



Results for the fourth quarter and 12 months of 2011

March 12, 2012

Disclaimer



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1

Introduction

Important events



- Acquisition of 100% shares of Info TV FM in order to launch mobile television based on DVB-T technology
- 3 million set-top-boxes manufactured by CPT
- Expansion of HSPA+ network (1,071 BTS) and LTE network (614 BTS)
- Novelties in the offer:
 - New service „VOD Home Movie Rental – on PC”
 - Pay Multiroom service in SD and HD
 - Launch of sale of LTE tablets



- New channel Crime & Investigation Polsat Network, extending TV Polsat portfolio to 15 channels
- Promising start of spring scheduling of Telewizja Polsat channels

Summary of operational results



- Number of DTH subscribers EOY increased by 115 ths (YoY) to 3,551,671
- Number of MVNO users increased by 47 ths (YoY) to 143 ths
- Number of Internet users increased by 48 ths (YoY) to 73 ths
- Family Package ARPU amounted to PLN 45.2 and Mini Package ARPU to PLN 13.9 in Q4'11
- Stable and low churn rate of 9.8%



- Audience share increased in Q4'11 by 5% (YoY) to 21.3%
- TV advertising market share increased in Q4'11 by over 2% (YoY) to 22.3%

2

Operational results

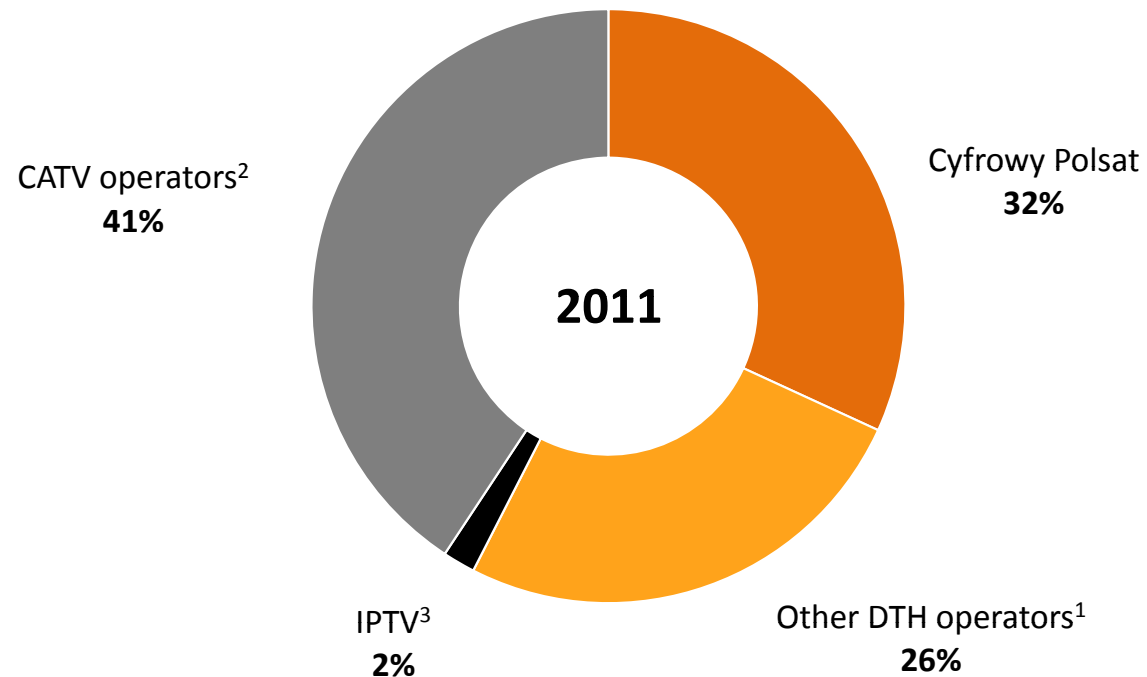
Retail business segment

DTH market in 2011



Pay-TV market in Poland

% share in the total number of paying subscribers at the EOY



Note: (1) Based on own estimates and data published by operators (Annual reports of TVN S.A. Group and TP S.A. Group for 2011)

(2) Based on own estimates and data published by PIKE

(3) Based on own estimates and data published by operators (Annual report of TP S.A. Group and the website of Telefonía Dialog S.A.)

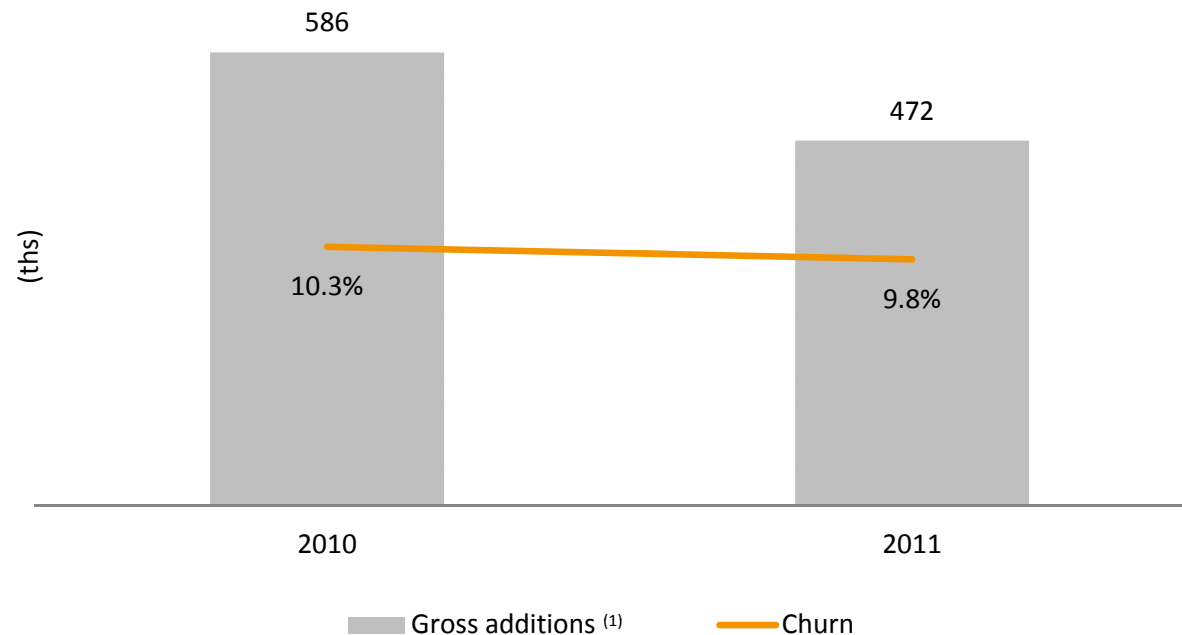
Retail business segment

High sales and stable churn



- 472 ths gross additions⁽¹⁾ in 2011
- Decrease in churn due to:
 - High level of consumer satisfaction
 - Efficient retention programmes

Gross additions and churn rate



Note: We define "churn rate" as the ratio of the number of contracts terminated during a 12-month period to the average number of contracts during such 12-month period. The number of terminated contracts is net of churning subscribers entering into a new contract with us no later than the end of the same 12-month period.

⁽¹⁾ excluding internal churn

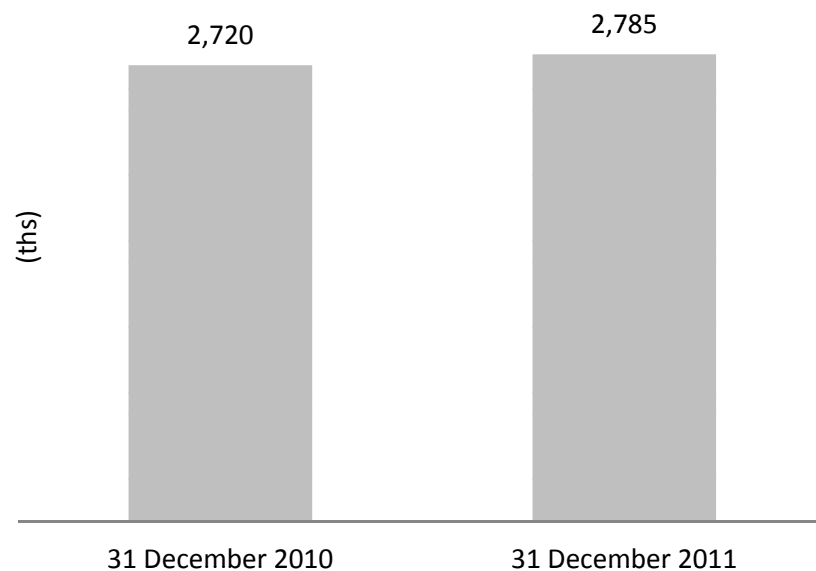
Retail business segment

Increase in subscriber base

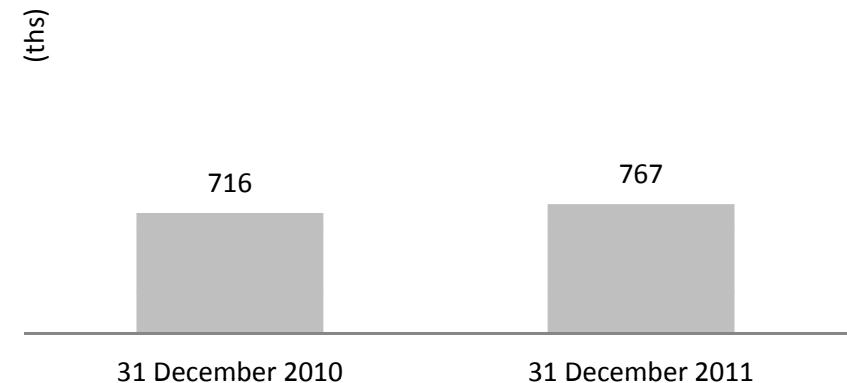


- On annual basis our subscriber base increased by 115 ths to **3.55 million** as of the end of Q4'11

Subscribers — Family/Premium Package



Subscribers — Mini Package



Retail business segment

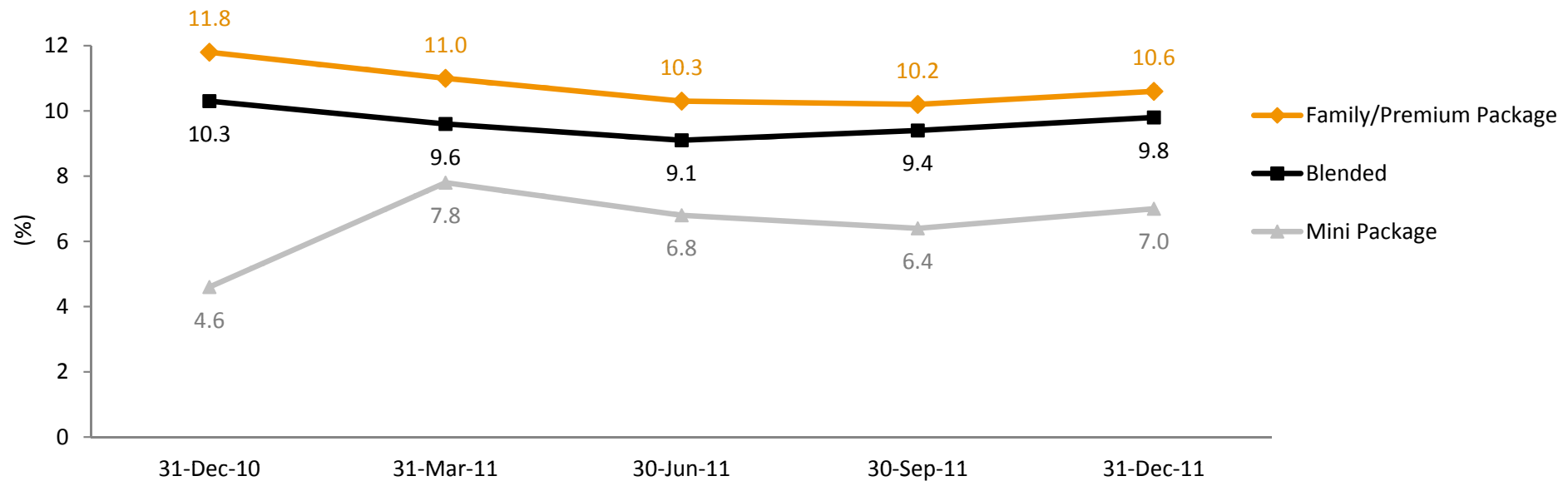
Low churn resulting from high consumer satisfaction



Churn rate (blended) amounted to 9.8%

- Family Package churn rate decreased (YoY) to 10.6%
- Mini Package churn rate increased (YoY) to 7.0%

Churn (12 months)



Note: We define "churn rate" as the ratio of the number of contracts terminated during a 12-month period to the average number of contracts during such 12-month period. The number of terminated contracts is net of churning subscribers entering into a new contract with us no later than the end of the same 12-month period.

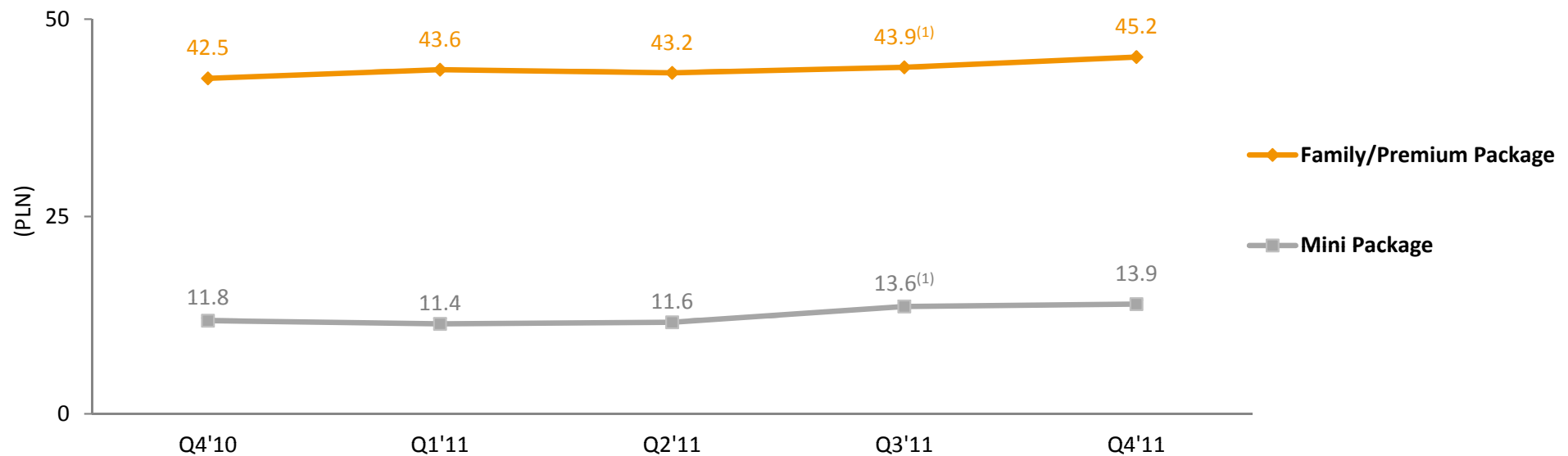
Retail business segment

Stable increase in ARPU



- Family Package ARPU amounted to PLN 45.2 in Q4'11
- Mini Package ARPU amounted to PLN 13.9 in Q4'11

ARPU



Note: We define "ARPU" as the average net revenue per subscriber to whom we rendered services calculated as a sum of fees paid by our subscribers for our services divided by the average number of subscribers to whom we rendered services in the reporting period.

(1) rate adjusted for one-off additional income from PPV (Adamek-Klitschko fight)

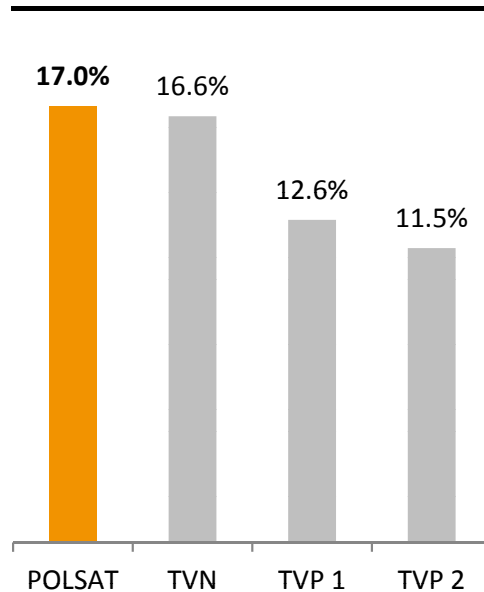
TV broadcasting and production segment

Growth in audience share (Q4'11)



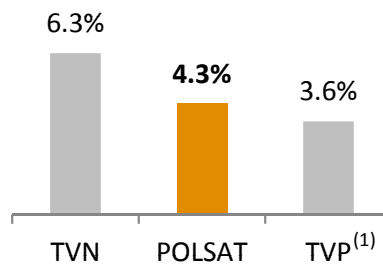
- TV Polsat Group again increased its audience share
 - Audience share in Q4'11 increased by 5% (YoY) to 21.3%
 - Main Polsat channel was the leader with 17.0% audience share
 - Audience share of Polsat thematic channels in Q4'11 increased by 26% (YoY) to 4.3%

Audience share of main channels

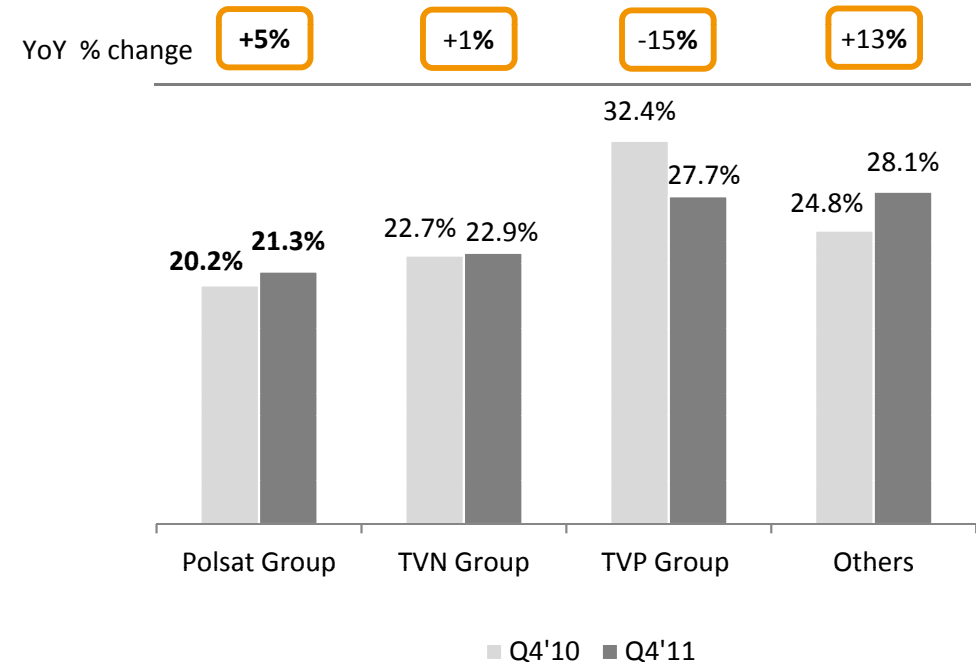


Audience share of thematic channels

Q4'11



Dynamics of audience share results



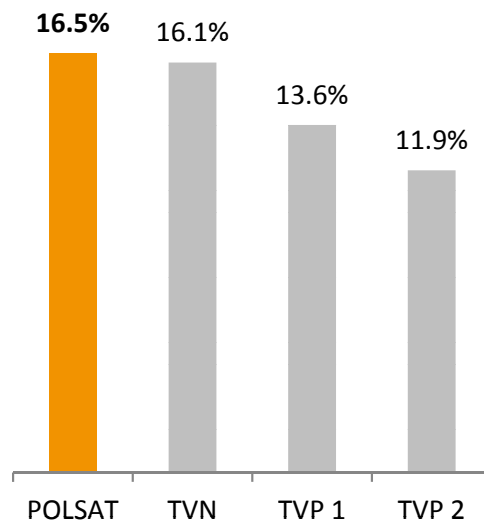
TV broadcasting and production segment

Growth in audience share (2011)

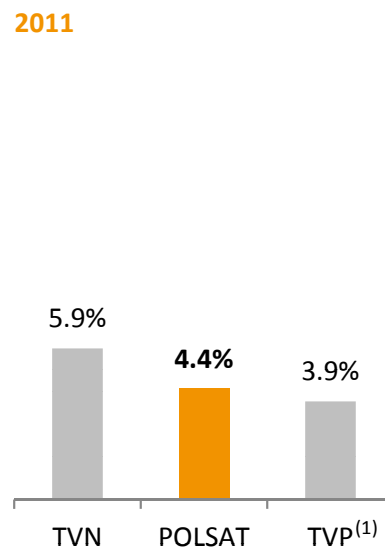


- TV Polsat Group was the only one to increase its audience share
 - Audience share in 2011 increased by 8% (YoY) to 20.8%
 - Main Polsat channel was the leader with 16.5% audience share
 - Audience share of Polsat thematic channels in 2011 increased by 34% (YoY) to 4.4%

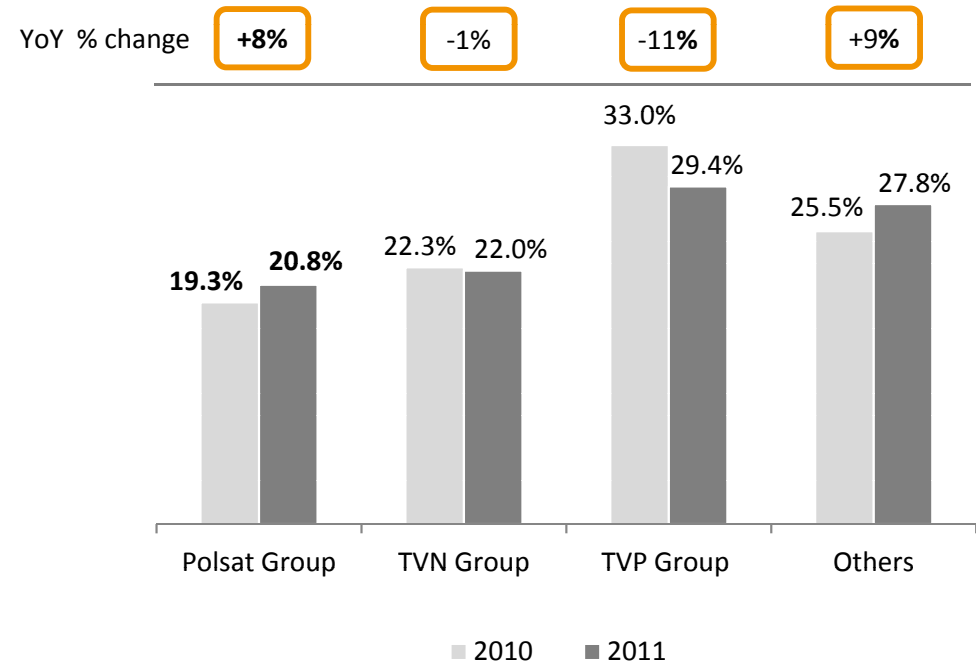
Audience share of main channels



Audience share of thematic channels



Dynamics of audience share results



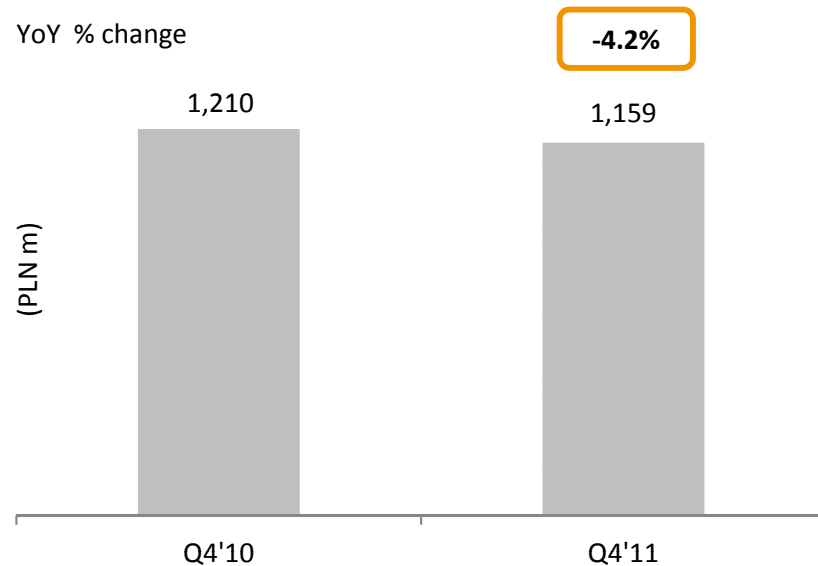
TV broadcasting and production segment

Growth in TV ad market share (Q4'11)

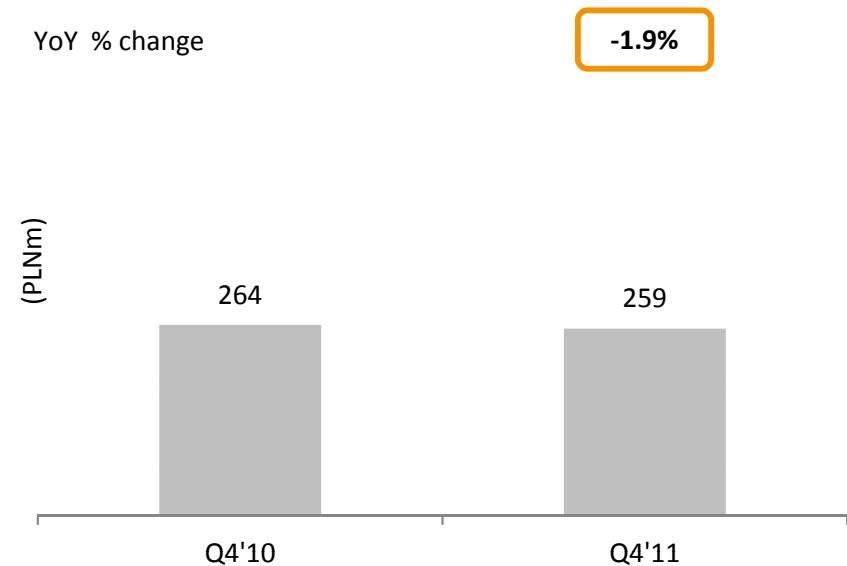


- TV advertising and sponsoring market in Q4'11 declined by 4.2% (YoY)
- Revenues from advertising and sponsoring of TV Polsat Group declined by 1.9% in Q4'11 and its ad market share increased to 22.3%

Expenditures on TV advertising and sponsoring



Revenues from advertising and sponsoring of TV Polsat Group⁽¹⁾



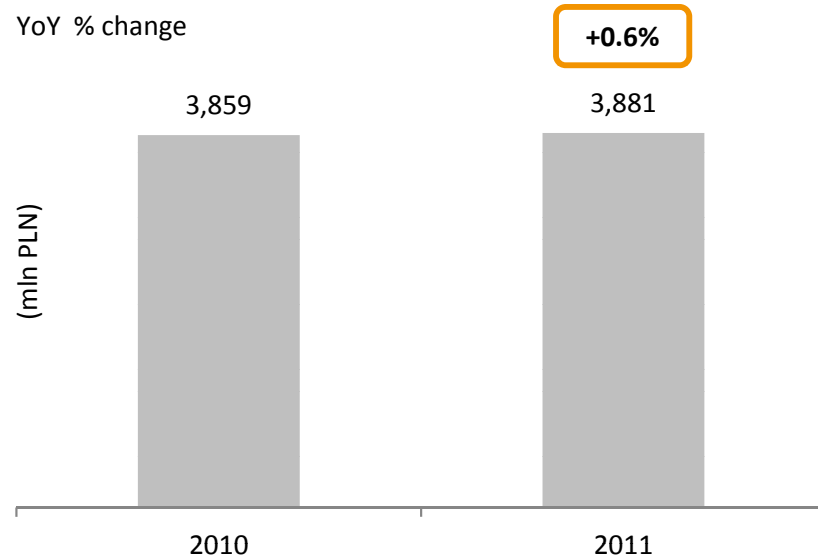
TV broadcasting and production segment

Growth in TV ad market share (2011)

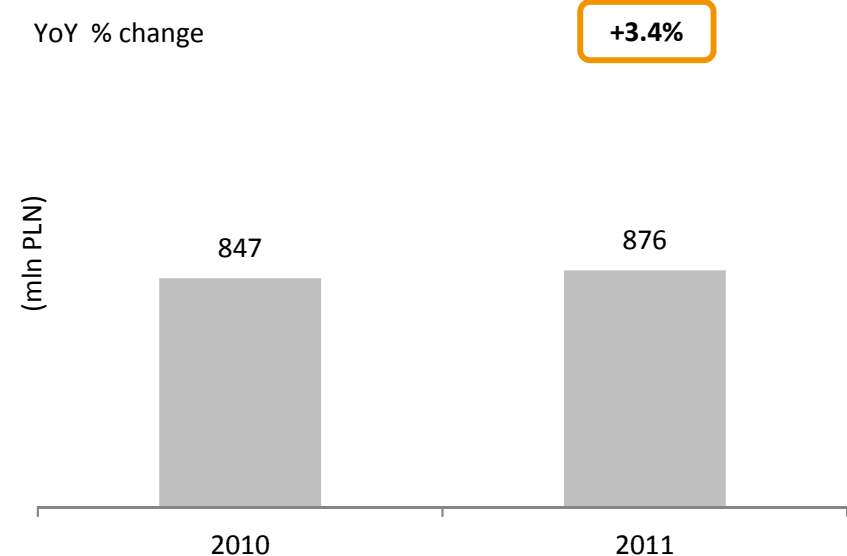


- TV advertising and sponsoring market in 2011 increased by 0.6% (YoY)
- Revenues from advertising and sponsoring of TV Polsat Group increased by 3.4% in 2011 and its ad market share went up to 22.6%

Expenditures on TV advertising and sponsoring



Revenues from advertising and sponsoring of TV Polsat Group⁽¹⁾



3

Financial review

Very good financial results of the Group



| in PLN m | Q4'11 | YoY change | | |
|---------------|-------|------------|-------|---|
| Revenue | 725 | ↑ | 92% | • The increase in revenue and EBITDA mainly resulting from consolidation of TV Polsat Group |
| EBITDA | 197 | ↑ | >100% | • EBITDA margin reflects also partially realized synergies |
| EBITDA margin | 27.4% | ↑ | 8.3pp | |
| Net profit | 76 | ↑ | >100% | • Net profit reflects costs of servicing the debt related to financing of TV Polsat acquisition |

Achieved thanks to growing results of „old” Cyfrowy Polsat business



| in PLN m | Q4'11 | YoY change | | |
|---------------|-------|------------|-------|---|
| Revenue | 433 | ↑ | 14% | For the second time revenues from retail business exceeded PLN 400m |
| EBITDA | 95 | ↑ | 33% | The highest 4Q EBITDA in the history of Cyfrowy Polsat, which confirms the resilience of our business model |
| EBITDA margin | 22.3% | ↑ | 3.2pp | Lower net profit due to finance costs (related to acquisition of TV Polsat) |
| Net profit | 2 | ↓ | (96%) | |

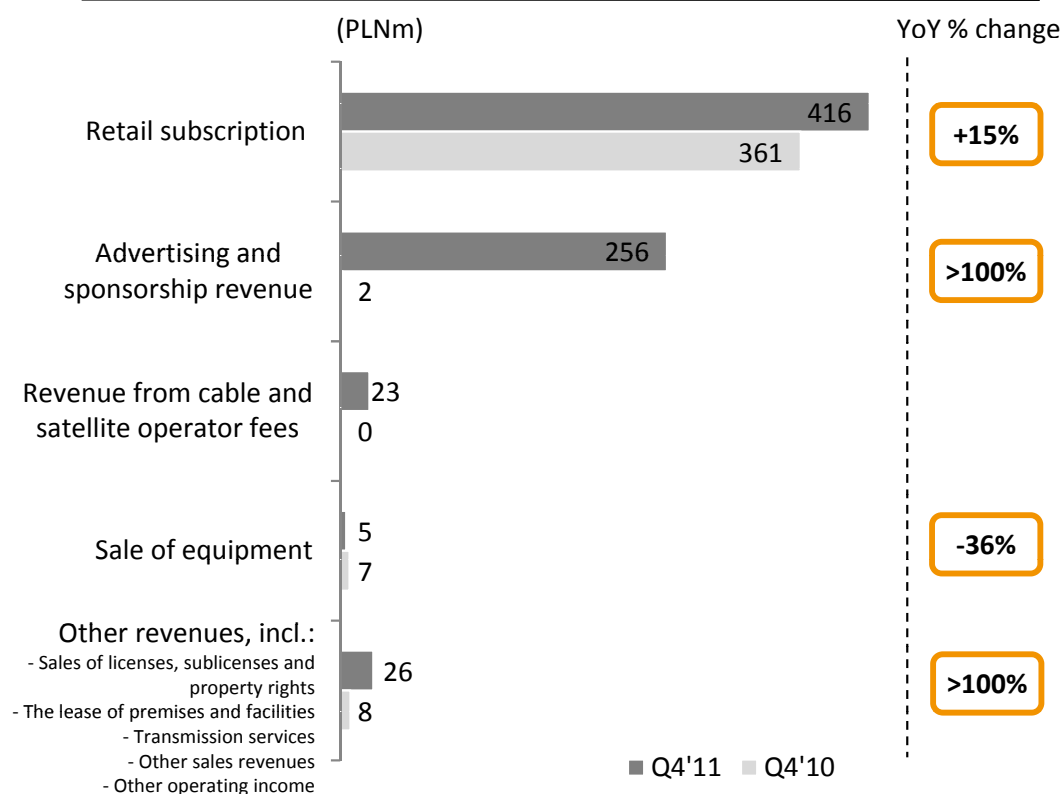
...as well as improving TV Polsat results



| in PLN m | Q4'11 | YoY change ⁽¹⁾ | | |
|---------------|-------|---------------------------|-------|---|
| Revenue | 323 | ↑ | 6% | ● Increase in revenue from satellite and cable operators fees and stable level advertising and sponsoring revenue |
| EBITDA | 102 | ↑ | 1% | ● Insignificant increase in programming costs, mainly related to amortization of film licenses and sport rights |
| EBITDA margin | 31.6% | ↓ | 1.3pp | |
| Net profit | 76 | ↑ | 19% | ● EBITDA margin improvement despite weak advertising market performance |

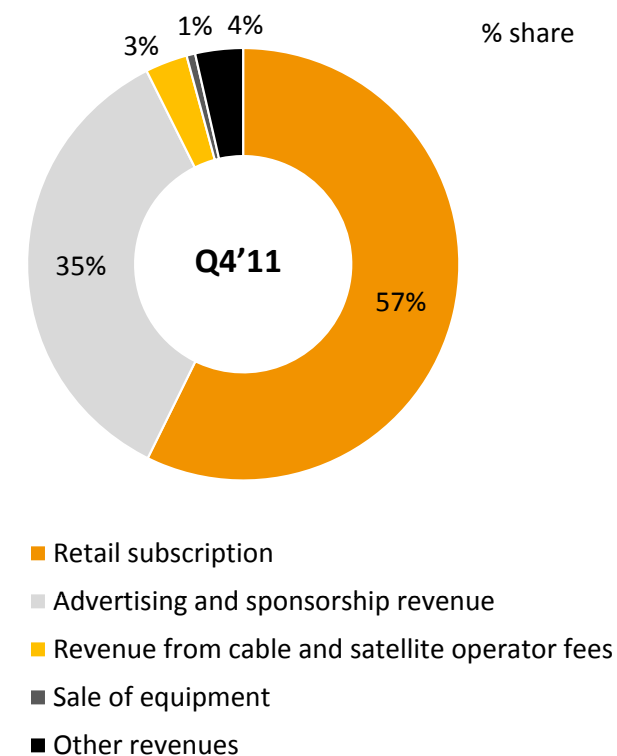
Revenue structure in Q4'11

Revenue in Q4'11 vs. Q4'10



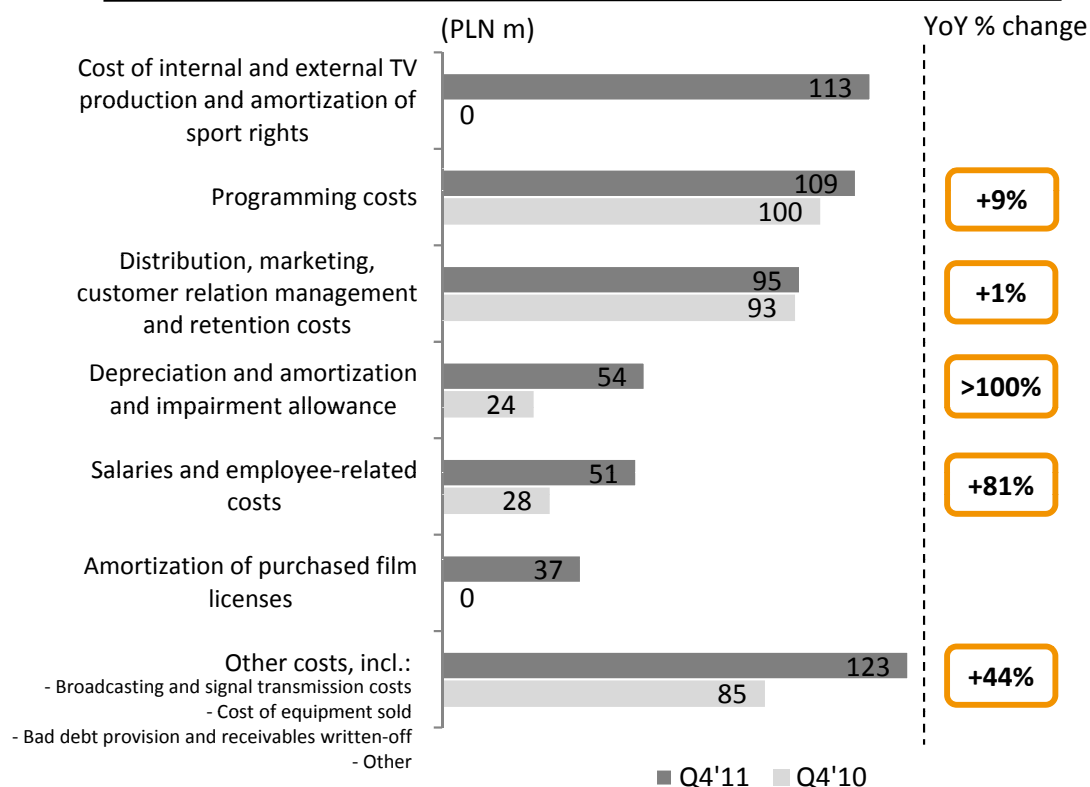
Total
Q4'11 PLN725m
Q4'10 PLN379 m | **+92%**

Revenue breakdown



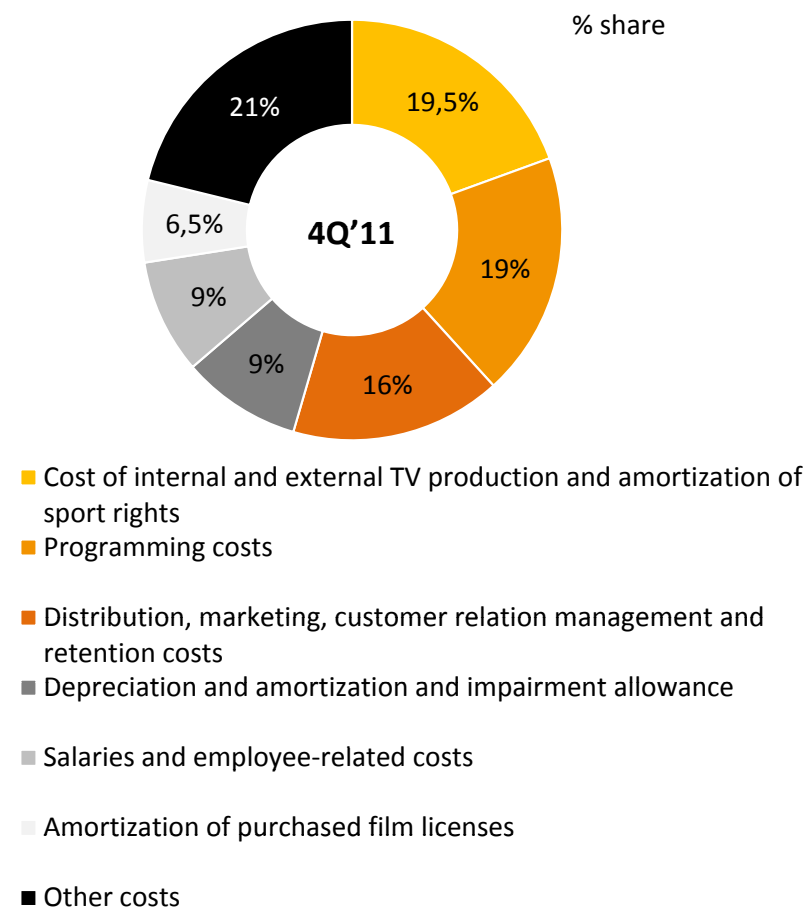
Cost structure in Q4'11

Operating costs in Q4'11 vs. Q4'10



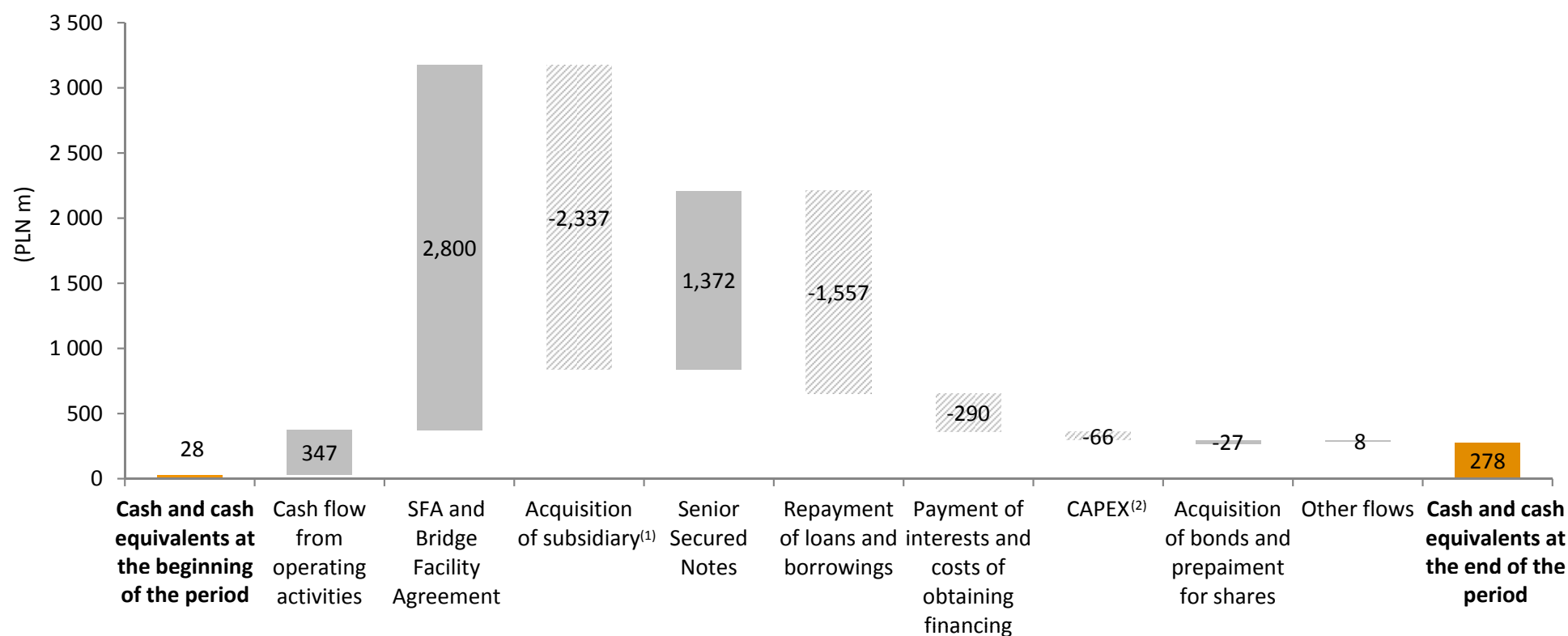
Total
Q4'11 PLN 582 m
Q4'10 PLN 331 m
+76%

Operating costs breakdown



Cash flow in 2011

Net cash flow, cash position and debt – 2011



📌 Total debt at the end of the period amounted to PLN 2.728 m (Term loan/Senior Secured Notes)

Source: Consolidated financial statements for year ended 31 December 2011 and internal analysis

Note: (1) Acquisition of TV Polsat for PLN 2,600 m net of cash acquired

(2) Excluding expenditures on set-top-boxes and modems leased to subscribers

Financial indebtedness

| in PLN m | 31.12.2011 | Maturity |
|--------------------------------------|--------------|----------|
| Senior facility ⁽¹⁾ | 1,205 | 2015 |
| Eurobonds ⁽¹⁾ | 1,523 | 2018 |
| Leasing | 1 | 2016 |
| Cash and equivalents | 278 | - |
| Net Debt | 2,451 | |
| Comparable 12M EBITDA ⁽²⁾ | 822 | |
| Net Debt / 12M EBITDA | 2.98 | |

Currency structure of debt



Eurobonds Rating

| | |
|-------------------|---------------------|
| Standard & Poor's | BB-, stable outlook |
| Moody's | Ba3, stable outlook |

Source: Consolidated financial statements for year ended 31 December 2011 and internal analysis

Note: (1) Balance sheet value of debt outstanding

(2) EBITDA including Telewizja Polsat Group

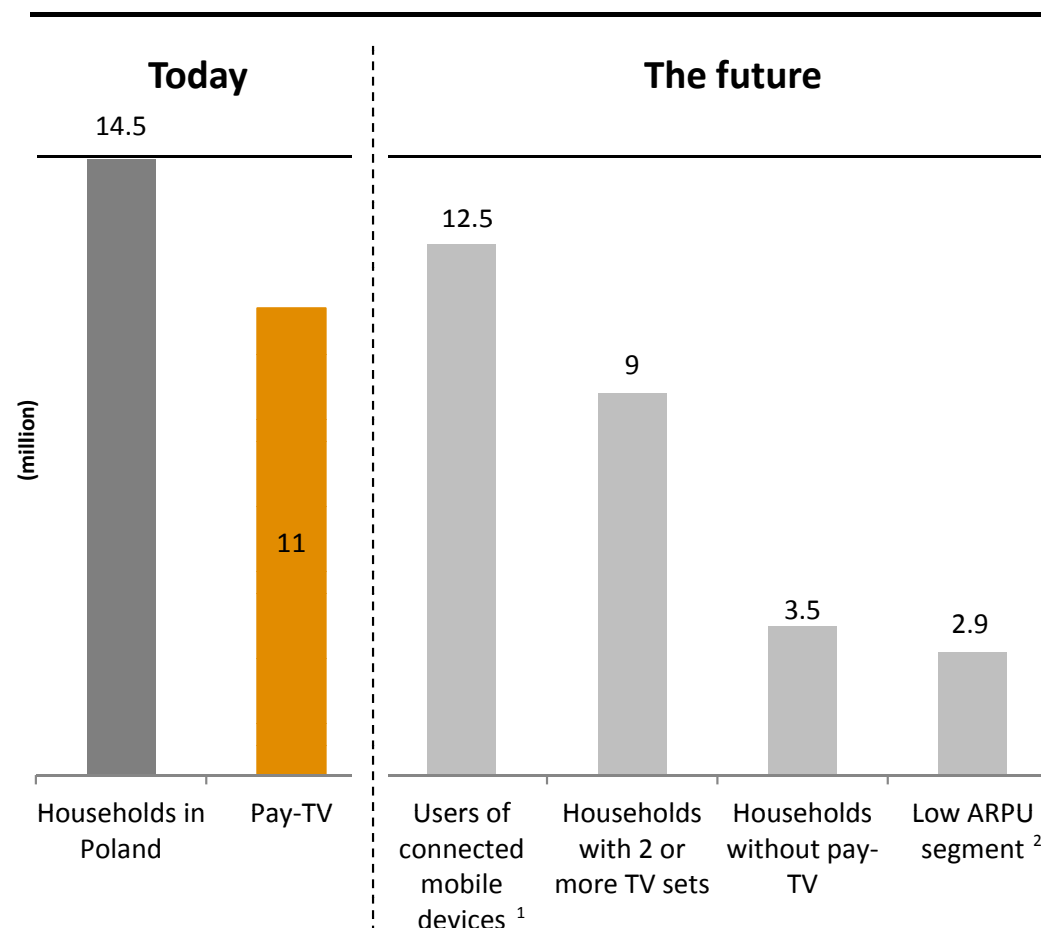
4

Strategic Developments

Growing the pay TV market

- In pay TV we can target a bigger addressable market and respond to more demand in the future
- To do this we will address new groups of customers with our pay TV services and complementary products

The addressable market for pay-TV



Source: Operators reports, GUS, PIKE, IDC, UKE, Report „Diagnoza Społeczna 2011”, Company’s estimates

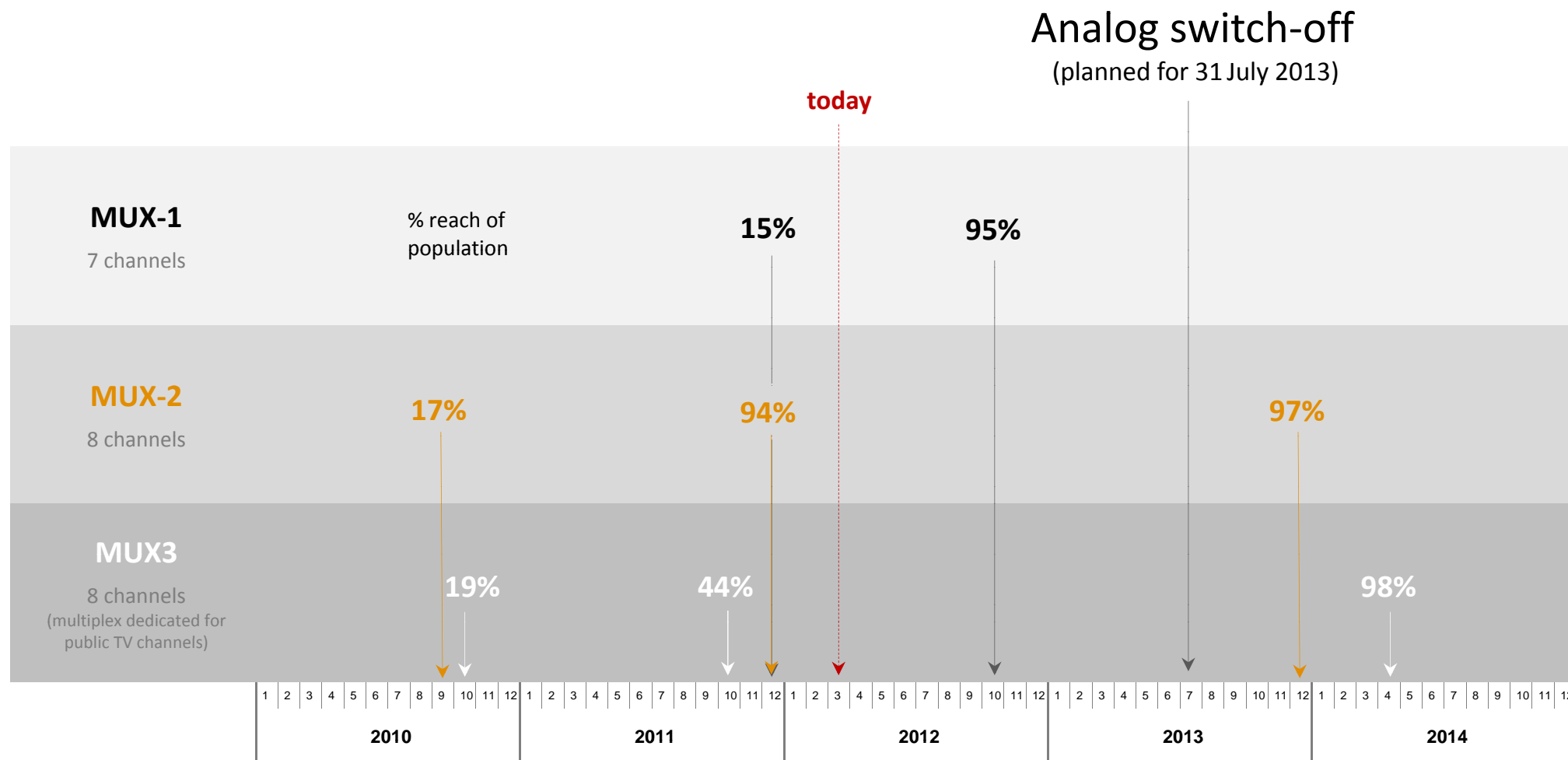
Note: (1) Users of connected mobile devices defined as number of users of smartphones, tablets and laptops

(2) Low ARPU segment - below PLN 20

Improving subscriber mix will have a positive impact on our ARPU as:

- Customers with a higher ARPU will continue to migrate to our platform
- Existing Cyfrowy Polsat subscribers will continue to upgrade
- More subscribers will take Multiroom services
- In addition we may make selective price increases in the future

Timing of DTT in Poland



- MUX-1, MUX-2, MUX-3 are dedicated to FTA channels
 - MUX-1 – TVP1¹, TVP2¹, TVP Info¹, Polo TV, Eska TV, ATM Rozrywka TV, TTV
 - MUX-2 – Polsat, Polsat Sport News, TVN, TVN7, TV Puls, TV Puls2, TV4, TV6
 - MUX-3 – TVP1, TVP2, TVP Info (2x regional), TVP Kultura, TVP Historia, TVP Polonia
- MUX-5 and MUX-6 are expected in the future
(but no specific plans have been revealed yet)
- MUX-4 is owned by Info TV FM, a subsidiary of Cyfrowy Polsat,
and reserved for mobile pay TV

Rolling out our new pay TV offering



- Launching a mobile pay TV product („TV MOBILNA”) which includes pay TV package on a retail and wholesale basis in 2Q 2012
- We are aiming this product at:
 - Customers demanding mobile TV and radio content
 - Clients having two or more TV sets at home
 - People with no pay TV
 - Low ARPU clients (below PLN 20)
- We can meet the potential demand of approx. 5m customers with this offering today. We can grow this opportunity in the future by:
 - Further building out coverage of our multiplex (after 2015)
 - Responding to the increasing penetration of mobile devices in the market (laptops, smartphones and tablets)
- Low capex consuming business model for Cyfrowy Polsat

Our new pay TV offering



- „TV MOBILNA” will give access to all FTA channels¹ and additionally to pay channels: 8 TV and 12 radio
- „TV MOBILNA” will be available for a wide range of devices:
 - Smartphones
 - Tablets
 - PCs/laptops
 - STBs
- Subscription model, with subsidised devices (respective to DTH)
- Info TV FM will offer the „TV MOBILNA” product on a wholesale basis to all telco operators

FTA channels



Pay channels



8 TV channels

12 radio channels

Devices



Acquisition of online video distribution platform - ipla



- Cyfrowy Polsat is acquiring 100% shares of companies running ipla platform, for the total amount of PLN 150m
 - **Market leader in online video content in Poland**
- Immediately improves Cyfrowy Polsat's market position as a content aggregator and distributor
 - Completes our strategy, which an important element was the acquisition of TV Polsat
 - Provides clear time-to-market advantage in an important segment
 - Synergies identified and to be delivered in short to medium term
- Valuation based on DCF and comparable listed companies
 - Fairness opinion provided by Ernst & Young
 - Valuation does not include identified synergies
 - Significant strategic value as the market leader in Poland also supports valuation
- Target completion April 2nd, 2012

What is ipla?



ipla Plik Status Narzędzia Pomoc

START

Szukaj...

Biblioteka ipla

- Wideo
- TV
- Cyfrowy Polsat
- Aktualne oferty

Komputer

- Moje wideo
- Pobrane
- Aktualnie pobierane
- Moje zakupy

Ulubione

Listy

- Ostatnio wyszukiwane
- Teraz odtwarzane
- Ostatnio odtwarzane

SERIAL **SHOW** **FILM** **SPORT** **GAMER** **NEWS** **BIZNES** **MUSIC** **KIDS**

Najwyższy mobilny Internet

TRANSFER 100 MB/S UMOWA 12 MIESIĘCY DARMOWE NOCIE

SPRAWDŹ >>

Cyfrowy Polsat oferuje w Łodzi - Regionalna Stacja Internetowa dla Łódzkiego

Nie daj się fiskusowi - Rozliczenia z ...

Pierwsza miłość - Odcinek 1460

2012.03.07 - Zostanie pamięć

Interwencja - Ksiądz kontra wierni

Nowości (Więcej)

Zoom na miasto
Zoom na miasto - Odcinek 80

Liga Mistrzów
LM: APOEL Nikozja - Olympique Lyon, skr...

Telewizja Warszawa
Warszawska Lista Przebojów - Odcinek 3

Trailery
Assassin's Creed 3 - Pierwszy zwiastun

Liga rosyjska
Magazyn Ligi Rosyjskiej - kolejka 33

Pierwsza Miłość
Pierwsza miłość - Odcinek 1459

Must Be The Music...
Must Be The Music - Odcinek 1

Pingu
Pingu - Pingu i snowboard

Wydarzenia
2012.03.01 - Rolnik rabusiem

KSWipla
KSW action - Odcinek 7

Fitness
Cardio wyszczuplające

Liga holenderska
Magazyn Ligi Holenderskiej - kolej...

kozmowa dnia
Rozmowa dnia - 2012.03.06

Nie ma żartów
Nie ma żartów - 2012.03.06

Interwencja
Interwencja - Ksiądz kontra wierni

FILM
Chopper

teledyski
Yugopolis i Maciej Malarczyk - "Octatni...

Trailery
GTA V Official

Nie daj się fiskusowi
Nie daj się fiskusowi - Rozliczenia z fiskus...

Pierwsza Miłość
Pierwsza miłość - Odcinek 1457

Krzywe zwierciadło
Krzywe zwierciadło - 2012.03.06

Wydarzenia
2012.03.07 - Droga do prawdy

Graffiti
Graffiti - Jacek Sasin (PiS)

Skuterowo.com
Skuterowo - Odpalanie skutera w zimie.

Pogoda
2012.03.07 wieczór

Wydarzenia
2012.03.01 - Tajemnica morderstwa rozwikłana

Cafe Futbol
Cafe Futbol 26.02.2012

FILM
II wojna światowa. Kampania wrześniowa...

Pingu
Pingu - Pingu i zabawa

Trailery
Wiedźmin 2: Zabójcy Królów - Trailer ...

Twoje mieszkanie w Krakowie
Zamieszkać w ścisłym centrum Krakowa!

Profil niezarejestrowany

Kliknij, by ustawić portret

Zarejestruj konto

16:19 2012-03-08

What does ipla offer?



- ipla is the leader in online video market in Poland in terms of availability on different devices:

- PCs/laptops
- Tablets
- Smartphones
- Connected TVs (approx 95%)
- STBs
- Game consoles and home cinemas

- ipla is also a leader in content in the Polish market having deals with, amongst others, Polsat, TVP and film studios

- ipla leads the market in terms of number of users and time spent watching video content

Streaming (events)



Programming deals



VOD

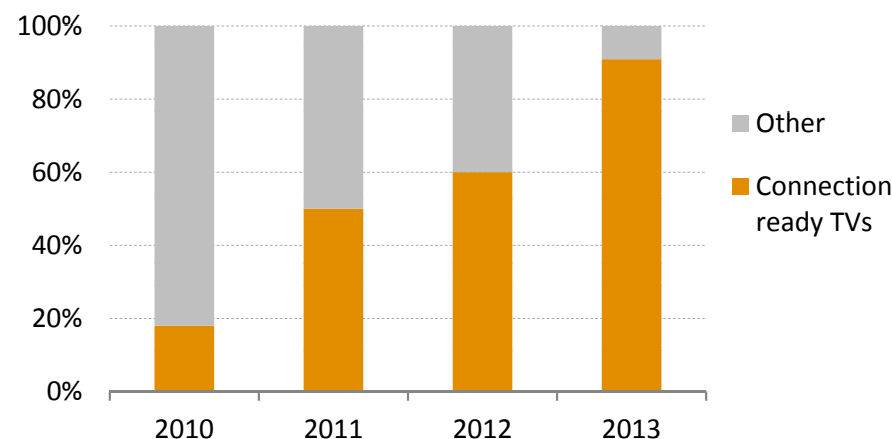


ipla – growth potential



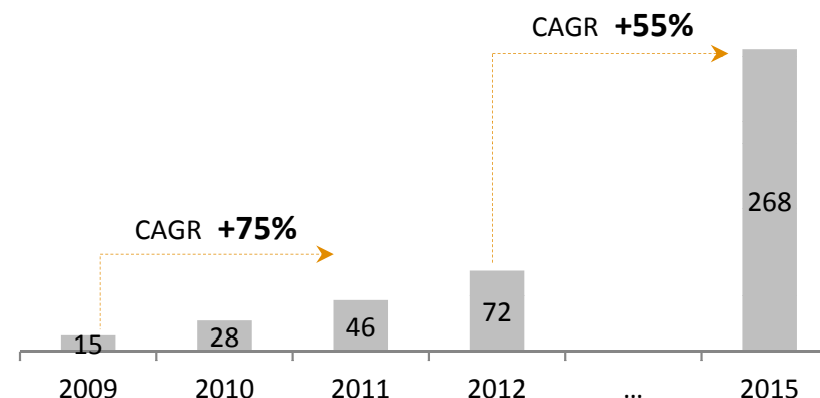
- Approx. 1.4m users¹, compared to 0.5m in 2009
- Growing installed base of devices
 - In 2013 the majority of new TVs to be connection ready
 - Forecasted sale of smartphones to grow by 20% CAGR 2011-2014
- Two revenue streams:
 - Advertising (approx. 90%)
 - Subscription/VOD (approx. 10%)
- ipla's advertising revenues mostly come from the fastest growing segment in Poland – online video
- ipla's financial results are incremental from day one

New TVs sold in Poland



Online video ad spend in Poland

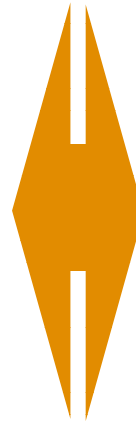
(PLN million, excluding static display)



Identified synergies Between Polsat Group and ipla

Cost

- Content acquisition
- Back-office
- Marketing
- Billing systems
- Technology



Revenues

- Cross-selling
- Building attractiveness of existing products
- Retention tool building customers satisfaction
- New products

Update on mobile Internet strategy



- Daily net additions up by approx. 20% thanks to:
 - Strong LTE awareness
 - Improving coverage of the network
 - 70% population reach of HSPA+
 - 22% population reach of LTE
- We have secured second data package on improved terms, to meet medium term demand
- We expect that co-operation between Midas and Polkomtel will fasten network roll-out
- Our consistent internet strategy will also support future growth of ipla – online video market leader

Co-operating with Polkomtel



- Agreement to work together from April 2012 will accelerate our multi-play strategy
- We will offer:
 - Cyfrowy Polsat TV
 - Cyfrowy Polsat mobile internet
 - Polkomtel telephony
- Clear benefits to Cyfrowy Polsat subscribers – stronger telephony offering to approx. 11m clients (3.5m households)
- Potential new subscriber acquisitions leveraging Polkomtel's clients and sales network
- Effective cross-selling should improve our customer loyalty and mitigate churn

Development of our sports channels



- Concentrating on the most valuable sports rights across two channels, with HD versions
- Polsat Sport News, dedicated sport news channel for DTT, also distributed across pay TV market
- Expected impact:
 - Clearer scheduling for viewers
 - Growing audience shares to increase advertising revenues
 - Better market positioning for TV Polsat's channel portfolio, particularly HD
 - Improved offer will enhance Cyfrowy Polsat's HD packaging
- Implementation date – June 1st, 2012



Our vision remains unchanged

We continue to create and provide the most attractive content....

... using the best and latest technologies to deliver high quality multi-play services with the highest levels of customer satisfaction



Strengthening our leadership in entertainment in Poland.

5

Q&A

6

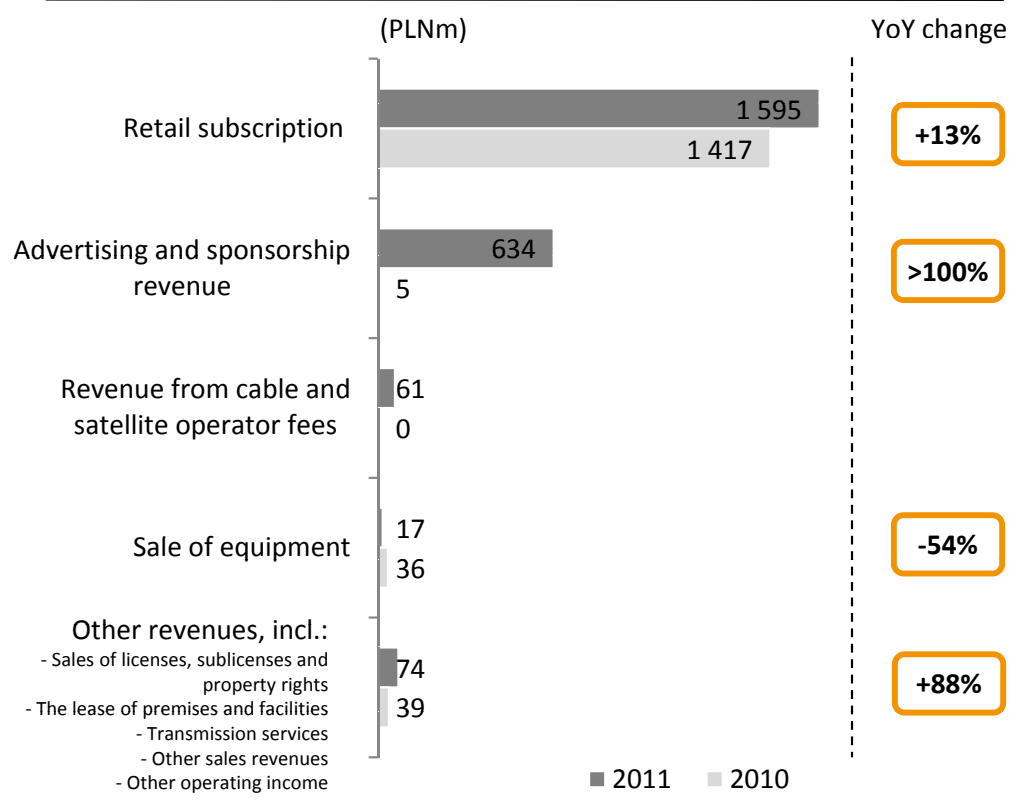
Appendix

Profit and loss

| in PLN m | 2011 | Change | Reasons |
|--------------------------------------|----------------------------|------------------------------|---|
| Revenue | 2,380 | 884 | <ul style="list-style-type: none"> Consolidation of TV Polsat Group, including above all <ul style="list-style-type: none"> Advertising and sponsorship revenue Revenue from cable and satellite operators 6.9% increase in average number of subscribers 5.0% increase in Family Package ARPU 14.4% increase in Mini Package ARPU Increase in telecommunication revenues |
| Costs ⁽¹⁾ | 1,645 | 556 | <ul style="list-style-type: none"> Consolidation of TV Polsat Group <ul style="list-style-type: none"> New cost positions: <ul style="list-style-type: none"> Cost of internal and external TV production and amortization of sport rights Amortization of purchased film licenses Increase in: <ul style="list-style-type: none"> Depreciation, amortization and impairment Salaries and employee-related costs Distribution, marketing, customer relation management and retention costs Bad debt allowance and receivables written-off Broadcasting and signal transmission costs |
| EBITDA <i>Margin %</i> | 735 <i>31.1%</i> | 328 <i>3.6pp</i> | |
| Net profit <i>Margin %</i> | 160 <i>6.8%</i> | -98 <i>-10.7pp</i> | All resulting from consolidation of TV Polsat Group or business development |

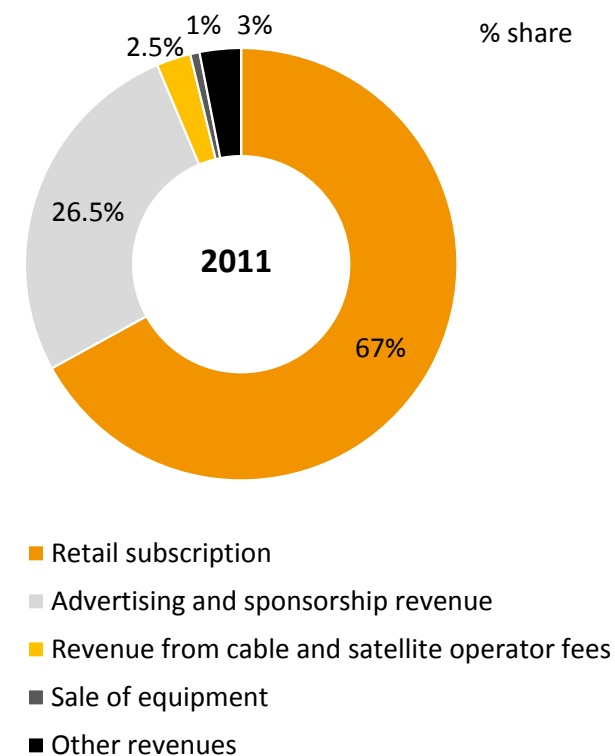
Revenue structure in 2011

Revenue in 2011 vs. 2010



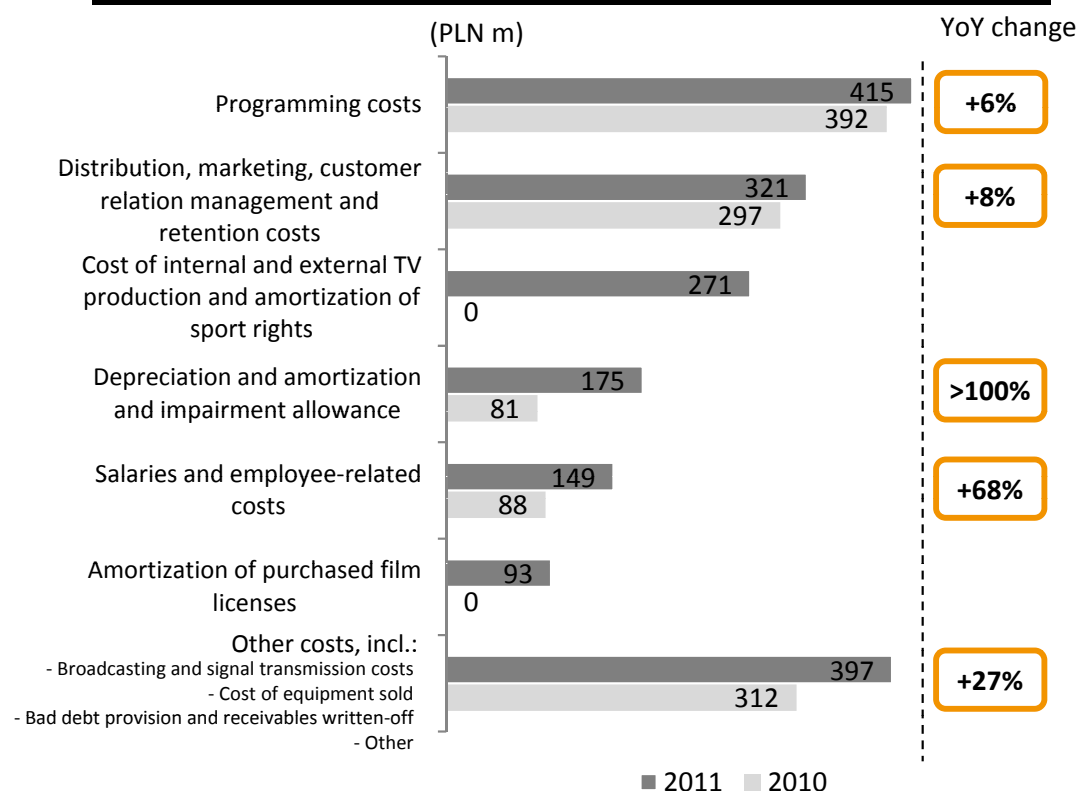
Total
2011 PLN 2,380 m
2010 PLN 1,496 m
+59%

Revenue breakdown



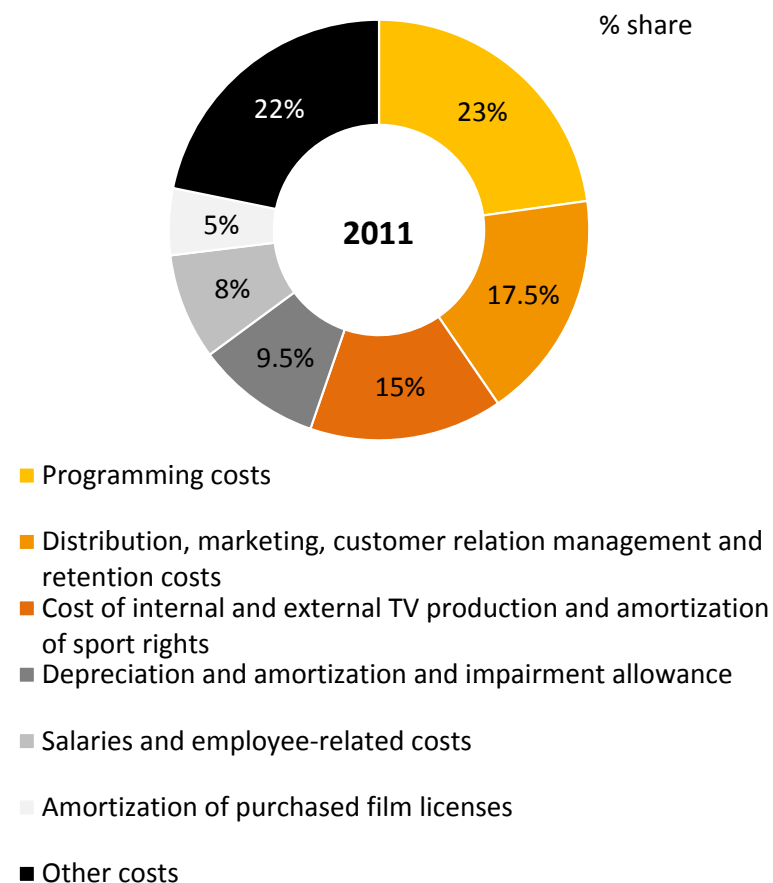
Costs structure in 2011

Operating costs in 2011 vs. 2010



Total
 2011 PLN 1,820 m
 2010 PLN 1,171 m
+55%

Operating costs breakdown

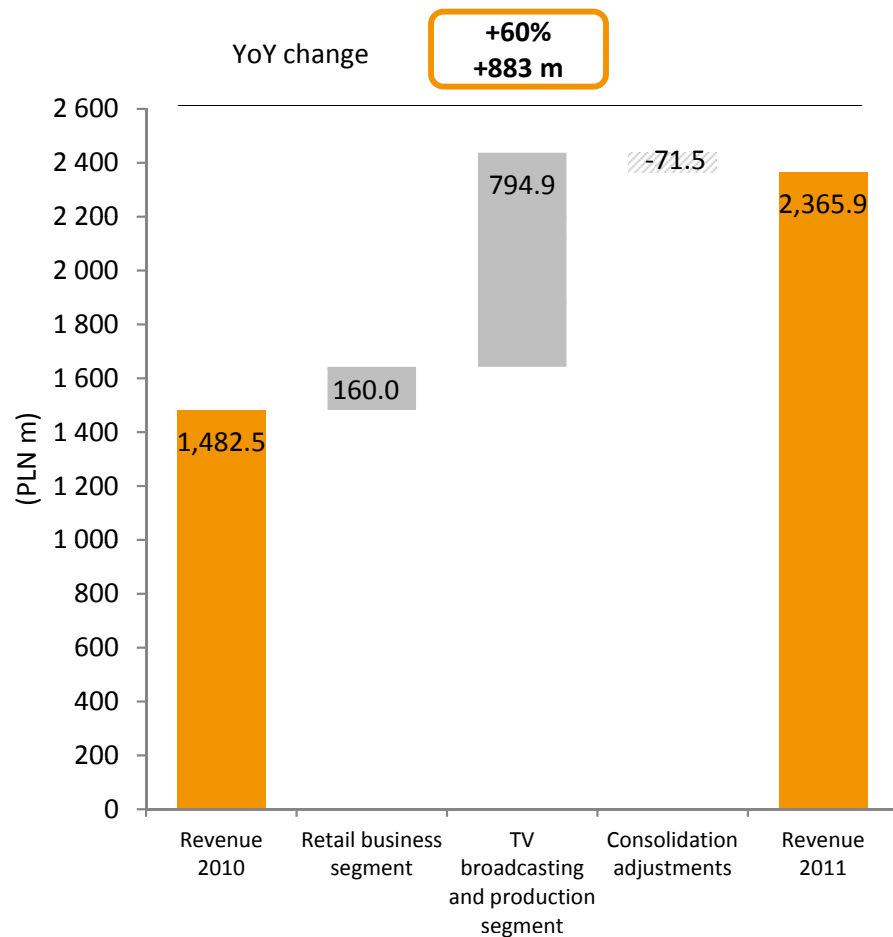


Revenue and EBITDA

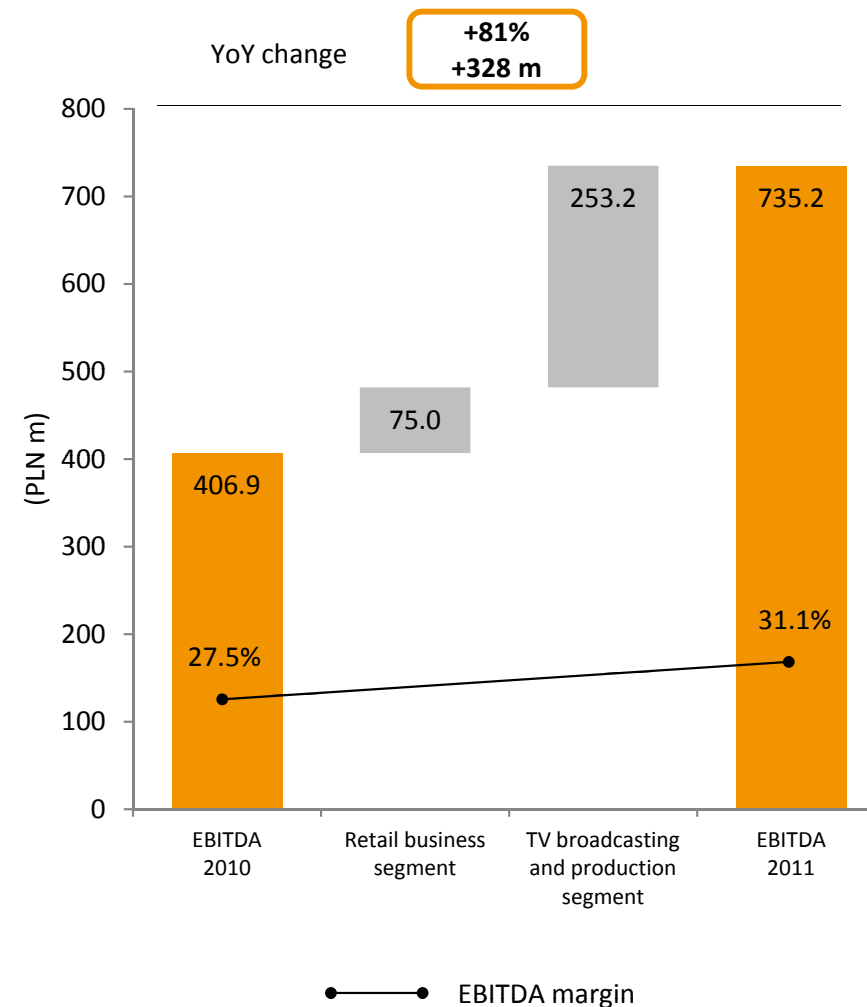
Growth drivers 2011



Revenue⁽¹⁾

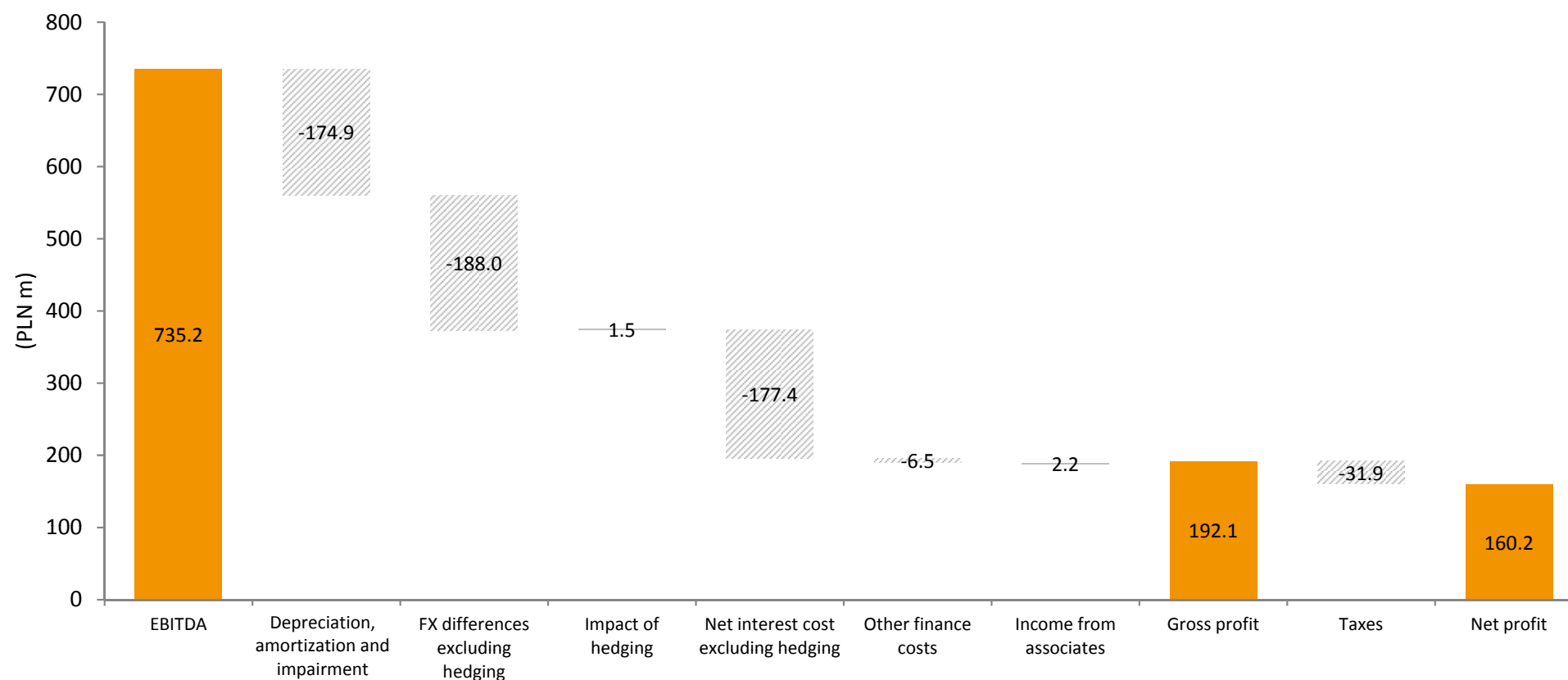


EBITDA



Items below EBITDA 2011

Amortization, finance income and costs and taxes – 2011



TV Polsat Group

Summary P&L (2011)



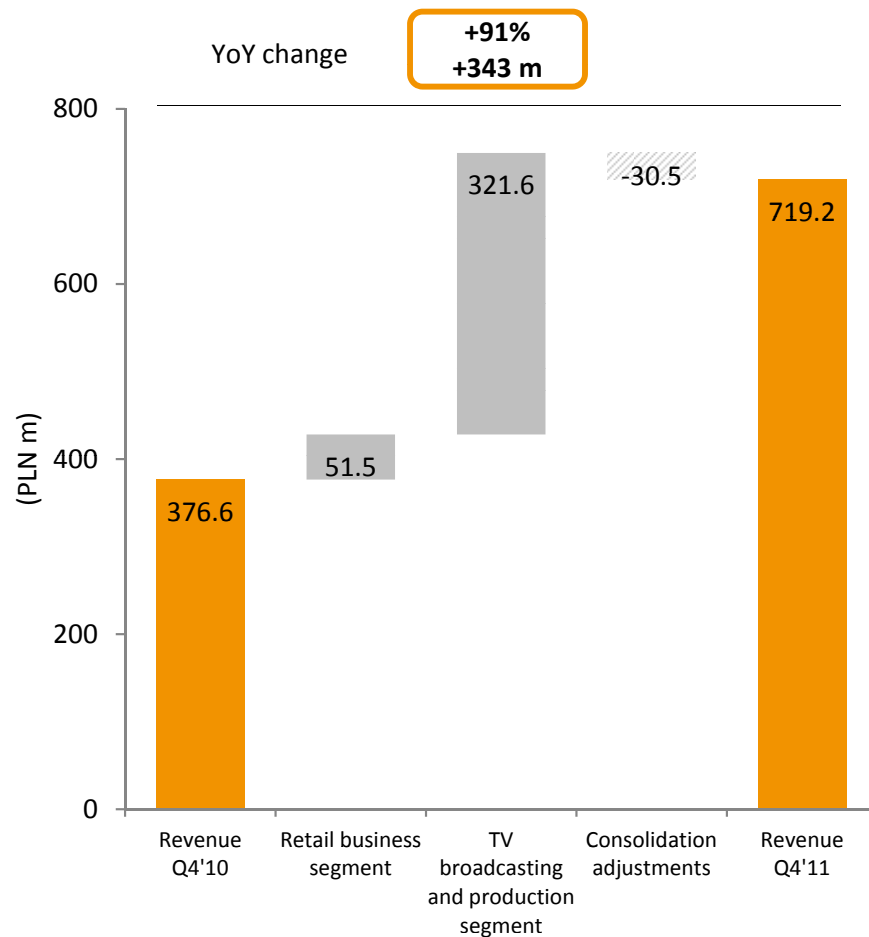
| in PLN m | 2011 | 2010 | Change | Reasons |
|----------------------|--------------|--------------|---------------|--|
| Revenue | 1,102 | 1,027 | 75 | — Increase in revenue from cable and satellite operator fees and in advertising and sponsoring revenue |
| Costs ⁽¹⁾ | 762 | 713 | 49 | — Cost of internal and external TV production and amortization of sport rights to T-Mobile Ekstraklasa as well as to European Volleyball championships |
| EBITDA margin% | 340 30.9% | 314 30.7% | 26 0.2 pp | — Higher costs resulting from weakening Polish zloty against foreign currencies |
| Net profit margin% | 232 21.1% | 220 21.4% | 12 -0.3 pp | |

Revenue and EBITDA

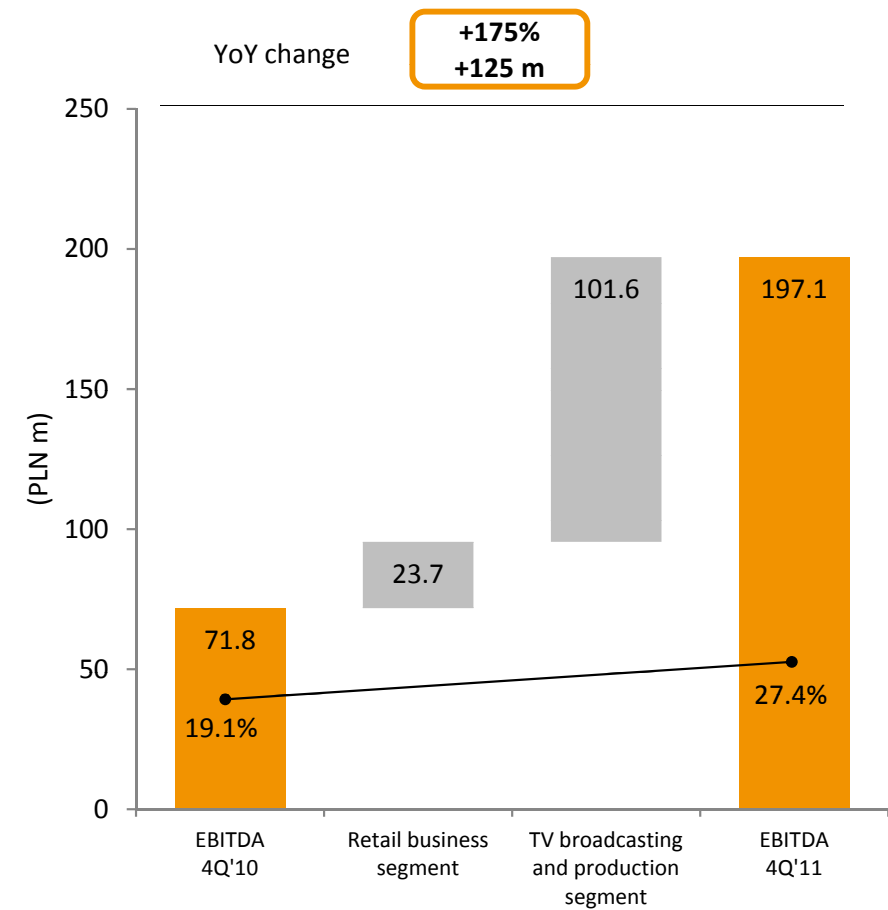
Growth drivers in Q4'11



Revenue⁽¹⁾

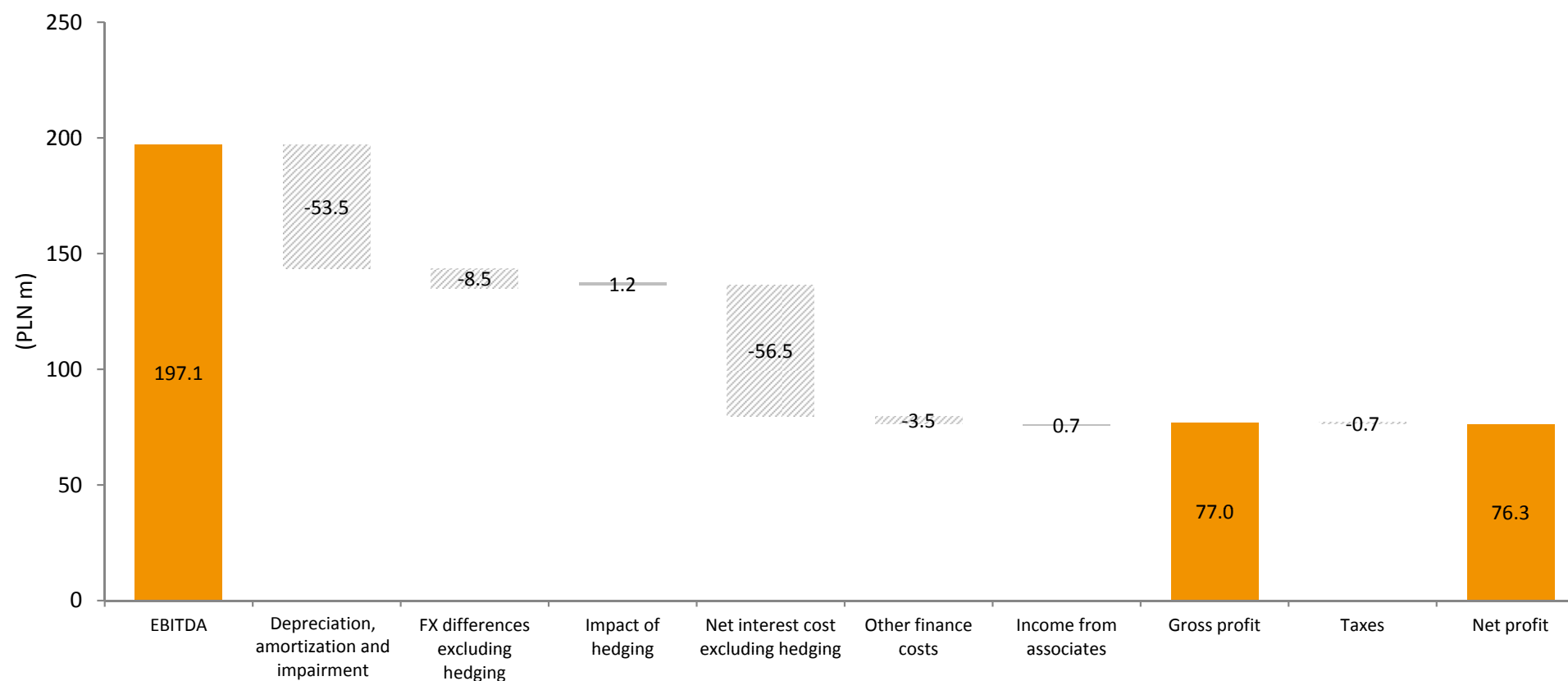


EBITDA



Items below EBITDA Q4'11

Amortization, finance income and costs and taxes – Q4'11



Contact us



Bartłomiej Drywa

Investor Relations Director

Phone +48 (22) 356 6004

Fax. +48 (22) 356 6003

Email: bdrywa@cyfrowypolsat.pl

Or visit our website: www.cyfrowypolsat.pl/inwestor