- Excellent sales results of the Group's core products, supported by smartDOM offer communication
  - Increase in the total number of RGU to **16.482m**
    - 75% RGU provided in the contract model
    - **No. 1 on the pay-TV market** with a share estimated at **32%**
    - **No. 1 on the mobile market** provided in the contracted model –with a share estimated at **28.1%**
  - Stable contract customer base of **6.138m**
    - ARPU per customer increased to **87.2 PLN**
    - RGU saturation of **2.01** per customer with an upward trend
    - Stable churn of **9.1%**
  - Effective implementation of the multiplay strategy:
    - **569K** customers in smartDOM offers at the end of Q4'14
    - The number of RGUs contracted by this group of customers amounts to **1.753m**
    - In Q4'14 alone, customers of the smartDOM program purchased **394K** additional RGUs
    - Positive influence of the communication on the sale of standard (single-play) offers
    - SmartDOM program has a positive impact on ARPU per contracted customer
- Completion of negotiations of terms of cooperation with Midas Group, resulting in a **reduction of the settlement rate to PLN 2.40/ GB** (effective from January 2015) in exchange for the filing of another order of 1.6 bn GB maturing within a 4-year period. At the same time Midas Group announced that it is committed to the implementation of "Project 800", taking onto itself the burden of constructing the network.
- Sales revenue of the Group increased to PLN **2.521 bn** in Q4'14. Excluding the effect of consolidation of the results of Metelem Group, total revenue of the 'old' Group **increased by 8%** to **PLN 868m**, mainly as a result of an increase in revenue from mobile Internet services and the growth in revenues from pay-TV services.
- Costs of the Group amounted to **PLN 2.125 bn** in Q4'14, while excluding the effect of consolidation of the results of Metelem Group, our total operating costs increased by 18% YoY to **PLN 699m,** mainly due to:
  - Additional customer acquisition costs in the smartDOM offer
  - Higher costs of data transmission, mainly due to growth of the number of mobile Internet service users
- Revenue from advertising and sponsoring of TV Polsat Group in Q4'14 increased YoY by 1.5% to PLN 285m and represented a **24.8%** share in television advertising market.
- Polsat Group EBITDA amounting to **PLN 837m** with EBITDA margin of **33.2%** due to seasonal factors (subsidized sales during the holiday season) and the rising cost of data transmission (renegotiation of the settlement rate for 1GB will have a positive impact on the cost side starting from January 2015).
- Finance costs increased to **PLN 379m**. This increase is the effect of interest costs related to loans and Senior Notes of Metelem Group, including the negative impact of their valuation (a clear effect of USD appreciation), 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 14m**. 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 (a clear effect of the USD appreciation).

- Very high level of generated **FCF (PLN 414m** after interest payment) resulted in an increase in the level of cash to PLN 1.748m, in spite of the early prepayment of PLN 200m under the SFA PLK, a subsequent repayment of PLN 50m under the RCF CPS and scheduled repayment of PLN 90m under the SFA CPS.
- As a result, net debt/EBITDA ratio based on nominal values achieved the level of **3.0x** at the end of Q4’14, despite the unfavorable effect of the USD (weakening of PLN vs USD by 6.4% over Q4'14).

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 Q4’14 are not fully comparable.

	NEW GROUP				OLD GROUP	
in million PLN	Q4’14	*YoY change*	Market consensus*	*Difference*	Q4’14	*YoY change*
Revenues, incl.:	**2,521**	***215%***	**2,530**	***-0.4%***	**868**	***8%***
- Retail revenue	1,702	*265%*	N/A	*N/A*	496	*6%*
- Wholesale revenue	641	*102%*	N/A	*N/A*	331	*4%*
- Sale of equipment	160	*1,551%*	N/A	*N/A*	26	*169%*
- Other revenues	18	*145%*	N/A	*N/A*	15	*98%*
Operating costs, incl.:	**2,125**	***259%***	**N/A**	**N/A**	**699**	***18%***
- Technical costs and cost of settlements with telecommunication operators	557	*680%*	N/A	N/A	119	*66%*
- Depreciation, amortization, impairment and liquidation	444	*547%*	N/A	N/A	70	*2%*
- Content costs	296	*13%*	N/A	N/A	290	*11%*
- Cost of equipment sold	377	*3,465%*	N/A	N/A	32	*202%*
- Distribution, marketing, customer relation management and retention costs	218	*136%*	N/A	N/A	95	*3%*
- Salaries and employee-related costs	151	*184%*	N/A	N/A	56	*5%*
- Cost of debt collection services and bad debt allowance and receivables written off	27	*283%*	N/A	*N/A*	10	*36%*
- Other costs	56	*101%*	N/A	*N/A*	27	*-1%*
EBITDA	**837**	***204%***	**857**	***-2.3%***	**258**	***-6%***
EBITDA Margin	33.2%	*-1.2pp*	**33.9%**	***-0.7pp***	29.8%	*-4.6pp*
EBIT	394	*90%*	**389**	***1.1%***	189	*-9%*
Net profit	14	*-92%*	**-5**	***N/A***	136	*-22%*

** Based on estimates prepared by: DM BOŚ, BDM, BZ WBK, Deutsche Bank, DM mBank, Erste, BESI, ING, Ipopema, Pekao Investment Banking S.A., PKO BP, Trigon*

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 Q4'13 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.

	4Q		
	2014	**2013**	***YoY change***
Total number of RGUs (contract + prepaid)	**16,482,031**	**16,447,334**	**0.2%**
CONTRACT SERVICES			
Total number of RGUs, including:	**12,347,828**	**11,978,807**	**3.1%**
Pay TV, including:	4,391,702	4,212,323	4.3%
Multiroom	*844,809*	*719,935*	*17.3%*
Mobile telephony	6,587,915	6,778,675	-2.8%
Internet	1,368,211	987,809	38.5%
Number of customers	**6,137,531**	**6,287,658**	**-2.4%**
ARPU per customer [PLN]	87.2	87.1	0.1%
Churn	9.1%	9.2%	-0.1pp
RGU saturation per one customer	2.01	1.91	5.2%
PREPAID SERVICES			
Total number of RGUs, including:	**4,134,203**	**4,468,527**	**-7.5%**
Pay TV	122,787	77,771	57.9%
Mobile telephony	3,792,978	4,171,810	-9.1%
Internet	218,438	218,946	-0.2%
ARPU per total prepaid RGU [PLN]	18.2	17.5	4.0%

- **The total number of active services** provided by the Group both in the contract and prepaid models amounted to 16,482,031.
- At the end of Q4’14 the share of contract services in the total number of provided active services was 74.9%. This indicator increased YoY from 72.8%.
- **Contract services:**
  - The number of active contract services provided by us increased by 3.1%, to 12,347,828 at the end of Q4’14. This change is primarily the effect of an increase of the number of broadband Internet access services by 38.5% due to our strategy of actively promoting sales of services provided in the LTE/HSPA+ technologies, for example by introducing the 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 in Q4’14 by 4.3% to 4,391,702 due to a significant increase in the number of Multiroom services provided. Concurrently, the number of provided mobile telephony services decreased from 6,778,675 as at the end of Q4’13 to 6,587,915 as the end of Q4’14 due to the fact that the Polish mobile telephony market is highly competitive and mature.
  - The total number of our customers, to whom we provided contract services amounted to 6,137,531 as at the end of Q4’14, i.e. 2.4% less compared to the number of customers, which the Group would have had at the end of Q4’13, 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 a decrease in the number of customers of mobile voice services.
  - In Q4’14 ARPU per customer was equal to PLN 87.2. We conduct active cross-selling activities targeted at the joined customer bases of Cyfrowy Polsat and Polkomtel within the scope of our integrated offer smartDOM, which has a positive effect on ARPU. From the moment of introducing the offer smartDOM in February 2014 we have observed a successively increasing ARPU from PLN 84.8 at the end of Q1’14 to the present level of PLN 87.2.
  - Thanks to our efficient customer retention programs, our churn rate was equal to 9.1% in the twelve-month period ended December 31, 2014 compared to 9.2% in the twelve-month period ended December 31, 2013.
  - As at the end of Q4’14, each customer from our customer base had 2.01 active contract services, which constitutes an increase of 5.2% compared to 1.91 active contract services per customer as at the end of Q4’13. 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 2014 569 thousand customers joined the program and bought a total of over 1.75 million RGUs. In the fourth quarter of 2014 the number of RGUs provided within the smartDOM program increased by ca. 394 thousand. RGU saturation per one customer in this group was 3.1 as at December 31, 2014.

- **Prepaid services**
  - The number of prepaid services provided by us decreased by 334,324, that is 7.5%, to 4,134,203 as at the end of Q4'14. This change was caused by a decrease in the number of provided prepaid mobile telephony services, partly compensated by a strong increase in the number of pay TV services provided in the prepaid model.
  - ARPU per prepaid RGU amounted to PLN 18.2 in Q4'14, which constitutes an increase of 4.0% compared to PLN 17.5 in 2013.

Broadcasting and television production segment

	Q4		
	2014	**2013**	*% change*
Audience share[1], including:	**24.50%**	**23.06%**	***6.24%***
POLSAT (main channel)	*13.65%*	*12.83%*	*6.39%*
Thematic channels	*10.85%*	*10.23%*	*6.06%*
Advertising market share[2]	**24.8%**	**25.4%**	***-2.5%***
Television ad market spendings[3] (million PLN)	**1,148**	**1,103**	***4.1%***

[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 of 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
    - a higher number of external channels serviced by our advertising office
- Revenues from advertising and sponsoring of TV Polsat Group in Q4'14 increased YoY by 1.5% to PLN 285m and represented 24.8% share of television advertising market.

Cyfrowy Polsat Group's objectives in 2015

- Segment of services to individual and business customers
  - Increase of the total number of sold services (RGUs) and saturation of the customer base with integrated services
  - Consistent building of ARPU per customer
- Broadcasting and TV production segment
  - Continuation of the strategy which assumes maintaining of audience shares and increase of revenue from advertising at least in line with growth dynamics of the TV advertising market
- Financial results
  - Maintaining strong margins, further optimization of the cost base
  - Consistent reduction of the company's indebtedness, supported by a stable level of free cash flows