

- Excellent sales results of the Group's core products, supported by SmartDOM offer communication
 - Number of RGUs increased to **16.4m** in Q3'14
 - Stable contract customer base of **6.2m**
 - ARPU increased to **86.5 PLN**
 - RGU saturation of **1.98** per customer with an upward trend
 - Stable churn of **8.8%**
 - Effective implementation of multiplay strategy
 - SmartDOM had over **380k** customers EOP Q3'14 (growth by 210k compared to Q2'14)
 - Number of RGUs provided to that group of customers was over **1.2m**
 - In Q3'14 new entrants to SmartDOM program bought ca. **460k** additional services (RGU)
 - Positive influence of the communication on the sale of standard (single-play) offers
 - SmartDOM program has a positive impact on ARPU per contract customer
- Total revenue of the Group increased to **PLN 2.425 bn** in Q3'14. Excluding the effect of consolidation of the results of Metelem group, total revenue of the 'old' Group increased by 9% to **PLN 777m**, mainly as a result of:
 - Much better advertising revenue of TV Polsat compared to the dynamics of the advertising market, as well as recognition of revenue generated by the channels TV4 and TV6 (consolidated since September 1, 2013).
 - An increase in DTH subscription fee revenue and an increase in revenue from telecommunication services mainly resulting from increased volumes of data transfer within our broadband Internet service.
- The costs of the Group amounted to **PLN 1.993 bn** in Q3'14, while excluding the effect of consolidation of the results of Metelem group, our total operating costs increased by 25% YoY to **PLN 638m**, mainly due to:
 - Additional customer acquisition costs in the SmartDOM offer
 - Investments in customer base, associated with the purchase of distribution rights to FIVB World Championship via CP platform
 - Higher costs of data transmission, mainly due to growth of the number of mobile Internet service users
- TV Polsat Group recorded a **19.5%** increase in revenue from advertising and sponsoring as a result of much better advertising revenue of TV Polsat compared to the dynamics of the advertising market and consolidation of TV4 and TV6 channels since September 2013, thanks to which the Group increased its market share to **26.3%** in Q3'14.
- Polsat Group achieved high EBITDA and EBITDA margin of **PLN 910m** and **37.6%**, respectively.
- Finance costs increased to **PLN 385m**. This increase is the effect of interest costs related to loans and Senior Notes of Metelem, including the negative impact of their valuation, 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 Senior Notes and foreign exchange gains on the valuation of Senior Notes (redeemed in total in May 2014), which were recognized in the corresponding period of 2013.
- Net profit amounted to **PLN 48m**. Net income influenced by the consolidation of Metelem group's interest costs as well as the recognition of the negative impact of PLK Senior Notes' valuation.
- Main bank covenant – net debt/EBITDA based on nominal values achieved the level of **3.0x** at the end of Q3'14.

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 Cyfrowy Polsat Capital Group in previous periods. In addition, it should be noted that data for the periods of Q3'14 are not fully comparable.

in PLN million	NEW GROUP				OLD GROUP	
	Q3'14	YoY change	Market consensus*	Difference	Q3'14	YoY change
Revenues, incl.:	2,425	239%	2,387	1.6%	777	9%
- Retail revenue	1,711	272%	N/A	N/A	478	4%
- Wholesale revenue	592	190%	N/A	N/A	278	36%
- Sale of equipment	104	1,366%	N/A	N/A	8	10%
- Other revenues	18	-59%	N/A	N/A	13	-70%
Costs, incl.:	1,993	289%	N/A	N/A	638	25%
- Technical costs and cost of settlements with telecommunication operators	496	697%	N/A	N/A	98	57%
- Depreciation, amortization, impairment and disposal	478	638%	N/A	N/A	66	1%
- Content costs	262	20%	N/A	N/A	257	17%
- Cost of equipment sold	349	3.159%	N/A	N/A	15	37%
- Distribution, marketing, customer relation management and retention costs	187	136%	N/A	N/A	84	6%
- Salaries and employee-related costs	118	192%	N/A	N/A	42	5%
- Cost of debt collection services and bad debt allowance and receivables written off	15	189%	N/A	N/A	10	94%
- Other costs	88	187%	N/A	N/A	66	118%
EBITDA	910	239%	912	-0.3%	205	-24%
<i>EBITDA Margin</i>	37.6%	-2.0pp	38.2%	-0.6pp	26.4%	-13.2pp
EBIT	432	112%	426	1.3%	139	-32%
Net profit	48	-73%	43	11%	85	-52%

* Based on estimates prepared by: DM BOŚ, BDM, BZ WBK, Deutsche Bank, DM mBanku, Erste, BESI, ING, PKO BP, Raiffeisen, Trigon, UniCredit

Services to individual and business customer segment

In connection with the consolidation of the results of the newly-acquired Metelem Holding Limited Group, 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 are presented below.

It must be emphasized that the key performance indicators presented below for Q3'13 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 periods. 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.

	3Q		
	2014	2013	YoY change
Total number of RGUs (contract + prepaid)	16,449,992	16,627,551	-1.1%
CONTRACT SERVICES			
Total number of RGUs, including:	12,230,798	11,908,422	2.7%
Pay TV, including:	4,344,773	4,160,343	4.4%
<i>Multiroom</i>	806,064	680,316	18.5%
Mobile telephony	6,617,382	6,834,719	-3.2%
Internet	1,268,643	913,360	38.9%
Number of customers	6,184,775	6,285,607	-1.6%
ARPU per customer [PLN]	86.5	87.6	-1.2%
Churn	8.8%	9.0%	0.2 pp
RGU saturation per one customer	1.98	1.89	4.4%
PREPAID SERVICES			
Total number of RGUs, including:	4,219,194	4,719,129	-10.6%
Pay TV	98,136	84,538	16.1%
Mobile telephony	3,855,669	4,475,541	-13.9%
Internet	265,389	159,050	66.9%
ARPU per total prepaid RGU [PLN]	18.3	18.2	0.3%

- **The total number of active services** provided by the Group both in the contract and prepaid models amounted to 16,449,992.
- At the end of Q3'14 the share of contract services in the total number of provided active services was 74.4%. This indicator increased YoY from 71.6%.
- **Contract services**
 - The total number of our customers, to whom we provided contract services amounted to 6,184,775, i.e. 1.6% less compared to the number of customers, which the Group would have had at the end of Q3'13, if Polkomtel had been part of the Group at the time.
 - The number of active contract services provided by us in Q3'14 increased YoY by 2.7% to 12,230,798. This change is primarily the effect of an increase of the number of broadband Internet access services by 38.9% due to our strategy of actively promoting sales of services provided in the LTE/HSPA+ technologies, for example by introducing the unlimited Internet PowerLTE offer, as well as the dynamically growing number of Internet users in Poland.
 - The total number of pay TV services provided in the contract model increased YoY by 4.4% in Q3'14 to 4,344,773 due to a significant increase in the number of Multiroom services provided. Concurrently, the number of provided mobile telephony services decreased from 6,834,719 at the end of Q3'13 to 6,617,382 at the end of Q3'14 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.
 - ARPU per customer decreased YoY by 1.2% to PLN 86.5 in Q3'14. The dynamics refer to the period before the consolidation of Polkomtel with CP Group.
 - Thanks to our efficient customer retention programs, our churn rate fell to 8.8% in the twelve-month period ended September 30, 2014 compared to 9.0% in the twelve-month period ended September 30, 2013.
 - At the end of Q3'14 each customer from our customer base had 1.98 active contract services, which constitutes an increase of 4.4% compared to 1.89 active contract services per customer at the end of Q3'13. The increase in RGU saturation per one 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 has a positive effect on both the level of RGU saturation per one customer and ARPU per contract customer. Since its launch in mid-February 2014 until the end of the third quarter over 380k customers joined the program and bought a total of over 1.2 million RGUs. At the end of Q3'14 each customer of the smartDOM program had 3.15 active contract services. 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 decreased at the end of Q3'14 by 10.6% to 4,219,194. This change was caused by a decrease in the number of provided prepaid mobile telephony services,

adjusted by an increase in the number of broadband Internet access services provided in the prepaid model.

- ARPU per prepaid RGU amounted to PLN 18.3 in Q3'14 and remained at a relatively stable level compared to the corresponding period of 2013.

Broadcasting and television production segment

	3Q		
	2014	2013	% change
Audience share¹, including:	24.14%	21.58%	11.86%
POLSAT (main channel)	12.79%	13.16%	-2.81%
Thematic channels	11.35%	8.42%	34.80%
Advertising market share²	26.3%	24.1%	9.1%
Television ad market spendings³ (mln PLN)	753	688	9.5%

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 for our autumn scheduling
 - Our main TV channel (Polsat) is the leader in viewership in the commercial group
 - Polsat Group recorded the highest viewership shares mainly thanks to:
 - the success of its autumn programming
 - the success of its Polsat Volleyball channels
 - adding TV4 and TV6 to its group of channels (July, August)
- Revenue from advertising and sponsoring grew significantly faster than the advertising market thanks to rapidly growing revenue from existing thematic channels and consolidation of results of TV4 and TV6 channels since September 2013. Thanks to this our share in the TV advertising market increased from 24.1% to 26.3% in Q3'14.
- We maintain our expectations on the middle single-digit increase of the advertising market in 2014.