



Results for the fourth quarter and 12 months of 2010

17 March 2011

Disclaimer



This presentation includes 'forward-looking statements'. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our products and services) are forward looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements speak only as at the date of this presentation. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. We caution you that forward-looking statements are not guarantees of future performance and that our actual financial position, business strategy, plans and objectives of management for future operations may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if our financial position, business strategy, plans and objectives of management for future operations are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in future periods. We do not undertake any obligation to review or to confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation.

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Introduction

Summary



- DTH subscriber base increased by 234 ths. (y-o-y) to 3.436.231
- Number of MVNO users increased by 67 ths. (y-o-y) to 96 ths. (94% in post-paid)
- Number of Internet users at the end of the year amounted to 26 ths.
- Family Package ARPU increased (y-o-y) by 4.5% to PLN 42.1 and Mini Package ARPU increased by 20.7% to PLN 11.1 in 12M'10
- Stable churn rate of 10.3%
- Very good financial results

Very good financial results



	IV Q 2010	Change	2010	Change
Revenues (PLN m)	379	↑ 12%	1 496	↑ 17%
EBITDA (PLN m)	72	↑ 12%	407	↑ 28%
EBITDA margin	19.1%	↑ 0.1pp	27.5%	↑ 2.4pp
Net income (PLN m)	37	↓ -11%	258	↑ 12%

Source: Interim condensed consolidated financial statements for the 3 and 12 month period ended 31 December 2010 and internal analysis
 Note: Financial results for 2010 include results of M.Punkt Holdings Ltd., which are not included in financial results for 2009

Main events



- Enrichment of programming offer (19 new channels, including 10 HD: Nat Geo Wild HD, FilmBox HD, Fox Life HD, Animal Planet HD, AXN HD, FOX HD, National Geographic HD, HBO2 HD, HBO Comedy HD, Cinemax2 HD)
- Launch of Internet service in HSPA+ technology (21 Mbit/s) and HSPA+ MIMO (28.8 Mbit/s)
- Launch of „Multi-play offer” (TV, Internet, Telephone)
- Enrichment of VOD Home Video Rental service
- Change in TV packages on DTH offer (Family HD, Mini HD)
- Introduction of HD set-top box produced by Cyfrowy Polsat
- Finalization of change in terms and conditions of our services

Main events



- Changes in the Management Board of the Company – appointment of Aneta Jaskólska to the position of the Member of the Management Board
- Completion of purchase transaction of M.Punkt Holdings Ltd.
- Establishment of Cyfrowy Polsat Trade Marks Sp. z o.o. (management of trade marks and fixed assets)
- Announcement of purchase transaction of Telewizja Polsat S.A. shares

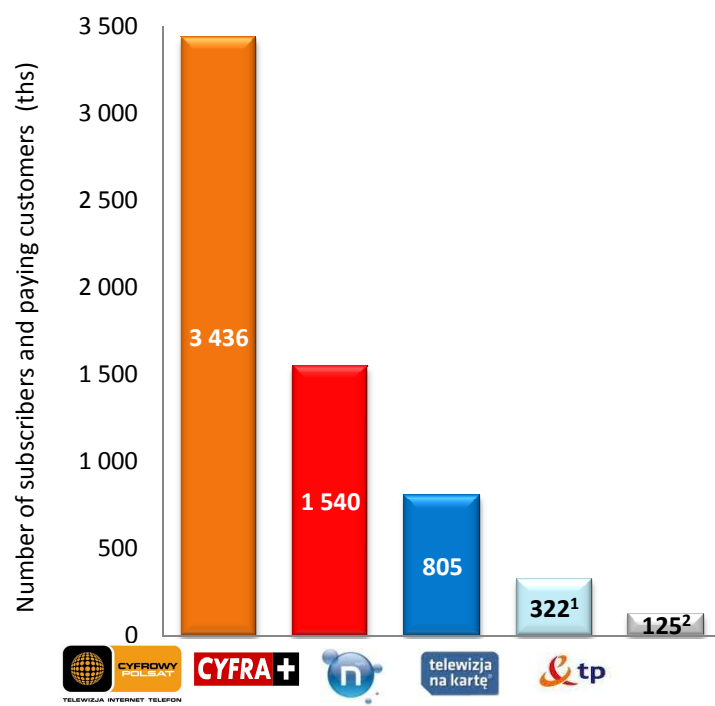
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DTH Market in 2010

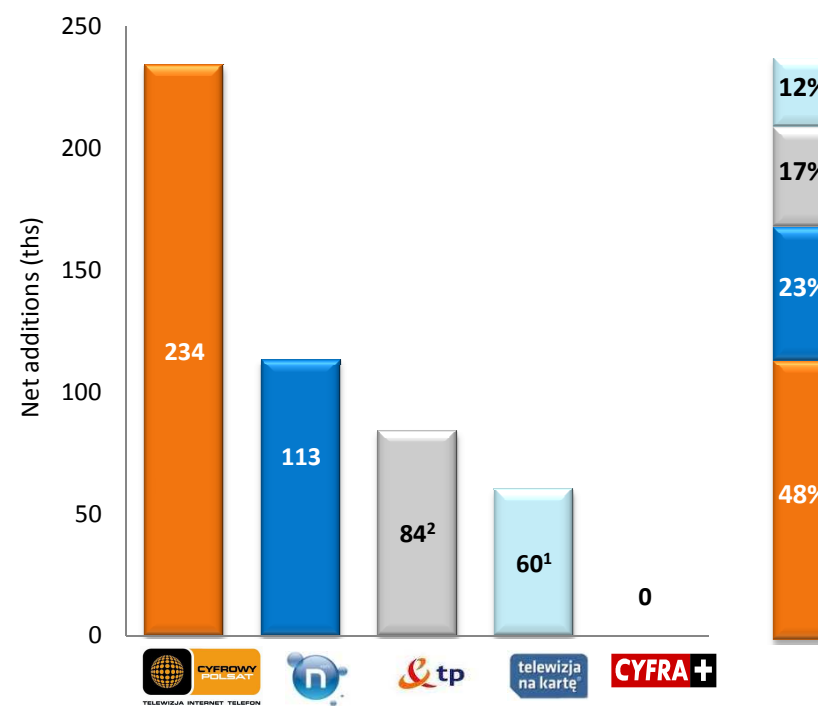
DTH market



Number of DTH subscribers and paying customers of digital platforms as at 31 December 2010



Net additions of subscribers and paying customers of digital platforms in 2010 and market share



Source: Cyfrowy Polsat, Annual Report of TVN Group, TPSA website, press releases

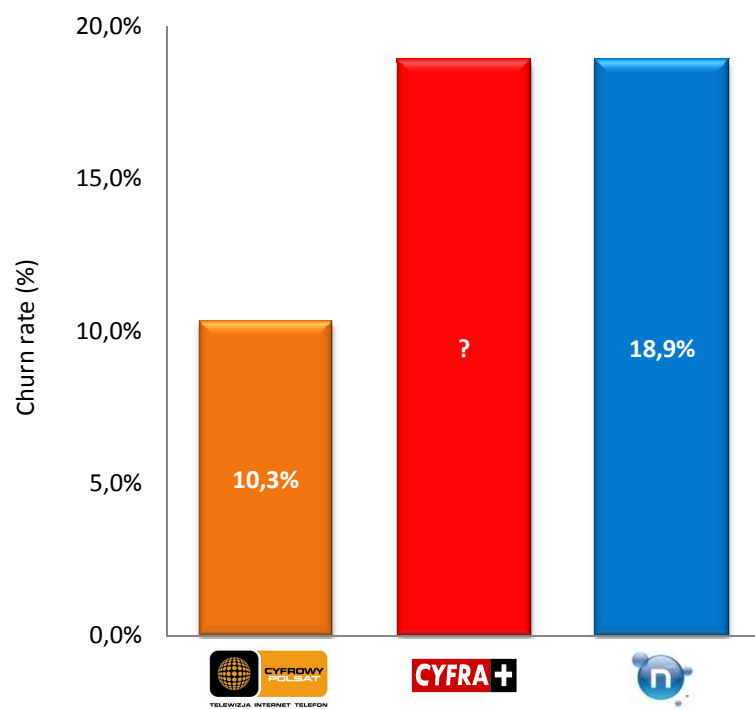
Note: 1. Active users of Telewizja Na Karte

2. Users of pay programming packages of DTH service offered by TP SA

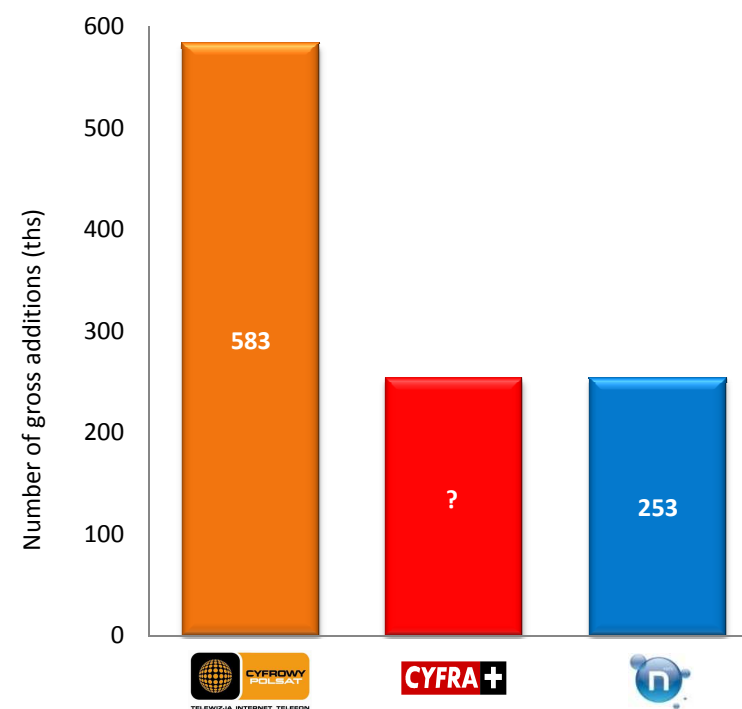
Churn and gross additions



Churn rate of digital platforms in 2010



Number of gross additions of digital platforms in 2010



Źródło: Cyfrowy Polsat, Annual Report of TVN Group

Nota: Churn for „n” platform calculated as: $\text{obliczony wg wzoru: } (\text{gross additions} - \text{net additions}) / \text{average number of subscribers in the period}$

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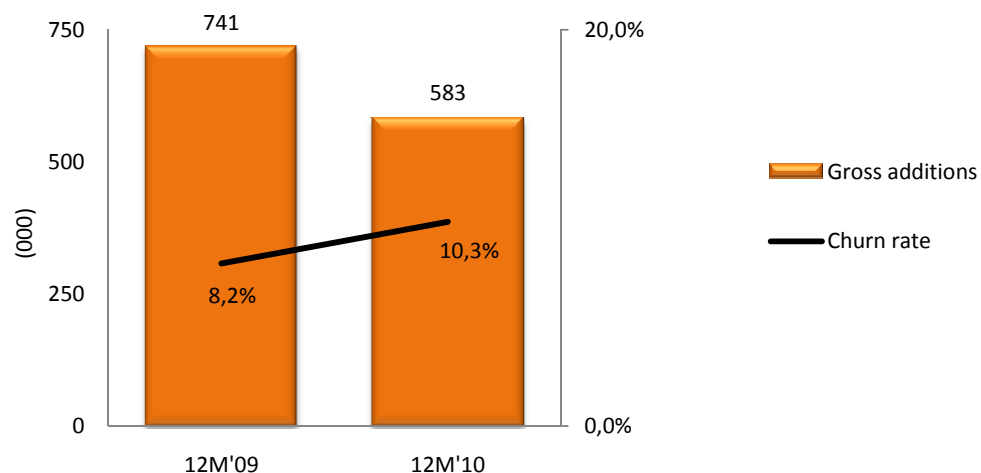
Cyfrowy Polsat Operational results

Sales in line with expectations



- 240 ths. gross additions in 4Q 2010
- 583 ths. gross additions in 2010
- Increase in churn rate in 1H 2010 compared to 2009 due to:
 - Change in terms and conditions
 - Aggressive competition on DTH market in Q4'09
 - Impact of internal churn resulting from Q4'09 sale
- Stabilized churn rate in 2H 2010 at 10.3%

Gross additions and churn rate

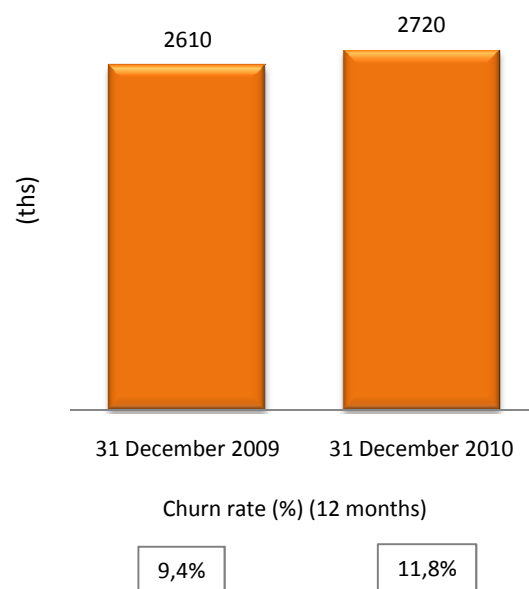


Dynamic increase in DTH subscribers base

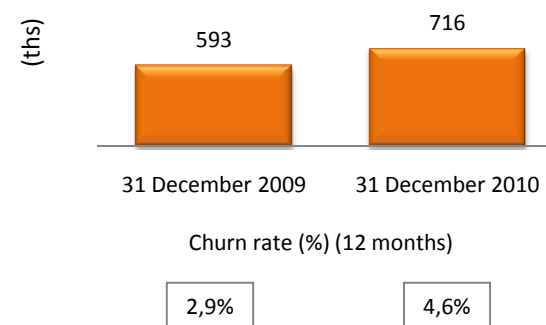


- Our subscribers base grew by 234 ths. to 3,436,231 subscribers as at 31 December 2010, while churn rate amounted to 10.3%

Subscribers — Family Package/Premium



Subscribers — Mini Package



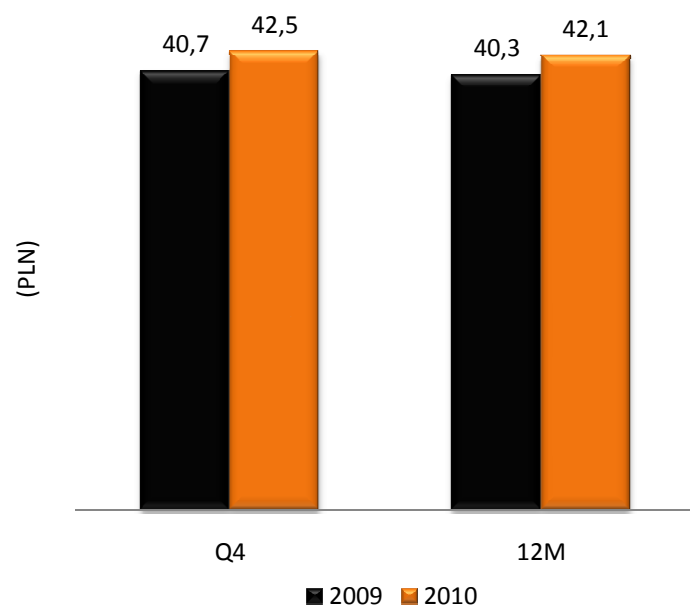
Note: Churn rate calculated as the ratio of the number of canceled contracts in the 12 months preceding the balance sheet date less the number of customers who have entered into a contract for the provision of satellite pay television services with us once again in a period of not more than 12 months,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

Stable increase in ARPU

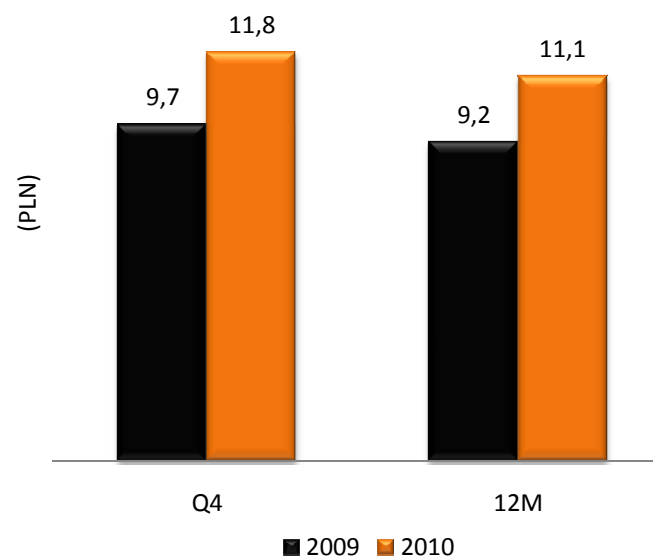


- Family Package ARPU increased by 4.4% (y-o-y) in 4Q to PLN 42.5 and by 4.5% in 12M 2010 to PLN 42.1
- Mini Package ARPU increased by 21.6% (y-o-y) in 4Q to PLN 11.8 and by 20.7% to PLN 11.1 in 12M 2010

Family/Premium Package ARPU



Mini/Mini Max Package ARPU



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Cyfrowy Polsat Financial results

Q4'10 Profit and loss



	Q4'10	Q4'09	Change %	Reasons
Revenues (PLN m)	379	339	12%	<ul style="list-style-type: none"> • 10.4% increase in average number of subscribers • 3.7% increase in blended ARPU • an increase in telecommunication revenues
Costs (PLN m)	331	288	15%	<p>10.4% increase in costs excluding one-offs (restructuring of mPunkt and start-up costs of TV2Tygodnik)</p> <p>Other factors:</p> <ul style="list-style-type: none"> • 10.4% increase in average number of subscribers <ul style="list-style-type: none"> - an increase in customer service and retention costs - an increase in programming costs • an increase in depreciation and amortization • an increase in other costs mainly due to costs of providing Internet service • bad debt provision and receivables written off
EBITDA (PLN m) <i>margin%</i>	72 <i>19.1%</i>	64 <i>19.0%</i>	12% <i>0.1pp</i>	
Net income (PLN m) <i>margin%</i>	37 <i>9.8%</i>	41 <i>12.3%</i>	-11% <i>-2.5 pp</i>	

Source: Interim condensed consolidated financial statements for the 3 and 12 month period ended 31 December 2010 and internal analysis

12M'10 Profit and loss

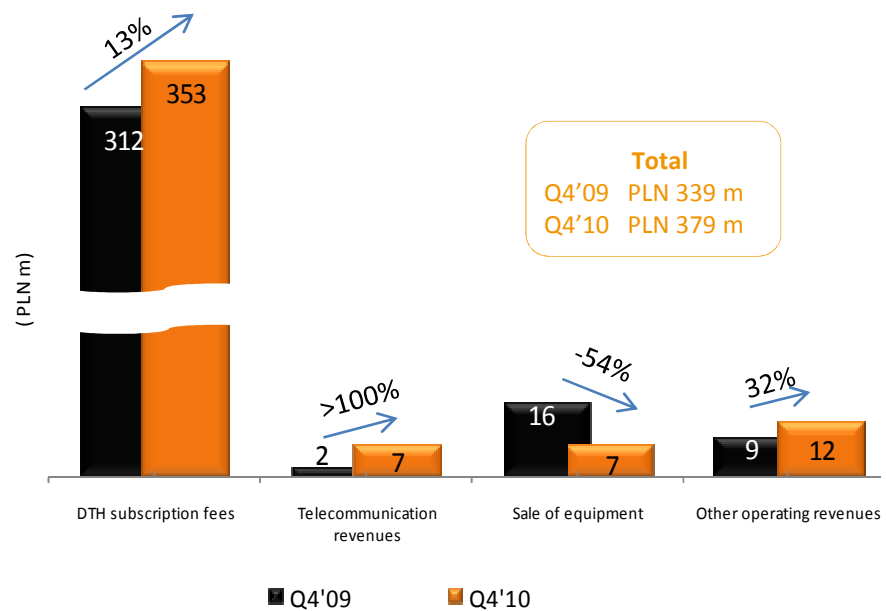


	12M'10	12M'09	Change %	Reasons
Revenues (PLN m)	1,496	1,279	17%	16% increase in revenues excluding one-offs (sale of POS by mPunkt to Polkomtel) <ul style="list-style-type: none"> • 13.7% increase in average number of subscribers • 3.8% increase in blended ARPU • an increase in telecommunication revenues
Costs (PLN m)	1,171	1,003	17%	13.0% increase in costs excluding one-offs (restructuring of mPunkt and start-up costs of TV2Tygodnik)
EBITDA (PLN m) <i>margin%</i>	407 27.5%	318 25.1%	28% 2.4 pp	Other factors: <ul style="list-style-type: none"> • 13.7% increase in average number of subscribers <ul style="list-style-type: none"> - an increase in customer service and retention costs - an increase in programming costs • an increase in depreciation and amortization • an increase in other costs mainly due to costs of providing Internet service • bad debt provision and receivables written off • positive effect of strengthening PLN vs. USD and EUR
Net income (PLN m) <i>margin%</i>	258 17.4%	230 18.2%	12% -0.8pp	

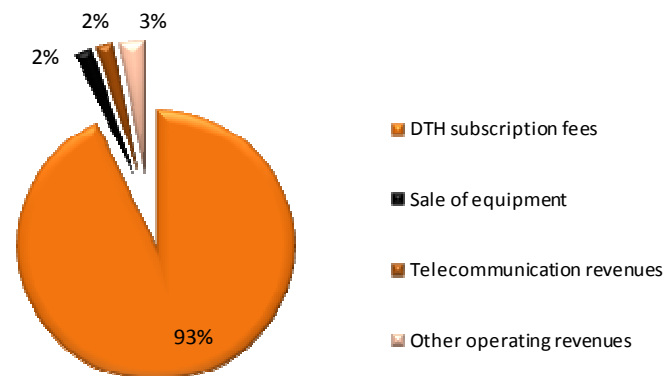
Revenues structure in Q4'10



Revenues Q4'10 vs. Q4'09



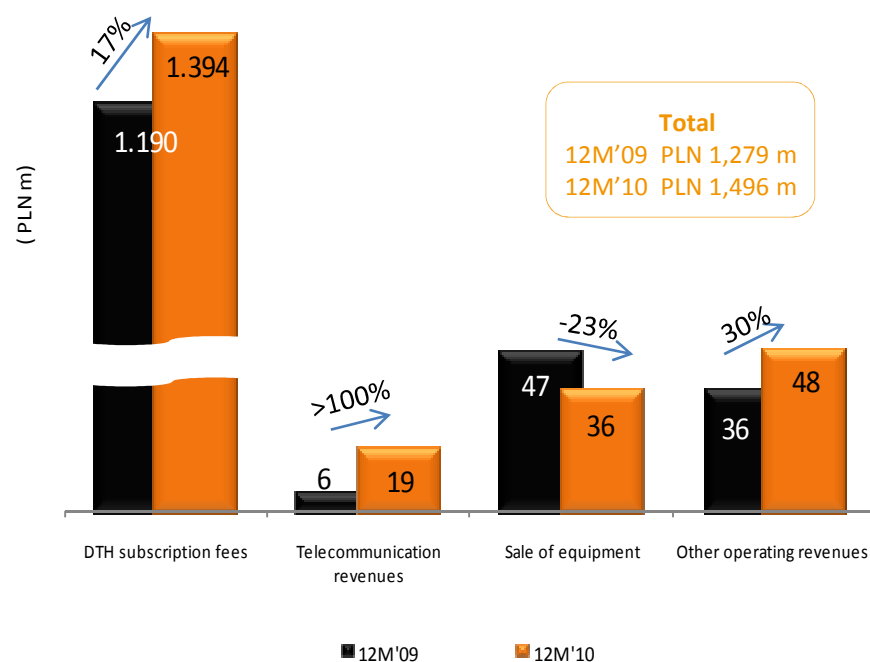
Q4'10 revenues breakdown (%)



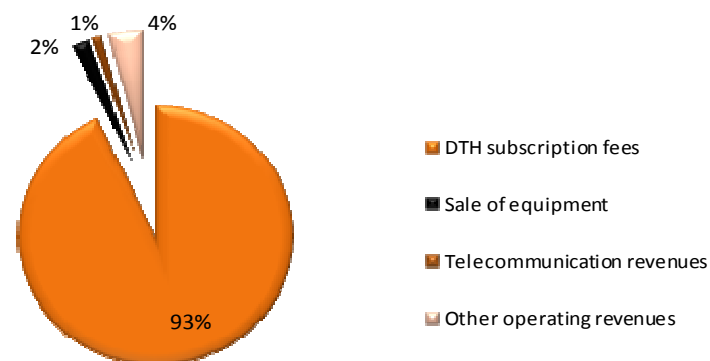
Revenues structure in 12M 2010



Revenues in 12M'10 vs. 12M'09



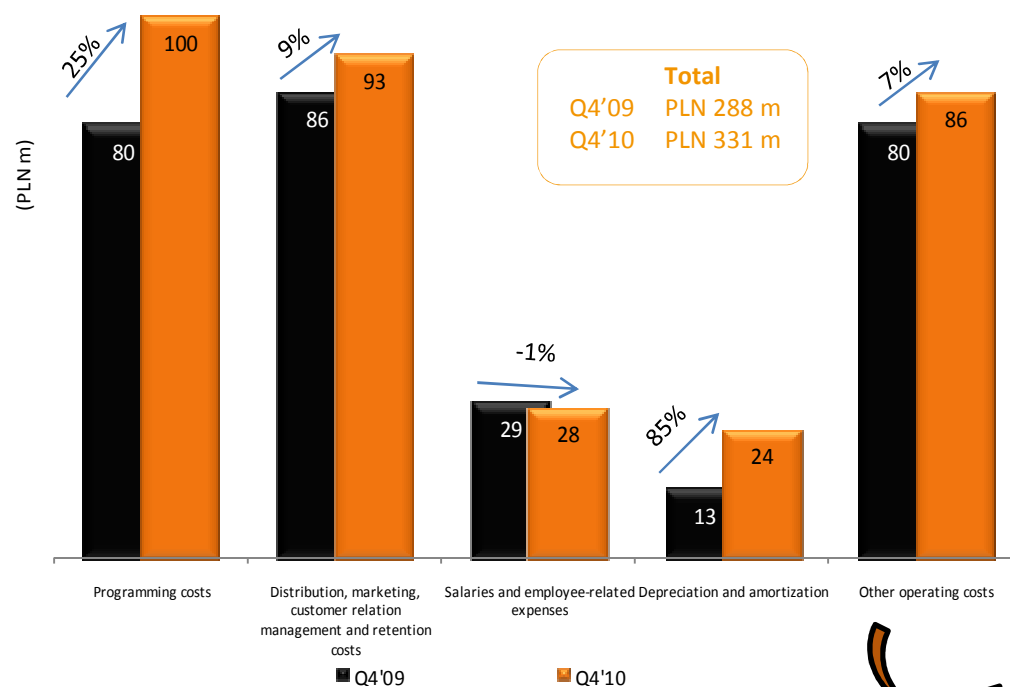
12M'10 revenues breakdown (%)



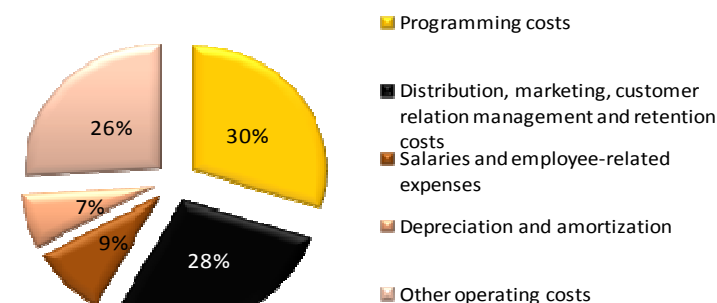
Costs structure in Q4'10



Operating costs Q4'10 vs. Q4'09



Q4'10 Operating costs breakdown (%)

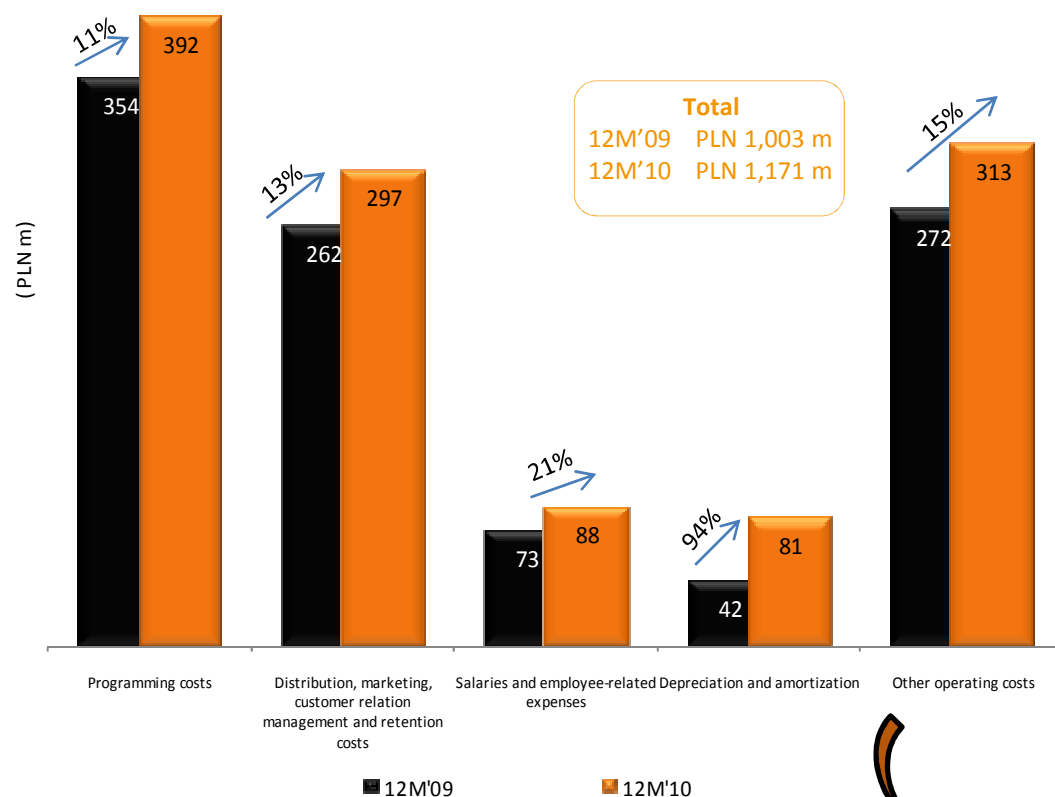


(PLN m)	Q4'09	Q4'10	Change
Other operating costs, including:	80	86	7%
Transmission costs	20	18	-10%
Cost of equipment sold	29	18	-39%
Bad debt provision and cost of receivables written off	3	9	>100%
Costs of infrastructure rental and network maintenance	0	9	>100%
Other operating costs	28	32	14%

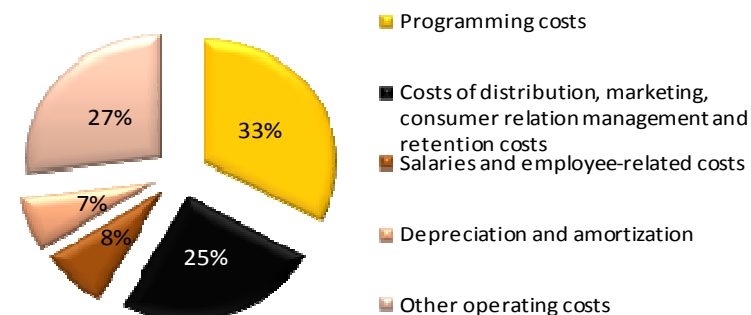
Costs structure in 12M'10



Operating costs 12M'10 vs. 12M'09



12M'10 Operating costs breakdown (%)



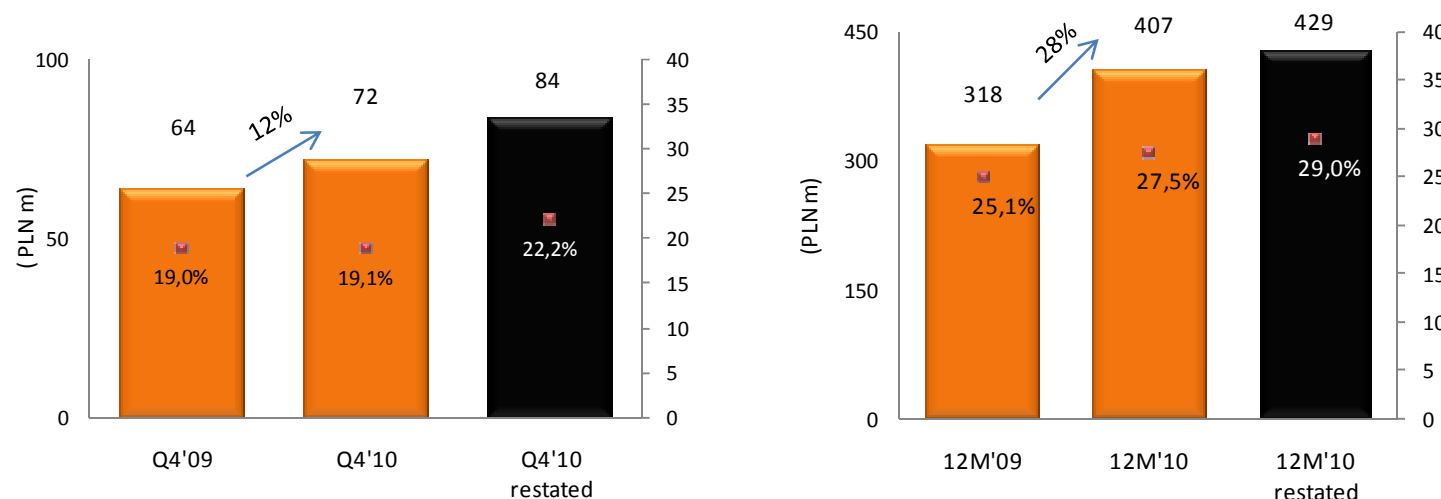
(PLN m)	Q4'09	Q4'10	Change
Other operating costs, including:	272	313	15%
Transmission costs	83	80	-3%
Cost of equipment sold	90	60	-34%
Bad debt provision and cost of receivables written off	20	37	87%
Costs of infrastructure rental and network maintenance	1	32	>100%
Other operating costs	78	104	33%

High EBITDA margin



- EBITDA up by 12% to PLN 72 m in 4Q'10 compared to Q4'09 and EBITDA margin up to 19.1% (22.2% excluding mPunkt restructuring costs and start-up costs of TV2Tygodnik)
- EBITDA up by 28% to PLN 407 m in 12M 2010 compared to 12M 2009 and EBITDA margin up to 27.5% (29.0% excluding mPunkt restructuring costs and start-up costs of TV2Tygodnik)

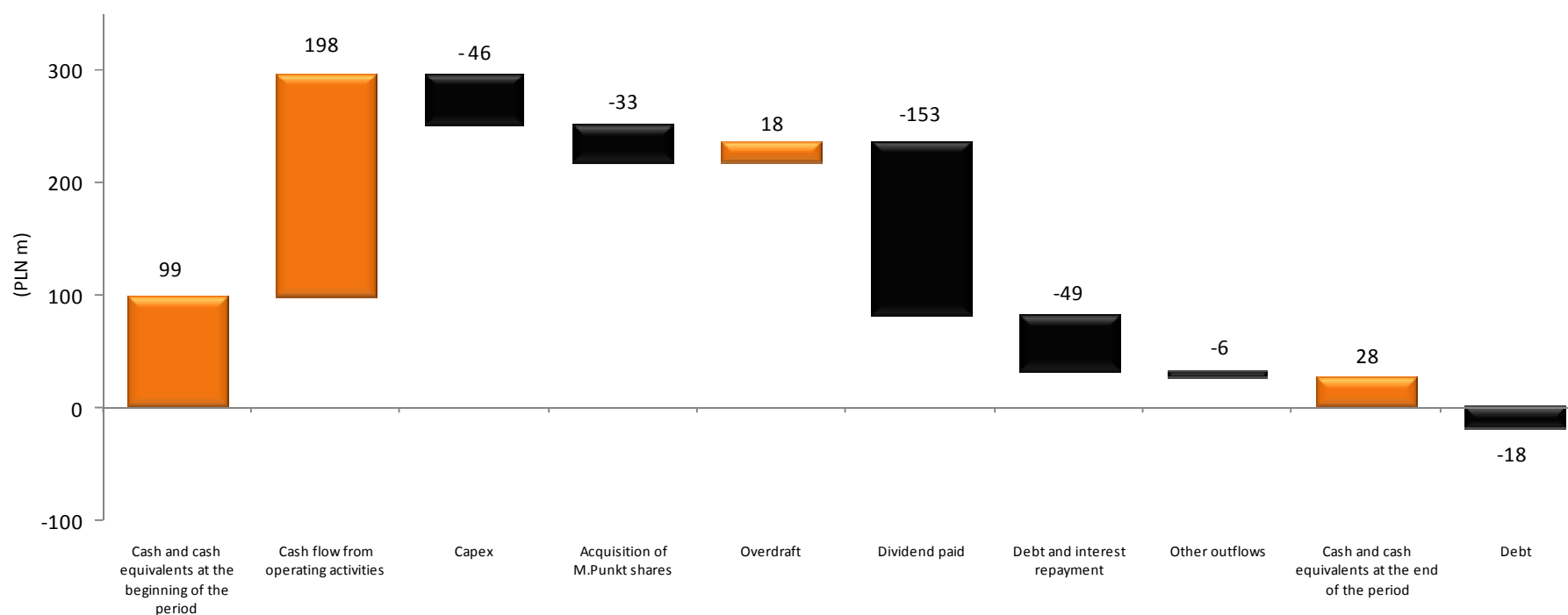
EBITDA and EBITDA margin



Cash flow in 12M'10



Net cash flow, cash position and debt – 12M'10



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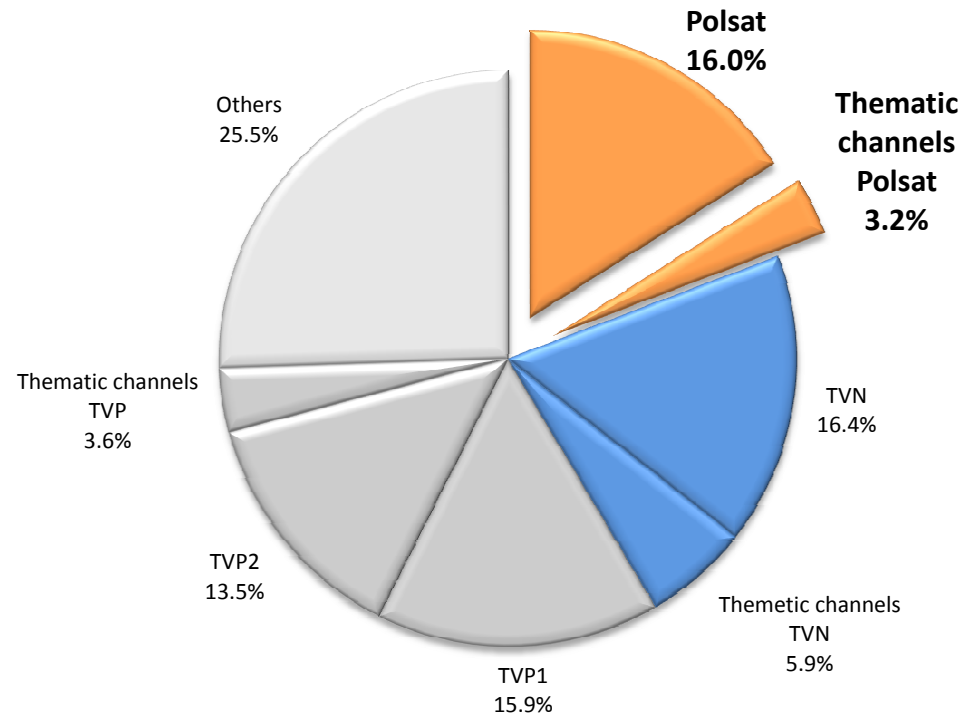
TV Polsat

Status of the purchase transaction of Telewizja Polsat



- Finalization of the transaction due by the end of 1Q 2011
- Financing process:
 - Wide interest of banks in syndication process of term loan (PLN 1.4bn) and revolving loan (PLN 0.2bn)
 - Refinancing of bridge loan (PLN 1.4bn) by issuing High Yield Bonds scheduled for 2Q/3Q 2011
- Historical financial results of Telewizja Polsat according to IFRS (2007-2009) in line with expectations
- Audited financial results of Telewizja Polsat for 2010 will be published in 2Q 2011

Audience share in 2010



Source: NAM, 16-49, all day



TV Polsat achieved satisfactory audience results in 2010



Polsat channel has reached 16% audience share and was the second channel in the market in 2010

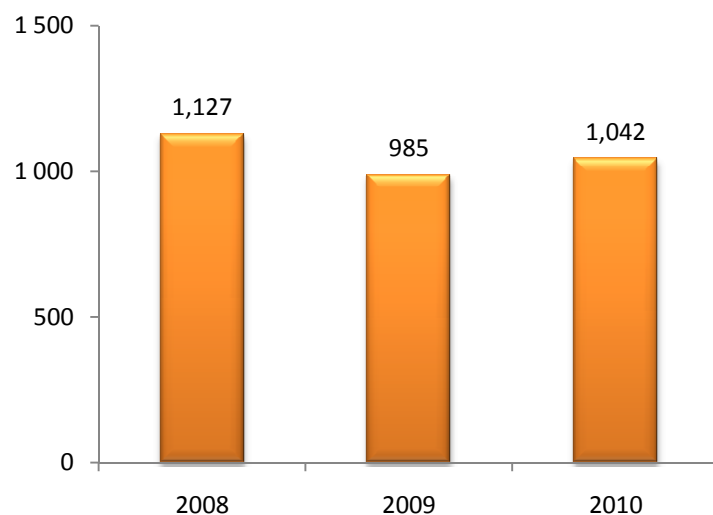


27% increase in audience share of thematic channels to 3.2%

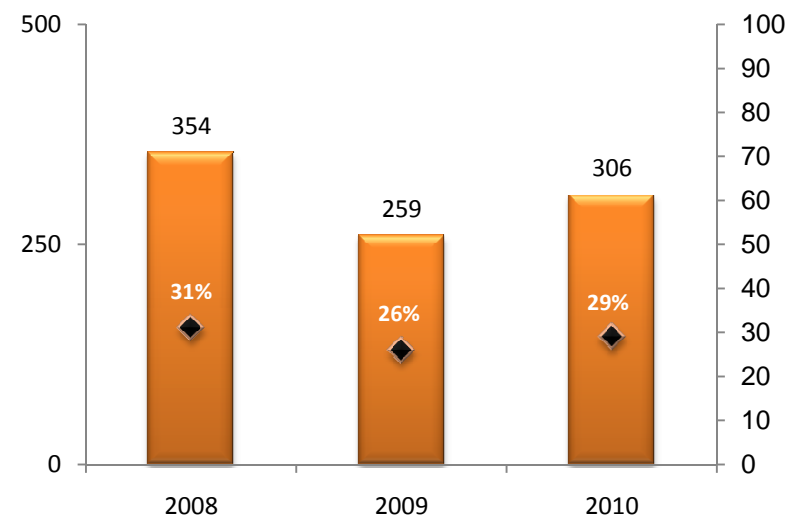
Financial results of Telewizja Polsat



Revenues from sales



EBITDA and EBITDA margin



- Telewizja Polsat achieved projected financial results in 2010.
- Estimated EBITDA slightly exceeded previously planned level and amounted to PLN 306 m in 2010
- EBITDA margin increased in 2010 to 29% compared to 26% in 2009

Prospects for 2011



● Increase in technical reach and higher revenues from subscription

● From 1 September 2010 the main channel and some of thematic channels available on Cyfra + platform

● Good audience results of new „spring” schedule of Polsat channel



„Must be the music. Tylko muzyka” – 31%
(audience share, 16-49,
2 episodes, Saturday 20:00, first season)



„Szpilki na giewoncie” – 24.2%
(audience share, 16-49, 3 episodes,
Thursday 22:00, season 2)



„Trudne sprawy” – 24.9%
(audience share, 16-49,
11 episodes, Monday - Friday 14:45,
first season)

● Polsat channel had 16.9% audience share in the first two weeks of March (group: 16-49, all day)

● Thematic channels of Telewizja Polsat had 3.8% audience share in the same period (same group)

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Plans for 2011

Plans for 2011



- Finalization of purchase transaction of Telewizja Polsat
 - Signing loan agreements
 - Issuing warrants for Telewizja Polsat shareholders
 - Refinancing of bridge loan by High Yield Bonds
 - Full consolidation from 1Q 2011
- Sustaining the leading position on DTH market
 - Continuous increase in subscriber base and ARPU
 - Sustaining customers satisfaction level and thus low churn rate
 - Introduction of new products and services (eg.: CatchUp TV, CP Online)
- Sustaining the strong position on advertising market and audience share, while increasing technical reach and revenues from subscription of thematic channels
- Development of Internet service (HSPA+ MIMO, LTE)

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Q&A

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