



## **Results for the third quarter and nine months of 2009**

**10 November 2009**



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**Highlights**



## Highlights of Q3'09 and 9M'09

### Operating results improved

- Gross additions in the nine months to 30 September 2009 were 431 ths. compared to 439 ths. in the corresponding period of 2008 and compared to 162 ths. of platform „n”
- Our subscriber base grew by 73 ths. in Q3 2009 to **2.917** ths.; „n” grew by 14 ths.; the total number of users of our set-top boxes amounted to 3.531 ths.
- We had 36 ths. MVNO users as at 30 September 2009
- 65% of newly concluded agreements in Q3 2009 are based on the leased equipment

### Financial results impacted by weakened Zloty

	Q3 2009	9M 2009
Revenues	up by 11% to PLN 323m	up by 20% to PLN 983m
EBITDA	was PLN 83m	was PLN 254m
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>was PLN 100m</b>	<b>up by 9% to PLN 329m</b>
Net profit	was PLN 60m	was PLN 189m
<b>Adjusted net profit<sup>(1)</sup></b>	<b>was PLN 75m</b>	<b>up by 10% to PLN 250m</b>

<sup>(1)</sup> Adjusted for impact of weaker PLN on programming costs, signal transmission services cost and revenues from sales of signal transmission services.



## Main events of Q3 2009

- We extended our offer with two new set-top boxes: EchoStar DSB-7200 HD – HD set-top box and EchoStar DVR-7400 HD – HD set-top box with the hard disk with capacities of 320 GB
- We launched our new promotion: Even 4 months television without payments in Cyfrowy Polsat
- We extended our programming offer with new channels such as Polsat HD, Polsat Futbol, Polsat Film
- We signed agreement with Eutelsat S.A. on renting satellite capacity in order to provide services in VoD category



## Acquisition of mPunkt of distribution network



- Purchase of 45% shares in mPunkt Holdings Ltd for PLN 24.6m
- Intention to purchase a majority stake, for the price proportional to the price that we paid for 45% stake, provided that *UOKiK* grant their consent
- mPunkt is a well functioning distribution network which will widen and give impulse to the development of our integrated services sale network
- We are supporting continuation of the cooperation between mPunkt and Polkomtel S.A.



## Acquisition mPunkt of distribution network



- mPunkt is a network of over 200 shops located in over 150 cities in Poland. There are telecommunications products in its offer; mPunkt is responsible for c. 22% of Polkomtel's distribution

- mPunkt results

	2008	H'1 2009
Revenues	PLN 571m (up by 19%)	PLN 238m
EBITDA	PLN 9.4m (up by 46%)	PLN 4.8m
EBITDA margin	1.6% (1.3% in 2007)	PLN 2%
Net income	PLN 1.9m (PLN -0.5m in 2007)	PLN 1.5m

- The company is debt free.

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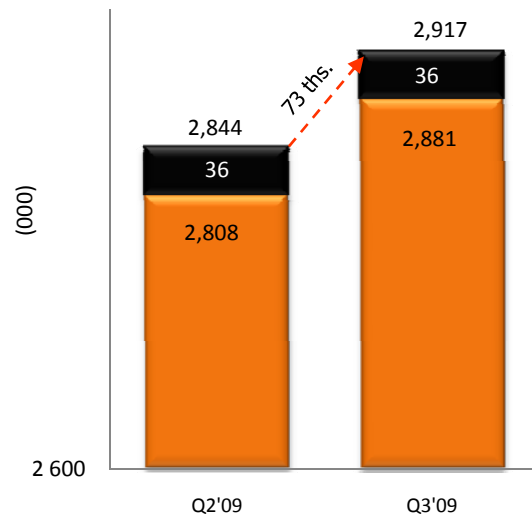
## **Operating results**





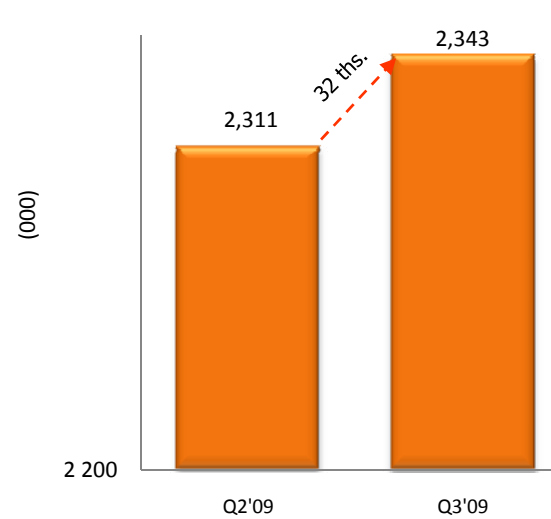
## Our subscriber base grew by 73 ths. in Q3 2009

Subscribers

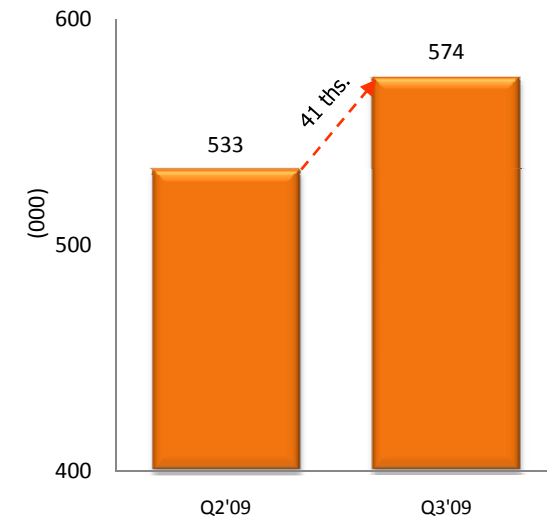


- Number of subscribers with agreements
- Number of FTA<sup>(1)</sup> users with pay programming packages

Subscribers – Family/Premium Package



Subscribers – Mini/Mini Max Package

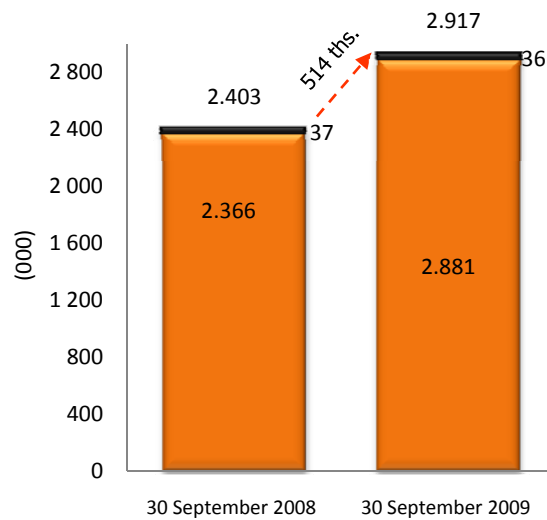


(1) FTA users are users who possess our set-top box enabling them to receive not coded free to air channels and after a payment also the pay programming packages



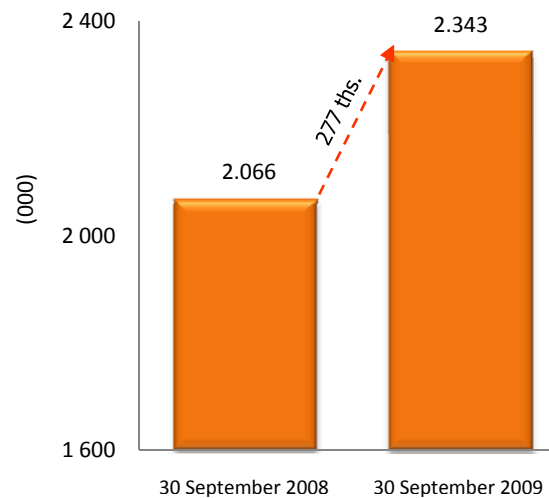
# Our subscriber base grew by 514 ths. compared to September 2008

Subscribers



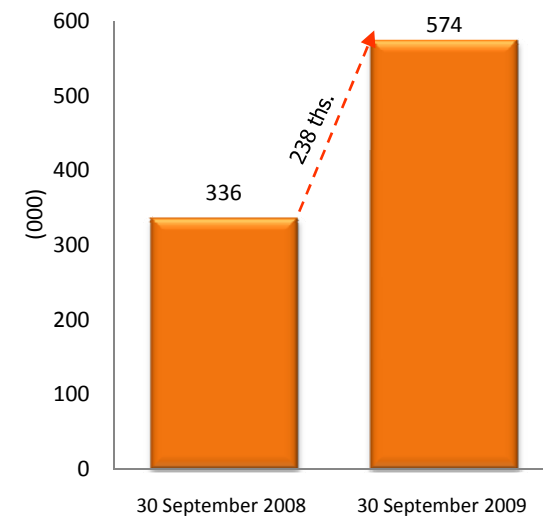
■ Number of subscribers with agreements  
■ Number of FTA<sup>(1)</sup> users with pay programming packages

Subscribers – Family/Premium Package



80% of subscriber base

Subscribers – Mini/Mini Max Package



20% of subscriber base

Annualized churn rate (%) without internal churn

6.3%

7.9%<sup>(2)</sup>

7.2%

9.1%<sup>(2)</sup>

0.1%

2.2%<sup>(2)</sup>

(1) FTA users are users who possess our set-top box enabling them to receive not coded free to air channels and after a payment also pay programming packages

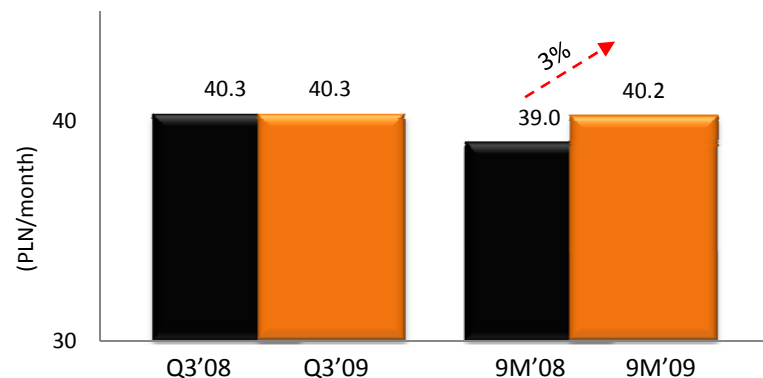
(2) Reported churn was 10.1% in 12 months period ended 30 September 2009, 11.6% for Family Package and 2.9% for Mini Package



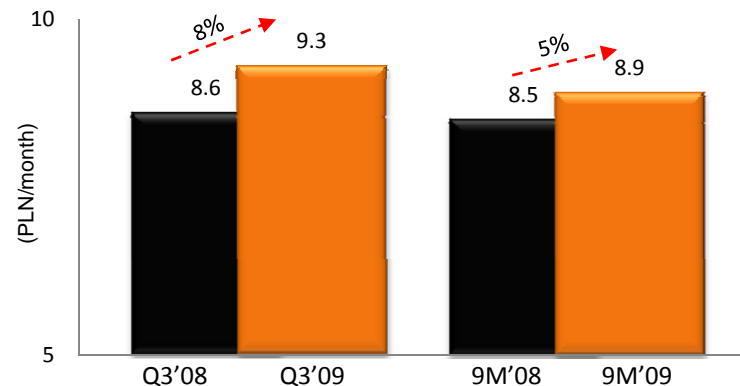
## Family and Mini Package ARPU up

In the nine months period ended 30 September 2009 our Family Package ARPU increased by 3%. In the three months period ended 30 September 2009 our Mini Package ARPU increased by 8% and in the nine months period ended 30 September 2009 increased by 5%.

ARPU (1) — Family/Premium Package



ARPU (1) — Mini Package



<sup>(1)</sup> ARPU – Revenues from subscription fees and from activation fees accounted for in the period divided by the average number of subscribers in such period and the number of months in the period.

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## **Financial overview**



## Q3'09 Financial highlights

	Q3'09 m PLN	Q3'08 m PLN	Change PLN/%	REASONS
<b>Revenues</b>	<b>323</b>	<b>291</b>	<b>32 11%</b>	<ul style="list-style-type: none"> <li>• 23% increase in average number of subscribers <span style="color: green;">↑</span></li> <li>• increase in stock of STB's <span style="color: green;">↑</span></li> <li>• increase in the number of leased STB's (65% of new contracts) <span style="color: red;">↓</span></li> <li>• no one-off revenues (Nagravision) <span style="color: red;">↓</span></li> </ul>
<i>Exchange rates</i>				
EUR/PLN	4.16	3.32	25%	
USD/PLN	2.90	2.23	30%	
<b>Operating costs</b>	<b>252</b>	<b>189</b>	<b>63 34%</b>	<ul style="list-style-type: none"> <li>• PLN 19m from weaker Zloty</li> <li>• <b>adjusted operating costs of PLN 233m (up by 24%)</b></li> <li>• increase in subscriber base</li> <li>• expanded programming offer</li> <li>• increase in acquisition, customer care and retention costs</li> </ul>
<b>EBITDA</b>	<b>83</b>	<b>109</b>	<b>(26)</b>	<ul style="list-style-type: none"> <li>• <b>adjusted EBITDA of PLN 100m</b></li> </ul>
<i>margin %</i>	25.5%	37.6%	-24%	<ul style="list-style-type: none"> <li>• <b>adjusted EBITDA margin of 31.1%</b></li> </ul>
<b>Net income</b>	<b>60</b>	<b>84</b>	<b>(24)</b>	<ul style="list-style-type: none"> <li>• <b>adjusted net income of PLN 75 mln zł</b></li> </ul>
<i>margin %</i>	18.6%	29.0%	-29%	<ul style="list-style-type: none"> <li>• <b>adjusted net income margin of 23.1%</b></li> </ul>



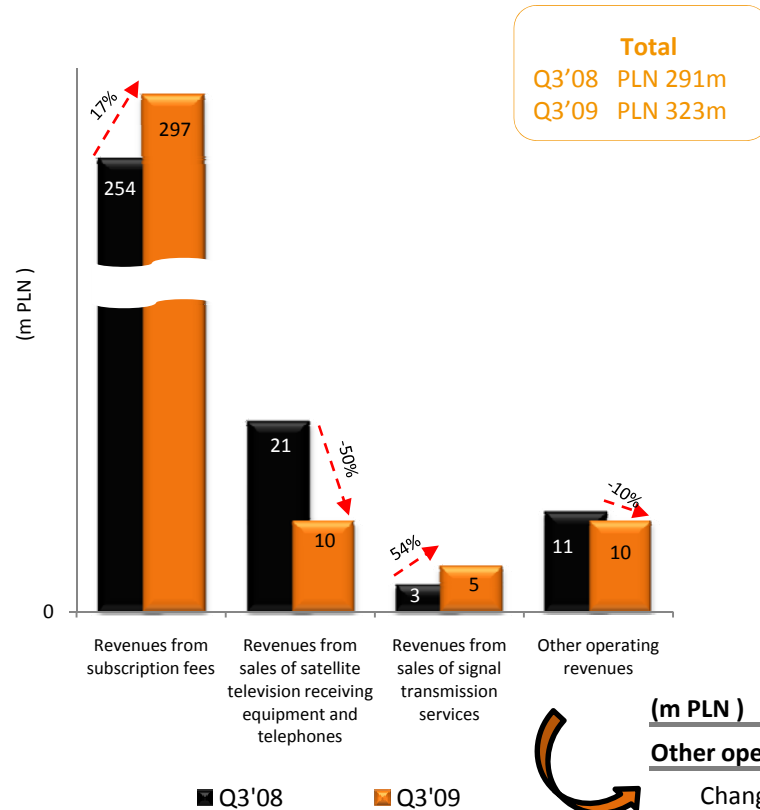
## 9M'09 Financial highlights

	9M'09 m PLN	9M'08 m PLN	Change PLN/%	REASONS
<b>Revenues</b>	<b>983</b>	<b>817</b>	<b>166 20%</b>	<ul style="list-style-type: none"> <li>• 26% increase in average number of subscribers <span style="color: green;">↑</span></li> <li>• increase in stock of STB's <span style="color: green;">↑</span></li> <li>• increase in the number of leased STB's (60% of new contracts) <span style="color: red;">↓</span></li> <li>• decrease in one-off revenues (Nagravision) <span style="color: red;">↓</span></li> </ul>
<i>Exchange rates</i>				
EUR/PLN	4.40	3.42	29%	
USD/PLN	3.22	2.25	44%	
<b>Operating costs</b>	<b>758</b>	<b>534</b>	<b>224 47%</b>	<ul style="list-style-type: none"> <li>• PLN 78m from weaker Zloty</li> <li>• <b>adjusted operating costs of PLN 680m (up by 28%)</b></li> <li>• increase in subscriber base</li> <li>• expanded programming offer</li> <li>• increase in acquisition, customer care and retention costs</li> </ul>
<b>EBITDA</b>	<b>254</b>	<b>300</b>	<b>(46)</b>	<ul style="list-style-type: none"> <li>• <b>adjusted EBITDA up by 10% to PLN 329m</b></li> <li>• <b>adjusted EBITDA margin of 33.4%</b></li> </ul>
<i>margin %</i>	25.8%	36.7%	-15%	
<b>Net income</b>	<b>189</b>	<b>227</b>	<b>(38)</b>	<ul style="list-style-type: none"> <li>• <b>adjusted net income up by 10% to PLN 249m</b></li> <li>• <b>adjusted net income margin of 25.5%</b></li> </ul>
<i>margin %</i>	19.2%	27.8%	-17%	

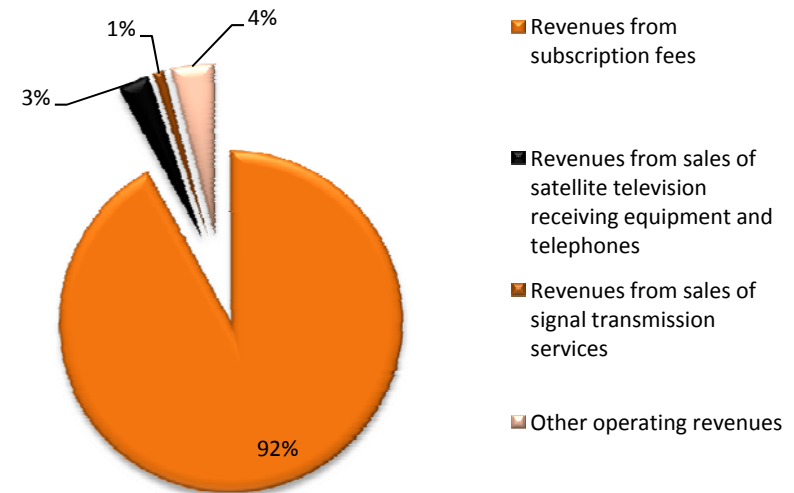


## Q3'09 11% higher revenues due to an increase in subscription fees

### Revenues Q3'08 vs. Q3'09



### Q3'09 revenues breakdown (%)

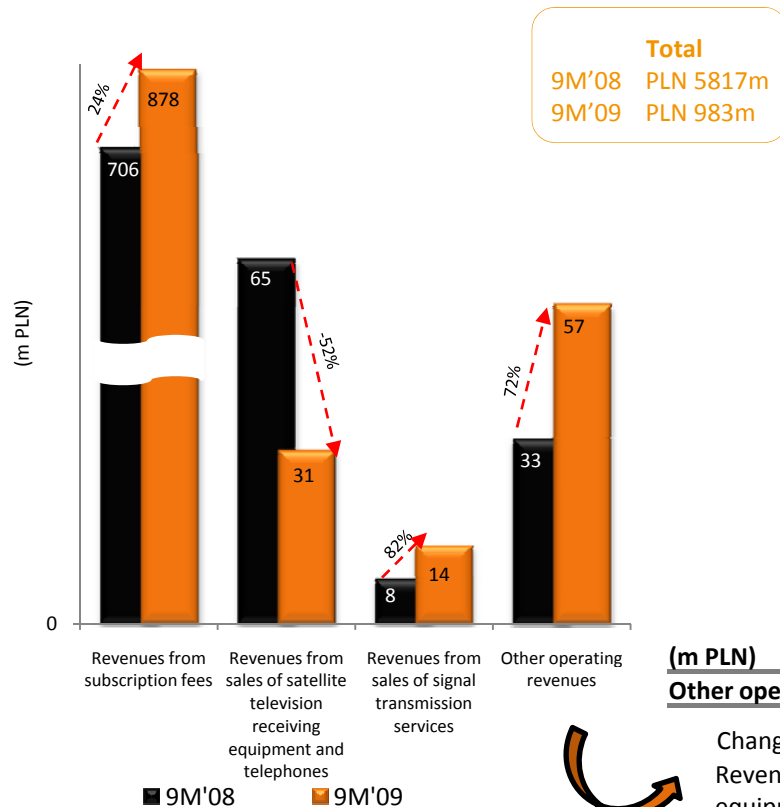


(m PLN)	Q3'09	Q3'08	Change
<b>Other operating revenues, of which:</b>	<b>10</b>	<b>11</b>	<b>-10%</b>
Change in stock value	4	2	125%
Revenues from the rental of property and equipment	3	-	n/a
Other operating revenues	3	9	-69%

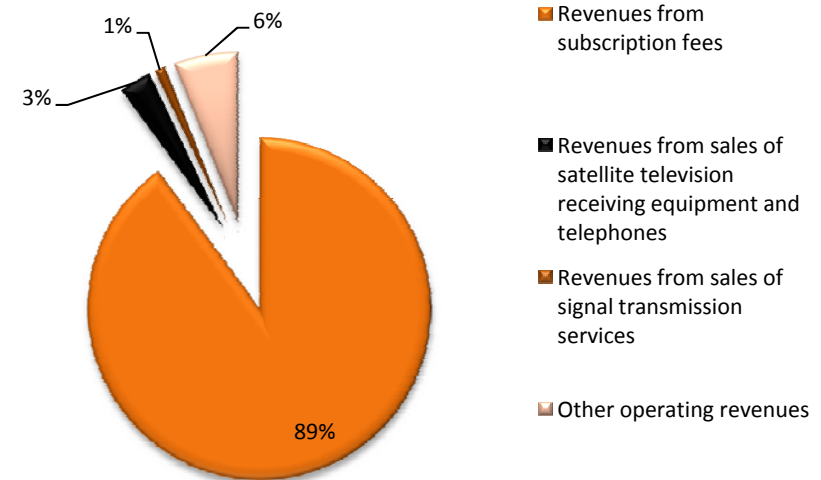


## 9M'09 20% higher revenues due to an increase in subscription fees and change of stock value

### Revenues 9M'08 vs. 9M'09



### 9M'09 revenues breakdown (%)



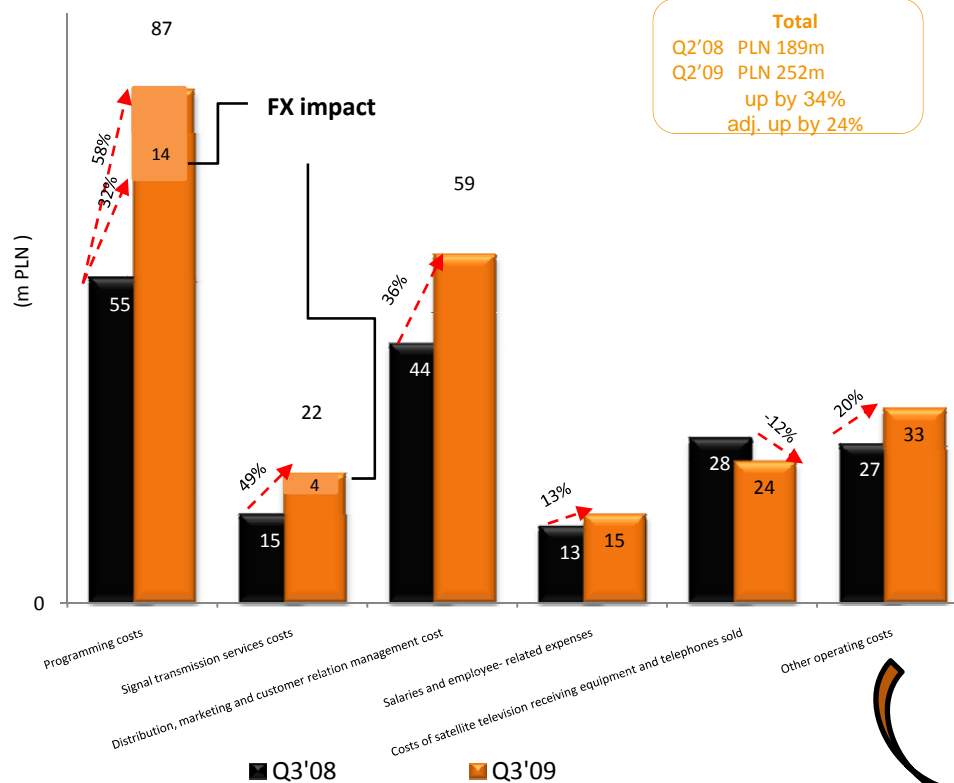
(m PLN)	9M'09	9M'08	Change
<b>Other operating revenues, of which:</b>	<b>57</b>	<b>33</b>	<b>72%</b>
Change of stock value	28	4	>100%
Revenues from the rental of property and equipment	9	-	n/a
Nagravision contribution	8	16	-51%
Other operating revenues	12	13	-5%





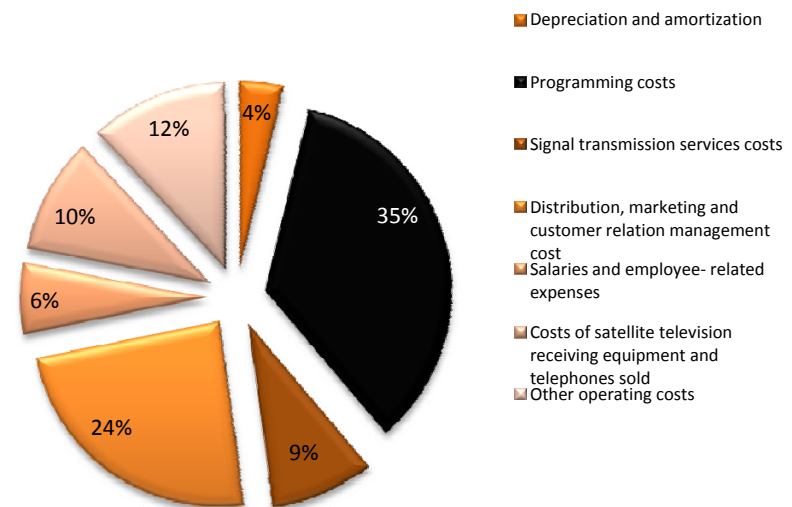
## Q3'09 Operating costs impacted by weaker PLN

### Operating costs Q3'09 vs. Q3'08



**PLN 19m of costs from f/x fluctuations**  
**PLN 14.4m impact on programming costs**  
**PLN 4.3m impact on signal transmission costs**

### Q3'09 costs breakdown (%)

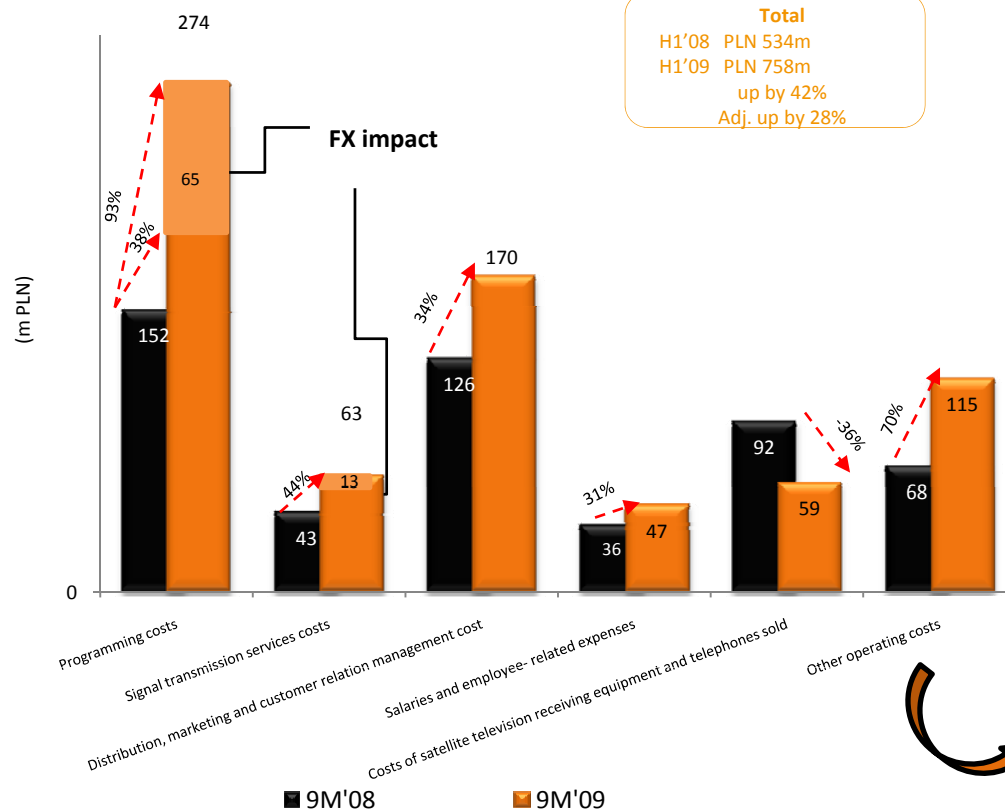


(m PLN)	Q3'09	Q3'08	Change
<b>Depreciation and amortization</b>	<b>11</b>	<b>7</b>	<b>54%</b>
<b>Costs of settlements with mobile network operators and interconnection charges (MVNO)</b>	<b>1</b>	<b>0</b>	<b>&gt;100%</b>
<b>Other operating costs, of which:</b>	<b>33</b>	<b>27</b>	<b>20%</b>
Materials and energy used	7	6	17%
Bad debt provision and the cost of receivables written off	2	5	-60%
Other operating costs	28	16	49%

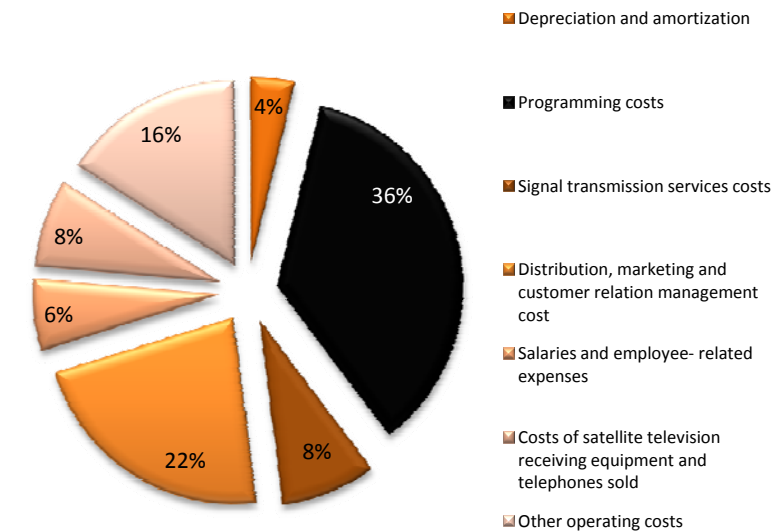


# 9M'09 Operating costs impacted by weaker PLN

## Operating costs 9M'08 vs. 9M'09



## 9M'09 costs breakdown (%)



(PLN mln)	9M'09	9M'08	Change
Depreciation and amortization	29	16	76%
Costs of settlements with mobile network operators and interconnection charges (MVNO)	2	0	>100%
Other operating costs, of which:	115	68	70%
Materials and energy used	29	13	121%
IT services	20	12	67%
Bad debt provision and the cost of receivables written off	16	11	44%
Other operating costs	50	32	59%

PLN 78m of costs from f/x fluctuations

PLN 65m impact on programming costs

PLN 13m impact on signal transmission costs

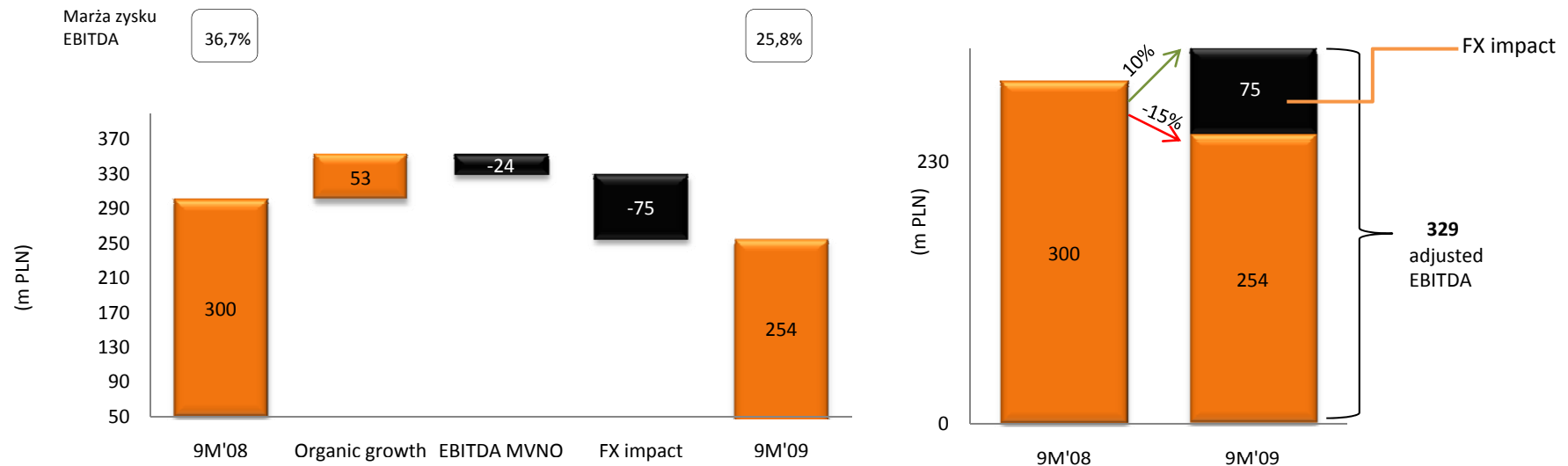
Source: Interim Condensed Consolidated Financial Statements for three and nine months ended 30 September 2009



## 9M'09 adjusted EBITDA up

- Adjusted EBITDA in the nine months period ended 30 September 2009 up by 10% to PLN 329m and adjusted EBITDA margin was 33.4%
- MVNO EBITDA loss was 7.7% of DTH EBITDA in 9M'09

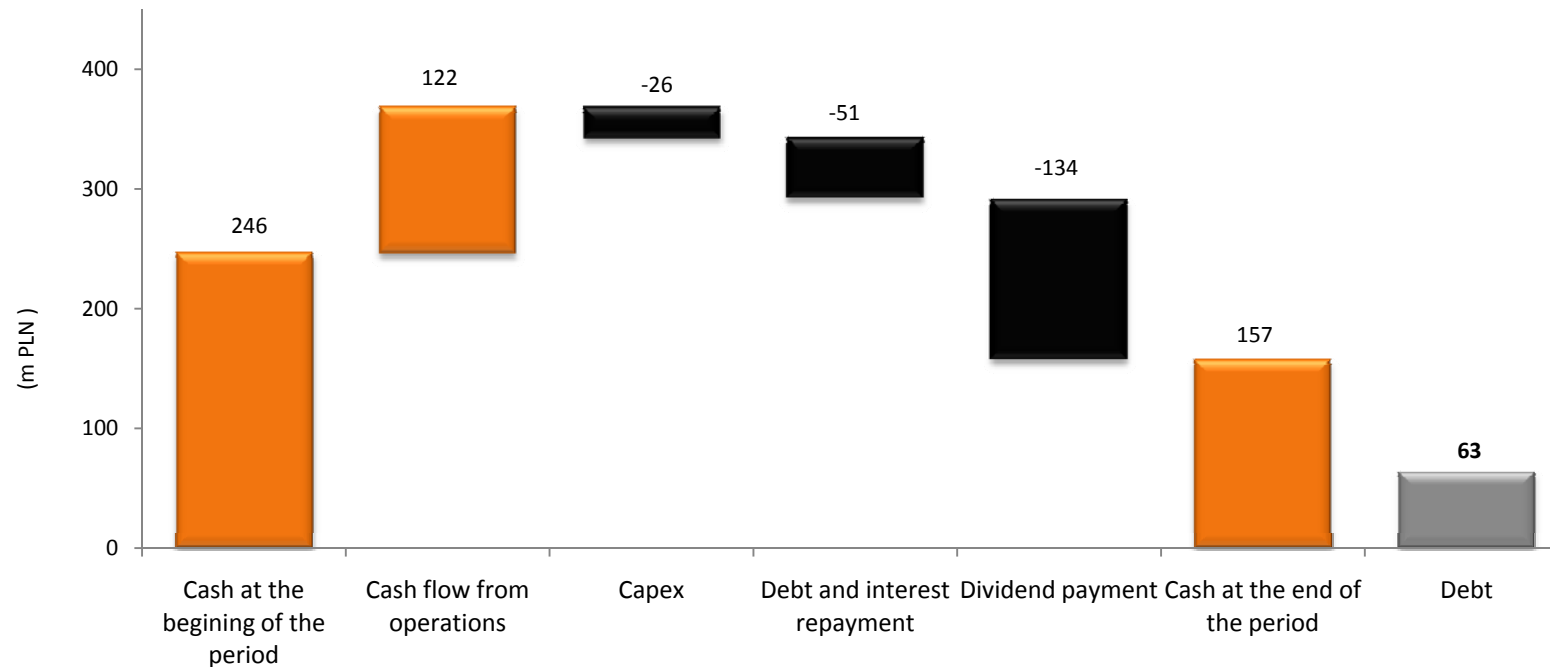
### EBITDA, adjusted EBITDA and EBITDA margin





## PLN 157m on hand after paying dividend

Net cash flow, cash position and debt – 9M 2009





## Factors which affect our results

- We expand the programme offer in Q3 and Q4 2009, without extra costs in 2010
- 2010 higher ARPU from:
  - subscribers beyond initial period of the agreement
  - migration of Mini Packages subscriber to Mini Max Package
  - introduction of HD Package
  - introduction of services from video on demand category
  - change in packages mix, after introducing new type of promotional offers
  - introduction of new terms and conditions
- Impact of new terms and conditions might be:
  - ARPU increase
  - annualized churn rate increase in period ended June 2010 partially offset by a restriction of churn connection with fact that subscribers enter in closed period
  - churn minimalization from Q3 2010
- Start of mobile broadband internet service friendly user test (900 MHz, 21 Mbit/sec)
- Positive effect related to the purchase of the experienced sales network for distribution of our multi-play services (television, mobile, Internet)



## Contact us

***Malgorzata Czaplicka***

***Investor Relations Director***

***Phone +48 (22) 356 6004***

***Fax. +48 (22) 356 6003***

***Email: [mczaplicka@cyfrowypolsat.pl](mailto:mczaplicka@cyfrowypolsat.pl)***

***Or visit our website [www.cyfrowypolsat.pl](http://www.cyfrowypolsat.pl)***