

- Continuation of growth of the Group's revenue, which amounted to **PLN 2,469m** in Q2'15, mainly as a result of the consolidation of the results of Metelem Group for the full quarter (consolidation in the comparative period from May 7, 2014).
  - Excluding the effect of consolidation of the results of Metelem Group, total revenue of the Group increased by **6% YoY**, to **PLN 838m**, primarily due to higher sales of telecommunication products and services
  - Revenue pro-forma of the Group increased over **2% YoY**
- Operating costs of the Group amounted to **PLN 1,899m** in Q2'15 (PLN 1,506m after excluding amortization), while excluding the effect of consolidation of the results of Metelem Group, our total operating costs increased by 5% YoY to **PLN 605m** (PLN 539m after excluding amortization), due mainly to higher costs of data transmission, resulting primarily from the growth of the number of mobile Internet service users.
- Revenue from advertising and sponsoring of TV Polsat Group increased by 5.5% YoY in Q2'15, to PLN 282m (at that time the whole market grew at a rate of 3.0%). As a result of the dynamics of advertising revenue of TV Polsat, which was nearly double the dynamics of the advertising market, the Group's market share increased to **25.4%**.
- EBITDA of Polsat Group amounted to **PLN 977m** with a high EBITDA margin of **39.6%**. Excluding the effect of consolidation of the results of Metelem Group, our EBITDA increased by 9.7% YoY, to PLN 306m.
- EBIT of Polsat Group increased by 47% YoY, to **PLN 584m**, i.a. as a result of the communicated earlier final purchase price allocation of Metelem Group, which affected the one-off fall in amortization costs in Q2'15.
- Finance costs fell to **PLN 222m**, mainly as a result of ongoing optimization of the financing structure of Polsat Group's activities.
- As a result, net profit of the Group increased to **PLN 305m**.
- Adjusted LTM FCF after interest amounted to **PLN 1,491m**, while in Q2'15 alone it reached a record level of PLN 680m due to lower installment plan sales, the transition to advance settlement of CIT, lower CAPEX resulting i.a. from the fact that Midas Group bears the cost of the roll-out of the LTE800 network, as agreed beforehand, and the successively progressing permanent reduction of interest. We reiterate our full-year expectations for adjusted FCF of approx. **PLN 1.2 bn**.
- The main bank covenant – net debt/EBITDA based on nominal values decreased to **3.0x** at the end of Q2'15. Please note that its level is still influenced by the deposit made in connection with the 800/2600 MHz auction in the total amount of PLN 209m.
- Key performance indicators in the Q2'15:
  - Total number of RGU at the level of **16.349m**, 76% of which are RGUs provided in the contract model
  - Stable contract customer base of **5.990m**
    - ARPU per customer increased by 2.0% YoY, to **87.0 PLN**
    - RGU saturation of **2.07** per customer with an upward trend
    - Churn rate of **10.1%**
  - Growth of the total base of contract services by **2.9% YoY**
    - Dynamic growth of the number of mobile Internet access RGUs by **32.1%**, as a result of successful saturation of the customer base with integrated services
    - Growth of the number of pay TV RGUs by **2.8%**, 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 saturation of our customer base with integrated services:
    - **791K** customers bought additional services from our smartDOM offer
    - The number of RGUs owned by this group of customers is **2.41m**
    - The smartDOM program has a positive impact on ARPU per contract customer

## Financial results of Cyfrowy Polsat Group

Following the acquisition of Metelem Holding Company Limited on May 7, 2014, the condensed consolidated financial statements of Cyfrowy Polsat Capital S.A 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 Polsat Group in previous periods. In addition, it should be noted that data for the periods of Q2'14 are not fully comparable.

in mPLN	NEW GROUP				OLD GROUP	
	Q2'15	YoY change	Market consensus <sup>(1)</sup>	Difference	Q2'15	YoY change
<b>Revenues, incl.:</b>	<b>2,469</b>	<b>41%</b>	<b>2,431</b>	<b>1.6%</b>	<b>838</b>	<b>6%</b>
- Retail revenue	1,652	37%	n/a	n/a	485	3%
- Wholesale revenue	689	44%	n/a	n/a	330	9%
- Sale of equipment	107	94%	n/a	n/a	14	9%
- Other revenues	21	200%	n/a	n/a	8	62%
<b>Costs, incl.:</b>	<b>1,899</b>	<b>41%</b>	<b>n/a</b>	<b>n/a</b>	<b>605</b>	<b>5%</b>
- Technical costs and cost of settlements with mobile network operators	522	81%	n/a	n/a	101	37%
- Depreciation, amortization, impairment and liquidation	393	26%	n/a	n/a	66	1%
- Cost of equipment sold	292	54%	n/a	n/a	18	25%
- Content costs	274	5%	n/a	n/a	267	3%
- Distribution, marketing, customer relation management and retention costs	193	46%	n/a	n/a	74	-3%
- Salaries and employee-related costs	141	30%	n/a	n/a	46	-5%
- Cost of debt collection services and bad debt allowance and receivables written off	28	55%	n/a	n/a	5	-55%
- Other costs	56	30%	n/a	n/a	28	-4%
<b>EBITDA</b>	<b>977</b>	<b>38%</b>	<b>938</b>	<b>4.2%</b>	<b>306</b>	<b>10%</b>
<i>EBITDA Margin</i>	39.6%	-1.0pp	<b>38.6%</b>	<b>1.0pp</b>	36.5%	1.4pp
EBIT	584	47%	<b>484</b>	<b>20.7%</b>	240	13%
Net profit	305	130%	<b>230</b>	<b>32.6%</b>	180	94%

(1) Based on estimates prepared by: DB, BDM, DM BOŚ, BZ WBK, DM mBanku, Erste, BESI, ING, Ipopema, Pekao Investment Banking S.A., PKO BP, RCB, Trigon, UBS

## 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 segment of services to individual and business customers, comprising in particular mobile telephony services, Internet access and pay TV, is presented below.

It must be emphasized that some the key performance indicators presented below for Q2'14 have been prepared to present the potential effect that the performance of Metelem, and 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 Q2'14.

	Q2		
	2015	2014	YoY change
<b>Total number of RGUs</b> (contract + prepaid)	<b>16,349,090</b>	<b>16,250,497</b>	<b>0.6%</b>
<b>CONTRACT SERVICES</b>			
<b>Total number of RGUs, including:</b>	<b>12,377,021</b>	<b>12,023,369</b>	<b>2.9%</b>
Pay TV, including:	4,374,517	4,255,544	2.8%
<i>Multiroom</i>	886,305	771,481	14.9%
Mobile telephony	6,519,311	6,644,687	-1.9%
Internet	1,483,193	1,123,138	32.1%
<b>Number of customers</b>	<b>5,990,051</b>	<b>6,221,111</b>	<b>-3.7%</b>
ARPU per customer [PLN]	87.0	85.3	2.0%
Churn	10.1%	8.8%	1.3-pp
RGU saturation per customer	2.07	1.93	7.3%
<b>PREPAID SERVICES</b>			
<b>Total number of RGUs, including:</b>	<b>3,972,069</b>	<b>4,227,128</b>	<b>-6.0%</b>
Pay TV	41,517	66,578	-37.6%
Mobile telephony	3,737,282	3,923,778	-4.8%
Internet	193,270	236,772	-18.4%
ARPU per prepaid RGU [PLN]	18.3	17.9	2.2%

- **The total number of active services** provided by the Group both in the contract and prepaid models amounted to 16,349,090.
- At the end of Q2'15 the share of contract services in the total number of provided active services was 75.7%. This indicator increased YoY from 74.0%.
- **Contract services:**
  - The total number of customers to whom we provided contract services amounted to 5,990,051 as at the end of Q2'15, i.e. 3.7% less compared to the number of customers in Q2'14. The main drivers behind this decrease are the merging of contracts under one common contract for the household and the outflow of single-play customers, i.e. customers with only one service, mobile telephony in particular.
  - The number of active contract services provided by us increased by 2.9%, to 12,377,021 as at the end of Q2'15. This change is primarily the effect of an increase of the number of broadband Internet access services by 32.1% due to the growing number of Internet users in Poland and our strategy of actively promoting sales of services provided in the LTE/HSPA+ technologies, i.a. by actively expanding LTE coverage.
  - The total number of pay TV services provided in the contract model increased by 2.8%, in Q2'15 to 4,374,517, due to a significant increase in the number of Multiroom services provided. Concurrently, the number of provided mobile telephony services decreased from 6,644,687 at the end of Q2'14 to 6,519,311 as at the end of Q2'15, due to the fact that the Polish mobile telephony market is highly competitive and mature. We believe that further saturation of our customer base with integrated services, including our product smartDOM, will positively influence the growth of the number of contract RGUs provided by us in the future.
  - In Q2'15 ARPU per customer increased by 2.0% to PLN 87.0. The long-term goal of our Group is to maximize revenue per contract customer through sales of additional products and services to the joined customer bases of Cyfrowy Polsat and Polkomtel, among others within the framework of our program smartDOM, which has a positive impact on ARPU per contract customer.
  - Our churn rate was equal to 10.1% in the twelve-month period ended June 30, 2015 compared to 8.8% in the twelve-month period ended June 30, 2014 due to the fact the a larger number of contracts with our customers expired in the first half of 2015 as compared to the first half of 2014.
  - The saturation of our customer base with multi-play services is systematically growing. As at the end of Q2'15 each customer in our customer base had on average 2.07 active contract services, which constitutes an increase of 7.3% compared to Q2'14. 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.
  - The smartDOM program records excellent sales results and has 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 the first half of 2015, 791 thousand customers had joined the program and had bought a total of 2.41 million RGUs. The rate of cross-sales of products in the smartDOM program remains at a high level – the number of RGUs provided in the smartDOM program increased by ca. 184 thousand in Q2'5. RGU saturation per customer in this group was slightly above 3.0 as at June 30, 2015. Bearing in mind the long-term goal of our Group, which is to maximize revenue per contract customer through sales of additional products and services, the smartDOM program is perfectly in line with the implementation of our strategy.

- Prepaid services

- The number of prepaid services provided by us as at the end of Q2'15 decreased by 6.0% YoY, to 3,972,069. This change was caused by a migration of customers from prepaid tariffs towards the contract services segment driven by relatively more attractive terms of post-paid tariffs as well as discounts offered in the smartDOM program.
- ARPU per prepaid RGU again increased by 2.2% YoY in Q2'15, to PLN 18.3.

## Broadcasting and television production segment

	2Q		
	2015	2014	% change
<b>Audience share<sup>1</sup>, including:</b>	<b>24.65%</b>	<b>23.60%</b>	<b>4.45%</b>
POLSAT (main channel)	13.35%	13.52%	-1.26%
Thematic channels	11.30%	10.08%	12.10%
<b>Advertising market share<sup>2</sup></b>	<b>25.4%</b>	<b>24.8%</b>	<b>2.4%</b>
<b>Television ad market expenditure<sup>3</sup> (mPLN)</b>	<b>1,110</b>	<b>1,078</b>	<b>3.0%</b>

<sup>1</sup> NAM, All 16-49, all day, SHR%;

<sup>2</sup> Our estimates based on Starlink data;

<sup>3</sup> Starlink, air time and sponsorship.

- Very good viewership results
  - Polsat's main channel and Polsat Group are the viewership leaders in the commercial group
  - Very positive effect of programming investments made in TV4 and TV6 channels
- Revenue from advertising and sponsorship in Q2'15 increased by 5.5% YoY (almost double the market average) to PLN 282m, thanks to what our share in the TV advertising market increased to 25.4%.
- We maintain our expectations on the middle single-digit increase of the advertising market in 2015.