

- Another quarter of very good sales results of the Group's core products supported by the smartDOM offer communication
 - Total number of RGU at the level of **16.429m**, 75% of which are RGUs provided in the contract model
 - Stable contract customer base of **6.069m**
 - ARPU per customer increased YoY by 1.2% to **85.8 PLN**
 - RGU saturation of **2.04** per customer with an upward trend
 - Low churn rate of **9.5%**
 - Growth of the total base of contract services YoY by 3.4%
 - Dynamic growth of the number of mobile Internet access RGUs by 39.2% as a result of successful saturation of the customer base with integrated services
 - Growth of the number of pay TV RGUs by 4.0% driven by continued demand for the Multiroom service
 - Slight decrease of the number of mobile telephony RGUs, as a result of a highly competitive market
 - Stable growth of the saturation of our customer base with integrated services:
 - **707K** customers bought additional services from our smartDOM offer
 - The number of RGUs owned by this group of customers is **2.17m**
 - In Q1'15 alone the customers of smartDOM purchased **319K** additional services
 - smartDOM program has a positive impact on ARPU per contract customer
- Sales revenue of the Group increased to PLN **2.329 bn** in Q1'15. Excluding the effect of consolidation of the results of Metelem Group, total revenue of the 'old' Group **increased by 6.5%** to **PLN 770m**, mainly as a result of an increase in revenue from mobile Internet services.
- Costs of the Group amounted to **PLN 1.909 bn** in Q1'15, while excluding the effect of consolidation of the results of Metelem Group, our total operating costs increased by 14% YoY to **PLN 580m**, mainly due to:
 - Higher cost of data transmission, mainly due to the growth of the number of mobile Internet service users
 - Active sales of smartDOM offer implicating higher distribution, marketing, customer relation management and retention costs as well as higher cost of equipment sold
- Revenue from advertising and sponsoring of TV Polsat Group in Q1'15 increased YoY by 6.4% to PLN 221m. As a result of higher growth in advertising revenue of TV Polsat compared to the dynamics of the advertising market, the Group's market share increased to **25.3%**.
- Polsat Group EBITDA amounted to **PLN 897m** with a high EBITDA margin of **38.5%**.
- Finance costs increased to **PLN 261m**. This increase is the effect of interest costs related to loans and PLK Senior Notes, including the negative impact of their valuation (a clear effect of USD appreciation in Q1'15), higher costs of interest incurred on the Term Loan and Revolving Facility Loan granted in April 2014 and the concurrent lack of interest costs on CP Senior Notes and foreign exchange costs on the valuation of CP Senior Notes (redeemed in total in May 2014), which were recognized in the corresponding period of 2014.
- Net profit increased to **PLN 171m**.
- Adjusted LTM FCF after interest - in line with the expectations of the company – at a stable level (**PLN 1,116m**), while in the Q1'15 it reached PLN 86m due to seasonal factors (e.g. the semi-annual coupon payment of PLK Senior Notes) and i.a. changes in the interest payment schedule of the CP debt (in the past coupons on CP Senior Notes were paid in Q2 and Q4, while interest on the CP Term Loan is payable on a quarterly basis) or higher YoY investments in acquiring clients.

- Main bank covenant – net debt/EBITDA based on nominal values amounted to **3.2x** at the end of Q1'15 which was influenced i.a. by the payment of a return deposit paid in the auction of 800/2600 MHz frequencies in the amount of PLN 187.7m and 9% appreciation of the dollar in relation to PLN during Q1'15.

Financial results of Cyfrowy Polsat Group

Following the acquisition of Metelem Holding Company Limited on May 7, 2014, the financial statements of Cyfrowy Polsat S.A. Capital Group consolidate the results of Metelem Holding Company Limited and its subsidiaries, including the telecommunications operator Polkomtel. In connection with the above, we have modified the presentation of operating revenue and operating costs in the condensed consolidated income statement. None of the introduced modifications have affected the amounts of revenue, costs, net profit for the period, EBITDA or total equity presented by Cyfrowy Polsat S.A. Capital Group in previous periods. In addition, it should be noted that data for the periods of Q1'15 are not fully comparable.

mPLN	NEW GROUP				OLD GROUP	
	Q1'15	YoY change	Market consensus*	Difference	Q1'15	YoY change
Revenues, incl.:	2,329	222%	2,373	-1.9%	770	6%
- Retail revenue	1,637	250%	N/A	N/A	486	4%
- Wholesale revenue	553	128%	N/A	N/A	260	7%
- Sale of equipment	118	1,401%	N/A	N/A	14	76%
- Other revenues	20	247%	N/A	N/A	10	94%
Operating costs, incl.:	1,909	276%	n/a	n/a	580	14%
- Technical costs and cost of settlements with telecommunication operators	482	576%	N/A	N/A	94	32%
- Depreciation, amortization, impairment and liquidation	468	649%	N/A	N/A	69	10%
- Content costs	333	3,136%	N/A	N/A	20	93%
- Cost of equipment sold	235	12%	N/A	N/A	230	9%
- Distribution, marketing, customer relation management and retention costs	189	151%	N/A	N/A	86	15%
- Salaries and employee-related costs	129	189%	N/A	N/A	47	4%
- Cost of debt collection services and bad debt allowance and receivables written off	19	179%	N/A	N/A	9	37%
- Other costs	54	106%	N/A	N/A	26	-2%
EBITDA	897	218%	891	0.7%	262	-7%
<i>EBITDA Margin</i>	38.5%	-0.5pp	37.5%	1.0pp	34.0%	-5.0pp
EBIT	429	95%	430	-0.3%	193	-12%
Net profit	171	74%	155	10.0%	138	40%

* Based on estimates prepared by: DM BOŚ, BZ WBK, Deutsche Bank, DM mBank, Erste, BEŚI, ING, PKO BP, RCB, Trigon

Services to individual and business customer segment

In connection with the consolidation of the results of Metelem Holding Company Limited, indirectly controlling Polkomtel, started on May 7, 2014, the Company decided to adjust the method of presentation of certain operational data to the new structure and the mode of operations of our Group. The new layout of key performance indicators (KPI) relating to our services to individual and business customers segment, comprising in particular mobile telephony services, Internet access and pay TV is presented below.

It must be emphasized that the key performance indicators presented below for Q1'14 have been prepared to present the potential effect that the performance of Metelem, Polkomtel in particular, would have had on the Group's operating results, if Metelem had been part of our Capital Group in the compared period. These key performance indicators have been prepared for illustrative purposes only and because of their nature they present a hypothetical situation rather than the actual performance of the Group for the given periods.

	Q1		
	2015	2014	YoY change
Total number of RGUs (contract + prepaid)	16,429,469	16,333,003	0.6%
CONTRACT SERVICES			
Total number of RGUs, including:	12,394,712	11,982,678	3.4%
Pay TV, including:	4,405,464	4,236,986	4.0%
<i>Multiroom</i>	872,628	749,319	16.5%
Mobile telephony	6,552,365	6,713,629	-2.4%
Internet	1,436,883	1,032,063	39.2%
Number of customers	6,068,839	6,260,662	-3.1%
ARPU per customer [PLN]	85.8	84.8	1.2%
Churn	9.5%	9.1%	0.4pp
RGU saturation per customer	2.04	1.91	6.8%
PREPAID SERVICES			
Total number of RGUs, including:	4,034,757	4,350,325	-7.3%
Pay TV	66,163	81,619	-18.9%
Mobile telephony	3,775,976	4,042,605	-6.6%
Internet	192,618	226,101	-14.8%
ARPU per total prepaid RGU [PLN]	17.3	16.5	4.8%

- **The total number of active services** provided by the Group both in the contract and prepaid models amounted to 16,429,469.
- At the end of Q1'15 the share of contract services in the total number of provided active services was 75.4%. This indicator increased YoY from 73.4%.
- **Contract services:**
 - The total number of our customers to whom we provided contract services amounted to 6,068,839 as at the end of Q1'15, i.e. 3.1% less compared to the number of customers, which the Group would have had at the end of Q1'14, if Polkomtel had been part of the Group at the time. The main drivers behind this decrease are the merging of contracts under one common contract for the household and an outflow of customers of mobile voice services.
 - The number of active contract services provided by us increased by 3.4%, to 12,394,712 at the end of Q1'15. This change is primarily the effect of an increase of the number of broadband Internet access services by 39.2% due to our strategy of actively promoting sales of services provided in the LTE/HSPA+ technologies, i.a. by actively expanding LTE coverage and the dynamically growing number of Internet users in Poland.
 - The total number of pay TV services provided in the contract model increased by 4.0% in Q1'15 to 4,405,464 due to a significant increase in the number of Multiroom services provided. Concurrently, the number of provided mobile telephony services decreased from 6,713,629 as at the end of Q1'14 to 6,552,365 as at the end of Q1'15 due to the fact that the Polish mobile telephony market is highly competitive and mature.
 - In Q1'15 ARPU per customer was equal to PLN 85.8 and increased YoY by 1.2%. We conduct active cross-selling activities to the joined customer bases of Cyfrowy Polsat and Polkomtel within the scope of our integrated offer smartDOM, which has a positive effect on ARPU.
 - Thanks to our efficient customer retention programs our churn rate was equal to 9.5% in the twelve-month period ended March 31, 2015.
 - As at the end of Q1'15 each customer from our customer base had 2.04 active contract services, which constitutes an increase of 6.8%. The increase in RGU saturation per customer is the result of our marketing and sales activities aimed at maximizing the sale of products and services to one customer.
 - Our product smartDOM has excellent sales results and a positive effect on both the level of RGU saturation per customer and ARPU per contract customer. Since its launch in mid-February 2014 until the end of Q1'15 707 thousand customers joined the program and bought a total of 2.17 million RGUs. The rate of cross-sales of products under the smartDOM program remains at a stable, high level. In Q1'15 the number of RGUs provided within the smartDOM program increased by ca. 319 thousand. RGU saturation per customer in this group was 3.1 as at the end of Q1'15.

- **Prepaid services**

- The number of prepaid services provided by us as at the end of Q1'15 decreased YoY by 7.3%, to 4,034,757, due to a decrease in the number of provided prepaid mobile telephony services.
- ARPU per prepaid RGU amounted to PLN 17.3 in Q1'15, which constitutes an increase of 4.8% compared to PLN 16.5 in 2014. The driver behind ARPU growth was a dynamic increase in data consumption on smartphones, combined with stable prices in this market segment.

Broadcasting and television production segment

	1Q		
	2015	2014	% change
Audience share¹, including:	23.97%	22.50%	6.53%
POLSAT (main channel)	13.44%	13.20%	1.82%
Thematic channels	10.52%	9.3%	13.12%
Advertising market share²	25.3%	24.6%	2.7%
Television ad market spendings³ (mPLN)	873	842	3.7%

¹ NAM, All 16-49, all day, SHR%; Includes;

² Our estimates based on Starlink data;

³ Starlink, air time and sponsoring.

- **Very good viewership results**

- Polsat's main channel is the unquestionable viewership leader in the commercial group
- As the only player Polsat Group recorded growth of viewership thanks to the success of the spring programming of both the main channel and thematic channels (mainly TV4 and TV6)
- Revenue from advertising and sponsoring in Q1'15 increased YoY by 6.4% to PLN 221m driving our share in the TV advertising market up to 25.3%.
- We maintain our expectations on the middle single-digit increase of the advertising market in 2015.