2009 569 ths.
   (based on quarterly reports of TVN S.A. Capital Group)

Source: Press publications, annual report of TVN S.A. Capital Group

2 Operting results

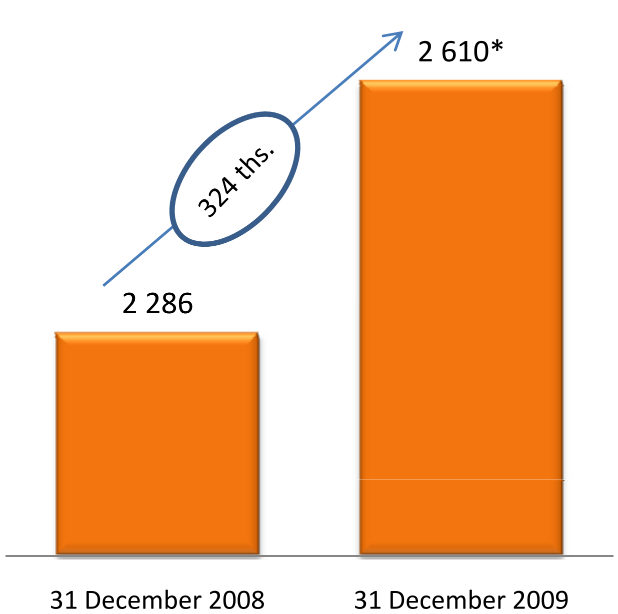
Summary

- Very good quarter and year
- Improvement in package mix in Q4’09 (81% subscribers in Family Package vs. 80% as at 30 September 2009)
- Number of MVNO users of 29 ths.
- Investment in future growth
  - Enriched programming offer; both Family Package and Mini and Mini Max Packages
  - Development of HD offering and launch of HD Package
  - Launch of Video on Demand service
  - Introduction of clients offerings with second set-top box (report as one subscriber)
  - Launch of internet access services (4 ths. subscribers)
  - Subscribers' retention through retention offers and changes in terms and conditions
- Very good financial results despite depreciation of zloty towards US dollar and euro
- Ambitious plans for 2010
  - Further increase in our subscriber base
  - Further development of internet access services
  - Launch of multi-play offer
  - Further increase of customers’ value
- If Zloty further appreciate towards US dollar and euro our financial results will improve not only due to organic growth

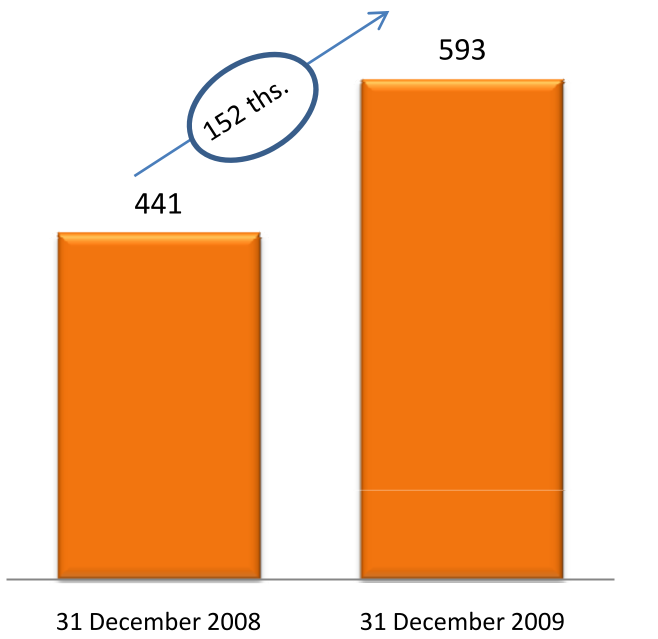
Increase in the subcriber base

Further dynamic growth in our premium packages subscriber base

Subscribers— Family Package/Premium



Subscribers — Mini/Mini Max Packages



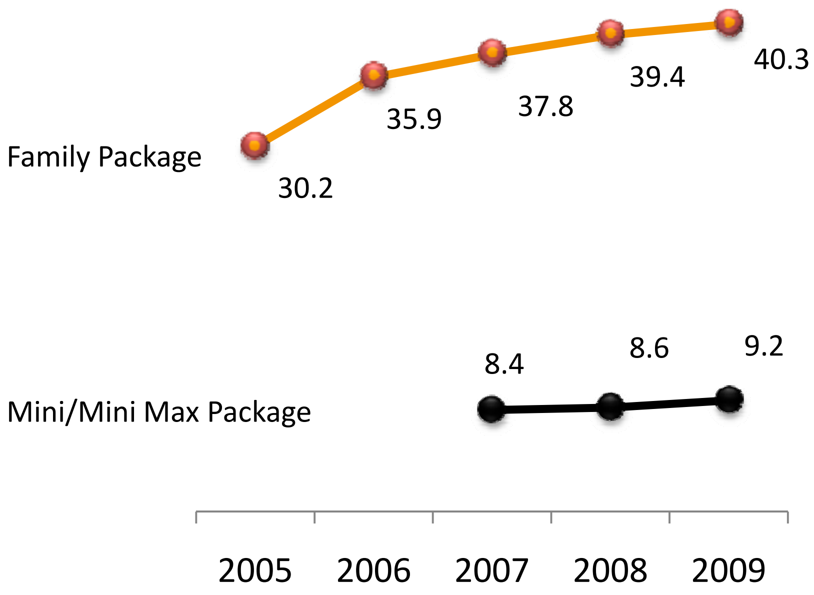
* Number of Family Package subscribers includes 13 ths .subscirbers that signed a contract with us for the Family Package in elastic offer and most probably will migrate to Mini Package.

ARPU and churn

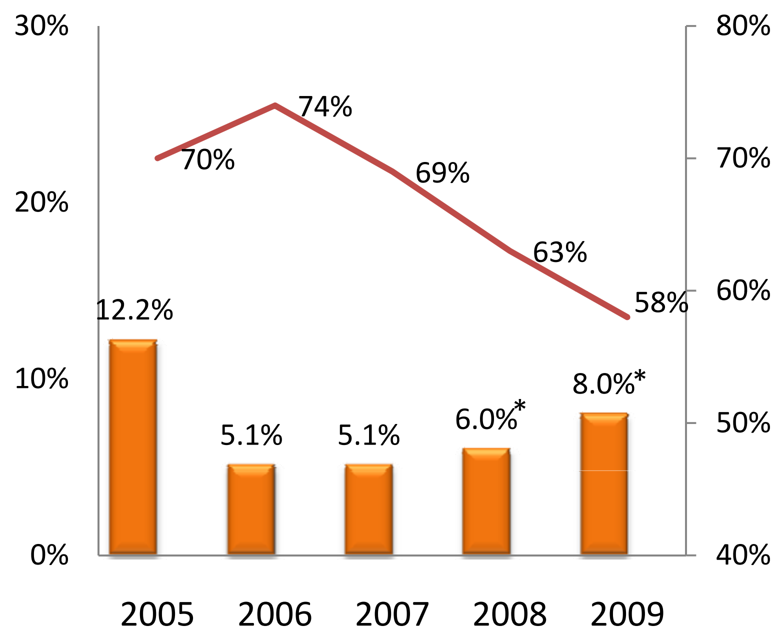
Stable increase in ARPU, churn rate under control

10.7% churn rate according to the old definition.
8.0% churn rate according to the new definition.

ARPU (PLN)



Churn rate vs. Subscriber base in the initial period



* Churn rate calculated as the ratio of the number of canceled contracts in the 12 months preceding the balance sheet date less the number of customers who have entered into a contract for the provision of satellite pay television services with us once again in a period of not more than 12 months, and the average number of contracts in that period.

Impressive financial results

PLN m	Q4'09	Change	2009	Change
Revenues (PLN m)	339	8%	1.279	14%
EBITDA (PLN m)	64	34%	318	9%
Adj. EBITDA* (PLN m)	-	-	388	12%
EBITDA margin	18.9%	3.6pp	24.9%	6.2pp
Adj. EBITDA margin*	-	-	30.4%	0.7pp
Net income (PLN m)	41	3%	230	15%
Adj. Net income* (PLN m)	-	-	287	6%

* Adjusted for an impact of Zloty depreciation towards US dollar and euro.

Source: Interim condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2009 and internal analysis.

Stable business based on subscriber base

	Q4'07	Q4'08	Q4'09
Number of subscribers at the begining of the period	1,695,616	2,402,524	2,916,750
Number of gross additions	419,096 25%	371,822 15%	358,981 12%
EBITDA (PLN m)	-2	48	64
EBITDA margin	n/a	15.3%	18.9%
Net income/loss (PLN m)	-9	43	41

Source: Interim condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2009 and for the 3 and 12 month periods ended 31 December 2008 and internal analysis.

3 Financial results

Q4'09 financial results

	Q4'09	Q4'08	Change PLN/%	Reasons
Revenues (PLN m)	**339**	**314**	**8%**	• increase in subscription fees • increase in proportion of leased set-top boxes
Exchagne rates				• approx. 50% of our operating expenses is denominated in foreign currencies
EUR/PLN	*4.1778*	*3.7746*	**11%**	
USD/PLN	*2.8270*	*2.8635*	**-1%**	
Operating costs (PLN m)	**288**	**273**	**6%**	• increase in the subsriber base • enrichement of the progamming offer • increase in acquisition, customer care and retention costs
EBITDA (PLN m)	**64**	**48**	**34%**	
margin%	*18.9%*	*15.3%*	*3.6 pp*	
Net income (PLN m)	**41**	**43**	**-3%**	
margin%	*12.2%*	*13.6%*	*-1.4 pp*	

Source: Interim condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2009 and internal analysis.

2009 financial results

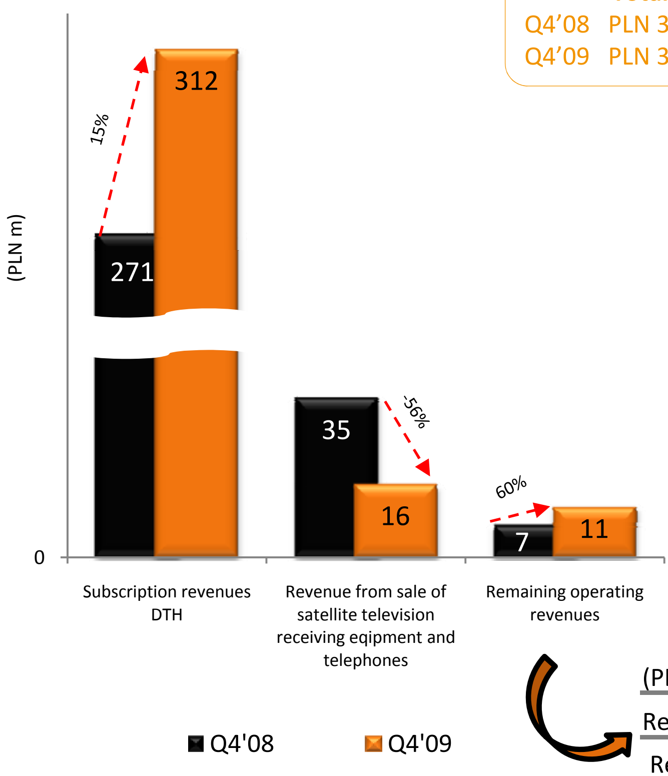
	2009	2008	Change PLN/%	Reasons
Revenues (PLN m)	**1,279**	**1,119**	**14%**	• increase in average number of subscribers • increase in the proportion of leased STB's • no one-off revenues (Nagravision)
Exchange rates *EUR/PLN* *USD/PLN*	 *4.3298* *3.1192*	 *3.5166* *2.4092*	 **23%** **29%**	• approx. 50% of our operating expenses is denominated in foreign currencies
Operating costs (PLN m)	**1,003**	**794**	**26%**	• PLN 70m from weaker zloty • **adjusted operating costs of PLN 932m (increase of 17%)** • increase in the subscriber base • enrichment of the programming offer • increase in acquisition, customer care and retention costs • lease of fourth transponder
EBITDA (PLN m) margin%	**318** *24.9%*	**348** *31.1%*	**-9%** *-6.2 pp*	• **adjusted EBITDA increased by 12% to PLN 388m** • **adjusted EBITDA margin of 30.4%**
Net profit (PLN m) margin%	**230** *18.0%*	**270** *24.1%*	**-15%** *-6.1 pp*	• **adjusted net income increased by 6% to PLN 287m** • **adjusted net income margin of 22.5%**

Source: Interim condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2009 and internal analysis.

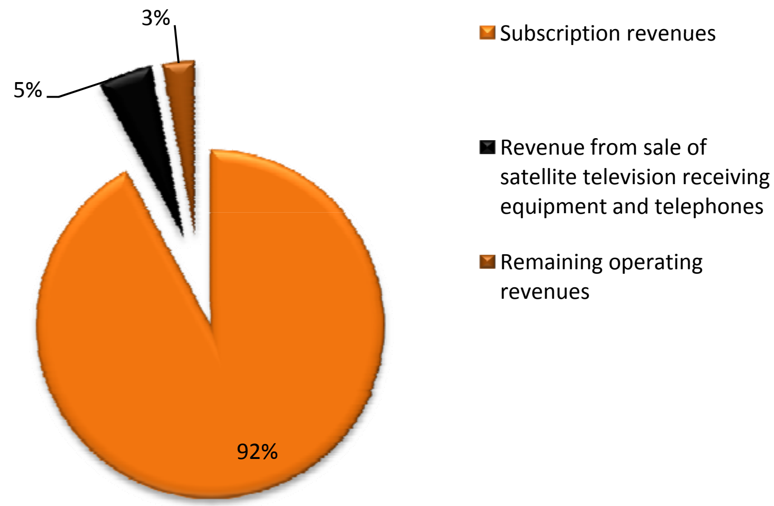
Q4'09 **8% higher revenues due to an increase in subscription fees**

Revenues Q4'09 vs. Q4'08

Total
Q4'08 PLN 314m
Q4'09 PLN 339m



Q4'09 revenues breakdown (%)



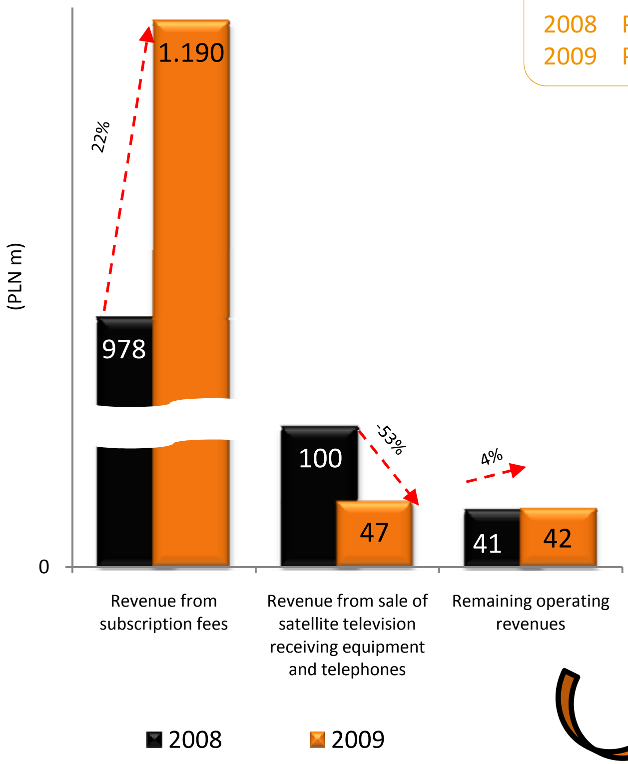
(PLN m)	Q4'08	Q4'09	Change
Remaining operating revenues, including:	7	11	60%
Revenues from lease of premises and facilities	-	3	n/a
MVNO revenues	1	3	>100%
Other operating revenues	6	5	-19%

Source: Interim condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2009 and internal analysis.

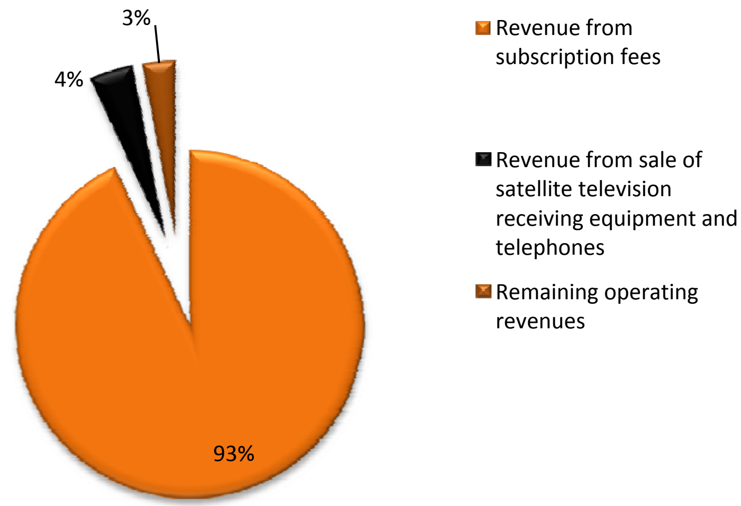
2009 **14% higher revenues due to an increase in subscription fees**

Revenues 2009 vs. 2008

Total
2008 PLN 1,119m
2009 PLN 1,279m



2009 revenues breakdown (%)

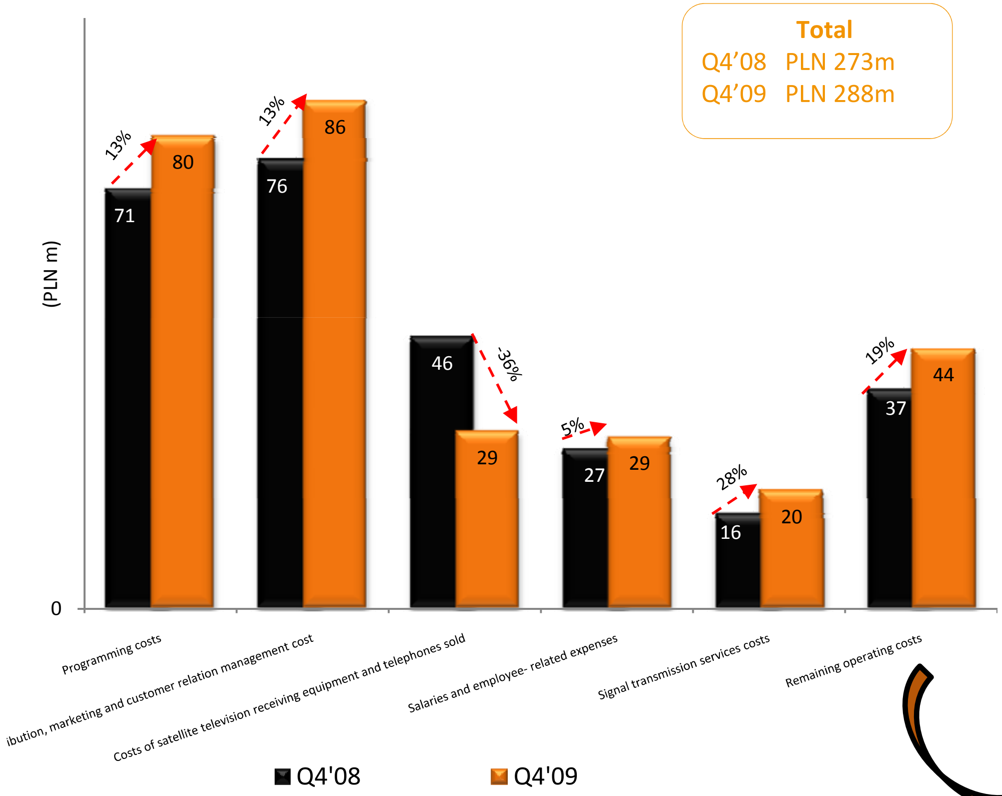


(PLN m)	2008	2009	Zmiana
Remaining operating revenues, inlcuding	**41**	**42**	**4%**
Revenue for lease of premises and equipment	-	11	n/a
Compensation from Nagravision	17	8	-54%
Other MVNO revenues	-	3	n/a
Revenues from sales of signal transmission services	2	4	84%
Other compensations	1	3	>100%
Other operating revenues	21	13	-37%

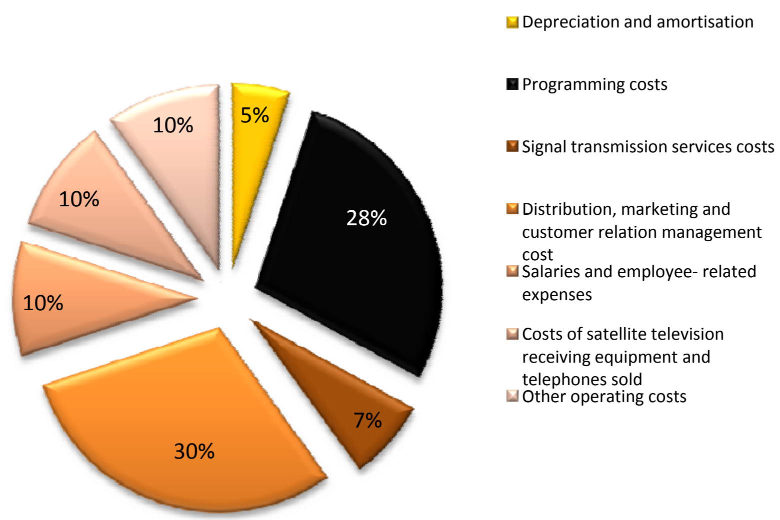
Source: Interim condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2009 and internal analysis.

Q4’09 Operating costs grew much slower than revenues

Operating costs Q4’09 oraz Q4’08



Q4’09 Operating costs breakdown (%)

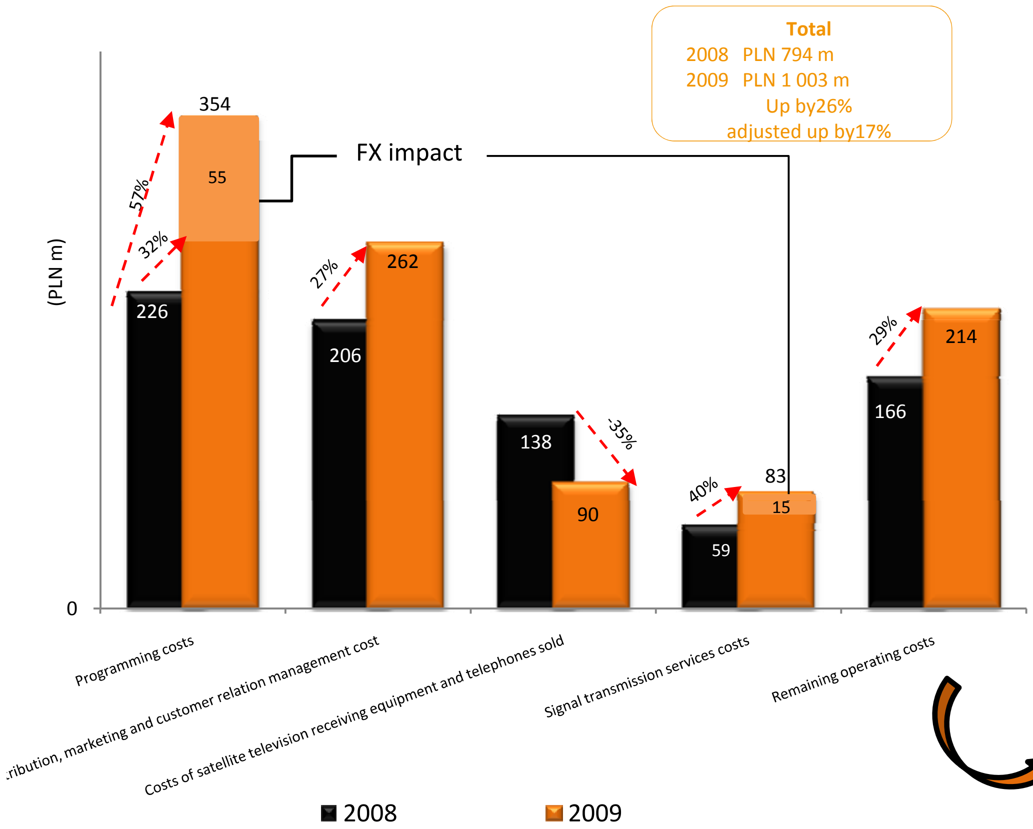


(PLN m)	Q4'08	Q4'09	Change
Depreciation and amortisation	**7**	**13**	**83%**
Other operating costs	**29**	**31**	**4%**

Source: Interim condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2009 and internal analysis.

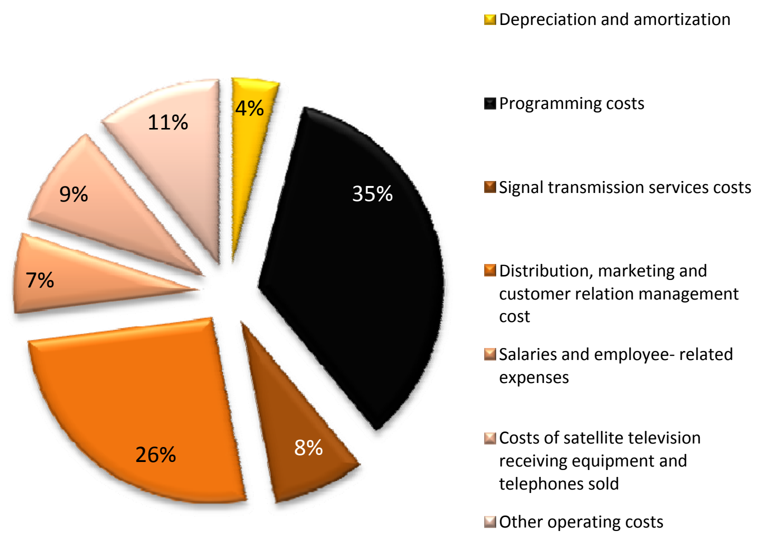
2009 Operating costs impacted by weaker PLN

Operating costs 2009 vs. 2008



PLN 70m of costs from f/x fluctuations
- PLN 55m impact on programing costs
- PLN 15m impact on signal transmission costs

2009 costs breakdown (%)



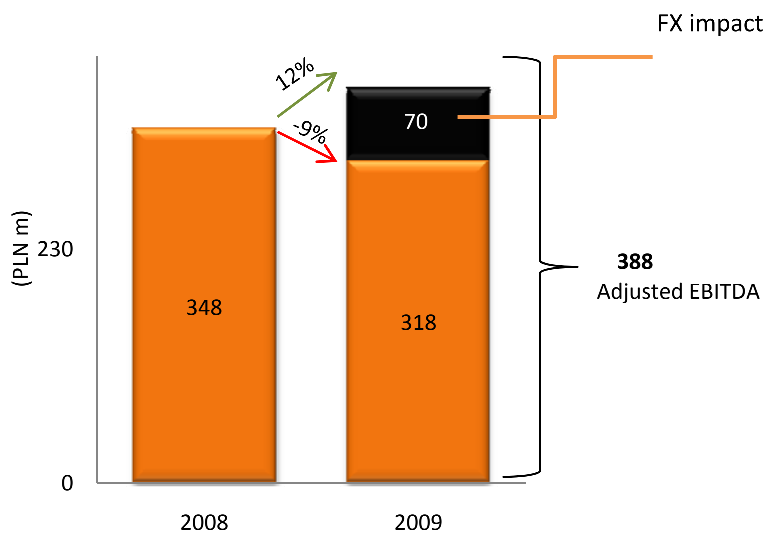
(PLN m)	2008	2009	Change
Depreciation and amortisation	**24**	**42**	**78%**
Salaries and employee releated expenses	**62**	**73**	**18%**
Other operating costs, including:	**80**	**99**	**23%**
Smart cards and SIM card provided	17	22	27%
Fixed assets impairment and stock provision	15	20	30%
Other operting costs	48	57	19%

Source: Interim condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2009 and internal analysis.

Adjusted EBITDA up

- Adjusted EBITDA in2009 up by 12% to PLN 388m and adjusted EBITDA margin was 30.4%
- MVNO EBITDA loss was 8.9% of DTH EBITDA in 2009

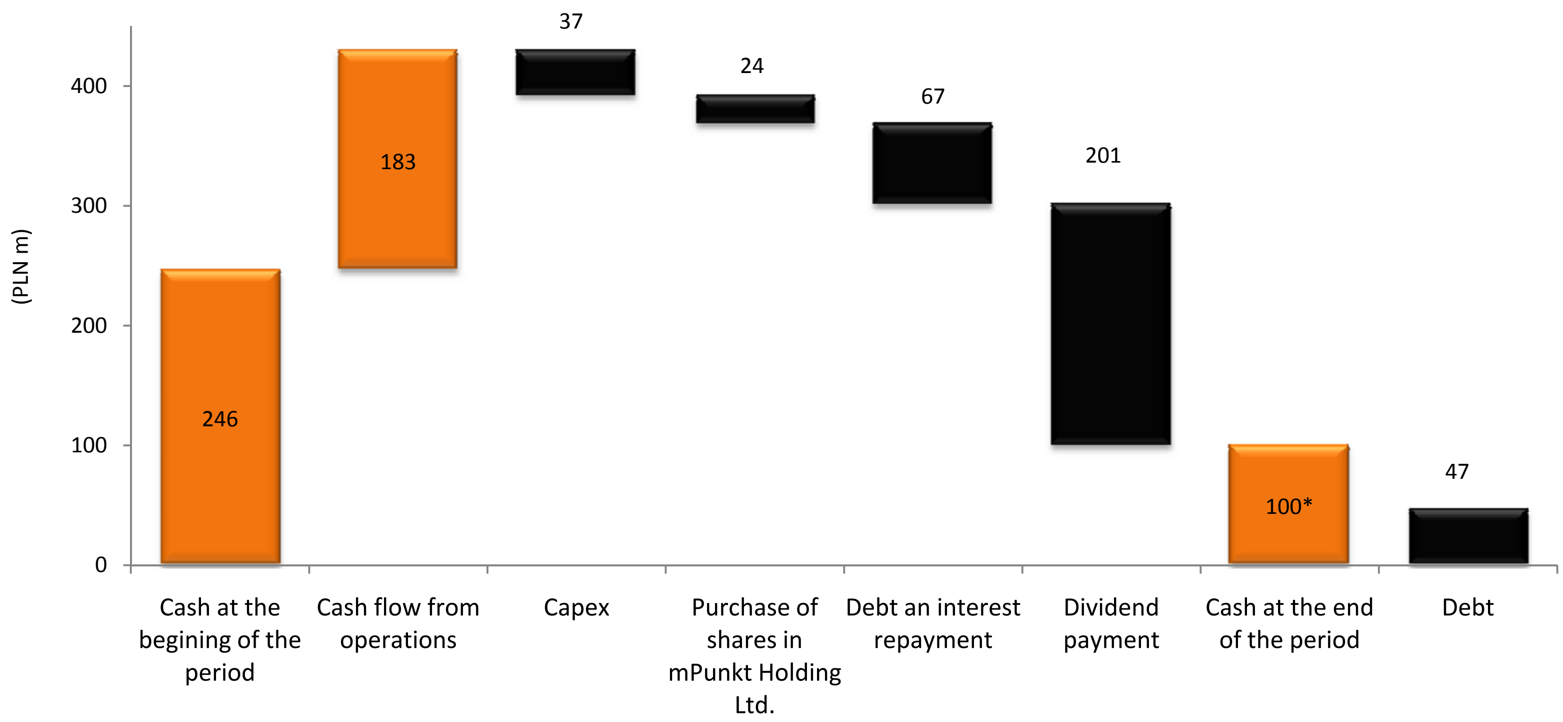
EBITDA, adjusted EBITDA and EBITDA margin



Source: Interim condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2009 and internal analysis.

Cash of PLN 100m after dividend payment (74% of net income, PLN 0.75 per share)

Net cash flow, cash position and debt – 2009



* Of which PLN 27m is restricted due to purchase of shares in mPunkt Holdings Ltd.

Source: Interim condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2009.

4 Outlook for 2010

Two directions of further growth

Continued value creation in the DTH business

Introduction and development of multi-play offer

Continued value creation in the DTH business

- Increase penetration of pay digital satellite services in Poland to maximum possible level before market saturation
- Increase ARPU through increased penetration of premium packages, creation and sale of new programming packages, introduction of new services
- Increase customer loyalty through increase customer satisfaction, development of portfolio of our services and introduction of loyalty programs, which shall result in stable and low churn rate
- Continue to manage existing operations cost-effectively and efficiently (we produced 1m of SD set-top boxes up to now, in April 2010 we will start producing HD set-top boxes)

Introduction and development of multi-play offer

- Introduction of multi-play offer as the first DTH operator in Poland
- Leverage on Cyfrowy Polsat brand name and customer base to sell telecommunication services and multi-play offer
- Maximization o multi-play offer penetration within our DTH subscriber base
- Increase customer loyalty through the introduction of multi-play offer
- Distribution of content using all available technologies

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Your notes

Your notes

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