



Financial results

Q1'2020

14 May 2020

Cyfrowy Polsat S.A. Capital Group



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Disclaimer



This presentation may include forward-looking statements, understood as all statements (other than statements of historical facts) regarding our financial results, business strategy, plans and objectives pertaining to our future operations (including development plans related to our products and services). Such forward-looking statements do not constitute a guarantee of future performance and involve risks and uncertainties which may affect the fulfilment of these expectations, as by their nature they are subject to many factors, risks and uncertainties. The actual results may be materially different from those expressed or implied by such forward-looking statements. Even if our financial results, business strategy, plans and objectives pertaining to our future operations are consistent with the forward-looking statements included herein, this does not necessarily mean that these statements will be true for subsequent periods. These forward-looking statements express our position only as at the date of this presentation.

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Agenda



1. Key events in Q1'20
2. Operating results
3. Financial results
4. Summary and Q&A



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1. Key events in Q1'20



Mirosław Błaszczuk

President of the Management Board, Cyfrowy Polsat

Key events in Q1'20



Efficient adjustment of the operating activities of Polsat Group companies to the state of epidemic introduced in the country



Favorable refinancing of bank debt completes the multi-stage debt restructuring process



Strategic acquisition of Interia.pl



Plus launches the first commercial 5G network in Poland

1.1 Impact of COVID-19 on the activities of Polsat Group

Mirosław Błaszczuk

President of the Management Board, Cyfrowy Polsat

We believe our business model is largely immune to disruptions caused by COVID-19



Our **diversified and subscription-based** business model ensures predictable and **stable revenue streams**

Home office and #stayathome initiatives generate **higher demand for connectivity**: voice and video conferencing, mobile data and home entertainment

Price increases introduced in 2019/2020 on the mobile market will **support ARPU going forward**

We expect a **slowdown in the advertising market**, however its final impact is **still uncertain at present**

We generate **a high level of cash**, which ensures **security** in terms of liquidity

The ultimate impact of COVID-19 on Polsat Group operations depends on the duration and pressure that the pandemic will exert on global and Polish economies



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Polsat Group responds responsibly to the challenges faced by Poles today



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- **200k coronavirus tests**, along with the required laboratory equipment, have been presented to Poles
- **2.2k connected tablets** for children who are most in need of such equipment
- **10 GB** free data pack for our customers
- **>PLN 3m** collected from airing a special block of commercials and **from TV Polsat own funds**, donated via Polsat Foundation to the hospitals and institutions involved in combatting the epidemic who are most in need of funding
- **PLN 2m** donated from own funds of Polsat Foundation for buying the most necessary equipment for the health care system
- Full involvement of the news and other TV Polsat stations in providing information and fighting the pandemic
- And numerous other important initiatives....

"It is a very difficult time for all of us and we must help each other. We are a Polish company – we would like and we should provide our help in the fight against the epidemic. I've decided for the first time that we would help on such a large scale. We are donating 200 thousand tests together with the equipment hoping that this will support the heroic activities of the Polish medical services. I would like to thank all of them very much, in particular those working on the front lines."

Zygmunt Solorz

Founder and majority shareholder of Polsat Group

1.2 Refinancing completed successfully

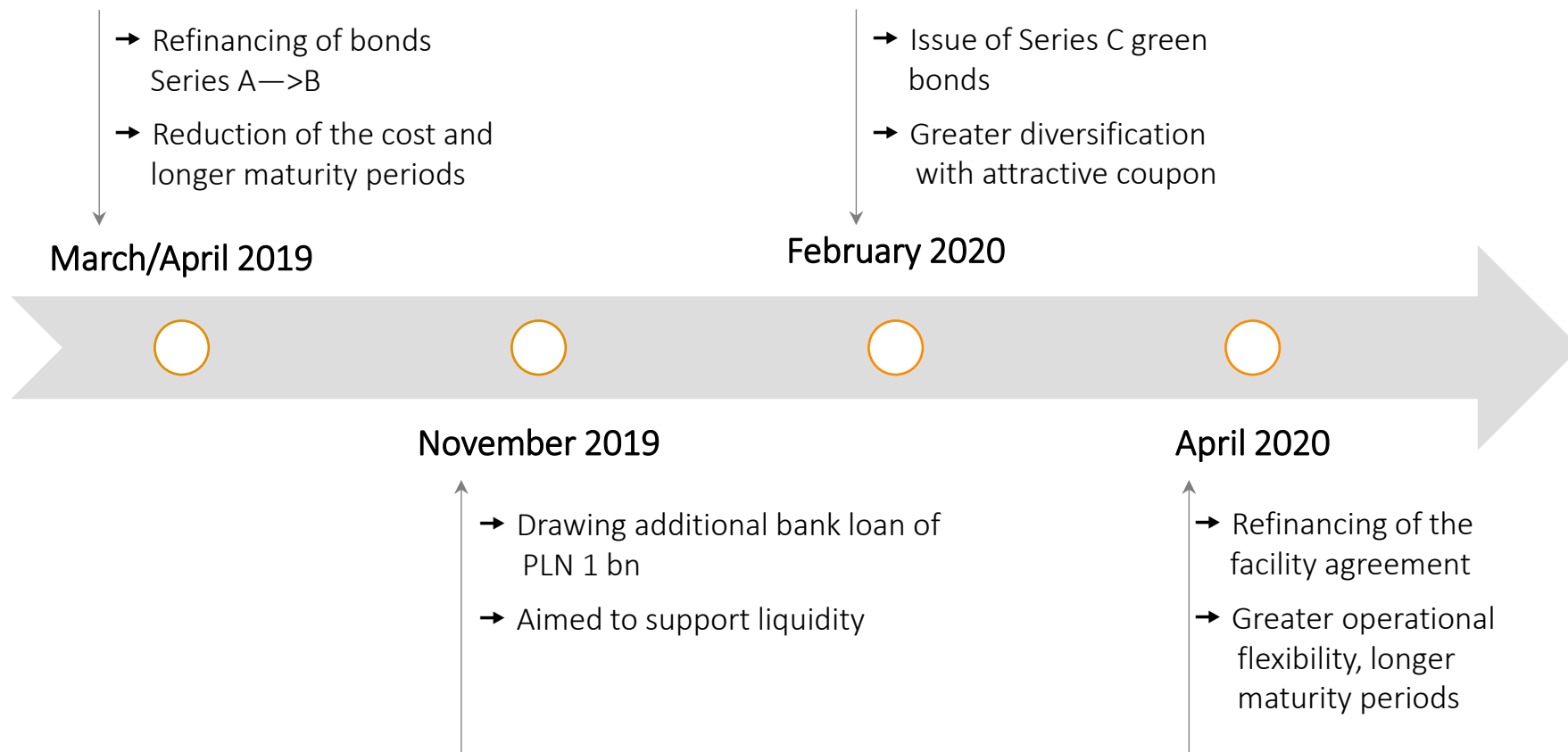
Katarzyna Ostap-Tomann
CFO, Cyfrowy Polsat

Ambitious goals of the refinancing process

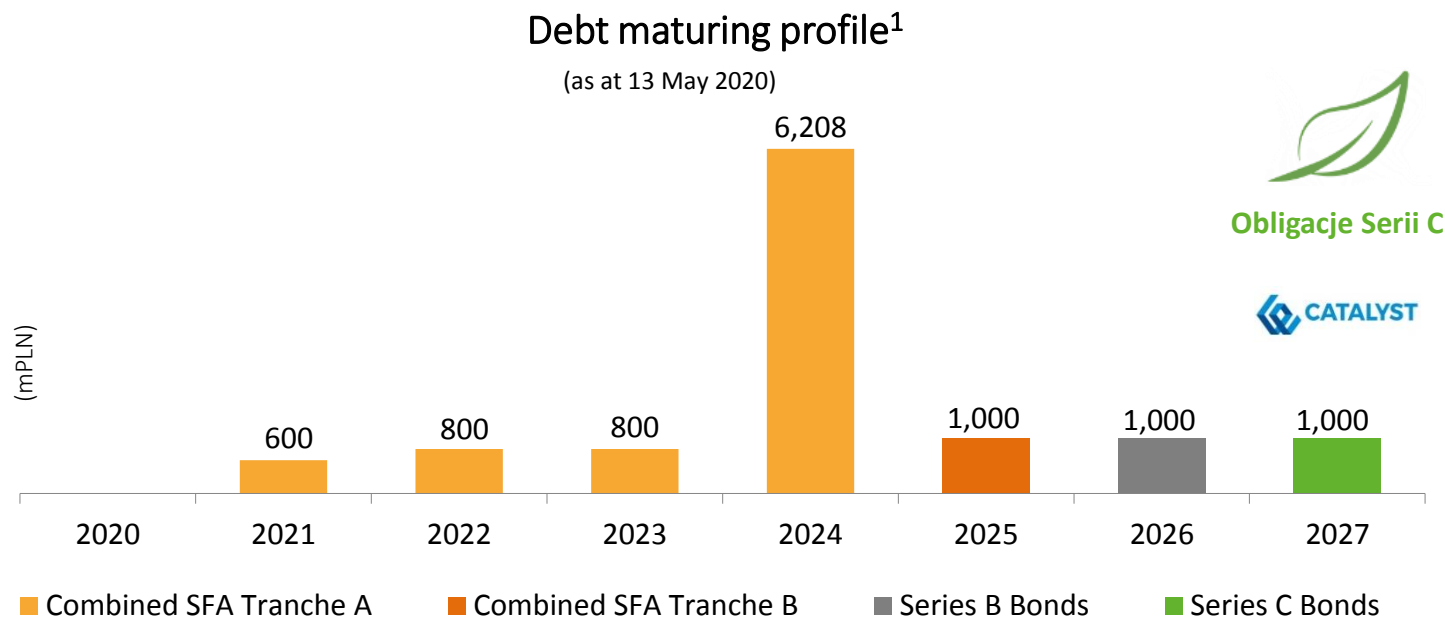
1. Achieving greater flexibility of operations and enabling further development of Polsat Group
2. Reflecting the changes taking place in the IFRS in the financial documentation
3. Adapting debt maturity profiles to current acquisition-related goals and to our dividend policy
4. Greater diversification of our debt structure



Strategic refinancing plan



Comfortable debt maturity structure allows to continue the Group's development



The new maturity structure allows for comfortable operating activities, further development of the Group and continuation of dividend policy implementation

Note: (1) Nominal value (excl. the Revolving Facility Loan and leasing)



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1.3 Strategic acquisition of Interia.pl

Maciej Stec

Vice President of the Management Board, Cyfrowy Polsat

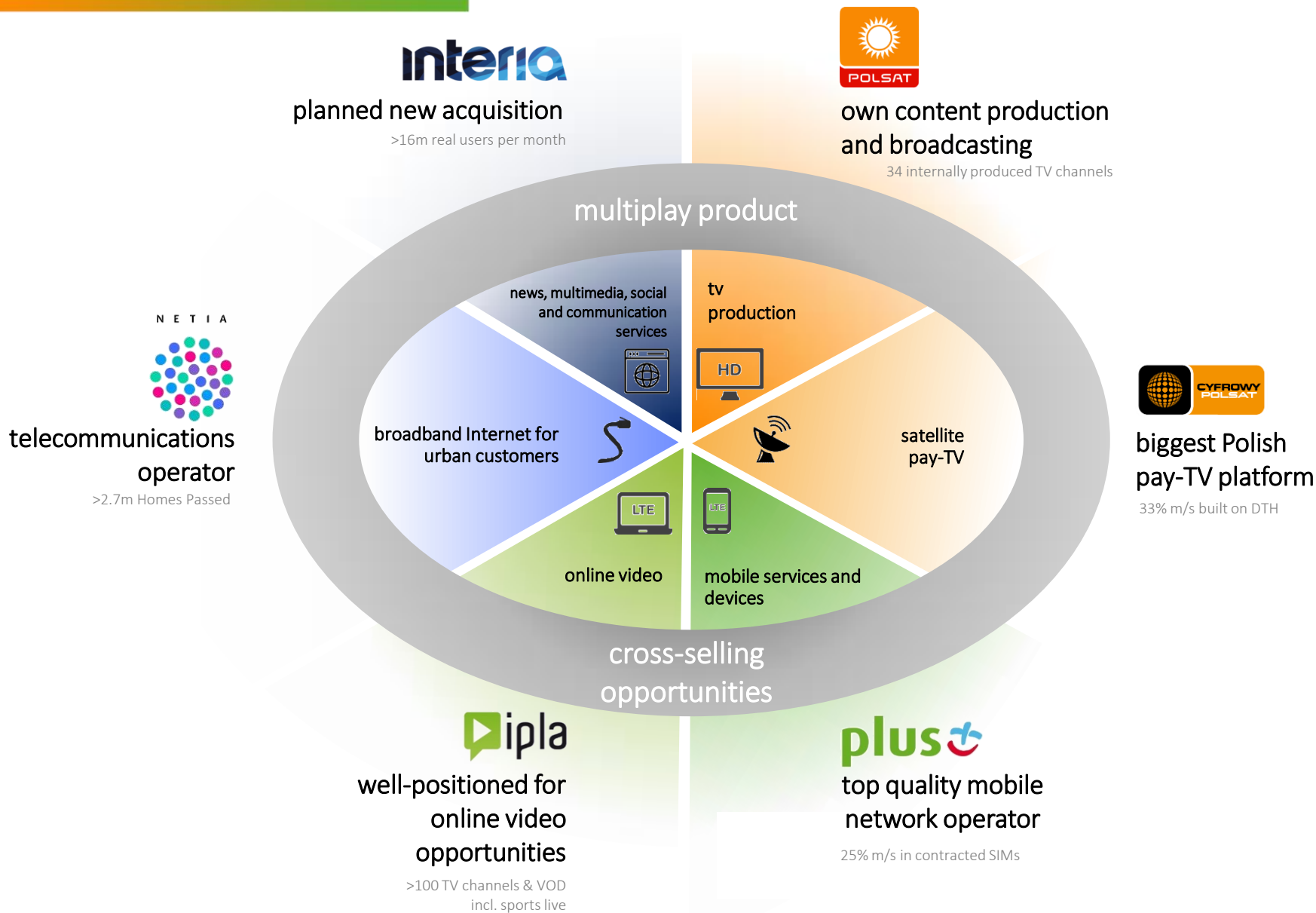
Katarzyna Ostap-Tomann

CFO, Cyfrowy Polsat

Stanisław Janowski

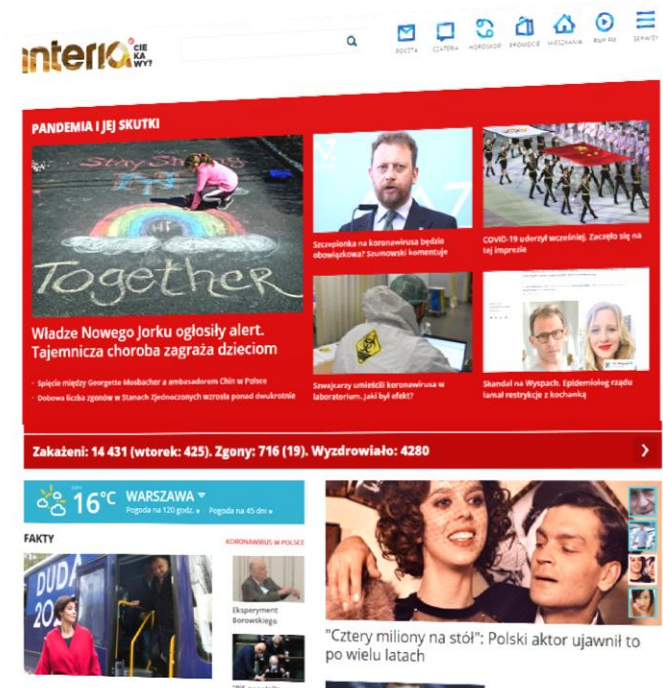
President of the Management Board, Telewizja Polsat

Interia is a strategic asset of Polsat Group



Strategic acquisition of Interia

- A strategic decision aimed at Polsat Group taking a significant position in the Internet
- A well-managed business with a competent team
- Additional channel for distribution and monetization of the content currently produced for the needs of TV Polsat's channels
- Significant strengthening of the position on the dynamically growing on-line advertising market
- Concentration of marketing efforts in the Internet for the entire portfolio of Polsat Group's products and services



Interia Group business at a glance



Selected KPIs

~100

websites

~100

mobile
applications

60%

internet users
reach in Poland

>16.5m

real users
per month

60%

Interia brand
awareness across
Poland

>1.3bn

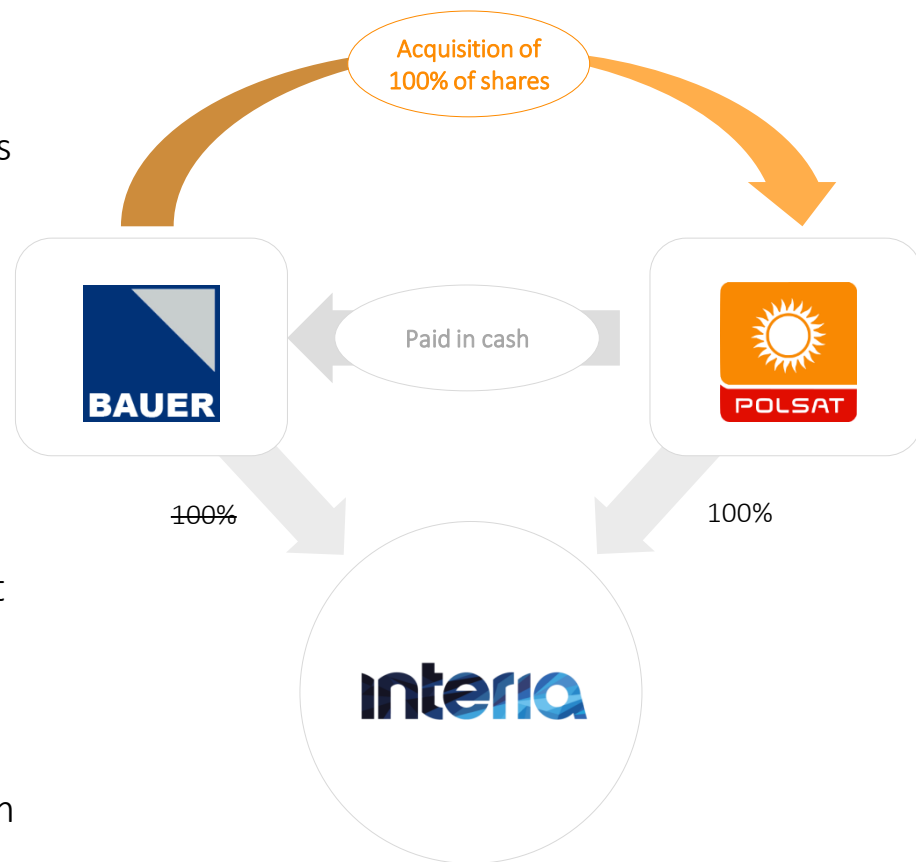
monthly page
views

- Interia Group is the TOP3 leading Media Tech Group and one of the biggest digital companies in Poland
- The company operates one of the biggest horizontal portals with an email system and news, thematic portals as well mobile applications and tools generating revenue across a wide variety of different income streams

Polsat Group plans the acquisition of 100% of shares of Interia Group



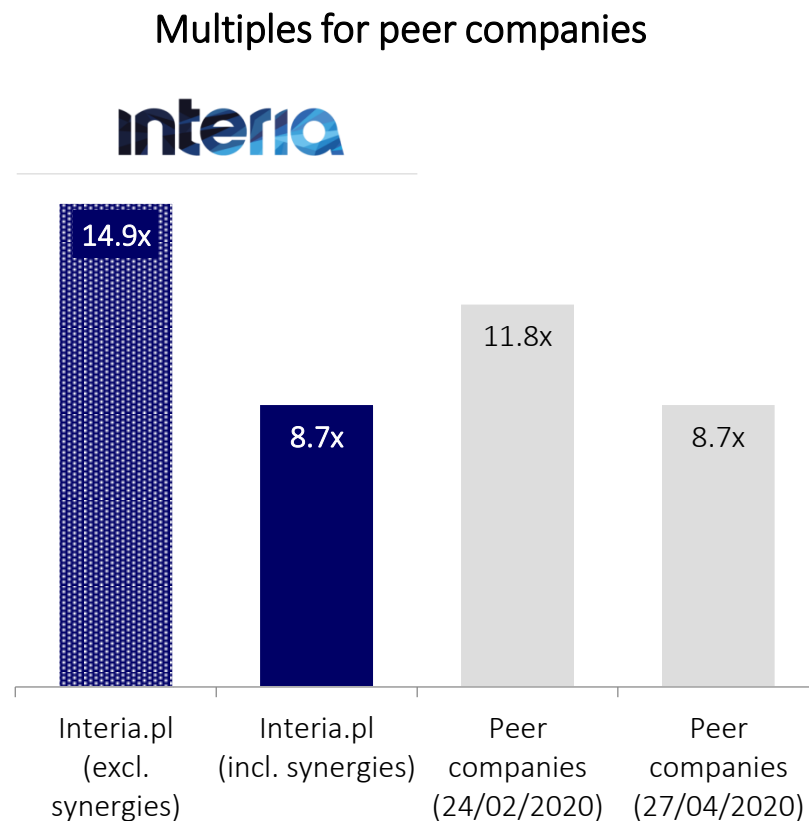
- TV Polsat has concluded a preliminary agreement on the acquisition of 100% of shares in Grupa Interia.pl sp. z o.o. as well as of the rights and obligations of a limited partner in Grupa Interia.pl Media sp. z o.o. sp. k. limited partnership
- The sellers are two German companies: Bauer Media Invest GmbH and Bauer Polen Invest GmbH
- The agreed acquisition price is PLN 422m and it will be subject to further downward adjustments
- At the same time, Bauer Group has made a commitment to buy advertising campaigns from Polsat Media Biuro Reklamy advertising agency
- The transaction will be financed from TV Polsat's own funds
- The finalization of the transaction is subject to the approval by UOKiK (Office of Competition and Consumer Protection)



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Multiples for peer companies

- The acquisition price of PLN 422m implies an EV/EBITDA 2019 multiple in the range of 8.7x, accounting for synergies



Note: Peer companies: WP, Agora, Mail.ru.

The multiple of 8.7x has been calculated on the basis of adjusted EBITDA 2019 in the amount of PLN 28.1m and accounting for synergies in the range of PLN 20 m

We plan to double Interia's EBITDA in the mid-term



An additional channel for the monetization of content currently produced for the needs of the 34 Polsat family channels



Cost optimization by insourcing the online marketing campaigns run by Plus, Cyfrowy Polsat, IPLA, Netia or in TV Polsat's channels



Polsat Media Biuro Reklamy advertising office will assure more efficient sales of Interia's advertising space



1.4 Plus launches the first Polish commercial 5G network

Mirosław Błaszczyk

President of the Management Board, Cyfrowy Polsat

The first and only commercial 5G network in Poland!



5G in Plus – available here and now!!!

- On May 11 Plus launched the first commercial 5G network in Poland, operating in 2.6 GHz TDD frequency band which supports data transfer rates of up to 600 Mbps
 - The 2.6 GHz frequency band enables transmission of higher volumes of data at higher speeds while covering wider areas with fast data transfer
- Nearly 900k people in 7 cities have already come within Plus's 5G network coverage, with an additional 2m people in Warsaw and the capital city urban area being able to enjoy the new service soon
 - 100 base transceiver stations operate in 7 cities (Warsaw, Lodz, Gdansk, Poznan, Szczecin, Wroclaw, Katowice)
 - The second stage assumes the roll out of over 600 additional 5G base stations in Warsaw and surrounding towns
- Ultimately Plus 5G network will be rolled out using all the available frequency bands



2. Operating results

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2.1 Broadcasting and TV production segment

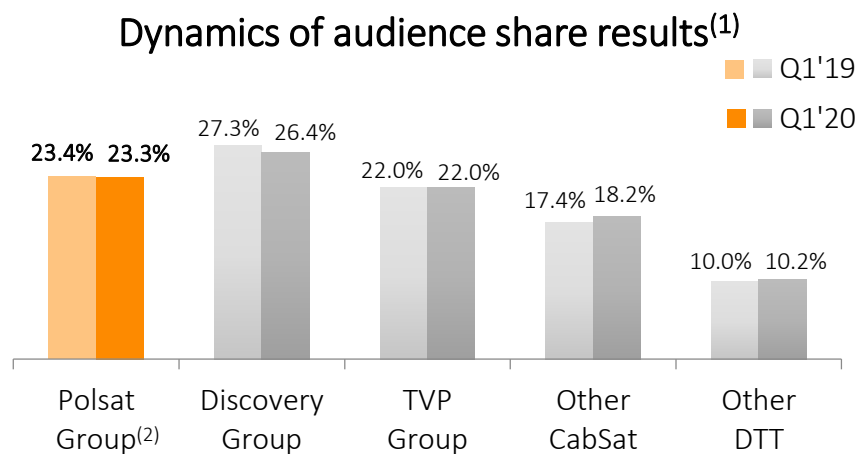
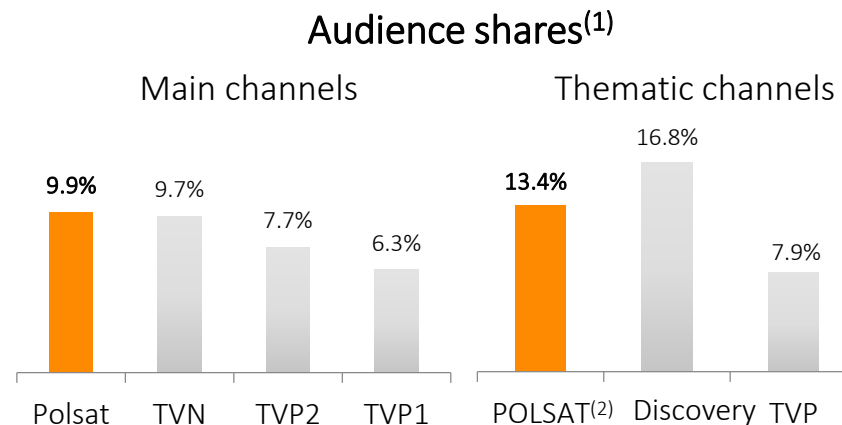


Stanisław Janowski

President of the Management Board, Telewizja Polsat

Viewership of our channels in Q1'20

- Polsat Group and its main channel are the viewership leaders in the commercial group



Source: NAM, All 16-49, all day, SHR%, including Live+2⁽¹⁾, internal analysis

Note: (1) Audience shares include both live broadcasting and broadcasting during 2 consecutive days (i.e. Time Shifted Viewing)

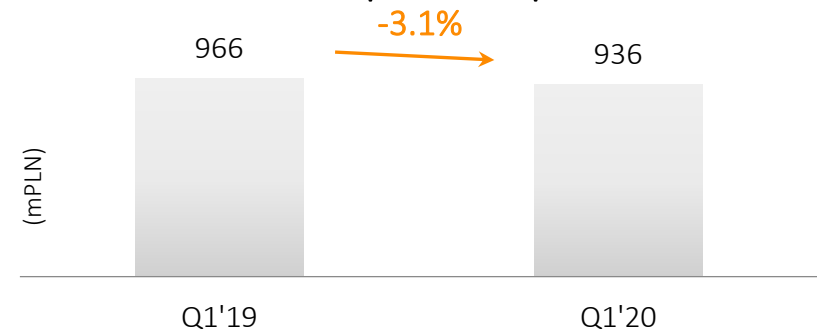
(2) excluding partnership channels: Polsat Viasat Explore, Polsat Viasat Nature, Polsat Viasat History, JimJam, CI Polsat, Focus TV, Nowa, TV Polsat Comedy Central Extra

Position on the advertising market in Q1'20

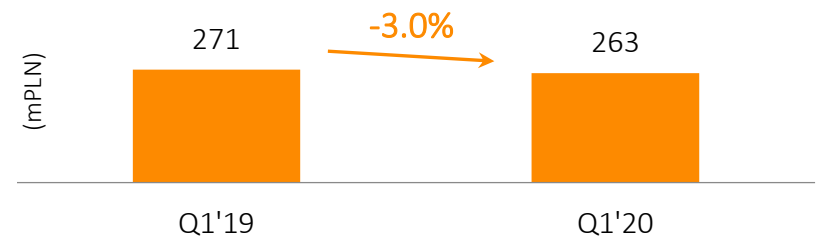


- The dynamics of advertising and sponsorship revenues of TV Polsat Group in line with the market trend
- As a result, our share in the TV advertising and sponsorship market amounted to 28.1%

Market expenditures on TV advertising and sponsorship



Revenue from advertising and sponsorship of TV Polsat Group⁽¹⁾



Source: Starcom, preliminary data, spot advertising and sponsorship; TV Polsat; internal analysis
Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Starcom's definition



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2.2 Services to individual and business customers

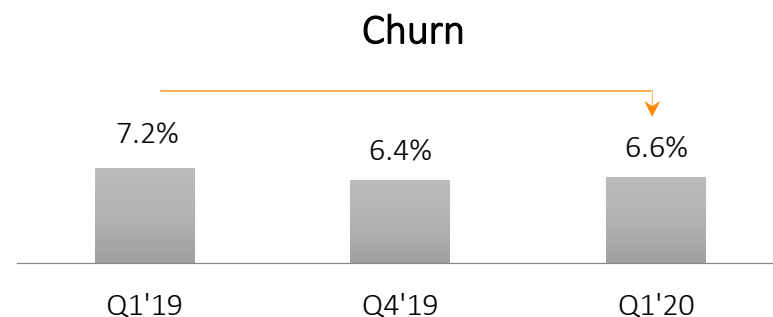
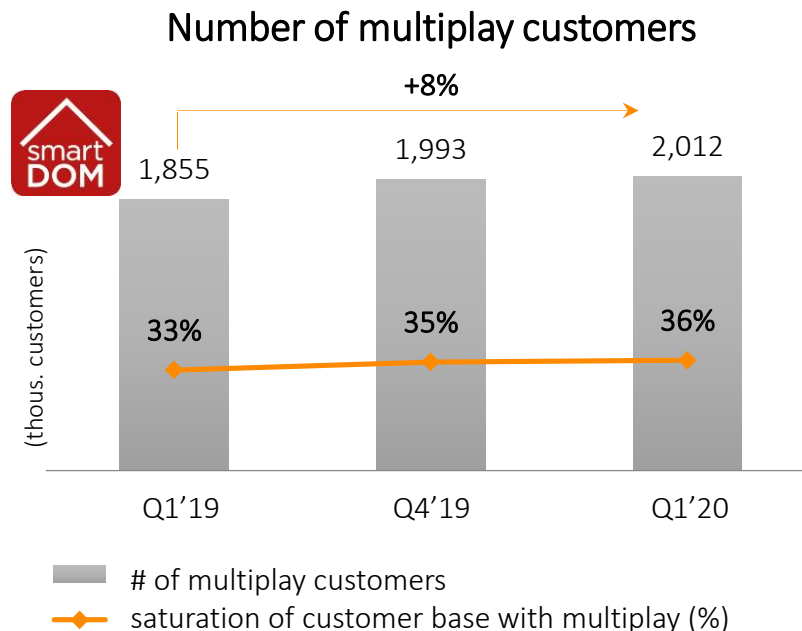
Maciej Stec

Vice President of the Management Board, Cyfrowy Polsat

2 millionth customer joined our multiplay offer in January'20



- Consistent implementation of our multiplay strategy results in a stable increase in the number of customers with bundled services by 157K YoY
- The number of RGUs owned by these customers increased to 6.12m
- Another quarter of record low churn level – mainly due to our multiplay strategy

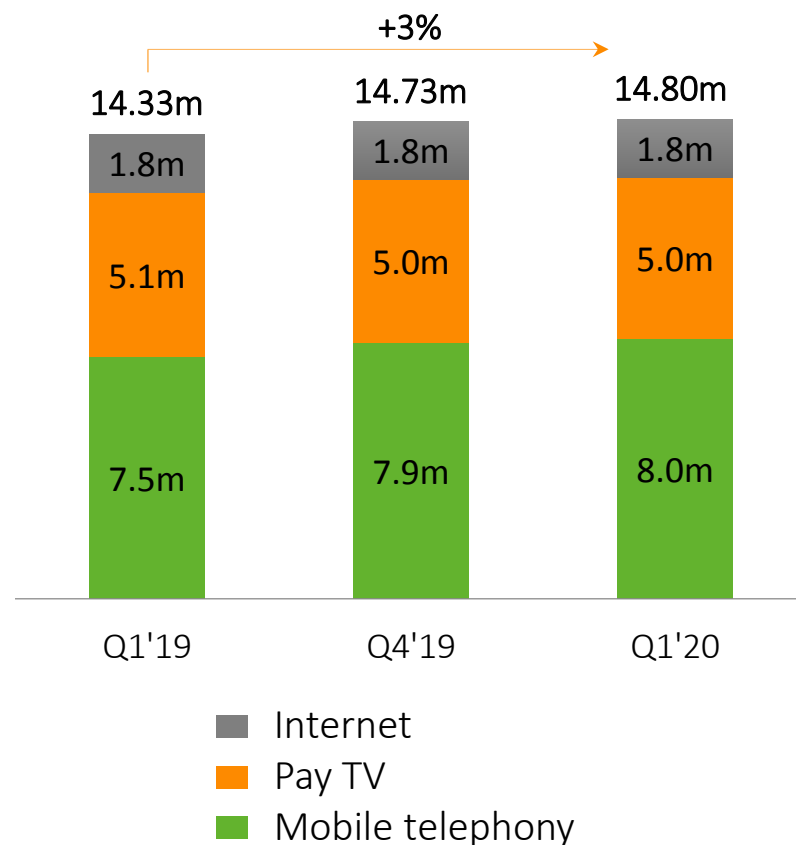


NETIA

We sold almost half a million additional services



- An increase in the number of contract services by 466K YoY
- The dynamic growth of voice services as a result of positive impact of our multiplay strategy and the simple Plus tariffs which were launched in February 2018, supported by good sales in the B2B segment (m2m)
- Stable base of pay TV and Internet services

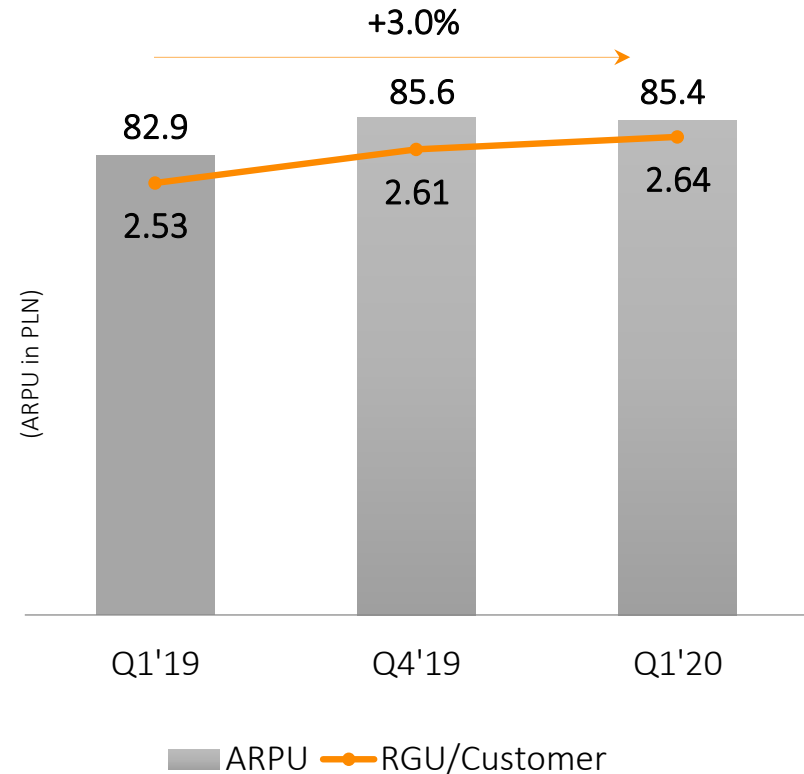


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Growth of ARPU thanks to the consistent implementation of the multiplay strategy

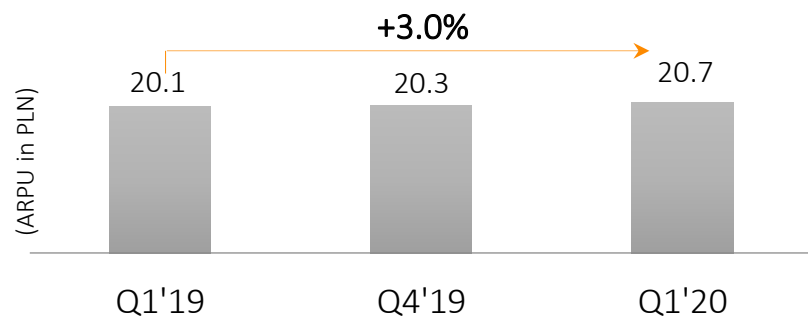
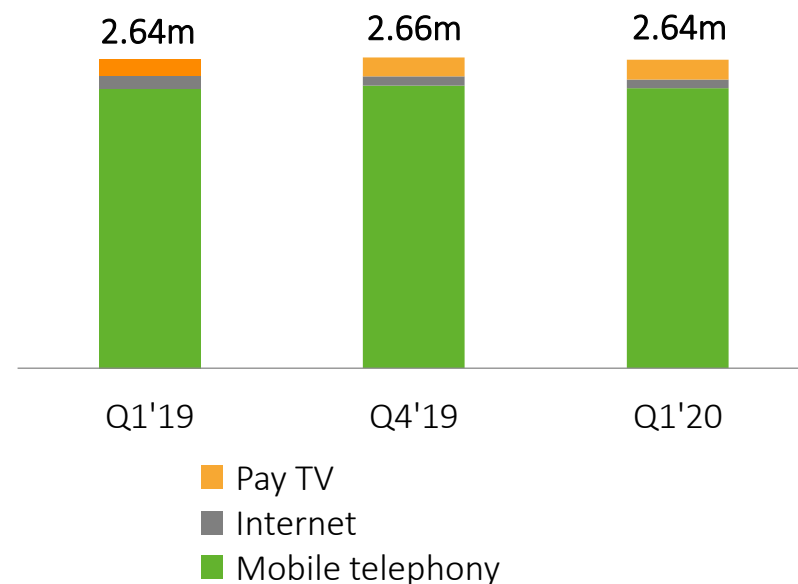


- 3.0% YoY increase in ARPU resulting from consistent building of the value of our existing customer base and larger number of voice calls, which translates into higher interconnect settlements
- Effective upselling of products under our multiplay strategy continues to be reflected in the growing RGU saturation per customer ratio



ARPU growth with a stable prepaid base

- Stable number of provided prepaid services, mainly thanks to high sales of IPLA packages
- Growing ARPU, supported by a higher number of voice calls which translates into higher interconnect settlements

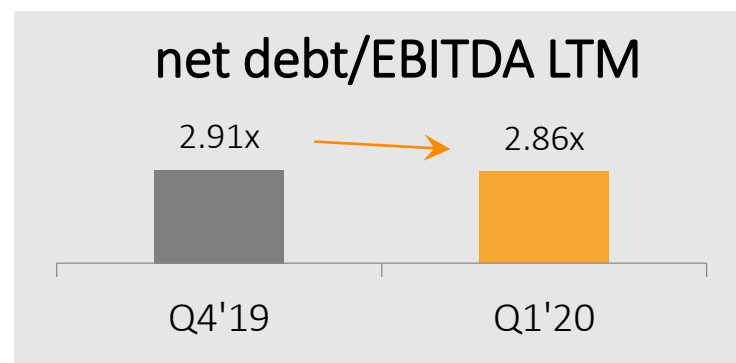
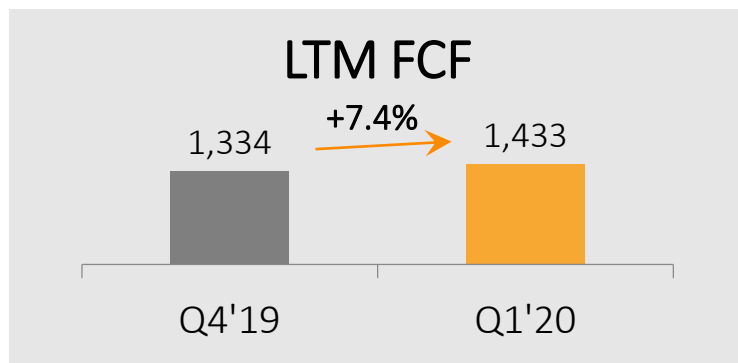
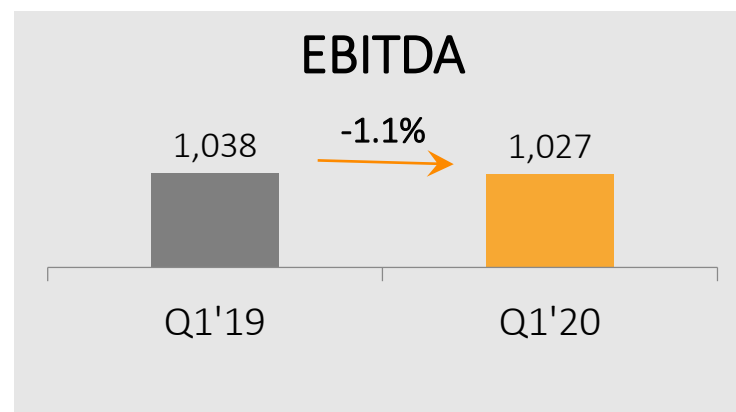
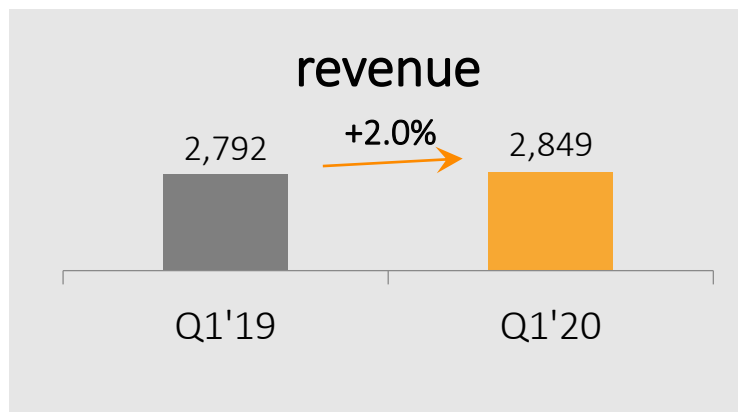


3. Financial results

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Katarzyna Ostap-Tomann
CFO, Cyfrowy Polsat

Results of the Group in Q1'20



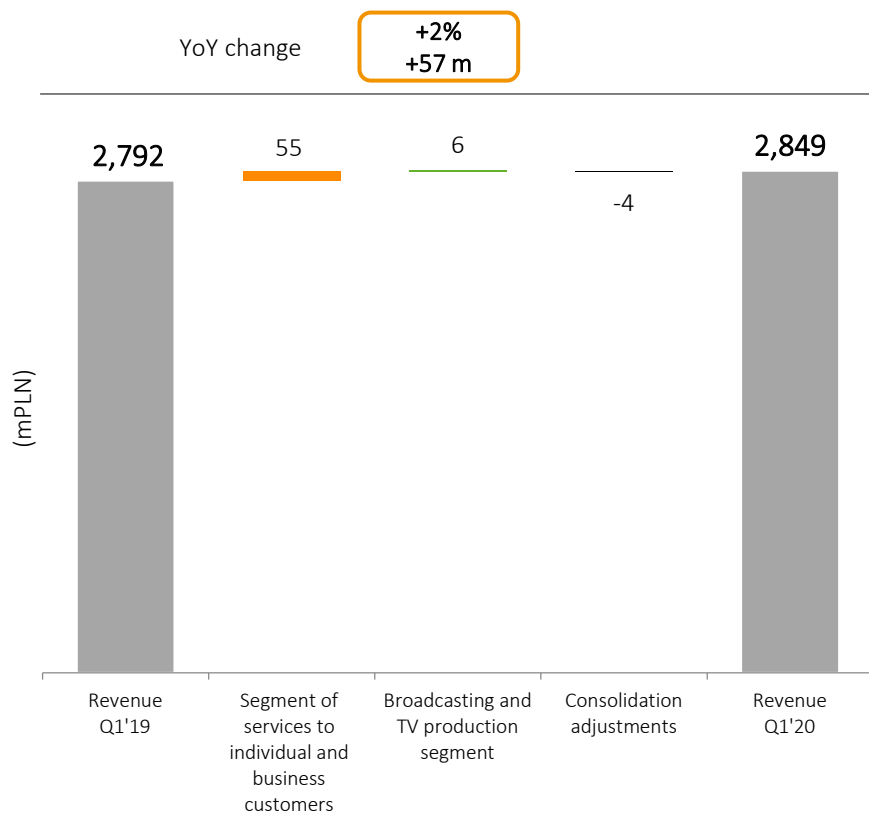
Source: Consolidated financial statements for the 3-month period ended 31 March 2020 and internal analyses



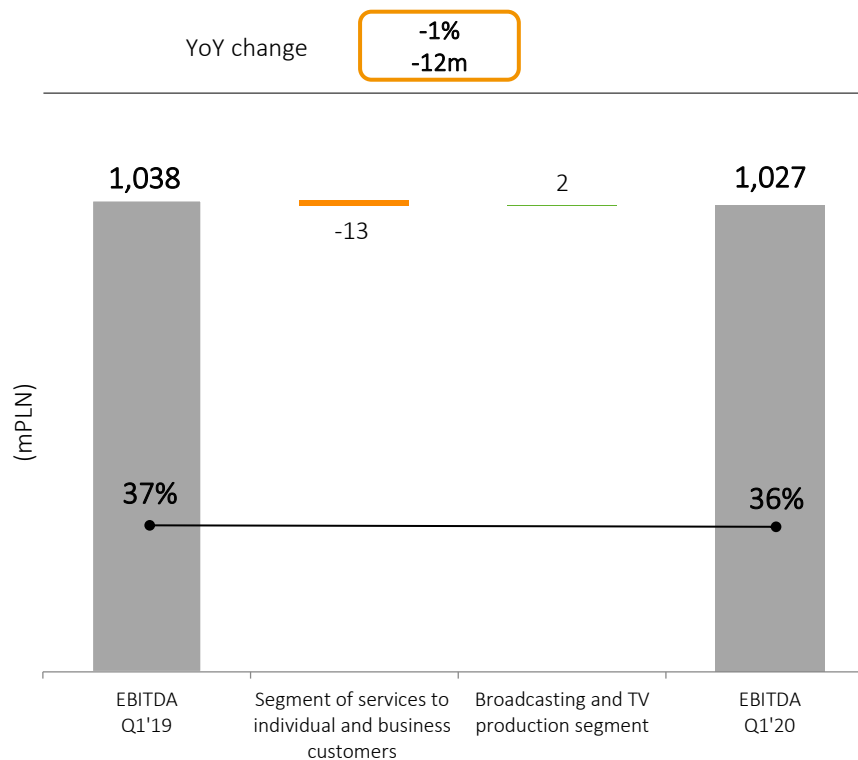
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Revenue and EBITDA – change drivers

Revenue



EBITDA

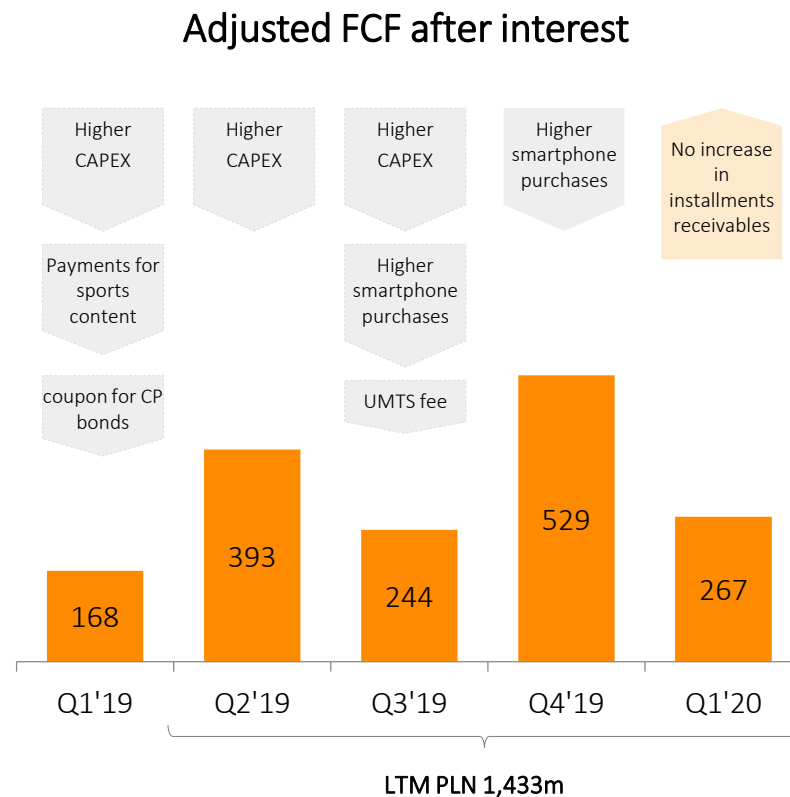


Source: Consolidated financial statements for the 3-month period ended 31 March 2020 and internal analyses

Strong start of the year in terms of the amount of cash generated



mPLN	Q1'20
Net cash from operating activities	779
Net cash used in investing activities	-364
Payment of interest on loans, borrowings, bonds and commissions	-85
Payment of lease liabilities and interest	-119
FCF after interest	211
Acquisition of shares and organized part of the enterprise	56
Adjusted FCF after interest	267

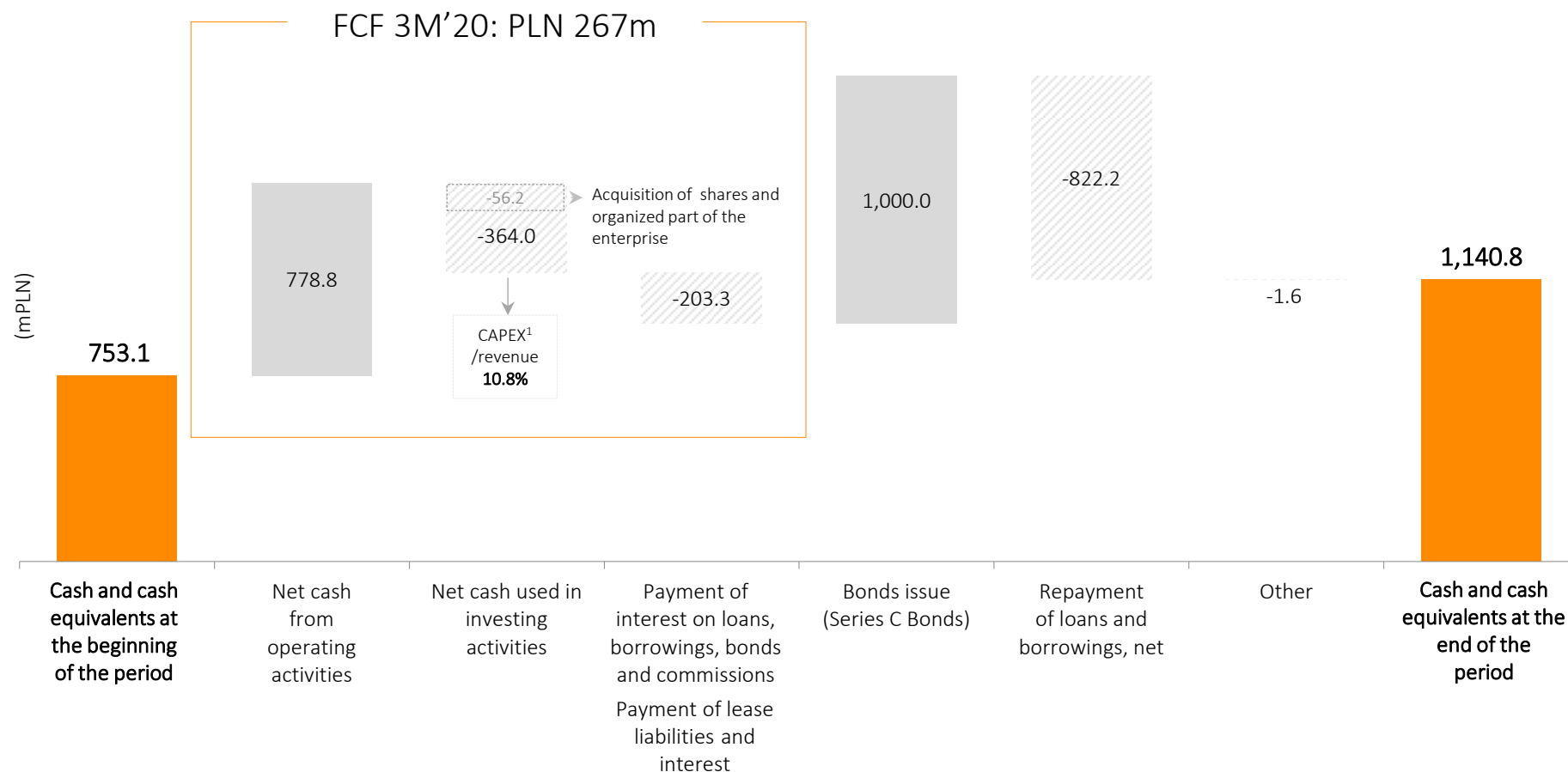


Source: Consolidated financial statements for the 3-month period ended 31 March 2020 and internal analyses



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Cash flow statement in Q1'20



Source: Consolidated financial statements for the 3-month period ended 31 March 2020 and internal analyses
 Note: (1) Expenses on the acquisition of property, plant and equipment and intangible assets

The Group's debt

mPLN	Carrying amount As at 31 March 2020
Combined SFA (Tranche A and B)	9,354
Revolving Credit Facility (RCF)	335
Series B and C Bonds	2,014
Leasing and other	1,422
Gross debt	13,125
Cash and cash equivalents ¹	(1,141)
Net debt	11,984
EBITDA LTM	4,185
Total net debt / EBITDA LTM	2.86x
Weighted average interest cost ²	2.8%
Weighted average interest cost as at May 13, 2020³	2.3%

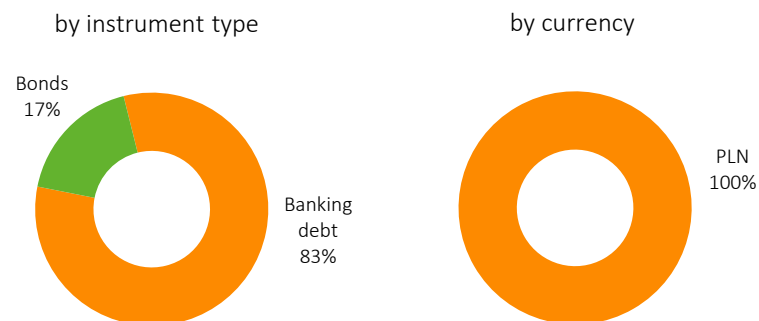
¹ This position comprises cash and cash equivalents, incl. restricted cash, as well as short-term deposits.

² Prospective average weighted interest cost of the Combined SFA (incl. the Revolving Credit Facility) and the Series B and Series C Bonds, excluding hedging instruments, as at 31 March 2020 assuming WIBOR 1M of 1.14% and WIBOR 6M of 1.19%.

³ Prospective average weighted interest cost of the Combined SFA (incl. the Revolving Credit Facility) and the Series B and Series C Bonds, excluding hedging instruments, as at 13 May 2020 assuming WIBOR 1M of 0.64% and WIBOR 6M of 0.69%.

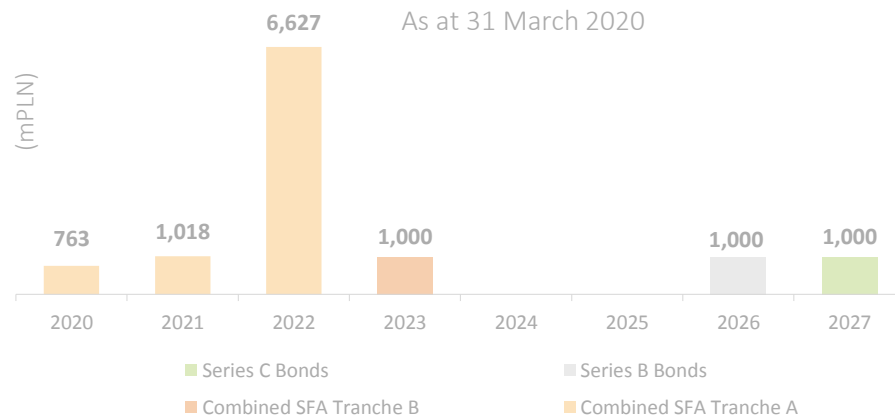
⁴ Nominal value of the indebtedness as at 31 March 2020 (excl. the Revolving Facility Loan and leasing).

Debt structure⁴



Debt maturing profile⁴

As at 31 March 2020



Source: Consolidated financial statements for the 3-month period ended 31 March 2020 and internal analyses

4. Summary and Q&A



Mirosław Błaszczuk

President of the Management Board, Cyfrowy Polsat

Summary



Our diversified, subscription-based business model remains immune to epidemic-associated factors



Polsat Group and its employees are actively involved in initiatives for the good of Poland and Poles



The strategic investment in Interia.pl is an essential step forward in the consistent development of our business



Plus launched the first and the only commercially-operating 5G network in Poland!




Finalization of refinancing of Polsat Group's debt enables further development of the Group and dividend payout

5. Additional information

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5.1 Impact of COVID-19 on the activities of Polsat Group



COVID-19 creates both downward and upward pressures on our financials



key upward pressures

- positive contribution to retail revenue from 2019/2020 mobile pricing increases
- demand for larger data packs triggered by increased data consumption due to home office and home schooling, both in B2C and B2B
- increased demand for premium content (pay-TV/VOD) due to #stayathome actions, reflected in customers upgrading to higher packages
- expected further decrease of churn
- higher interconnection revenue and costs due to increased voice traffic
- potentially less demanding labor market
- 100 bps interest rate cuts lead to lower debt service costs

- uncertainty as to the duration and final impact of coronavirus on global, European and Polish economies
- potential decline of the advertising market due to inevitable economic slowdown of global, European and Polish economies
- uncertainty related to the consequences of postponing important sports events
- potential slowdown in net adds
- drop in handset/equipment sales due to closed sales network and lower propensity to buy expensive smartphones
- potential insolvencies, especially in SOHO segment
- closed borders = lower roaming traffic

key downward pressures



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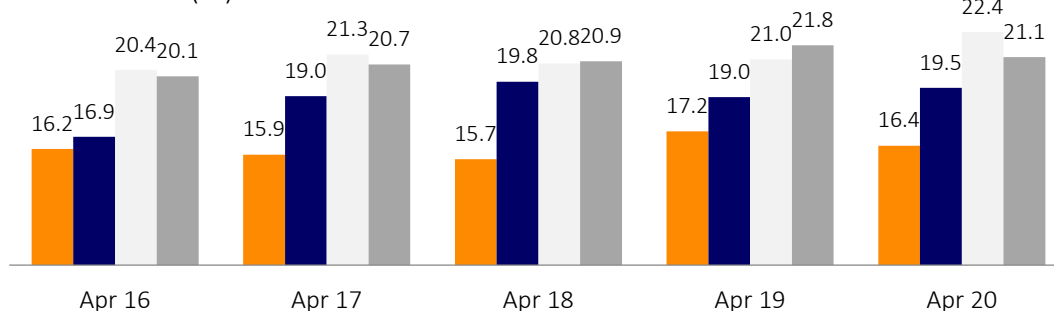
5.2 Strategic purchase of Interia.pl



Interia has a very strong position on the Polish Internet market



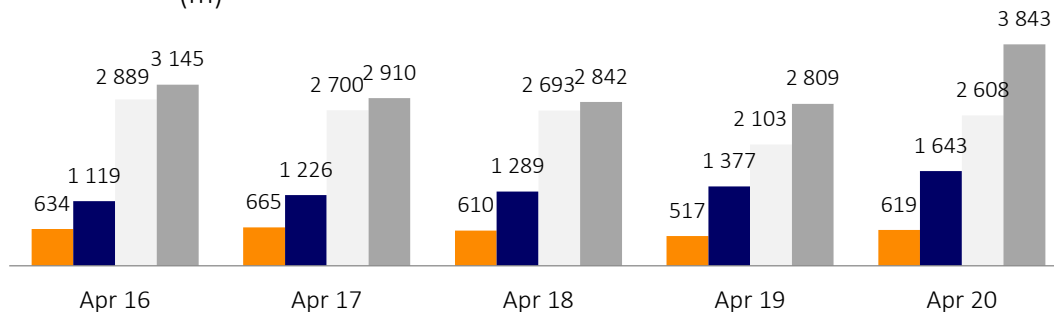
Number of real users – Media Tech Groups in Poland (m)



4Y growth dynamics (%)



Number of page views – Media Tech Groups in Poland (m)



4Y growth dynamics (%)



Interia Group is a Top3 player in the Media Tech Groups segment in terms of both the number of real users and page views and a leader in growth dynamics

Healthy financial profile



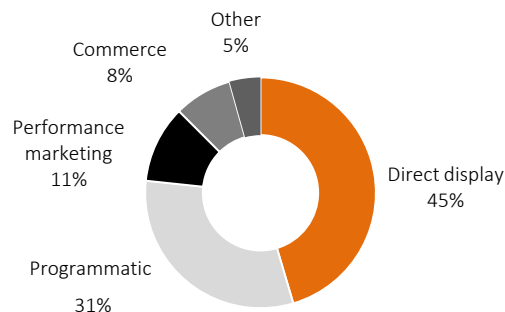
- Total revenue: PLN 112m
 - Cash revenue¹: PLN 97m
- Adjusted EBITDA: PLN 28.1m
 - *EBITDA Margin*²: 29%
- No debt

Cash advertising revenue amounted to
ca. 90% of total cash revenue generated in 2019

Display	Video
6,380 active emission plans at the same time	+100m streams available
5.6bn references to adserver per month	36k unique playback video clips
6,460 targeting parameters	2.2TB total video data available on Interia's systems
40 platforms selling our space	

Performance models ⁴	Content marketing
86% of delivered emails in the CPC and CPA models	~340 of content marketing campaigns pa.
+300 business clients buying in performance models	~620 serviced offers pa.
CPC, CPA, CPL, CPS most popular models used in performance marketing of Interia Group	+1,110 content marketing materials produced for the purposes of the action pa.

Cash revenue by stream
(as % of total cash revenue)



Note: (1) Cash revenue is after kick back / volume rebates for media houses
 (2) Calculated as % of cash revenue
 (3) as at May 2020
 (4) CPC : Cost-per-click, CPA: Cost-per-action, CPL: Cost-per-lead, CPS: Cost-per-sale; FY2019

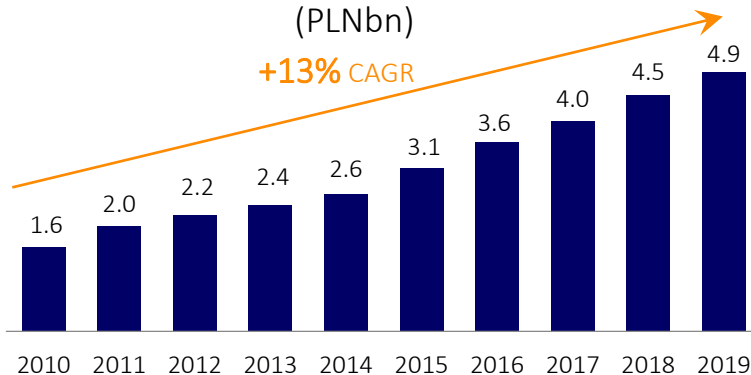


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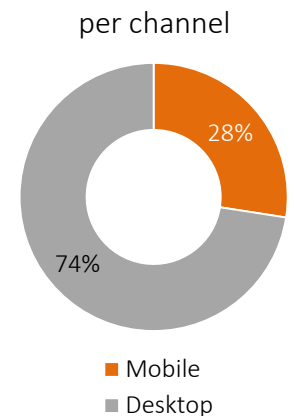
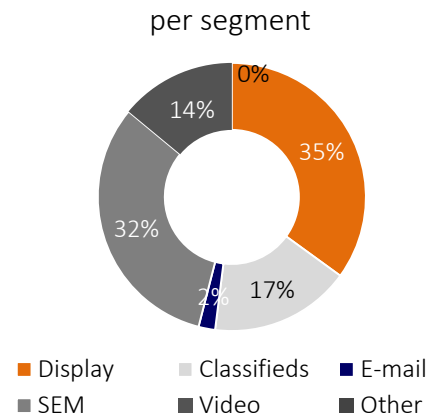
Polsat Group will strengthen its position in the area of the dynamically growing online advertising market



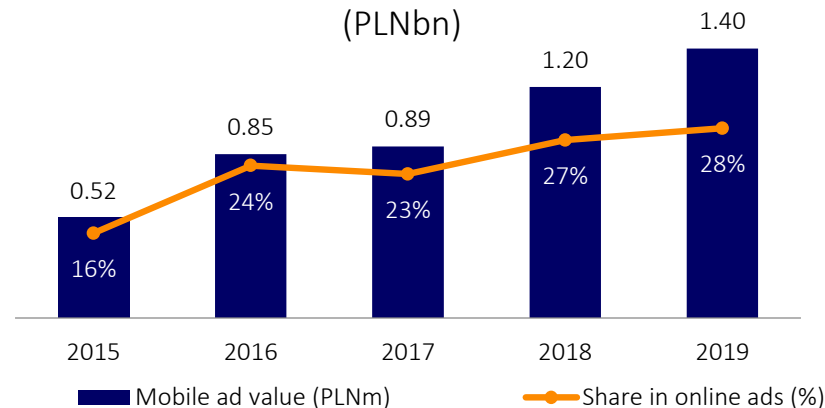
Online ad market in Poland (PLNbn)



Polish online ad market breakdown 2019 (%)



Mobile ad spending in Poland (PLNbn)



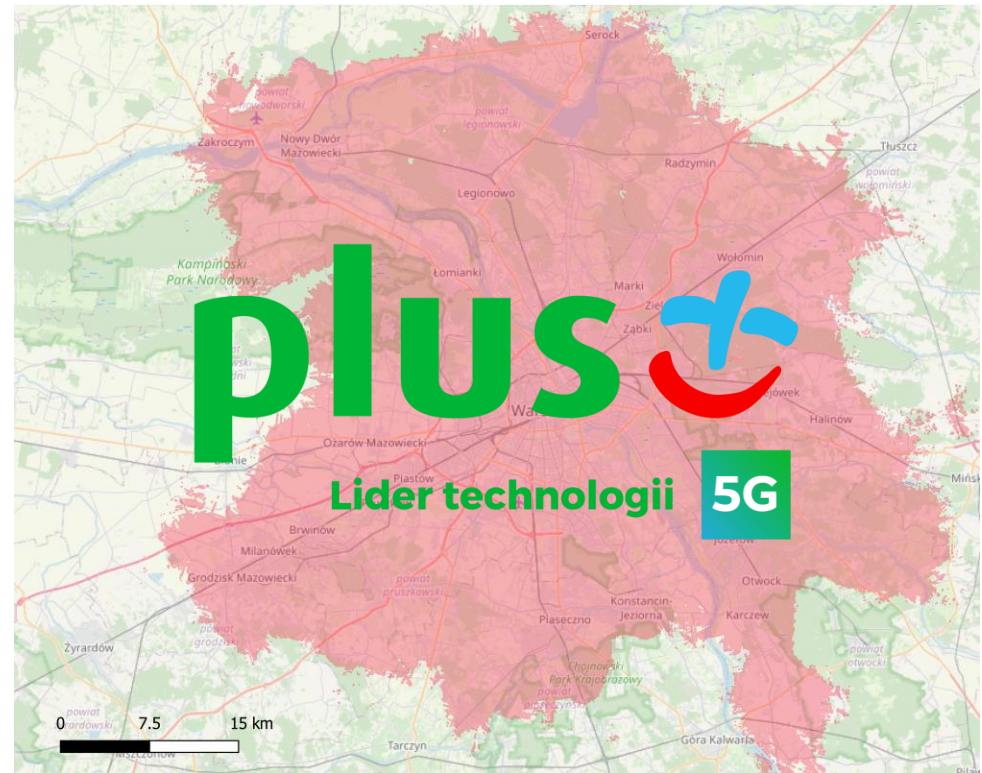
5.3 Plus launches the first Polish commercial 5G network



Target coverage footprint of 5G technology by Plus in Warsaw urban area



- Due to the larger size of individual cells, the 2.6GHz TDD frequency band enables to build a 5G coverage in a more cost-effective manner than in the case of the 3.6GHz band
- Expenditures will be incurred in the years 2020-2021 and they will not affect the expected total CAPEX level



NETIA

5.4 Refinancing completed successfully

We have obtained numerous favorable changes of our debt structure

What has changed?

- **Longer maturity periods** of our loans and bonds
- 4 quarters of **loan repayment holidays**
- **Reduction of repayment amounts** from PLN 254m to PLN 200m quarterly
- **IFRS 16 recognition** and the associated **adjustments of the levels of the facility covenants'** and the levels of the *Margin Grid* while maintaining nominal margins at unchanged levels
- **More lax restrictions** in terms of dividend payout possibilities
 - So far payout was possible if debt/net EBITDA ratio remained below 3.2x
 - Currently the limit has been increased to 3.5x
- Full **liquidation of the acquisition basket**
- Two bond issues assure **greater debt diversification**, with a simultaneous reduction of coupon values
- First corporate issue of PLN-denominated **Green Bonds**

What is unchanged?

- Still 100% of our debt is PLN-denominated



5.5 Financial results Q1'20

Results of the segment of services to individual and business customers



mPLN	Q1'20	YoY change
Revenue	2,453	2%
Operating costs ⁽¹⁾	1,580	4%
EBITDA	880	-1%
EBITDA margin	35.9%	-1.3pp

- Increase in sales revenues due to higher interconnect settlements, which resulted from a strong increase in the volume of voice calls recorded since the announcement of the state of epidemic threat in Poland
- This factor translates to a similar degree into an increase in technical costs, hence the stable EBITDA result

Source: Consolidated financial statements for the 3-month period ended 31 March 2020 and internal analyses

Note: (1) Costs exclude depreciation, amortization, impairment and liquidation



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Results of the broadcasting and TV production segment



mPLN	Q1'20	YoY change
Revenue	461	1%
Operating costs ⁽¹⁾	311	1%
EBITDA	147	1%
EBITDA margin	31.9%	-0.2pp

- The segment's stable financial results, despite a slight decline in advertising and sponsorship revenues, are due to good results of wholesale sales of TV Polsat channels to cable and satellite operators

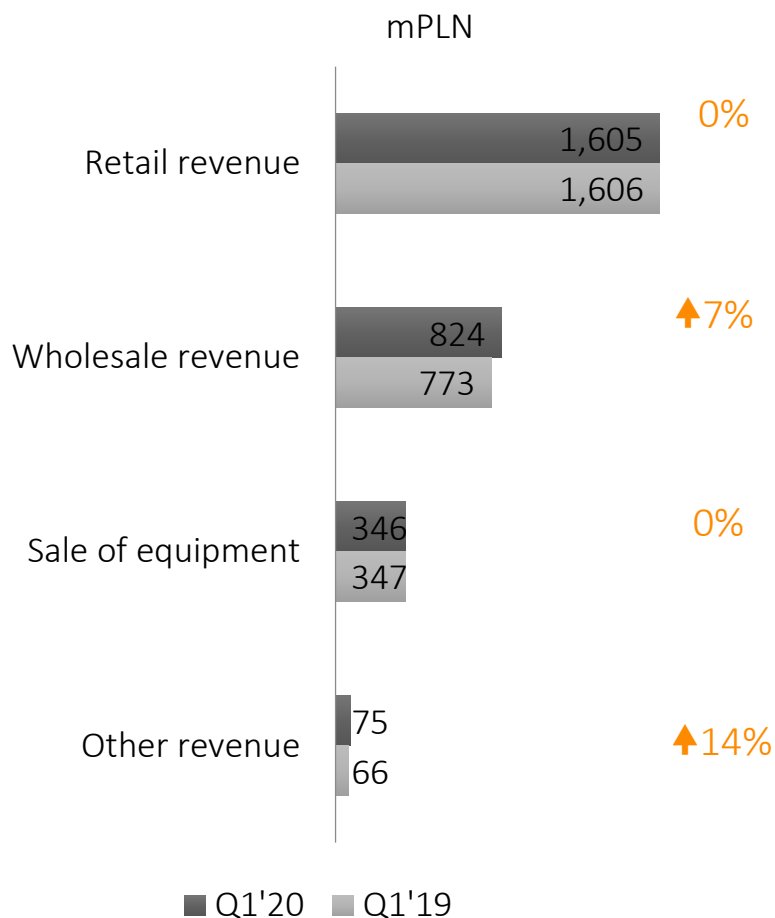
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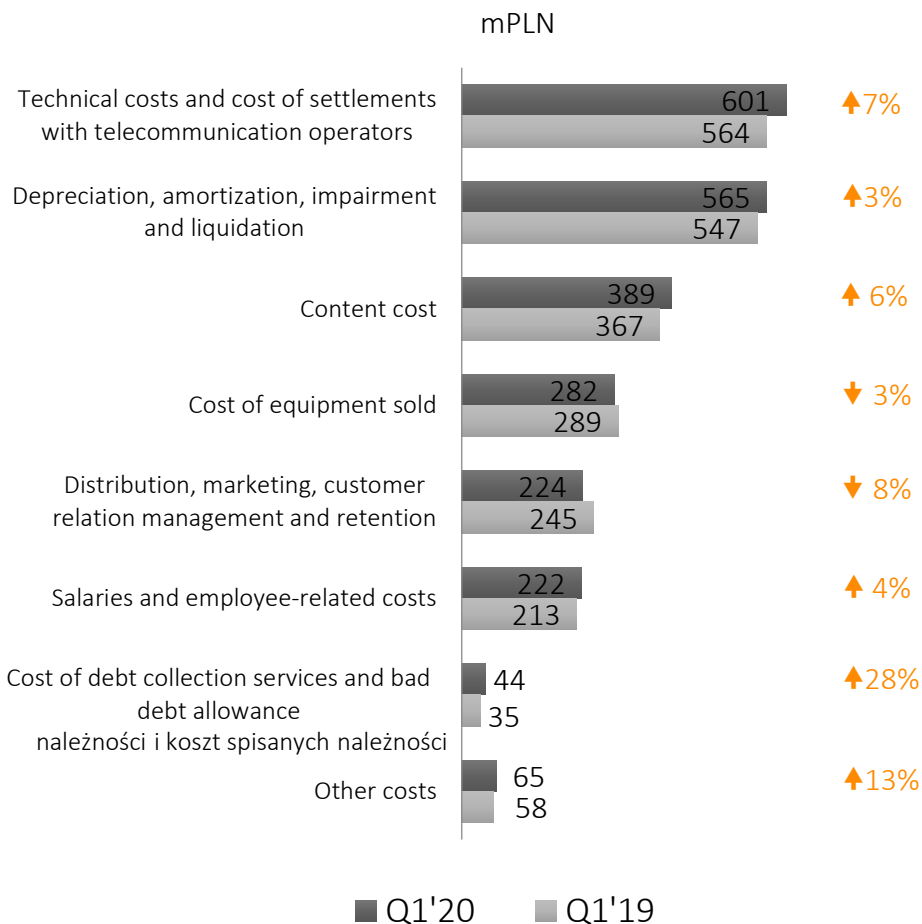
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Revenue structure



- Stable level of **retail revenues** despite pressure from declining revenues from fixed-line telephony services provided by Netia.
- An increase in interconnect revenue, following a strong growth of voice traffic volumes since the introduction of the state of epidemic in Poland, was the main growth driver of **wholesale revenue**. Moreover, growth was supported by higher revenue from the sales of channels to cable and satellite operators.
- Stable revenue from **sale of equipment**. Concurrently, it should be noted that due to the COVID-19 epidemic a considerable part of the physical sales network was closed, which resulted in a significant decrease of the volume of equipment sales, smartphones in particular, since mid-March 2020.
- The increase in **other revenue** was mostly due to higher revenue from interest on installment plan sales of equipment to residential customers.

Operating costs structure



- Higher **technical costs and cost of settlements with telecommunication operators** mainly from higher interconnect costs on higher volumes of outgoing traffic, which was associated with the coronavirus epidemic.
- Higher **depreciation, amortization, impairment and liquidation costs** due to intensified capital expenditures in 2019.
- Higher **content cost** was mostly the result of a higher cost of programming licenses, due to, among others, the decision to purchase broadcasting rights to Canal+ Sport 3 and Canal+ Sport 4 channels airing the PKO BP Ekstraklasa football games. Higher cost of amortization of film licenses was an additional factor contributing to the increase of content costs.
- Lower **distribution, marketing, customer relation management and retention** following a decision to postpone certain marketing activities to later in the year.

Glossary



RGU (Revenue Generating Unit)

Single, active service of pay TV, Internet Access or mobile telephony provided in contract or prepaid model.

Customer

Natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a **contract model**.

Contract ARPU

Average monthly revenue per **Customer** generated in a given settlement period (including interconnect revenue).

Prepaid ARPU

Average monthly revenue per **prepaid RGU** generated in a given settlement period (including interconnect revenue).

Churn

Termination of the contract with **Customer** by means of the termination notice, collections or other activities resulting in the situation that after termination of the contract the Customer does not have any active service provided in the contract model.

Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of the termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.

Usage definition (90-day for prepaid RGU)

Number of reported RGUs of prepaid services of mobile telephony and Internet access refers to the number of SIM cards which received or answered calls, sent or received SMS/MMS or used data transmission services within the last 90 days. In the case of free of charge Internet access services provided by Aero 2, the Internet prepaid RGUs were calculated based on only those SIM cards, which used data transmission services under paid packages within the last 90 days.



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