

- In Q3'15 Polsat Group revenue reached **PLN 2,415m** as a result of:
 - Lower revenue from mobile telephony services partially mitigated by revenue growth from mobile Internet and pay TV services
 - Increase in wholesale revenue primarily due to significantly higher advertising revenue of TV Polsat, as well as to the growth of revenue from Interconnect and the lease of telecom infrastructure
 - Higher revenue from equipment sales as a result of i.a. a growing share of installment plan sales among transactions with equipment, which translates into an increase in unit revenue per transaction
- Operating costs of the Group decreased by 5% YoY and amounted to **PLN 1,900m** in Q3'15 (PLN 1,499m after excluding amortization). Their level was mainly influenced by:
 - Increase in technical costs due to increased costs of data transfer within our broadband Internet access service and rising costs of Interconnect
 - Decrease in depreciation, amortization, impairment and liquidation as a result of lower costs of amortization of frequency licenses in the 1,800 MHz spectrum and depreciation of the telecommunication infrastructure
 - Lower cost of equipment sold mainly due to a lower volume of contracts for telecommunication services with equipment concluded in Q3'15
 - Increase in distribution, marketing, customer relation management and retention costs due to a higher amount of deferred distribution fees being charged to costs, which was partially compensated by more efficient cost control in the area of customer service and retention
 - Decrease in other costs mainly due to the recognition in the corresponding period of 2014 of sales of marketing and broadcasting rights to the FIVB Volleyball Men's World Championship Poland 2014
- Revenue from advertising and sponsoring of TV Polsat Group increased by 11.9% YoY in Q3'15, to PLN 222m (at that time the whole market grew at a rate of 6.4%). 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 **27.6%**.
- EBITDA of Polsat Group amounted to **PLN 930m** with a high EBITDA margin of **38.5%** (YoY growth of 0.9pp).
- EBIT of Polsat Group increased by 23% YoY, to **PLN 529m** mainly as a result of lower costs of depreciation, amortization, impairment and liquidation.
- In terms of financial costs in Q3'15 the Group recognized a profit in the amount of PLN 89m, which constitutes a decrease 123% YoY. This item was driven i.a. by one-off, non-cash operations related to the refinancing of the Group's hitherto debt, including in particular:
 - a write-off of a significant part of the surplus on the fair valuation of the PLK Senior Notes over their book value, as at the date of acquisition of Metelem
 - the recognition of a provision for the premium for the premature redemption of the PLK Senior Notes
 - a write-off of the costs of acquisition of financing under the Refinanced CP and PLK SFAs
 - a write-off of the costs of acquisition of financing under the PLK Senior Notes and a partial reversal of a discount recognized on their valuation
- As a result, net profit of the Group increased to **PLN 502m**.
- Adjusted LTM FCF after interest amounted to **PLN 1,388m**, while in Q3'15 alone it reached a record level of **PLN 208m**. The result in Q3'15 was influenced by the semi-annual coupon payment on the PLK Senior Notes and the annual fee for the UMTS license, as well as an increase in cash payments per GB according to the schedule published by the company in March of this year. Full-year expectations for adjusted FCF of at least **PLN 1.2 bn**.
- The main bank covenant – net debt/EBITDA based on nominal values decreased to **2.98x** at the end of Q3'15.
- Key performance indicators in the Q3'15:
 - Total number of RGUs at the level of **16.396m**, 76% of which are RGUs provided in the contract model
 - Stable contract customer base of **5.938m**
 - ARPU per customer increased by 1.8% YoY, to **88.1 PLN**
 - RGU saturation of **2.09** per customer with an upward trend
 - Churn rate of **10.2%**
 - Growth of the total base of contract services by **1.5% YoY**
 - Dynamic growth of the number of mobile Internet access RGUs by **19.6%**, as a result of successful saturation of the customer base with integrated services
 - Growth of the number of pay TV RGUs by **1.2%**, driven by continued demand for the Multiroom service
 - Progressive stabilization of the voice service base, which is driven i.a. by visible slowdown of the price pressure on the mobile telephony market
 - Stable growth of saturation of our customer base with integrated services:
 - As many as 15% (ca 900K) of our customers already use the multiplay offer, which should have a positive impact on their loyalty in the future
 - Total number of RGUs contracted by this group of customers amounts to 2.7m
 - The goal of 1 million smartDOM customers by the end of 2015 will be achieved

Financial results of Cyfrowy Polsat Group

in mPLN	Q3'15	YoY change	Market consensus ⁽¹⁾	Difference
Revenues, incl.:	2,415	0%	2,423	-0.3%
- Retail revenue	1,643	-4%	n/a	n/a
- Wholesale revenue	617	4%	n/a	n/a
- Sale of equipment	131	26%	n/a	n/a
- Other revenue	24	78%	n/a	n/a
Operating costs, incl.:	1,900	-5%	n/a	n/a
- Technical costs and cost of settlements with telecommunication operators	551	11%	n/a	n/a
- Depreciation, amortization, impairment and liquidation	401	-16%	n/a	n/a
- Cost of equipment sold	315	-10%	n/a	n/a
- Content costs	257	-2%	n/a	n/a
- Distribution, marketing, customer relation management and retention costs	200	7%	n/a	n/a
- Salaries and employee-related costs	122	4%	n/a	n/a
- Cost of debt collection services and bad debt allowance and receivables written off	9	-44%	n/a	n/a
- Other costs	45	-49%	n/a	n/a
EBITDA	930	2%	911	2.1%
<i>EBITDA Margin</i>	38.5%	0.9pp	37.6%	0.9pp
EBIT	529	23%	494	7.0%
Net profit	502	945%	471⁽²⁾	6.7%

(1) based on estimates prepared by: BDM, BZ WBK, Citi, DB, DM BOŚ, DM mBanku, Goldman Sachs, Erste, Haitong, Ipopema, ING, Pekao Investment Banking S.A., PKO BP, RCB, Trigon, Wood&Co

(2) based on forecasts of 8 offices, which take into account the current report dated November 3, 2015 'Supplementary information regarding the consolidated financial results for the third quarter of 2015'

Services to individual and business customer segment

	Q3		
	2015	2014	YoY change
Total number of RGUs (contract + prepaid)	16,395,514	16,449,992	-0.3%
CONTRACT SERVICES			
Total number of RGUs, including:	12,418,707	12,230,798	1.5%
Pay TV, including:	4,396,361	4,344,773	1.2%
<i>Multiroom</i>	901,271	806,064	11.8%
Mobile telephony	6,505,016	6,617,382	-1.7%
Internet	1,517,330	1,268,643	19.6%
Number of customers	5,937,768	6,184,775	-4.0%
ARPU per customer [PLN]	88.1	86.5	1.8%
Churn	10.2%	8.8%	1.4 pp.
RGU saturation per customer	2.09	1.98	5.6%
PREPAID SERVICES			
Total number of RGUs, including:	3,976,807	4,219,194	-5.7%
Pay TV	60,471	98,136	-38.4%
Mobile telephony	3,685,092	3,855,669	-4.4%
Internet	231,244	265,389	-12.9%
ARPU per prepaid RGU [PLN]	19.0	18.3	3.8%

- **The total number of active services** provided by the Group both in the contract and prepaid models amounted to 16,395,514.
- At the end of Q3'15 the share of contract services in the total number of provided active services was 75.7%. This indicator increased YoY from 74.4%.
- **Contract services:**
 - The total number of customers to whom we provided contract services amounted to 5,937,768 as at the end of Q3'15, i.e. 4.0% less compared to the number of customers in Q3'14. Mergers of many contracts under one common contract for the household and the outflow of single-play customers, i.e. customers with only one service are the main drivers behind this decrease.
 - The number of active contract services provided by us increased by 1.5%, to 12,418,707 as at the end of Q3'15. This change is primarily the effect of an increase of the number of broadband Internet access services by 19.6%, which in turn is 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 (LTE coverage >92%).

- The total number of pay TV services provided in the contract model increased by 1.2% in Q3'15 to 4,396,361 due to an increase by almost 100 thousand in the number of Multiroom services provided. Concurrently, the number of provided mobile telephony services decreased from 6,617,382 as at the end of Q3'14 to 6,505,016 as at the end of Q3'15, due to the fact that the Polish mobile telephony market is highly competitive and mature. Importantly, in Q3'15 a marked slowdown in the dynamics of the loss of mobile telephony RGUs is visible.
- In Q3'15 ARPU per customer increased by 1.8%, to PLN 88.1. In line with the long-term strategic goals, our Group aims 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 10.2% in the twelve-month period ended September 30, 2015 compared to 8.8% in the twelve-month period ended September 30, 2014 due among others to the fact that a larger number of contracts with our customers expired during H1'2015. Given that the number of contracts terminating in H2'2015 is significantly lower than in H1'2015, stabilization of the churn rate can be expected in the coming quarters.
- The saturation of our customer base with multi-play services is systematically growing. As at the end of Q3'15 each customer in our customer base had on average 2.09 active contract services, which constitutes an increase of 5.6% compared Q3'14. 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 very good 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 September 2015, ca. 900 thousand customers had joined the program and had bought a total of 2.7 million RGUs. RGU saturation per customer in this group was slightly above 3.0 as at September 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 at the end of Q3'15 decreased by 5.7% YoY, to 3,976,807. This change was caused among others by a migration of part of our 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 increased by 3.8% YoY in Q3'15 to PLN 19.0. The increase in the level of ARPU in the prepaid segment is connected mainly with higher consumption of data on smartphones as well as higher volumes of exchanged traffic at stable retail prices in the segment

Broadcasting and television production segment

	Q3		
	2015	2014	% change
Audience share¹, including:	25.2%	24.1%	4.6%
POLSAT (main channel)	12.8%	12.8%	0.0%
Thematic channels	12.4%	11.4%	9.6%
Advertising market share²	27.6%	26.3%	5.1%
Television ad market expenditure³ (mPLN)	804	755	6.4%

¹ NAM, All 16-49, all day, SHR%;

² Our estimates based on Starlink data;

³ 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
 - Polsat Group's audience share exceeded the threshold of 25% for the first time in history
- Revenue from advertising and sponsorship in Q3'15 increased by 11.9% YoY (almost double the market average) to PLN 222m, thanks to what our share in the TV advertising market increased to 27.6%.
- We maintain our expectations on the mid-single digit increase of the advertising market in 2015.