



Press release
Warsaw, 12 November 2015

Very good financial results of Cyfrowy Polsat Group in Q3 of 2015

Cyfrowy Polsat Group published very good financial results for Q3 2015, showing the growth of number of contract services, including LTE Internet access service, while consistently striving to achieve the announced goal of 1 million users of the smartDOM program by the end of 2015. The Group recorded a growth of revenue per customer, stabilized the mobile service customer base and achieved exceptionally good results of TV broadcasting and production segment, where for the first time in the history of Polsat Group the audience share exceeded the threshold of 25%. It is the first quarter in which the data are fully comparable with the data in the corresponding period of the previous year due to the full consolidation of the results of Plus network operator.

Cyfrowy Polsat Group in Q3 2015.

- The total number of active revenue generating units (RGU) was 16.4m, 76% of which are contract services, which guarantees higher revenue stability in the future as well as greater customer loyalty.
- 5.9m contract customers have over 12.4 contract RGUs, and the ARPU per customer increased to PLN 88.1.
- Already as many as 15% of the Group's customers use our multiplay offer – the smartDOM program:
 - 900K smartDOM customers,
 - 2.7m active RGUs contracted by this group of customers.
- Thanks to the continuous growth of the LTE network coverage and the success of the integrated service offer smartDOM, the number of mobile Internet users grew dynamically – in the contract model by 20% YoY to over 1.5m and in total to nearly 1.75m.
- The Group's main TV channel Polsat, its thematic channels as well as the entire Polsat Group were the viewership leaders in the commercial group both in Q3 and in the period of 9 months, with the following results: 12.8%, 12.4% and 25.2% in Q3 and 13.2%, 11.4% and 24.6% in the period of 9 months.
- TV Polsat Group's revenue from advertising and sponsoring in Q3 and in the period of 9 months grew at a much faster rate than the market, accordingly at 11.9% and 7.7% vs. 6.4% and 4.2% on the market – reaching PLN 222m and PLN 725m, respectively. The Group's market share in the TV advertising market increased to 27.6% in Q3 and 26% in the period of 9 months.
- The average monthly number of users of IPLA, the largest Polish online TV, was ca. 3.6m.
- Very good financial results:



Presented financial data are presented according to the International Financial Reporting Standards („IFRS”) and apply to the period of 3 and 9 months ending on September 30, 2015



- revenue: PLN 2.415bn,
 - EBITDA: PLN 930m,
 - EBITDA margin: 38.5%,
 - Free Cash Flow (FCF) after payment of interest on loans and bonds: PLN 208m,
 - Net debt/EBITDA: 2.98x.
- On October 26, 2015 Polkomtel submitted an application for the reservation of frequencies in 2600 MHz band which was the subject of the auction of frequencies in the 800 Mhz and 2600 MHz band, ended in October.
 - On October 7, 2015 Cyfrowy Polsat and Plus network reinstated the promotion „second product for half price, third even for PLN 1” under the smartDOM program, offering their customers a broad portfolio of services – television, LTE Internet, mobile services – at very beneficial prices.
 - In connection with switching over to the state-of-the-art MPEG-4 compression system by Cyfrowy Polsat, from October 1, 2015 the platform’s subscribers received better quality of services and as many as 16 additional channels in HD standard, which increased the total number of HD channels available on the platform to over 60!
 - On September 25, 2015 the rating agency Standard & Poor's Rating Services increased the corporate ratings for the companies belonging to the Group to the level of BB+.
 - Cyfrowy Polsat Group concluded with a consortium of Polish and foreign financial institutions a Senior Facilities Agreement covering a term facility in the amount up to PLN 11.5bn and a revolving facility in the amount of up to PLN 1bn, which – together with the corporate unsecured series A bearer bonds issued in July 2015 – will be used to refinance the entire existing debt of the Group. This, so far the biggest, corporate facility denominated in the Polish currency and a very big (on the Polish market) issue of corporate bonds will ensure interest savings in the amount up to ca. PLN 380m per year at the level of the Group.
 - On September 3, 2015 Plus, as the first mobile operator in Poland, offered its customers the possibility of purchasing access to the HBO GO service along with the subscription for a mobile phone with the Internet service or with the LTE Internet subscription.
 - In September Telewizja Polsat launched its own, state-of-the-art production center designed for the production of its own television shows. The facility is located at Łubinowa street in Warsaw on the premises of Cyfrowy Polsat. The building with the cubic capacity of 22,000 m³ includes a sound stage of an area exceeding 1200 m², spacious wardrobes, make-up rooms, as well as the space to accommodate an audience of several hundred.
 - In September 2015, Plus network was the first telecommunication operator in Poland to offer its customers a telemedicine service Ja+Health – medical consultations available 7 days a week, 24 hours a day, contact with a nurse and midwife, information about emergency medical services and medical consultations.
 - On July 29, 2015 the Group made an early prepayment of a part of the term loan of Cyfrowy Polsat in the amount of PLN 1bn.



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- On July 21, 2015 Cyfrowy Polsat issued 1 000 000 unsecured corporate bonds worth PLN 1bn, with the interest of WIBOR 6M + 250 bps. These bonds are traded in the alternative trading system on the Catalyst market.

*“It was another very good quarter for Cyfrowy Polsat Group. Consistent execution of the strategy led to the growth of the number of contract services. As a result of continued growth of the smartDOM program and the growing number of its users, moving towards the assumed goal of 1 million customers by the end of the year, we observed a clear growth of revenue per customer. We maintain the leading position on the mobile Internet market, while recording a 20% growth of the number of contract services in this segment. Together with Midas Group we are regularly developing the LTE network relaying on the 800 MHz band – we already have as many as 3100 base stations on air, and the total coverage of our LTE network exceeded 92% – sums up **Tomasz Gillner-Gorywoda, President of the Management Board of Cyfrowy Polsat S.A. and General Director of Polkomtel Sp. z o.o.***

Services provided to individual and business customers

*“In the third quarter we observed many positive developments. The total base of contract services increased by 42K as compared to the second quarter, thanks to very good sales of LTE Internet and pay TV services. The mobile service base is stabilizing thanks to a clearly visible weakening of the price pressure, which has been confirmed by the best MNP balance in the last 6 years,” recapitulates **Tobias Solorz, President of the Management Board of Polkomtel Sp. z o.o. and Vice President of the Management Board of Cyfrowy Polsat S.A.***

In Q3 2015 Cyfrowy Polsat Group:

- had 5,9m contract customers:
 - the number of contract services (RGU) increased to 12.42m – by 1.5% YoY and by 42K vs. the previous quarter (6.5m mobile services, 4.4m TV services and over 1.5m Internet access services,
 - ARPU per contract customer increased by 1.8% YoY, to PLN 88.1,
 - Saturation with active RGUs continued to increase consistently, going up by 5.6% YoY, and reached 2.09 per customer,
- active prepaid RGU base was 4m, including:
 - 3.7 mobile voice services,
 - 0.06m TV services,
 - 0.23m Internet access services
 - ARPU per prepaid RGU increased by 3.8% YoY to PLN 19.
- in September 2015, 5.1m SIM cards logged into the Group’s network actively used data transmission services.

*“It should be emphasized that it is the first quarter in which we present comparable data from this and the previous year, which include full consolidation of the results of Plus network operator. What is worth noting is the growth of EBITDA by PLN 7m as compared to the previous year, which we owe to the growth of revenue and stable operating costs which are under control,” comments **Tomasz***



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Szeląg, Management Board Member responsible for Finance in Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.

Financial results for the segment of services provided to individual and business customers in Q3 2015.

mPLN	Q3 2015	Change YoY
Revenue	2 174	1%
Operating costs *	1 344	1%
EBITDA	844	1%
EBITDA margin	38.8%	0.1 p.p.

* Operating costs do not account for depreciation, amortization, impairment and liquidation

TV broadcasting and production

“Thanks to the success of seasonal programming as well as strong fixed-slots in the programming of Polsat Group, in both Q3 and 9 months, our Group recorded very good viewership results of 25.2% and 24.6%, respectively – and was the viewership leader in the commercial group across all segments: main channels, thematic channels and media groups. Such good viewership results translated into a much faster growth of revenue from advertising of our Group – at the rate of 11.9% in Q3 and 7.7% within the last 9 months.” says **Maciej Stec, Management Board Member of Cyfrowy Polsat S.A. and Telewizja Polsat Sp. z o.o.**

The Group upholds its expectations regarding an average one-digit growth of the value of the TV advertising and sponsoring market in 2015.

- In Q3, fixed-slots in the programming schedule of the main channel Polsat enjoyed high interest among viewers, the Monday “Mega Hit” movie cycle, attracting nearly 1m viewers, which gave the station an audience share of 18.2%, while the premiere episodes of the series “First Love” had over 0.78m viewers (21.2% audience share).
- Q3 results were substantially driven by new items in the autumn programming. The show “Our new house” attracted the largest audience of 1.12m viewers on average (22.9% audience share). Other autumn item, the reality show “Top Chef”, attracted 1m viewers per episode, translating into a 16.9% audience share. The reality show “Hell’s Kitchen” is another item in the autumn programming schedule with 1m viewers on average, generating a 15.9% audience share. The continuation of the show “Must Be the Music” was another important item in autumn. The show attracted 0.98m viewers on average with a 14.2% audience share.



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- The live coverage of the concert "Disco pod gwiazdami" on August 15, 2015 attracted many viewers – 1.03m on average, ensuring a 25.1% audience share for the station.
- The Poland – Germany UEFA EURO 2016 qualifying match was an important event of the third quarter 2015. It attracted 2.9m viewers in Polsat, with the audience share at the level of 44.4%, whereas the parallel live coverage on Polsat Sport channel attracted 588K viewers, thus ensuring an 8.8% audience share. Another qualifying match, Poland – Gibraltar of September 7, attracted the average of 2.5m viewers in Polsat (35.9% audience share). The parallel live coverage on Polsat Sport channel attracted 374K viewers (5.4% audience share).

[Nielsen Audience Measurement, AMR and SHR in the survey covering all viewers and 16-49 group, entire day]

Financial performance of the TV broadcasting and production segment in Q3 2015

mPLN	Q3 2015	Change YoY
Revenue	283	-10%
Operating costs *	198	-19%
EBITDA	86	17%
EBITDA margin	30.4%	7.1 p.p.

* Operating costs do not account for depreciation, amortization, impairment and liquidation

"Revenue of the TV broadcasting and production – after adjustments related to last year's one-off sport event: the FIVB Men's Volleyball World Cup Poland 2014 – increased by 14%, mainly thanks to the higher viewership of our channels. The audience increased, among others, thanks to additional investments in the programming of TV4 and in film and sport licenses. The dynamic growth of EBITDA and EBITDA margin are worth noting," comments **Katarzyna Ostap-Tomann, Management Board Member and CFO of Telewizja Polsat Sp. z o.o.**

Cyfrowy Polsat Group's financial performance

"In Q3 the Group achieved very good financial results, exceeding the market consensus. Stable revenue and the decrease of operating costs led to the improvement of EBITDA by PLN 20m and growth of the EBITDA margin to nearly 39%. The completion of the process of Group's refinancing was an important event, thanks to which we not only ensured interest savings, but also higher flexibility and safety of operations as well as a simplified debt structure, which will undoubtedly have a positive impact on further operations and future development of our Group. Free cash flows continue to be a strong item – we expect that their annual, adjusted value will amount to at least PLN 1.2bn," comments **Tomasz Szela**g.



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Cyfrowy Polsat Group's financial results for Q3 2015

mPLN	Q3 2015	Change YoY
Revenue	2 415	0%
Operating costs *	1 499	(1%)
EBITDA	930	2%
EBITDA margin	38.5%	0.9 p.p.
Net profit	502	945%

* Operating costs do not account for depreciation, amortization, impairment and liquidation

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Details of the teleconference:

Date: 12 November 2015
Hour: 16:00 (Warsaw), 15:00 (London), 10:00 (New York)
Phone number: +44 203 043 2440 (international)
22 295 3528 (Poland)
Teleconference code: 824109#

Teleconference will be performed in English.



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