



# Cyfrowy Polsat Group

Investor Presentation

July 2016

Cyfrowy Polsat S.A. Capital Group



# 1. Polsat Group: unique composition of media and telco assets



# Unique market strategy based on complimentary business pillars



## own content production and broadcasting

1st Polish private TV broadcaster with strong local identity

- established 1992
- ca. 24% audience share

32 popular TV channels, including 12 in HD standard

- full range of entertainment for every family member
- sports, news, entertainment, movies, hobbies

diversified distribution of TV channels

- 4 free-to-air, 28 sold to other cab/sat



3.5m households provided with 4.5m pay-TV services

- subscriptions ranging from PLN 20-90, contract-based model
- addressing also most price-sensitive customers

initial value-for-money positioning allows for incremental value creation currently

- main competitors focused on high-end market or big-city customers

very strong brand perception

- NPS of +28 clearly outperforms peer providers
- far the highest (97%) brand awareness among pay-TV providers

**biggest Polish pay-TV platform**

## top quality mobile network operator

technologically leading mobile operator on a well-balanced 4 MNO market

- most-advanced LTE network, continuously 1 step ahead of peers

10m mobile telephony services provided, 65% contacted

1.9m mobile internet services provided, 87% contracted

enjoying competitive advantage

through control of key frequencies

30% of <1GHz coverage bands

40% of 1.8GHz capacity bands



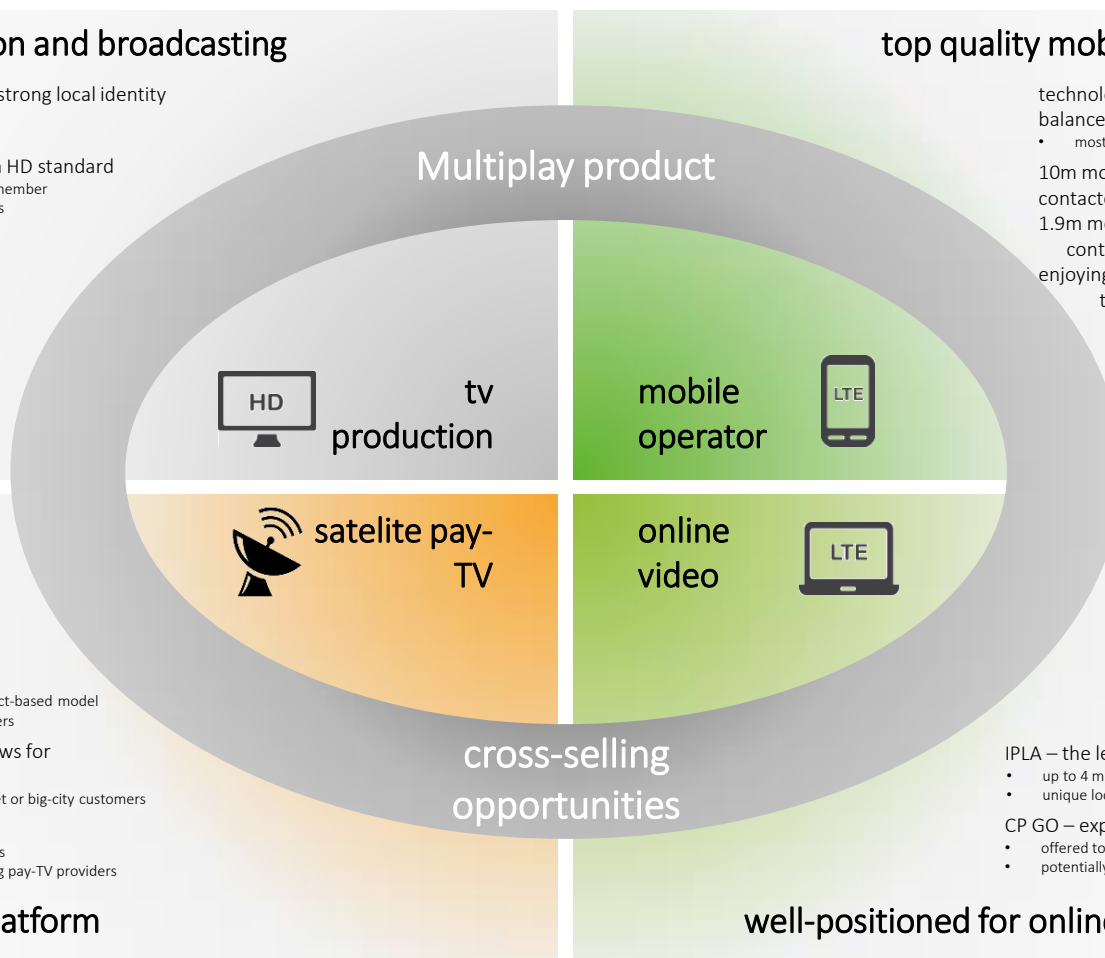
IPLA – the leading Polish online video platform

- up to 4 million unique viewers monthly
- unique local content as a key differentiator vs global OTT players

CP GO – expanding DTH offer onto online channels

- offered to all own DTH customers for an incremental monthly fee
- potentially to be offered to other customers

**well-positioned for online video opportunities**



# With just finalized 10-year visionary project aimed at creating the biggest Polish TMT group



# Full control over key assets in each value chain



## broadcasting

- ad sales and brokerage house
- loyal viewers
- diversified distribution
- well-established brand
- unique local content
- TV production studios
- broadcasting licenses



## pay-TV & Internet

- multiplay offer based on own products
- contracted customers
- well-established brand
- own and commissioned exclusive sales channels
- customer equipment factory
- satellite broadcasting infrastructure



## mobile & Internet

- multiplay offer based on own products
- contracted customers
- well-established brand
- own and commissioned exclusive sales channels
- countrywide mobile infrastructure
- unique portfolio of frequencies



## online video

- potential for upsell to pay-TV and mobile customers
- delivery through fix and mobile technologies
- key local content on exclusivity basis
- internally developed online platform



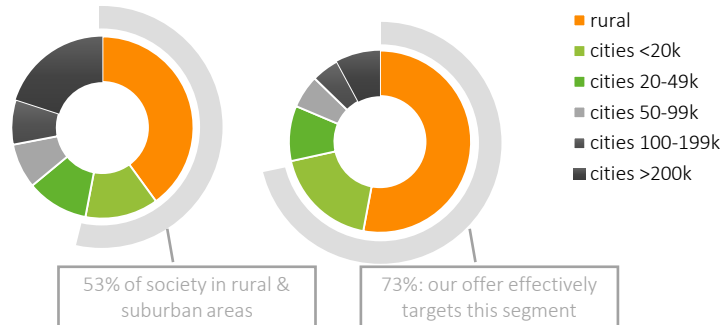
# Successfully addressing market segments with a growth potential



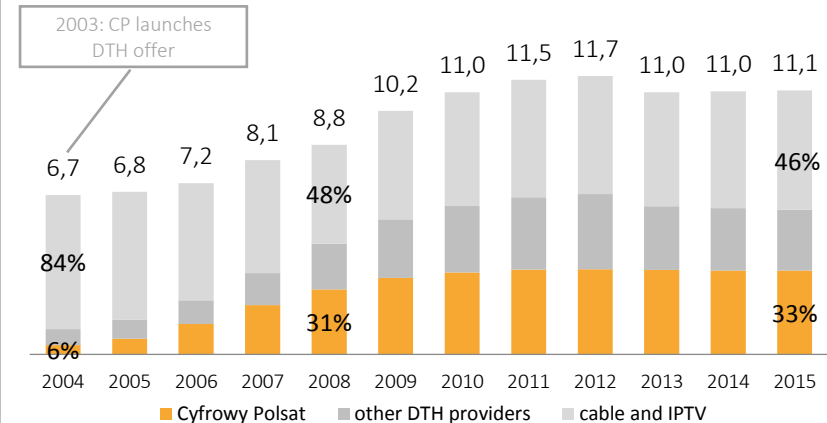
## Poland: a largely scattered country

geolocalization  
of the Polish society...

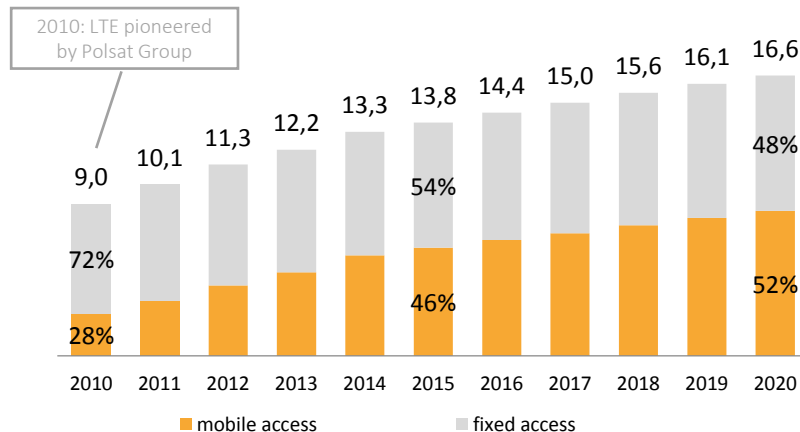
...and our  
multiplay customers



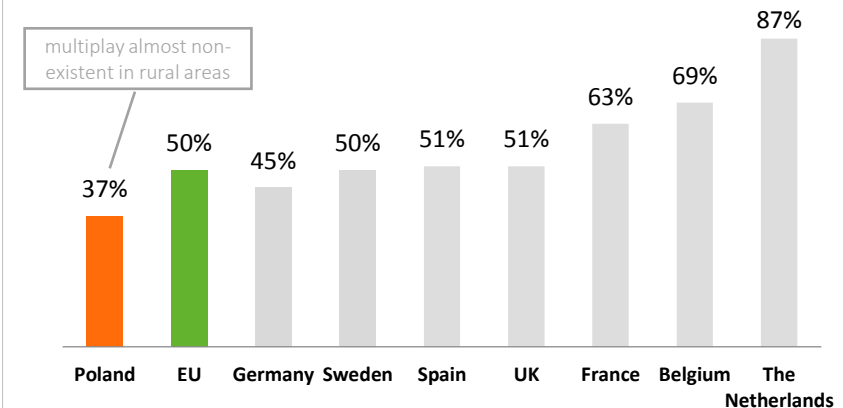
## focus on rural customers was a bull's-eye hit



## LTE successfully competes with fixed access



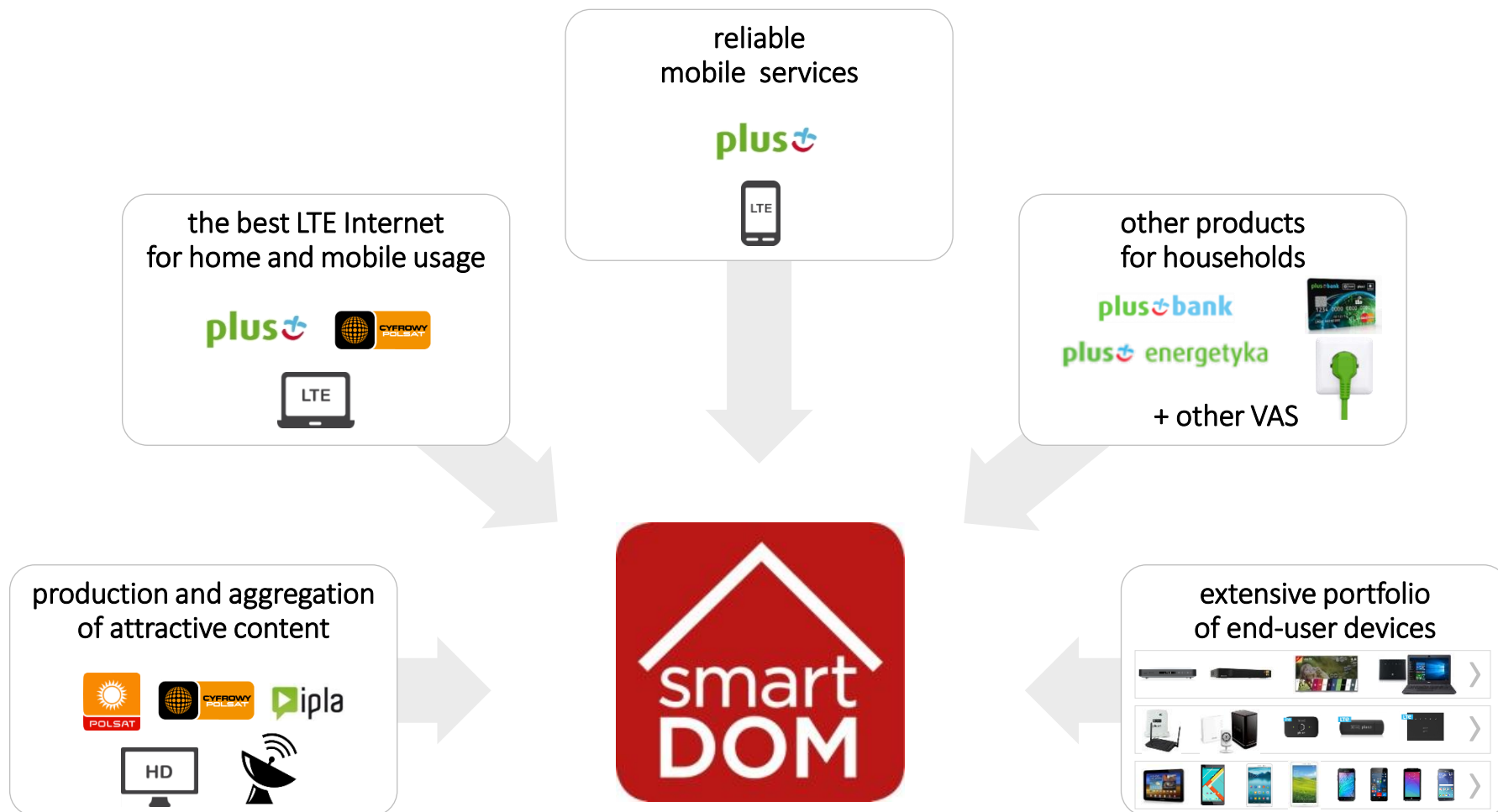
## underdeveloped Polish multiplay market



Source: PMR, company's data, operator's reports, UKE based on E-Communications and the Digital Single Market, Special Eurobarometr 438, European Commission, May 2016



# SmartDOM is our key proposition for the underdeveloped Polish multiplay market



# Unique convergence offer among all media and telco players



							
Key content		X	—	—	—	—	X
Smartphones		—	—	X	X	X	X
In-Home	TV	X	X	—	X	—	X
	Broadband	X	X	X	X	X	X
	Voice	X	X	X	X	X	X
Out-of-Home	TV	X	—	—	X	—	X
	Broadband	X	—	X	X	X	X
	Voice	X	X	X	X	X	X

Source: Operator's websites; products and services provided with its own infrastructure, or using MVNO model

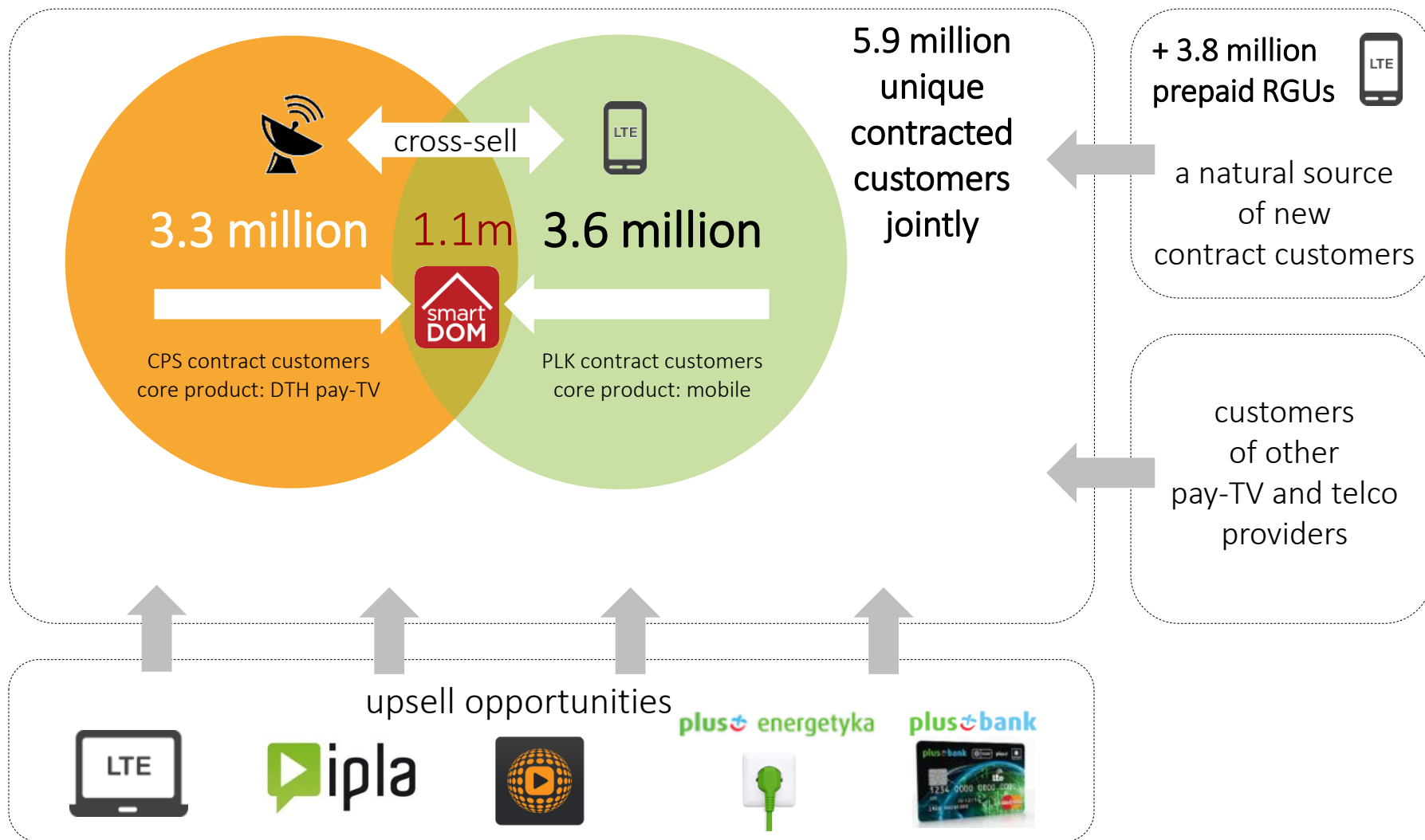




## 2. Merging two customer bases provides our opportunity



# Our market strategy naturally focuses on our own customer bases



Source: company's data



# The strategy already results in ARPU growth and is expected to loyalize customers

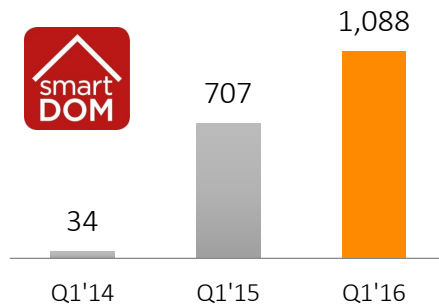


May'14  
launch of smartDOM

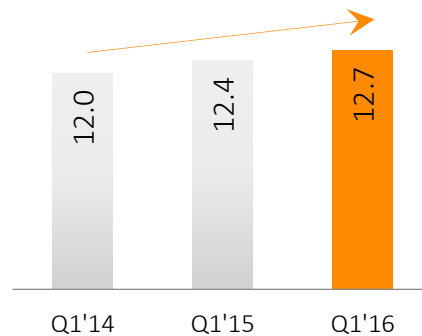
growth in contract RGU base

growth in ARPU

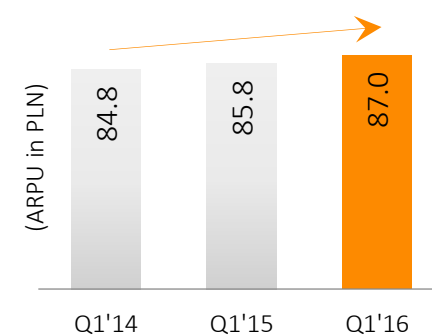
over 1 million multiplay customers  
attracted in 2 years



contract RGU



contract ARPU



anticipated decrease of churn – tangible effects expected from H2'16 onwards

# Diversified portfolio of well-established local brands allows for broader market targeting



## broadcasting

- established 1992
- valued for reach content proposition in FTA and cab/sat markets
- targeted at 16-49 audience group where achieves ca. 24% viewership results
- initially positioned as mass consumer entertainment TV



## pay-TV & Internet

- established 2003
- brand awareness:
  - spontaneous: 85%
  - supported: 97%
- NPS at +28, clearly outperforming peers
- valued for professionalism, value-for-money proposition and broad offer
- targeted at households: a provider of full range of entertainment for each family member



## mobile & Internet

- established 1996
- brand awareness:
  - spontaneous: 86%
  - supported: 98%
- NPS at +26, strong results vs peers
- valued for high quality, technological advancement and LTE pioneering
- targeted at individuals & B2B
- recently repositioned: stronger focus on technological excellence and requirements of individuals



## online video

- established 2008
- valued for reach content proposition available on any portable and media devices
- relatively young brand, created independently of the remaining brands of the Group
- targeted at younger generation, more familiar with online video distribution



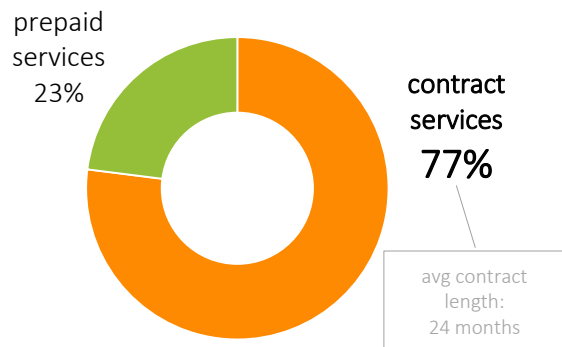
### 3. Resilient business model with strong cash generation



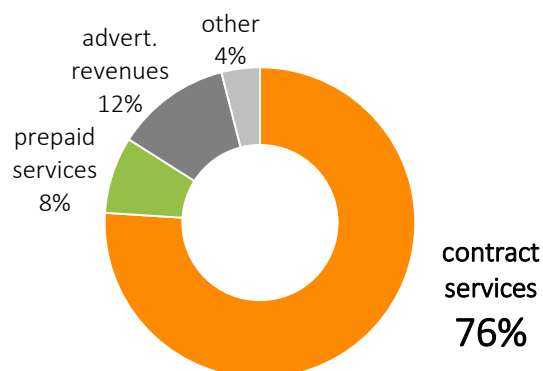
# Focus on contracted services and customer loyalty provide stable and resilient business model



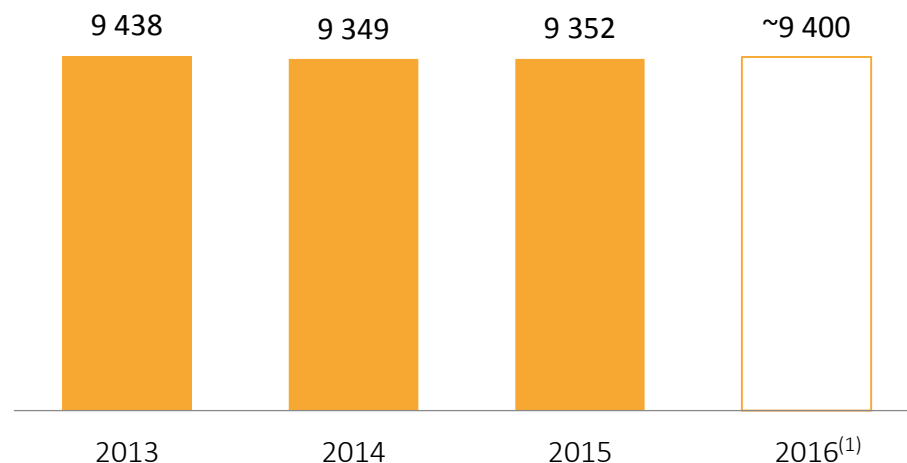
## RGU structure



## revenue decomposition



## total revenue pro forma for Midas acquisition

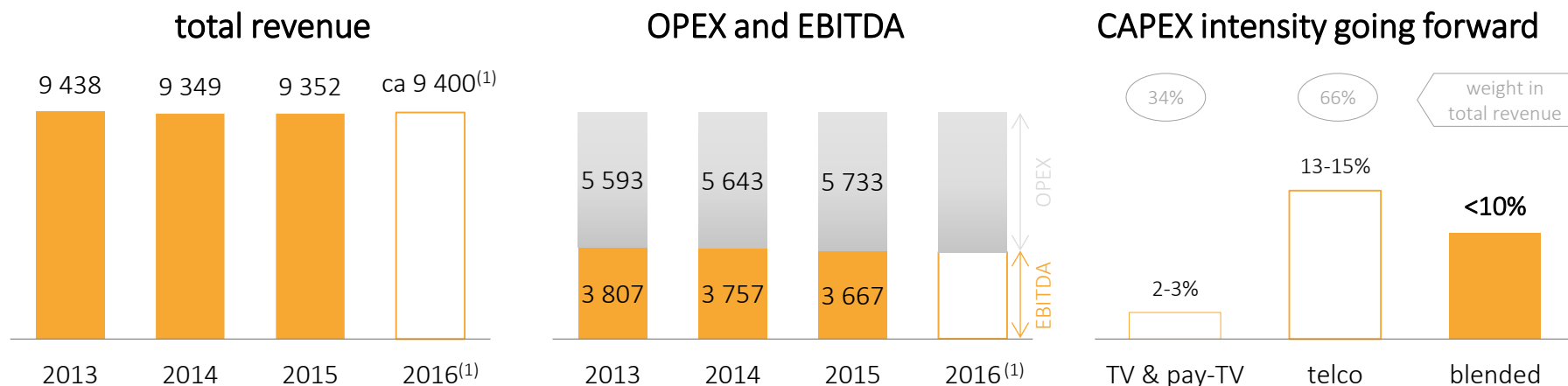


Source: company's data; from 2016 onwards – market consensus

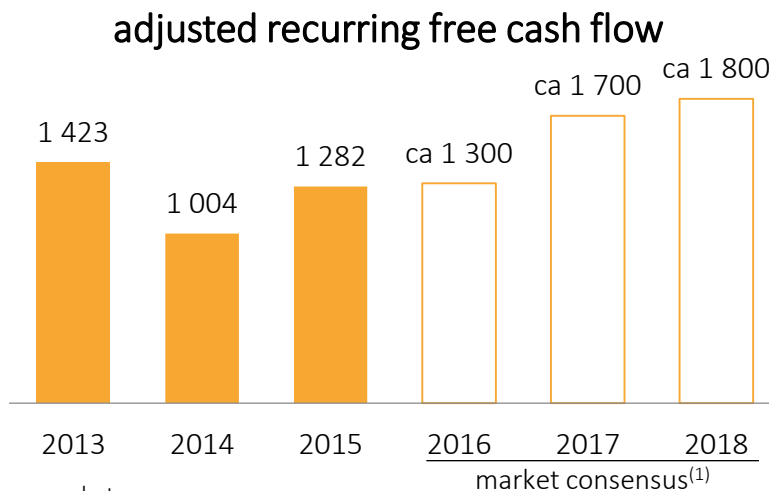
Note: (1) Company compiled market consensus, excludes the forecasts that have not been updated after recent Midas acquisition



# Stable revenue combined with low CAPEX needs and OPEX under control result in strong FCF



+ cash interest costs slashed by ca PLN 400 million per annum



Source: company's data; from 2016 onwards – market consensus

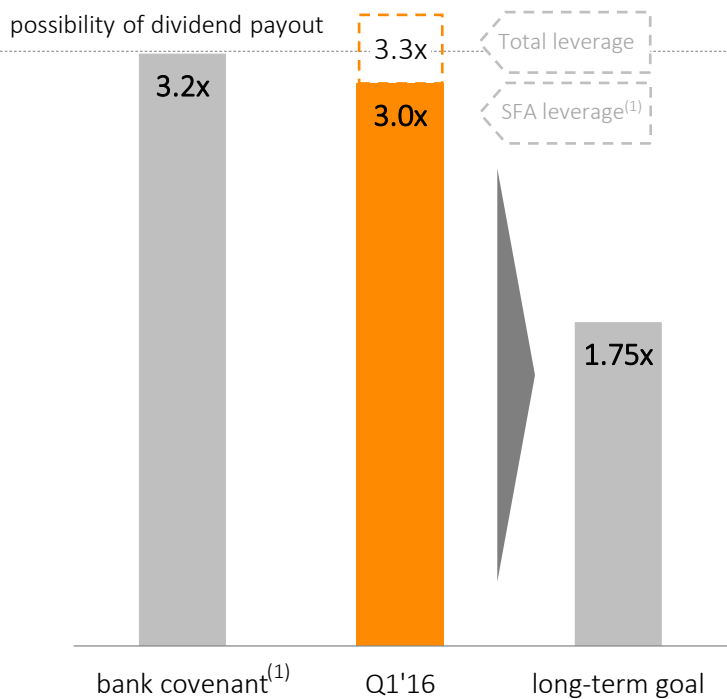
Note: (1) Company compiled market consensus, excludes the forecasts that have not been updated after recent Midas acquisition



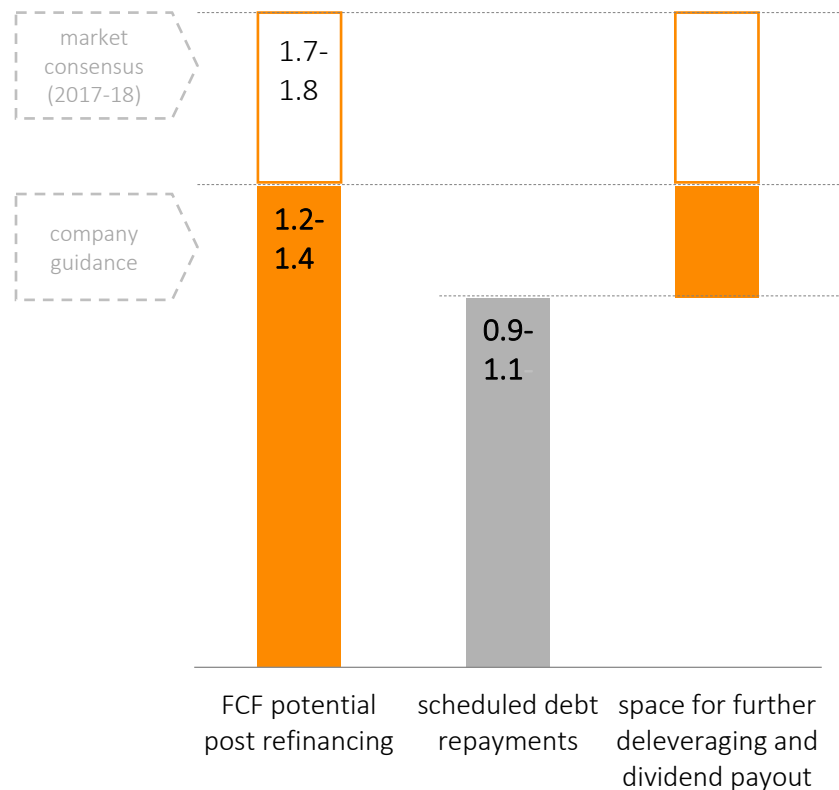
# Strong financials allow for aligning deleveraging with dividends since 2017 onwards



## Deleveraging remains our priority...



## ...but profit sharing is in sight



Source: company's data

Note: (1) Net leverage according to SFA definition, ie. excluding PIK and Zero-Coupon Notes.





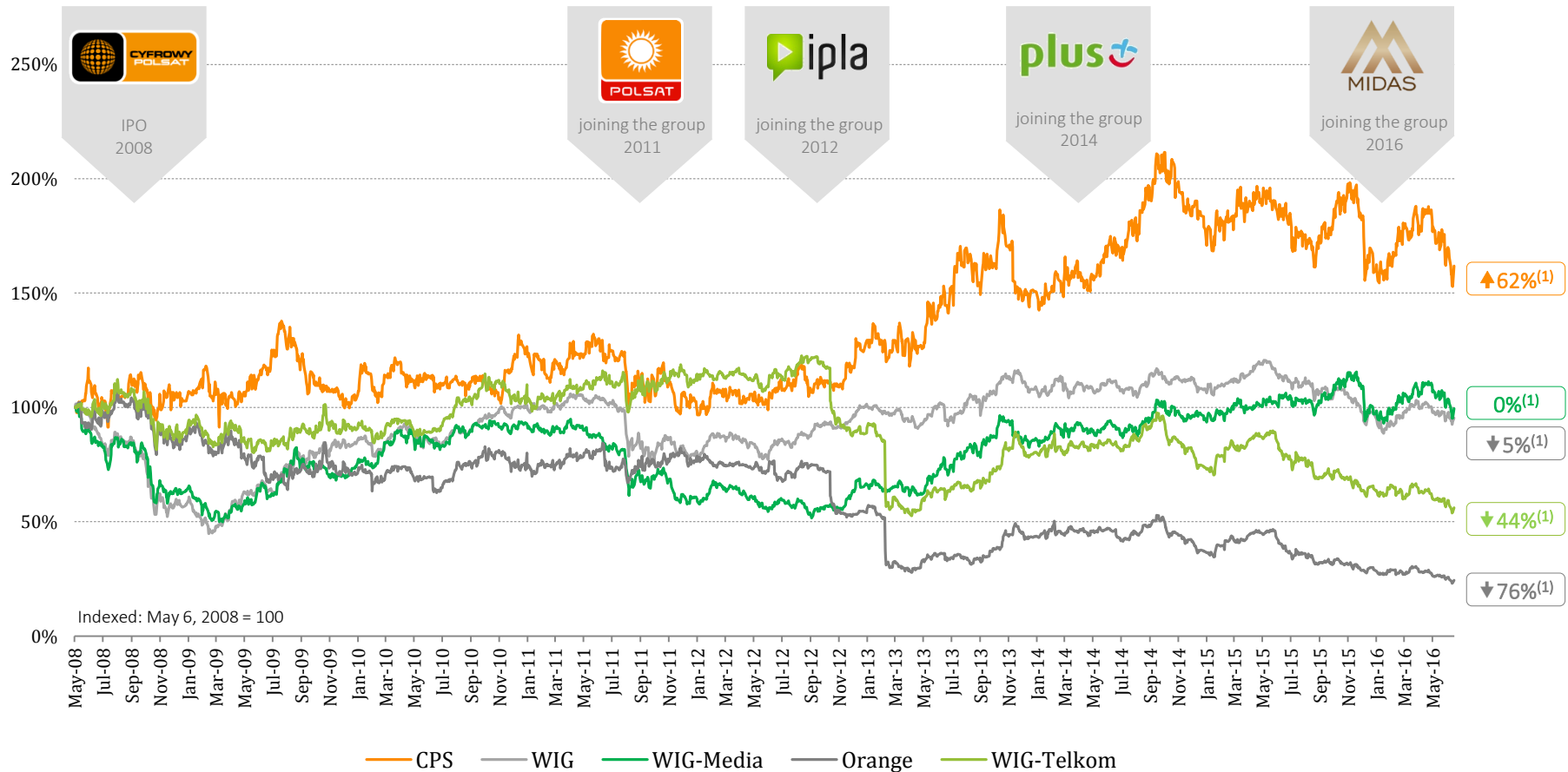
## 4. Strong track record



# Our strategic investments impacted positively value of Polsat Group



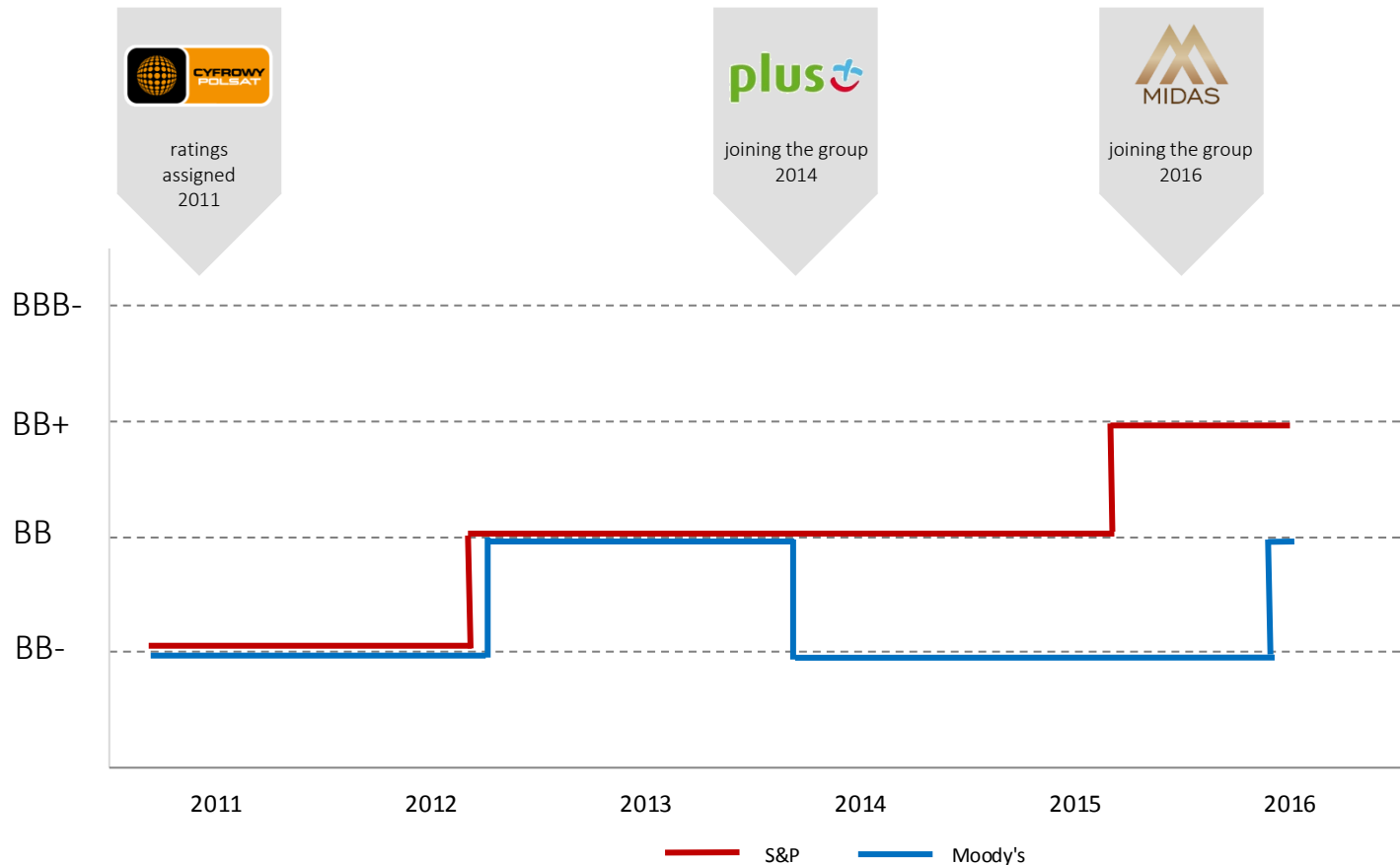
CPS stock performance since IPO compared to WSE indexes



Note: <sup>(1)</sup> Growth between May 6, 2008 and June 20, 2016



# Interests of our debtholders is equally important for us



# We are focused on communicating transparently



## Open dialogue with investors and brokers

19 brokers actively covering Polsat Group

- BDM
- Berenberg
- Citi
- Deutsche Bank
- DM BOŚ
- DM BZ WBK
- DM mBanku
- DM PKO BP
- Erste Group
- Haitong Bank
- Goldman Sachs
- ING
- IPOPEMA Securities
- Patria Finance a.s.
- Pekao Investment Banking
- Raiffeisen
- Trigon DM
- UBS
- Wood&Company

2014-16 avg variance of the previews consensus vs actuals:

- revenue: 0.7%
- EBITDA: 2.2%

## Management Board and IR team welcoming interactions with investors

Our IR activity in numbers:

- ca. 15 national & international roadshows per annum
- ca. 250 meetings with investors per annum
- regularly visiting London, NY, Boston, Paris, Frankfurt, Prague, Stockholm, etc.
- quarterly result calls conducted in English

## Our communication was frequently awarded



Listed Company of the Year  
Top Investor Relations

**EUROMONEY**

Best Managed Companies in  
Central & Eastern Europe 2015

# 5. Appendix



# Current market position on individual markets

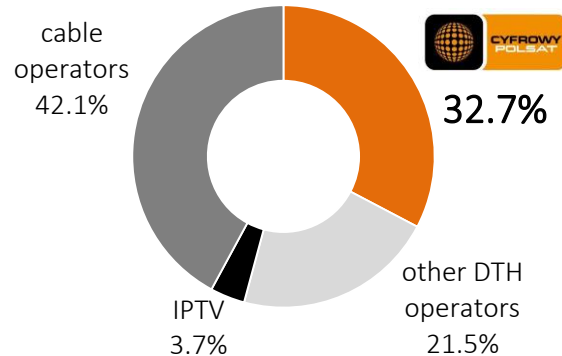


# Competitive environment

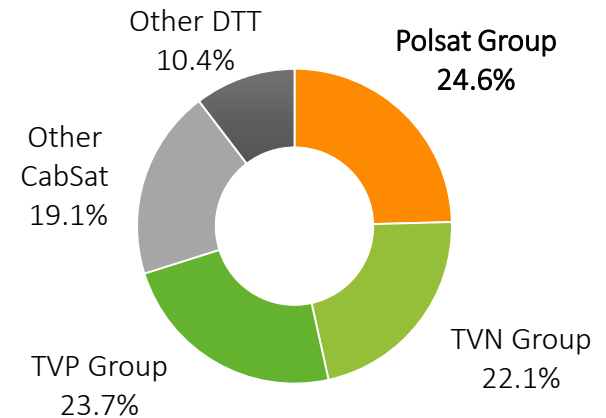


## Pay-TV market in Poland

% share in the total number of paying subscribers<sup>(1)</sup>

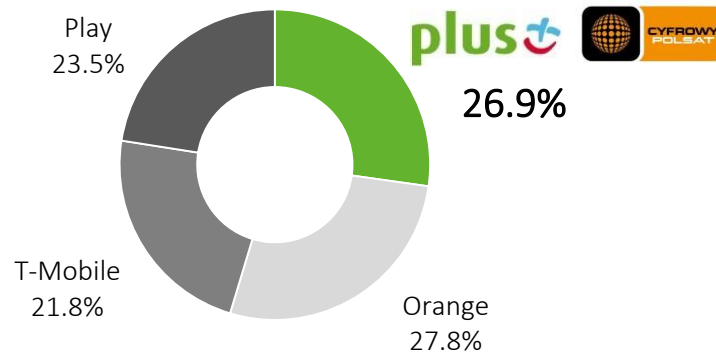


## Audience share

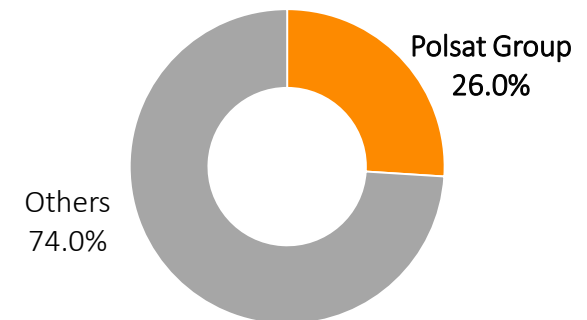


## Mobile market in Poland

share of contracted SIM cards<sup>(2)</sup>



## TV ad market share



Source: NAM, All 16-49, all day, SHR%, 2015; Starlink, airtime and sponsoring; TV Polsat internal

Note: (1) As of end of 2015, based on estimates by PwC and own estimates

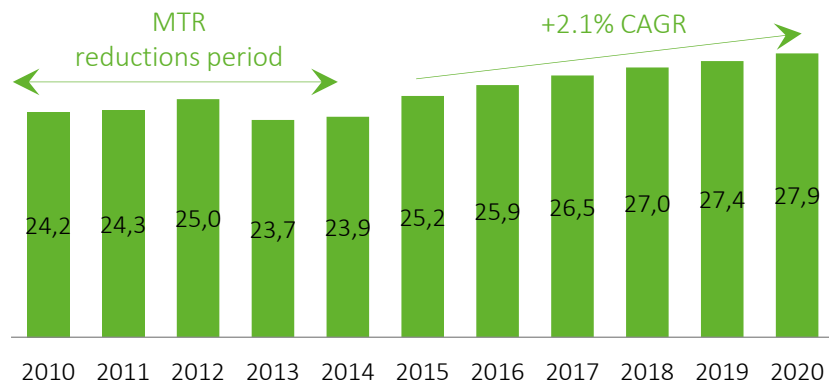
(2) As of end of 2015, own estimates based on data published by other operators



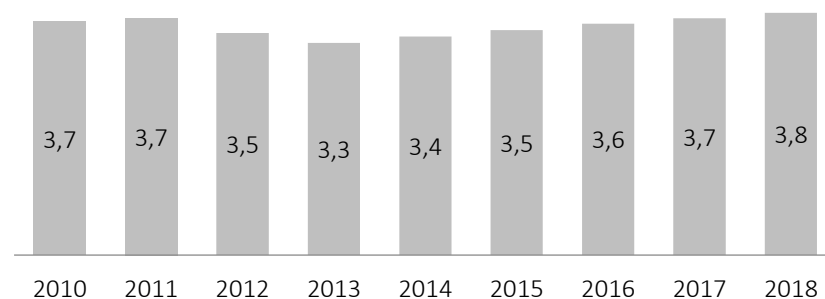
# Market development and forecasts



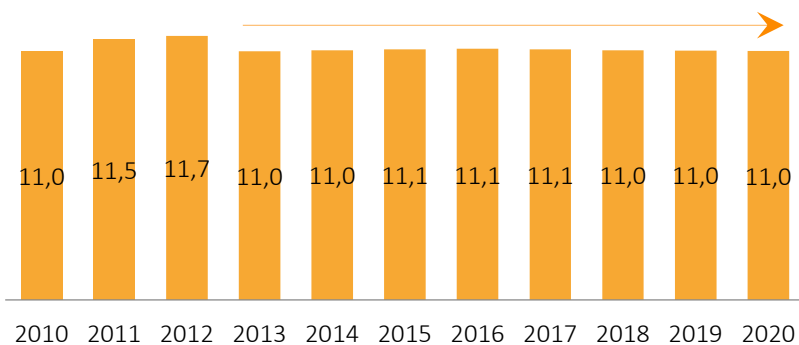
Total Polish mobile market value (PLNbn)



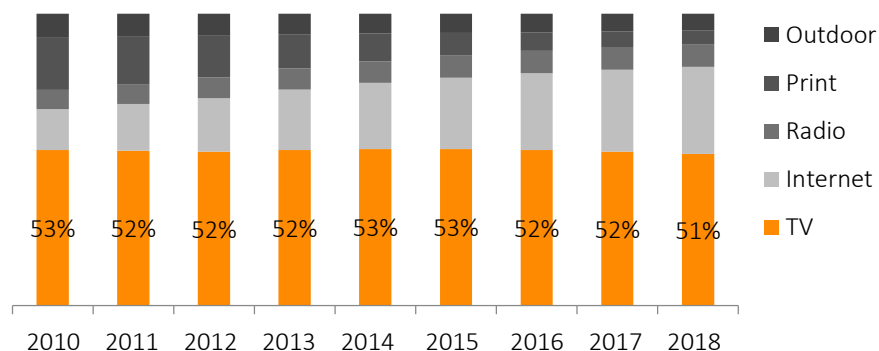
Total Polish tv ad market value (PLNm)



Total number of pay-TV customers in Poland (million)



Polish ad market structure



Source: PMR; ZenithOptimedia, "Advertising Expenditure Forecasts – March 2016"





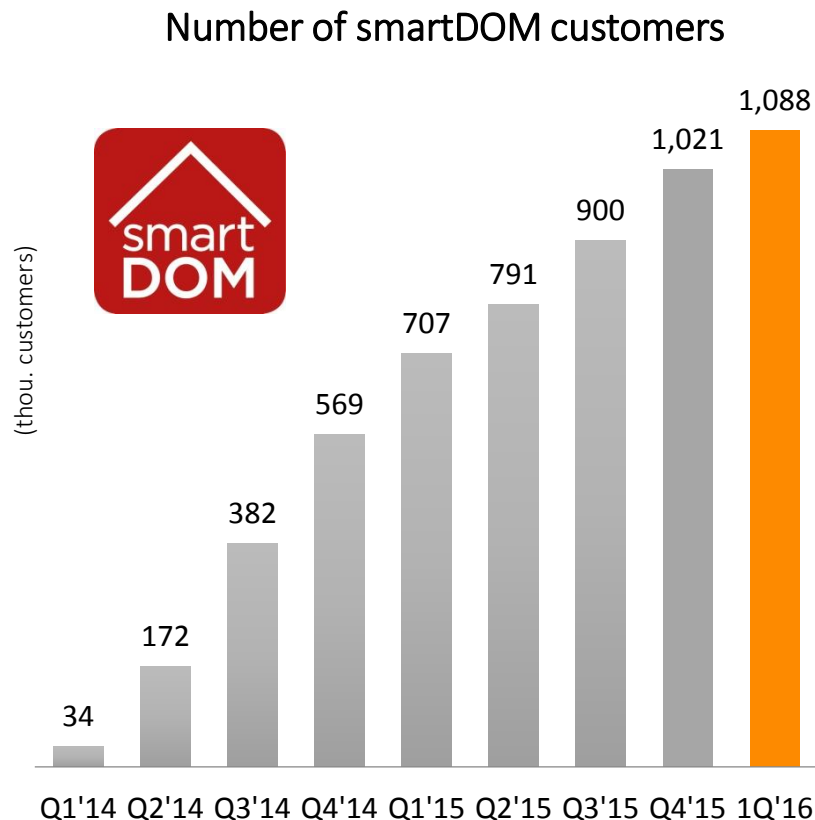
# Long-term business performance trends



# Success of the multiplay strategy



- As many as 18% 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 3.22m
- The goal of 1 million smartDOM customers by the end of 2015 has been achieved



# Quarterly RGU growth of individual product lines



## Mobile telephony

our aspirations: to stabilize the base



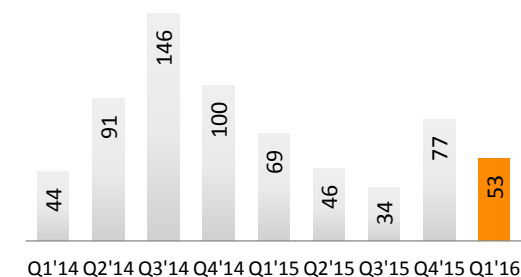
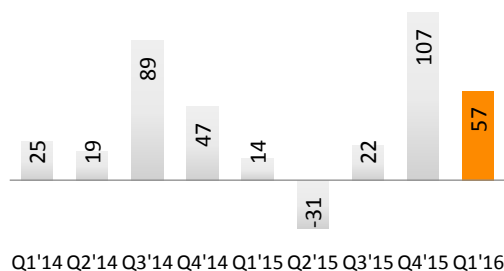
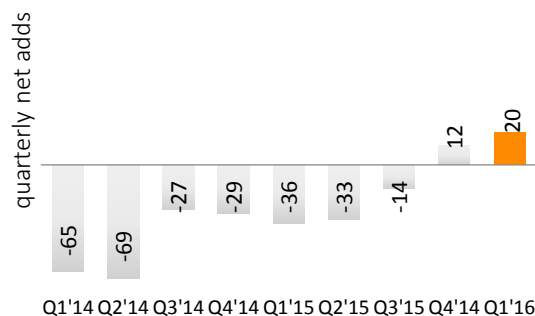
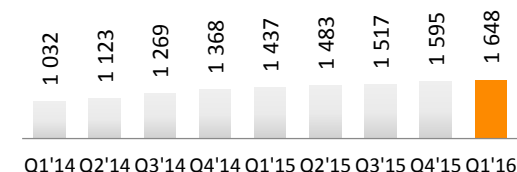
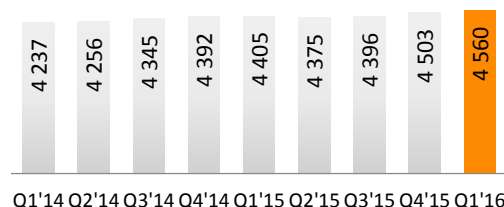
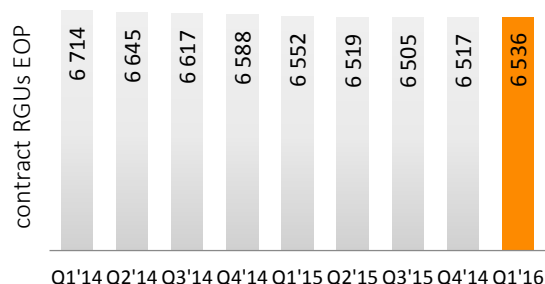
## Pay-TV

to sustain organic growth



## Internet

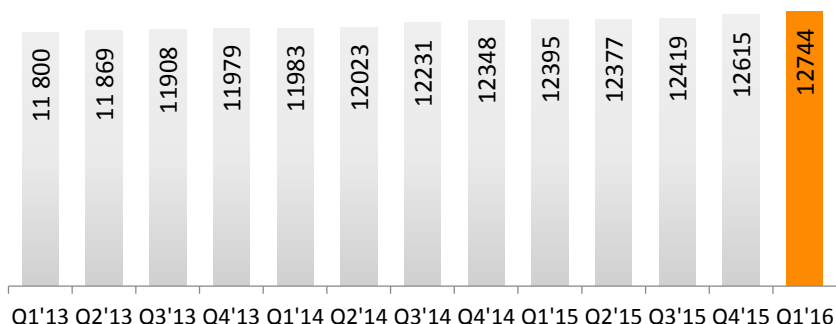
to grow fast based on our competitive advantages



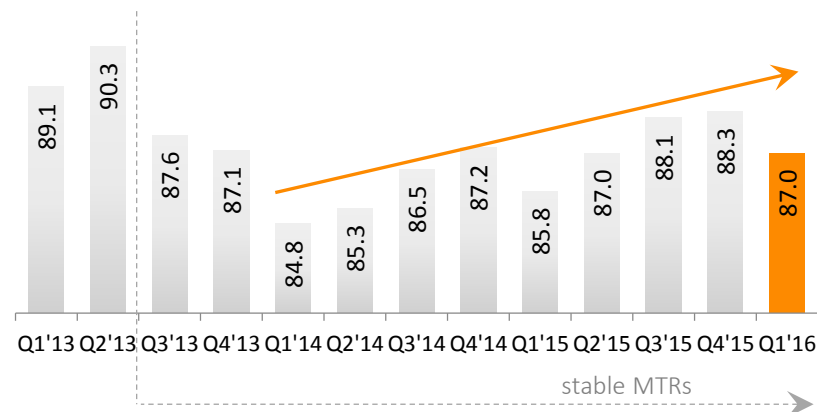
# Multiplay supports the continuous growth of the number of services and ARPU



Contract RGUs EOP



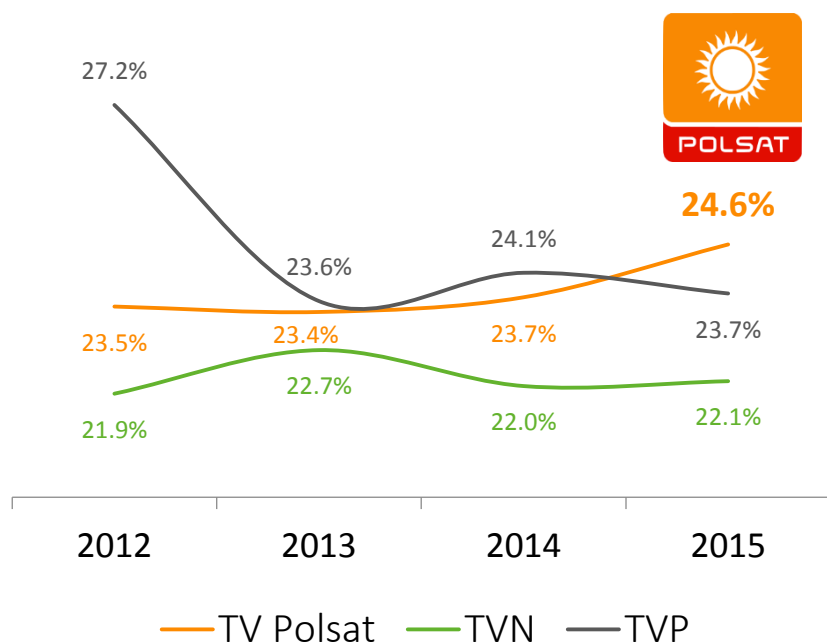
Contract ARPU (PLN)



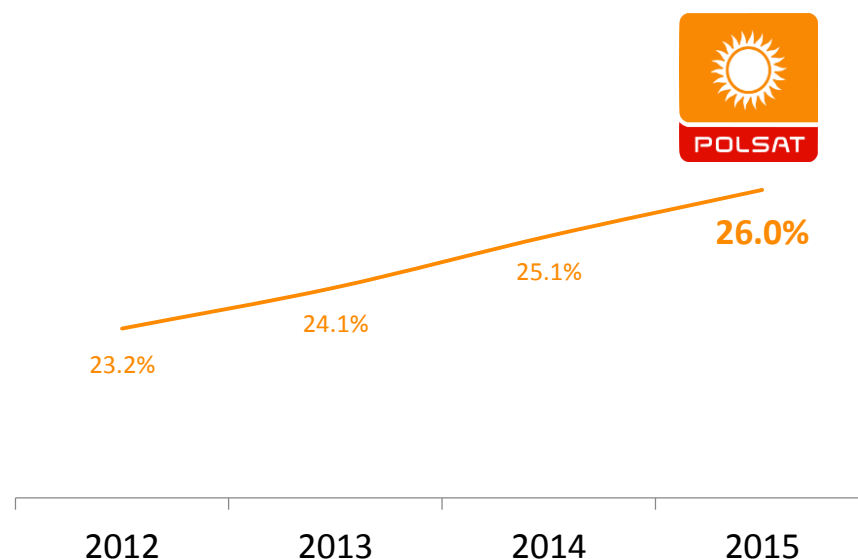
# Long term market position of TV Polsat



## Audience shares



## TV ad market shares



Source: audience share: NAM, All 16-49, all day, SHR% ; ad market share: revenue from advertising and sponsoring of TV Polsat Group according to SMG Poland's definition (formerly SMG Starlink); internal analysis



# Current operational performance

## a. Broadcasting and TV production

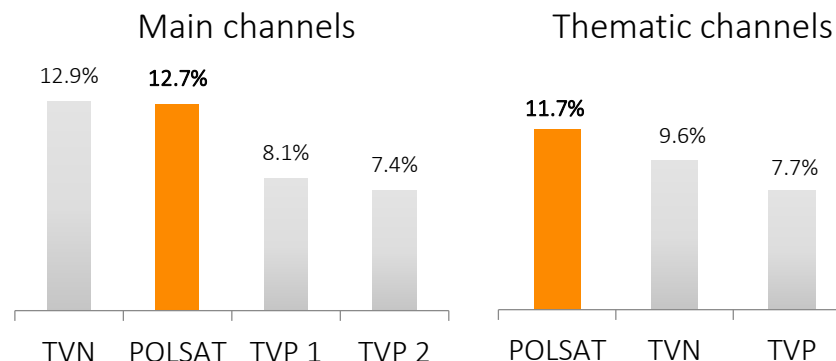


# Viewership of our channels in Q1'16

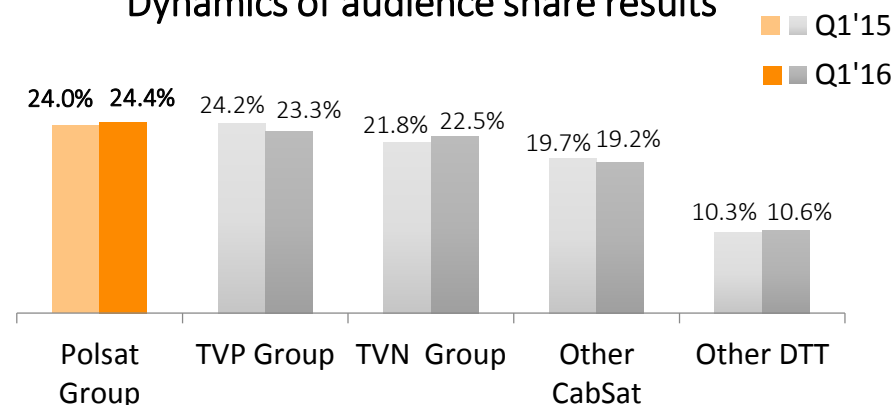


- Polsat Group – the viewership leader in the commercial group
- Excellent viewership figures of the spring schedule
- Very positive effect of programming investments made in TV4 and TV6 channels

## Audience shares



## Dynamics of audience share results



Source: NAM, All 16-49, all day, SHR%; internal analysis

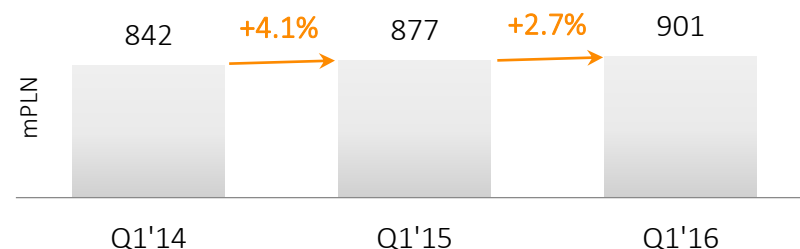


# Position on the advertising market in Q1'16

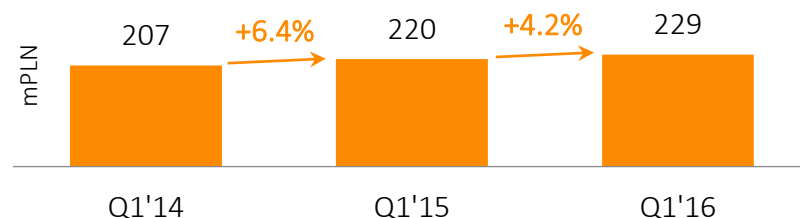


- TV advertising and sponsorship market in Q1'16 increased YoY by 2.7%
- Revenue from TV advertising and sponsorship of TV Polsat Group grew faster than the market
- Our share in the TV advertising and sponsoring market increased to 25.5%

Market expenditures on TV advertising and sponsorship



Revenue from advertising and sponsorship of TV Polsat Group<sup>(1)</sup>



Source: SMG Poland (formerly SMG Starlink), airtime and sponsorship; TV Polsat; internal analysis

Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to SMG Poland's definition





# Current operational performance

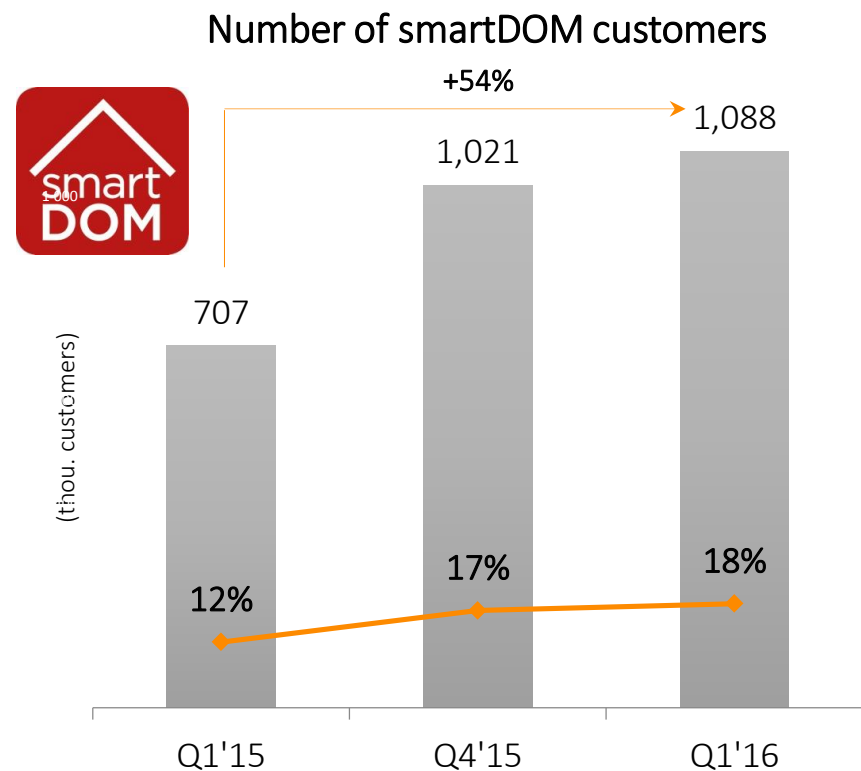
b. Services to individual and  
business customers



# Dynamic growth of multiplay customers



- As many as 18% of our contract 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 3.22m



■ # of smartDOM customers

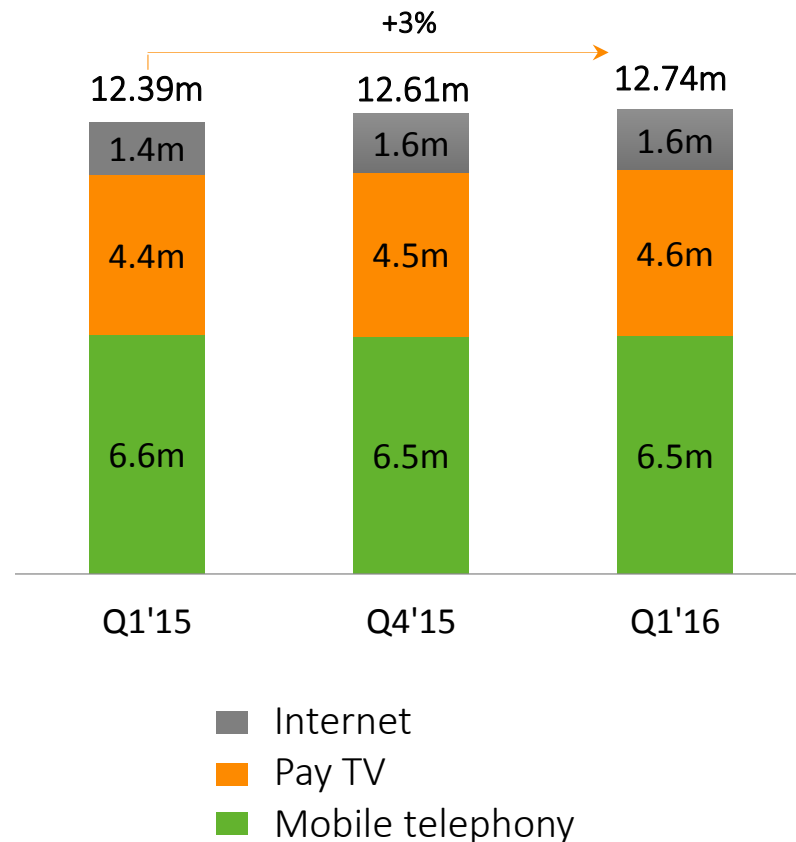
◆ saturation of customer base with smartDOM customers (%)



# Contract services growing rapidly



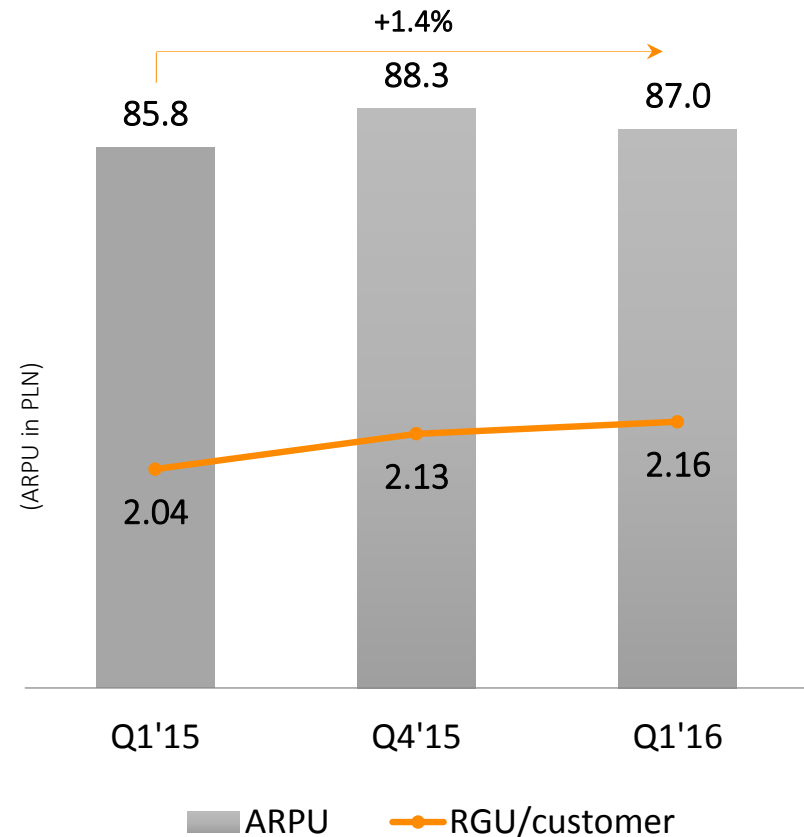
- Strong growth in contract services (+349K YoY, +129K QoQ)
- Further growth in Internet access services (+53K QoQ), supported by top quality LTE network
- Pay TV RGUs growth of +57K (the effect of multiroom and OTT)
- Another quarter with positive results for mobile telephony (low churn and favorable influence of the multiplay strategy)



# Effective building of ARPU per customer



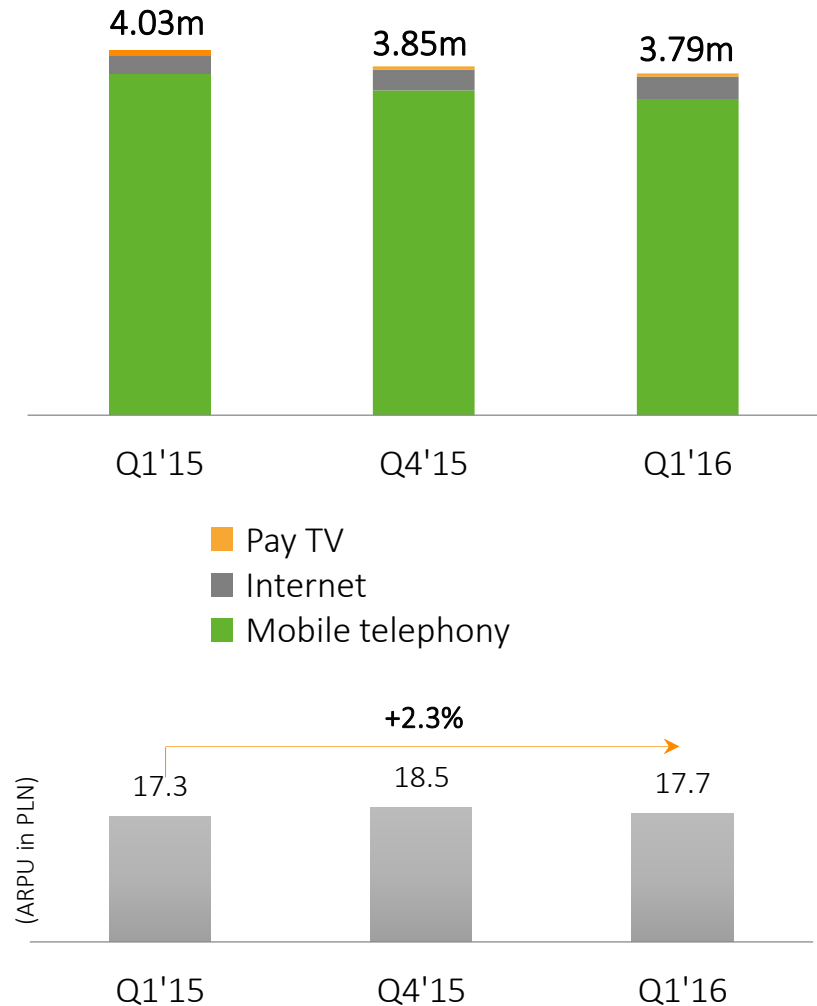
- ARPU from contract services is growing continuously
- Successful product up-selling is reflected in the growth of saturation of RGUs per customer
- The multiplay strategy and continued mobile market stabilization may allow the favorable trend to be sustained



# Prepaid – further ARPU growth



- Growth of prepaid ARPU by +2.3% YoY – as the outcome of continuously growing data consumption and IC
- Successive migration of customers of prepaid voice services to contract solutions
- Growth in the number of Internet access RGUs by +33% YoY (active SIMs only)



# Historical pro-forma financial performance

Full year consolidation of Midas Group results



# Historical pro-forma results



PLN bn	2013	2014	2015 <sup>(2)</sup>
Revenue	9,438	9,349	9,352
Operating costs <sup>(1)</sup>	5,699	5,597	5,717
EBITDA	3,807	3,757	3,667
EBITDA margin	40.3%	40.2%	39.2%
CAPEX (excl. UMTS)	756	690	794
CAPEX/revenue	8.0%	7.4%	8.5%
FCF	1,423	1,004	1,282

Source: pro forma, Cyfrowy Polsat, Metelem, Midas, consolidated financial statements and internal analysis, unaudited

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

(2) Pro-forma estimates for 2015 based on consolidated results of Polsat Group for 2015, while Midas Group data is forecasted based on 9M 2015 performance



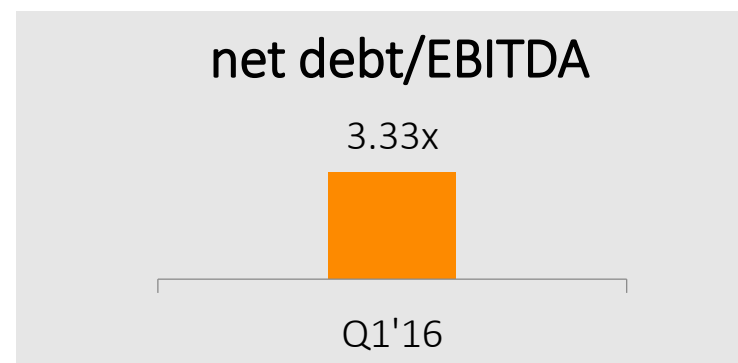
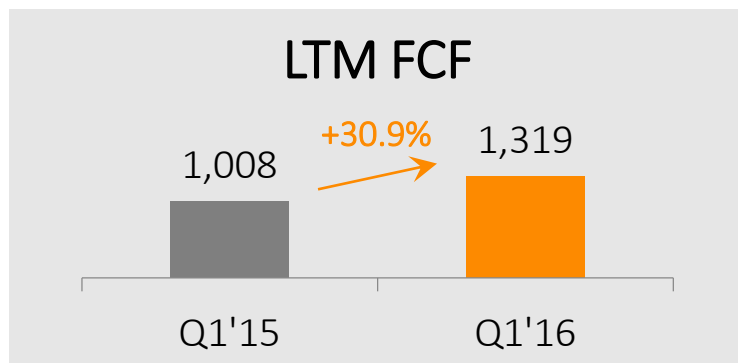
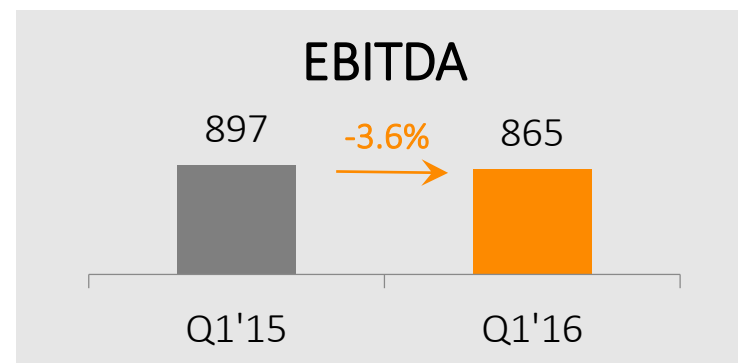
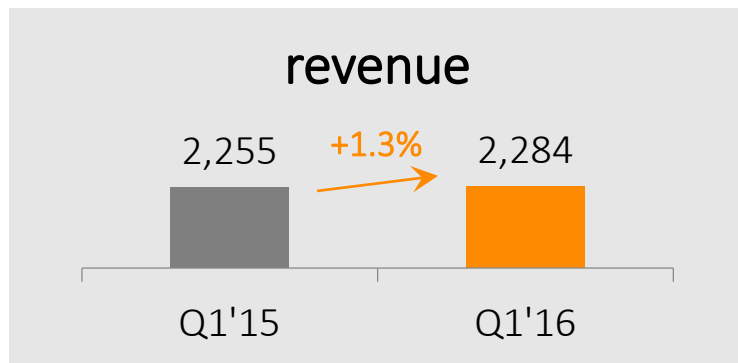
# 1Q'16 Pro-forma financial results

Full quarterly consolidation of Midas Group results





# Pro-forma results of the Group



Source: Pro-forma, Cyfrowy Polsat, Metelem, Midas, consolidated financial statements and internal analysis



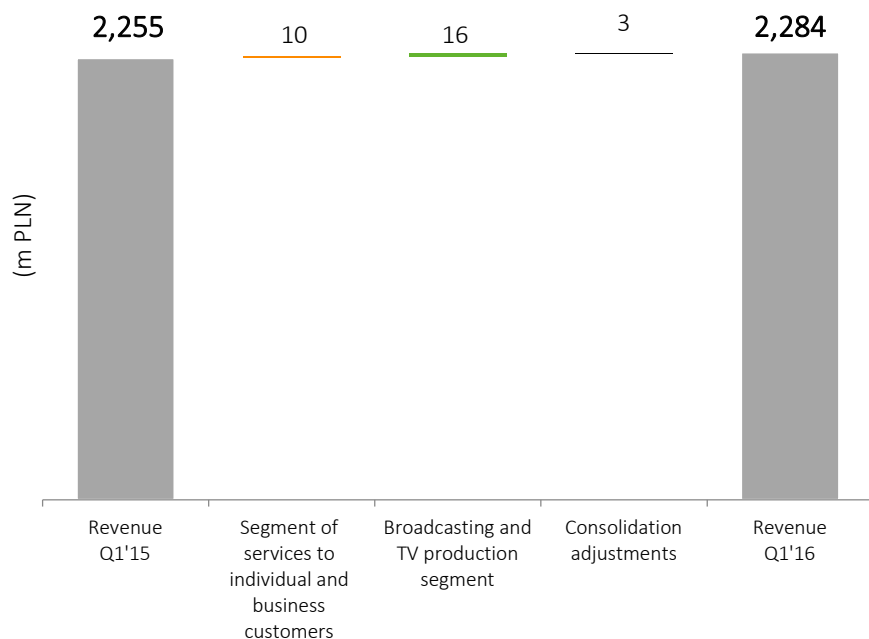
# Revenue and costs pro-forma – change drivers in Q1'16



## Revenue

YoY change

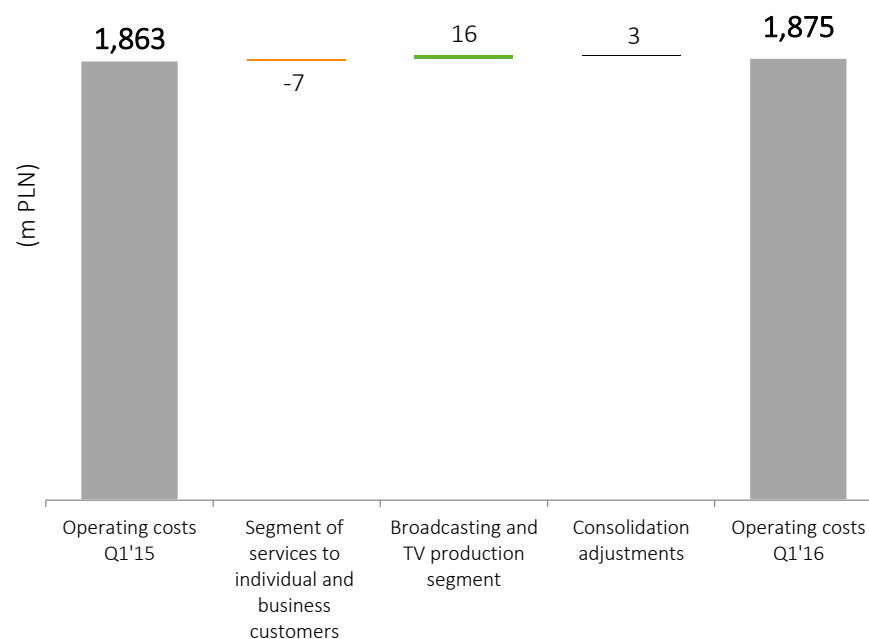
**+1%**  
**+29 m**



## Operating costs

YoY change

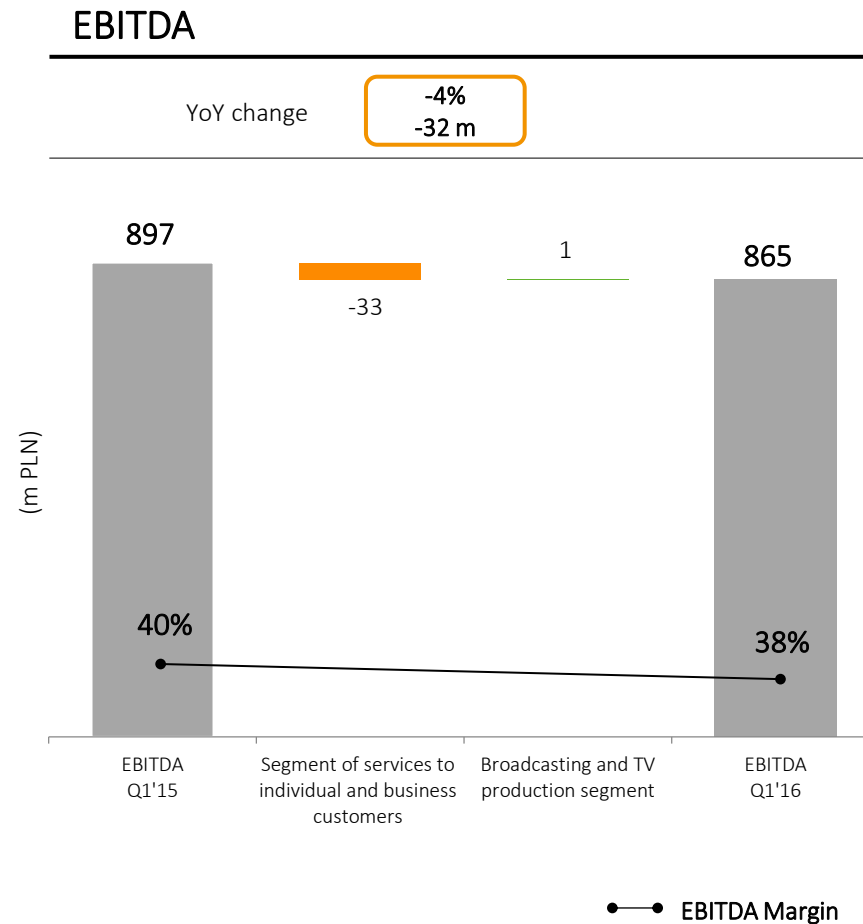
**+1%**  
**+12 m**



Source: Pro-forma, Cyfrowy Polsat, Metelem, Midas, consolidated financial statements and internal analysis



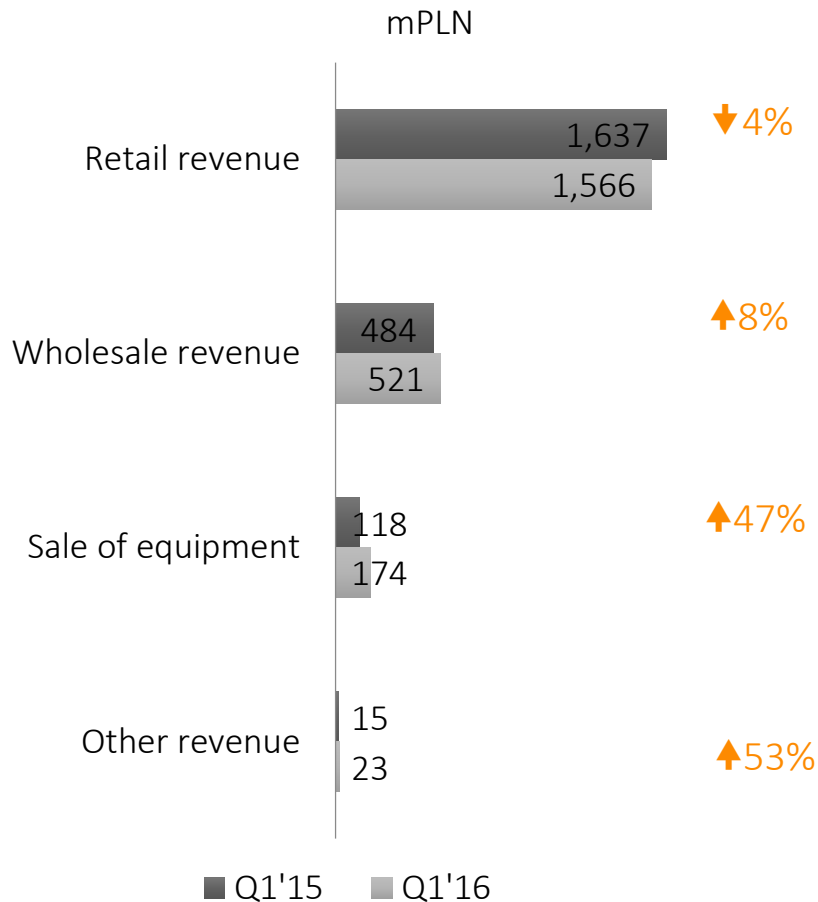
# EBITDA pro-forma – change drivers in Q1'16



Source: Pro-forma, Cyfrowy Polsat, Metelem, Midas, consolidated financial statements and internal analysis

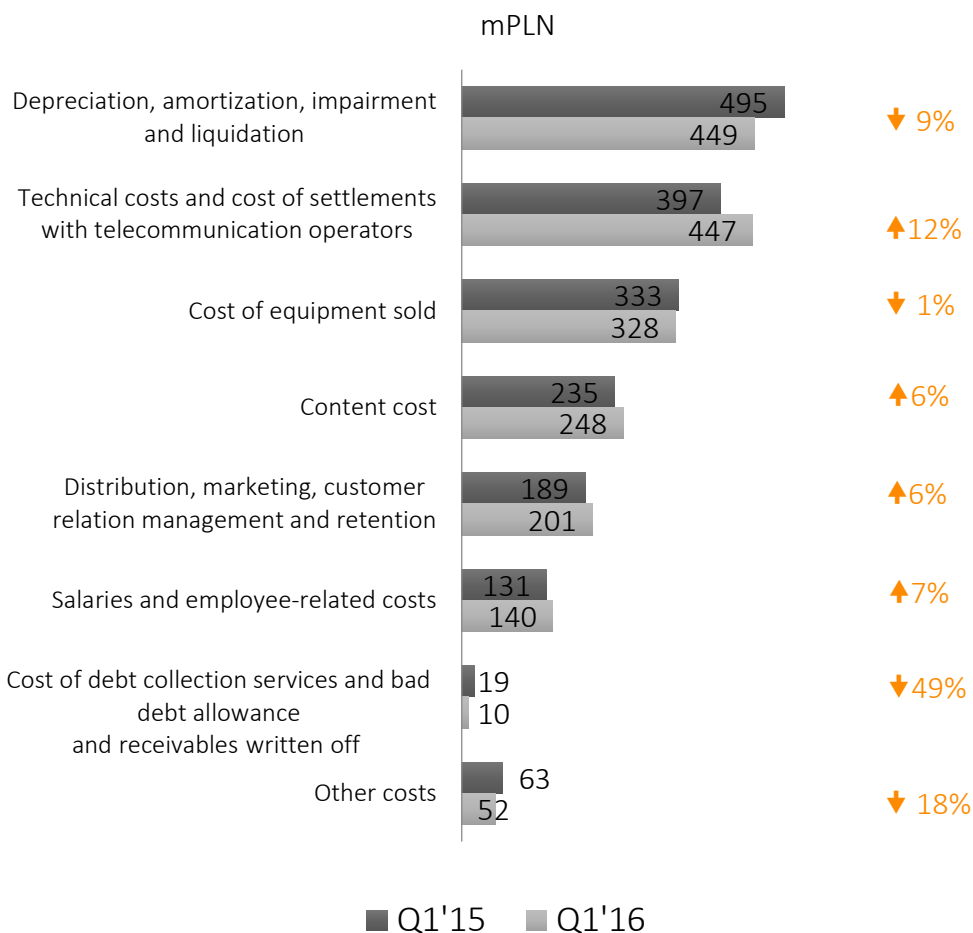


# Pro-forma revenue structure in Q1'16



- The decrease of revenue from voice services has been partly compensated by growing revenue from Internet access services
- Growing revenue of TV Polsat from advertising as well as growing IC settlements translate to better dynamics of wholesale revenue
- Higher revenue from equipment sales is the outcome of gradually growing installment plan sales, lower subsidies, as well as the optimization of stock levels

# Pro-forma operating costs structure in Q1'16

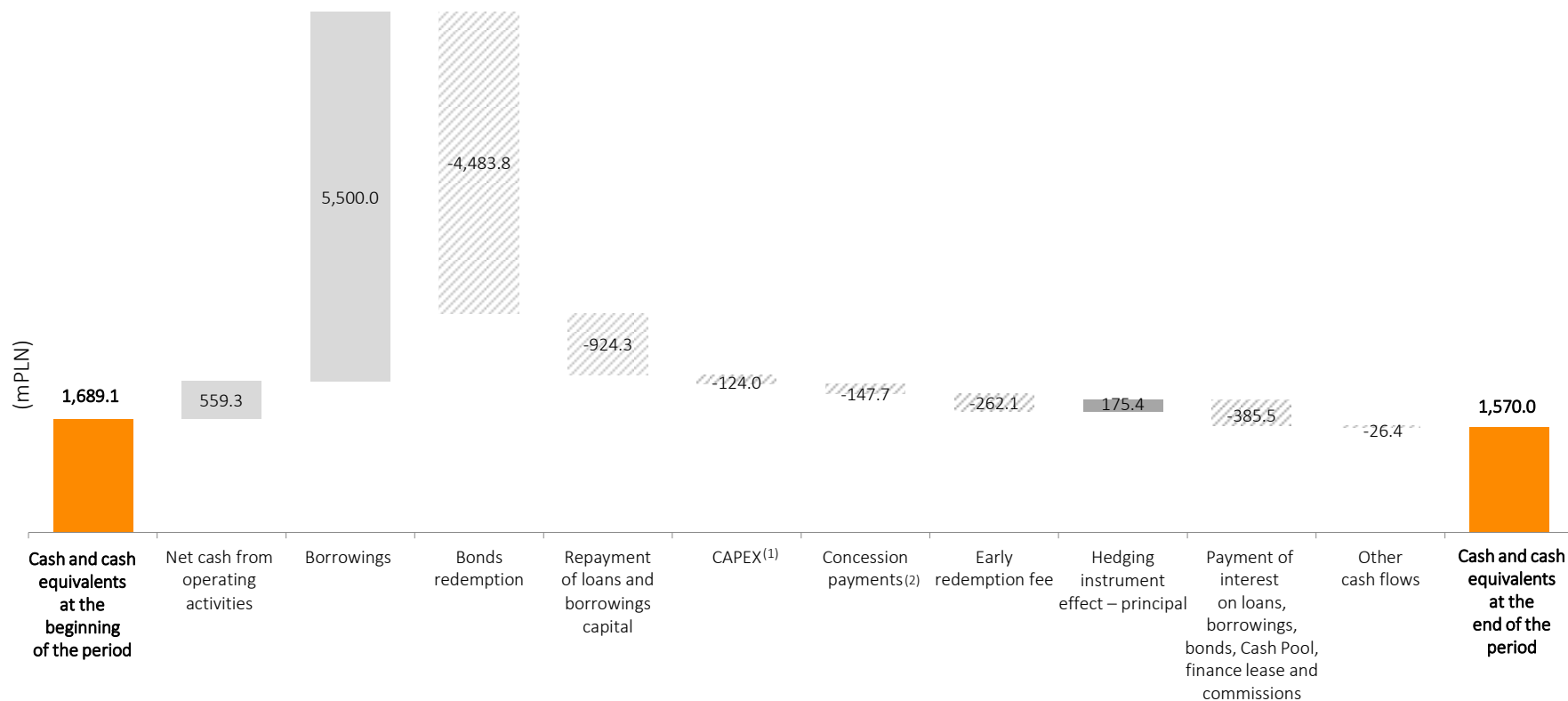


- Lower cost of depreciation of telecommunication infrastructure
- Technical costs influenced by growing IC costs
- Content costs have been affected by higher costs of sport events and higher cost of amortization of film licenses
- Higher recognized accounting (non-cash) sales commission costs affect the dynamics of distribution, marketing, customer relation management and retention costs

Source: Pro-forma, Cyfrowy Polsat, Metelem, Midas, consolidated financial statements and internal analysis



# Pro-forma cash flow statement in Q1'16



Source: Pro-forma, Cyfrowy Polsat, Metelem, Midas, consolidated financial statements and internal analysis

Note: (1) excluding expenditures on set-top-boxes leased to customers

(2) purchase cost of 2.6GHz bandwidth in the LTE auction (PLN 155.75m) net of non-cash settlement of purchase (PLN 8.0m deducted from the auction deposit)

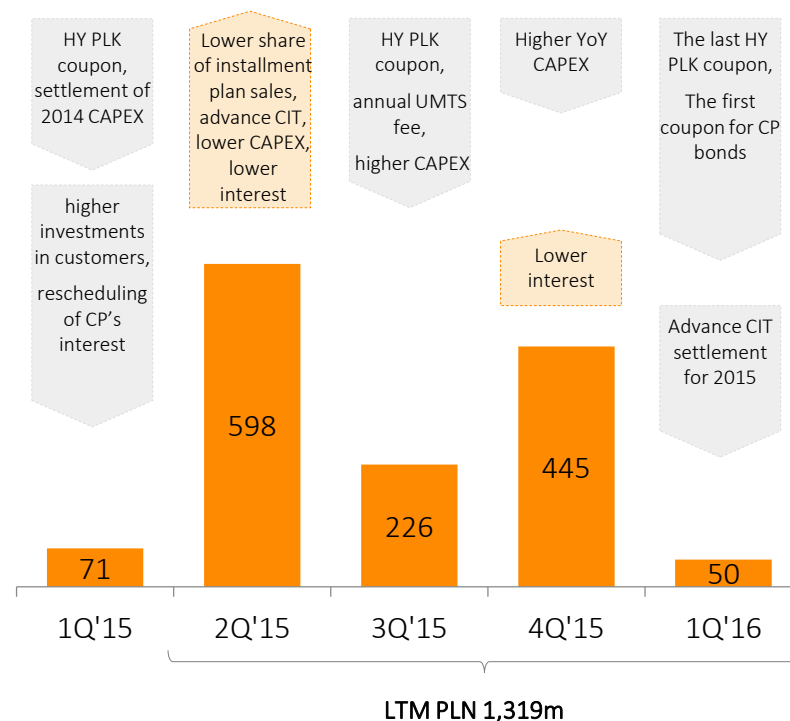


# Reconciliation of FCF pro-forma after interest



mPLN	Q1'16
Net cash from operating activities	447
Net cash used in investing activities	-25
Payment of interest on loans, borrowings, Cash Pool <sup>(1)</sup>	-470
<b>FCF after interest</b>	<b>-48</b>
FCF of Midas Group in January-February 2016	105
Acquisition of Midas Group (including cash)	-262
One-off payment for the purchase of the 2.6 GHz band	156
Call option for the early redemption of HY PLK bonds	262
Effect of cash settlement of hedging transactions for nominal HY PLK bonds	-175
Short-term deposits	12
<b>Adjusted FCF after interest</b>	<b>50</b>

## Adjusted FCF after interest<sup>(2)</sup>



Source: Pro-forma, Cyfrowy Polsat, Metelem, Midas, consolidated financial statements and internal analysis

Note: (1) Includes the impact of the instruments IRS / CIRS / forward

(2) FCF results for 2015 have been adjusted backwards by taking into account the FCF results of Midas Group



# The Group's debt as at 31 March 2016



mPLN	Carrying amount as at 31 March 2016
Combined Term Facility	11,203
Revolving Facility Loan	-
MDS term facility – Pekao <sup>1</sup>	330
MDS term facility – Plus Bank <sup>2</sup>	41
Series A Notes	1,007
Zero-coupon Midas Notes	375
Zero-coupon Litenite Notes	913
Leasing and other	27
<b>Gross debt</b>	<b>13,895</b>
Early notes redemption option	181
Cash and cash equivalents <sup>3</sup>	1,582
<b>Net debt</b>	<b>12,132</b>
EBITDA LTM	3,635
<b>Net debt/EBITDA LTM</b>	<b>3.34</b>

<sup>1</sup> Repaid in full on April 29, 2016

<sup>2</sup> Repaid in full on May 10, 2016

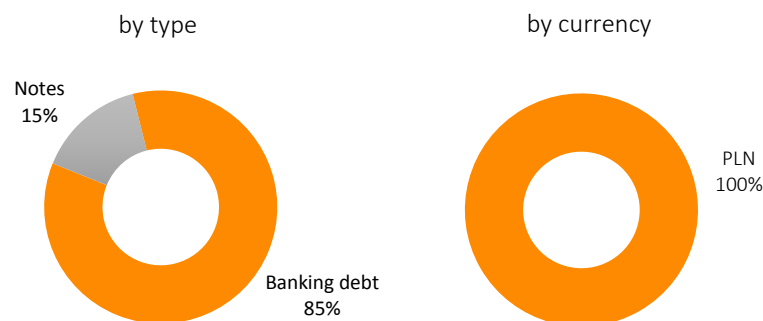
<sup>3</sup> This position comprises cash and cash equivalents, including restricted cash, as well as short-term deposits

<sup>4</sup> Nominal value of the indebtedness as at March 31, 2016 (excluding the Revolving Facility Loan)

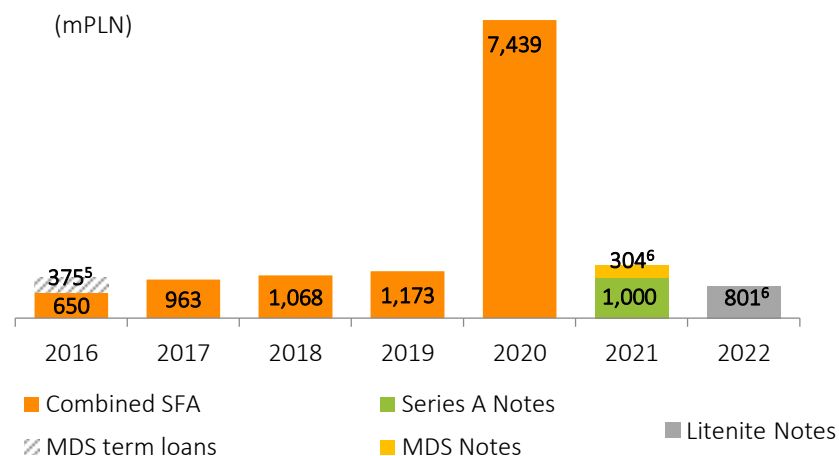
<sup>5</sup> The entire indebtedness under the MDS term loan with Bank Polska Kasa Opieki S.A. has been repaid on April 29, 2016 and the entire indebtedness under the MDS term loan with Plus Bank S.A. has been repaid on May 10, 2016

<sup>6</sup> Nominal amount of the Notes as at March 31, 2016

## Our debt structure<sup>4</sup>



## Our debt maturing profile<sup>4</sup>



Source: Consolidated financial statements for the 3 month period ended 31 March 2016 and internal analysis





# Network roll-out – strategic directions



# Key assumptions relating to mobile network roll-out strategy



## Implications of the auction

- In the last year's auction the 800MHz frequency band reached the highest prices in Europe
- Polsat Group's analyses indicate that cooperation with entities who purchase radio frequencies at such a high price would be unprofitable and irrational for the company as well as its customers
- A scenario of broader cooperation based on technology and service equivalence could result in a change of these business assumptions

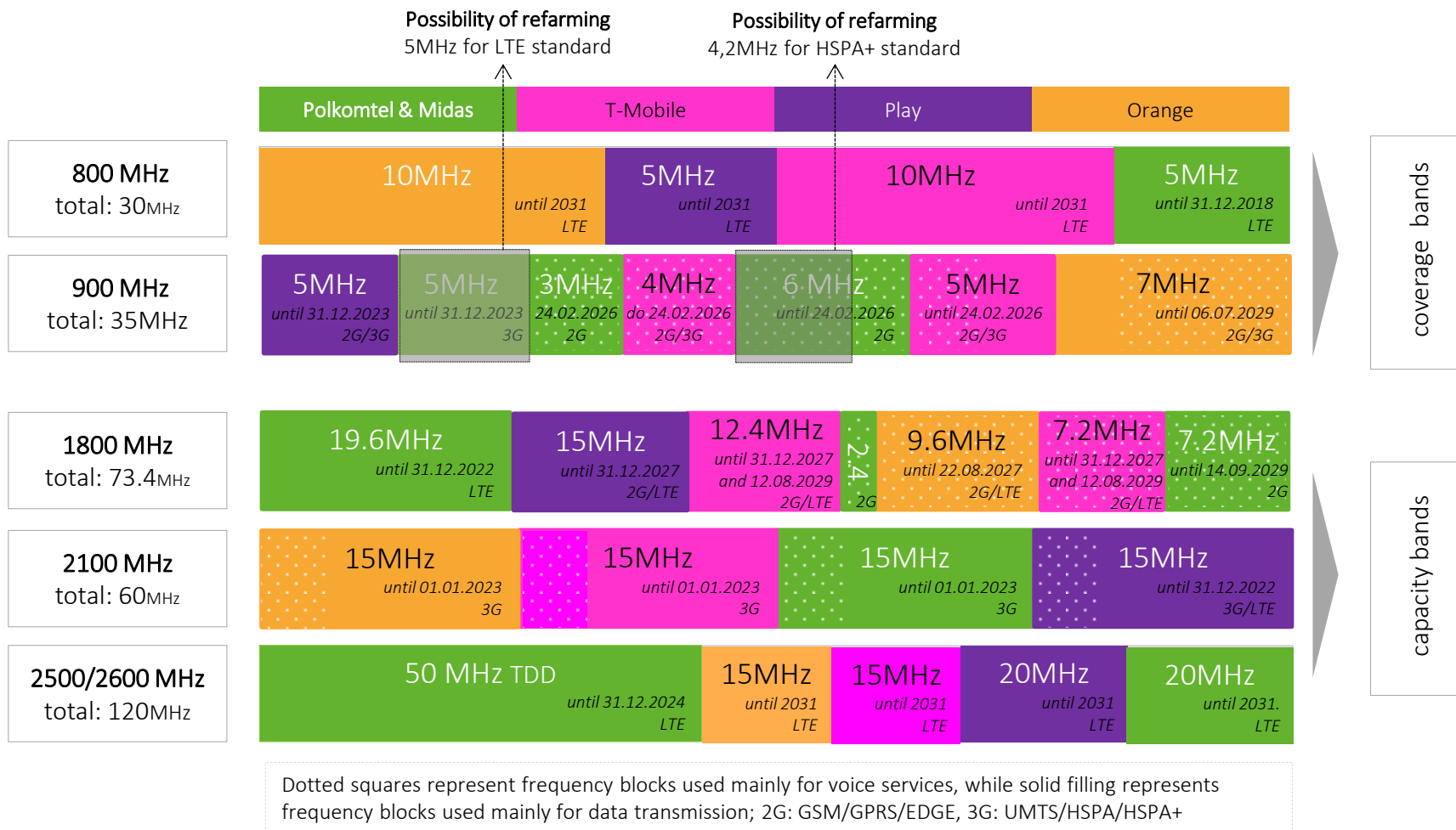
## Sferia's license

- Through a majority 51% stake in Sferia, Midas Group has a 5MHz of block in the 800MHz band, the reservation of which expires on 31 December 2018
- Prices from the auction in 2015 will constitute the basis for the valuation of the cost of the renewal of the reservation
- According to Polsat Group, the renewal of Sferia's reservation at this price it is not economically justified

## Further network development 2016-18

- Roll-out based on the existing frequency resources of Polkomtel and Midas
- Continued LTE1800 roll-out supported by 2600 MHz bands and ODU-IDU technology
- ODU-IDU technology implementation enlarges effective coverage of a single LTE 1800 base station (BTS) even up to 3x
- Next steps: refarming of 900 MHz and eventually 2100 MHz frequency bands

# Stable, favorable competitive position



Source: UKE, own expertise

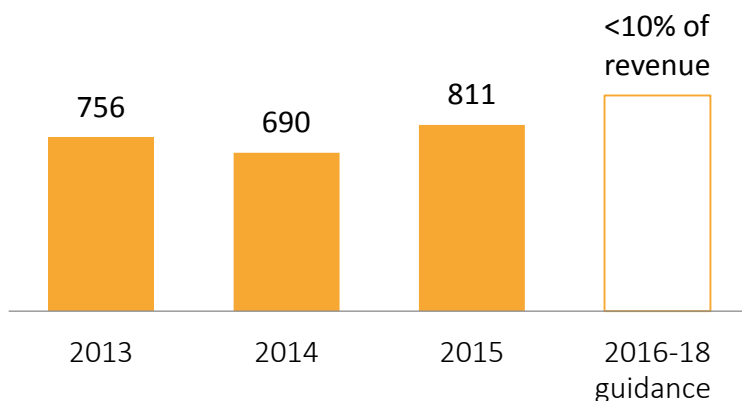
Only main frequencies are presented (excluding: Polkomtel's 2,5MHz 420MHz, Orange's 5MHz 450MHz, each of the 4 biggest MNO's 5MHz 2100MHz TDD)



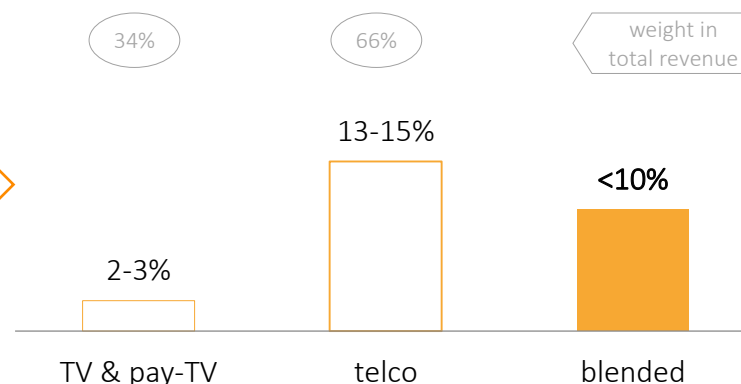
# Capex excl. frequencies ranged between PLN 700-800 million in the past



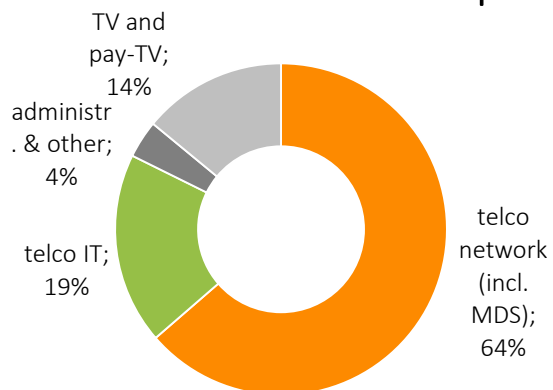
## Pro forma cash CAPEX and guidance



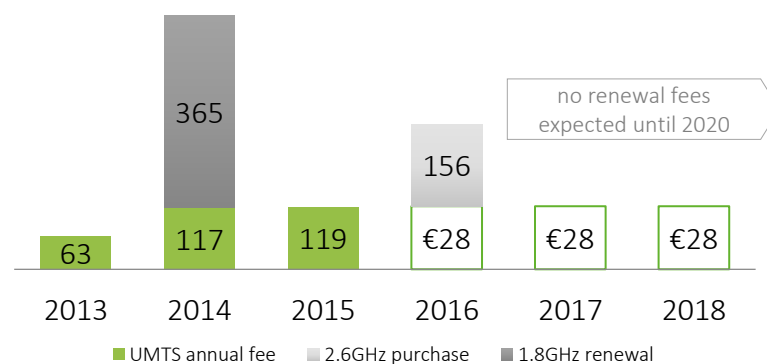
## CAPEX guidance decomposition



## 2013-2015 CAPEX split



## Frequencies related payments (PLNm/EURm)



# Acquisition of Midas Group

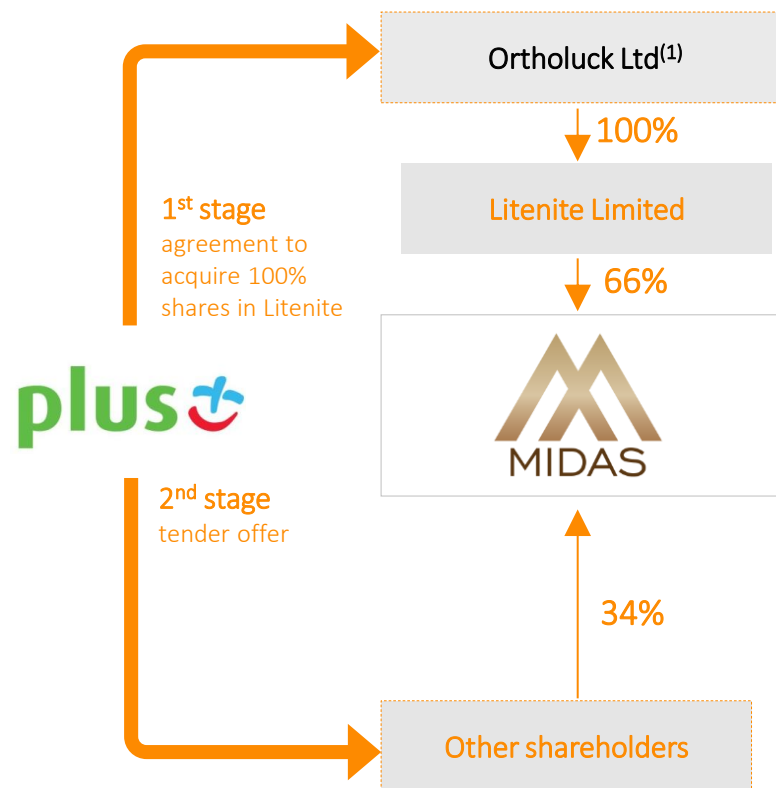
a. Technical and financial aspects  
of the transaction



# Key parameters of the transaction

- Polkomtel, a 100% subsidiary of Cyfrowy Polsat, has entered into agreement to acquire Litenite, a company controlling 66% shares in Midas Group
- The transaction involves the acquisition of Litenite's net liabilities of ca. PLN 788 million<sup>(2)</sup> and 1 EUR payment to Ortholuck for equity
- Implied equity value of Midas Group at PLN 0.81/ share
- Financing of the transaction from own resources
- Tender offer for the remaining 34% shares

## Acquisition of 100% stake in Midas S.A.

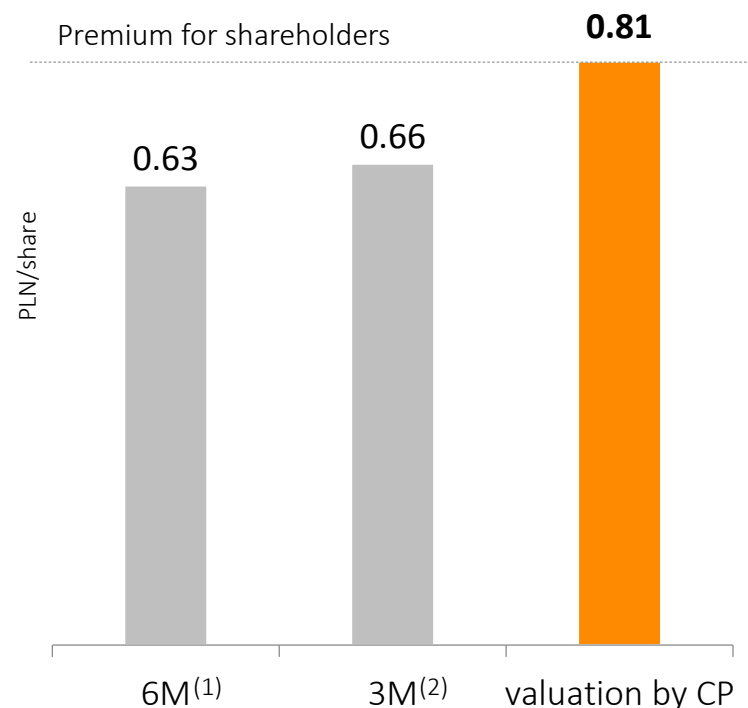


Note: (1) company controlled by Zygmunt Solorz-Żak  
(2) value of net liabilities as at 31 January 2016

# Valuation approach

- Valuation based on ANBV (adjusted net book value) and DCF (discounted cash flow) approach
- Valuation based on „fair value” standard based on applied cost and income approach
- Purchase price in the transaction confirmed by fairness opinion issued by EY
- Valuation does not include synergies

## Midas S.A. share price



Note: (1) 3.08.2015 – 28.02.2016  
(2) 2.11.2015 – 28.02.2016

# Acquisition of Midas Group

## b. Business rationale of the transaction

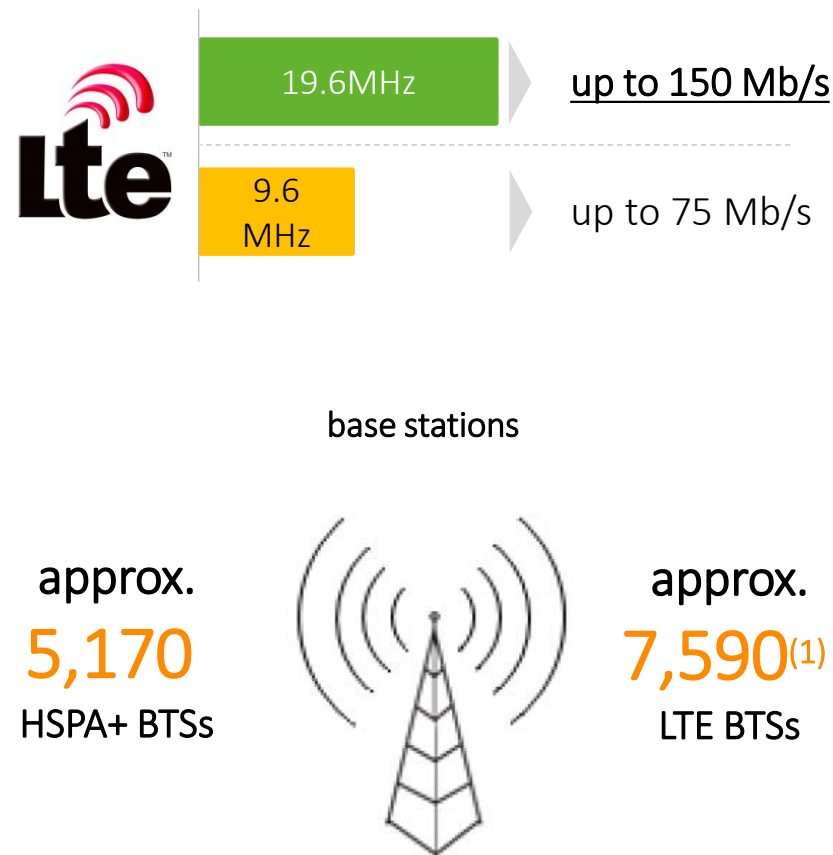




# Acquisition of key assets constituting an important element of the multiplay strategy



- Strong operational and business connections already exist between Midas Group and Polkomtel – Midas Group's assets are one of the cornerstones of the strategy of Cyfrowy Polsat Group
- Unique frequencies are the key assets of Midas Group:
  - 1,800 MHz fully dedicated to LTE
  - 900 MHz fully dedicated to HSPA+
  - 800 MHz, with the first Polish LTE800 network on air
- A continuous 19.6 MHz bandwidth block in the 1800 MHz spectrum, owned by Midas, currently allows only our customers to achieve transfer speed of up to 150 Mb/s
- Additionally the network provides:
  - 96.8% LTE outdoor population coverage
  - >99% HSPA+ outdoor population coverage



# Numerous advantages for Polsat Group and its stakeholders



## Key frequencies

- Securing the key frequencies and infrastructure used by our Group in providing mobile Internet access services, a key element of the multiplay strategy

## Greater flexibility

- Adding flexibility in creating sales policy and both single play as well as multiplay tariffs, which is considered essential to the Group's strategy

## Lower costs of data transfer

- Elimination of costs that the Group incurs as an inherent effect of successful sales of services based on data transmission

## Transparency

- Improved clarity of the shareholding structure of the Group and of key assets ownership, which is essential for a more transparent dialogue with our shareholders

# Additional information



# Shareholding structure



Shareholder	Number of shares	% of shares	Number of votes	% of votes
<b>Reddev Investments Limited <sup>(1)</sup>, including:</b>	<b>154,204,296</b>	<b>24.11%</b>	<b>306,709,172</b>	<b>37.45%</b>
- privileged registered shares	152,504,876	23.85%	305,009,752	37.24%
- ordinary bearer shares	1,699,420	0.27%	1,699,420	0.21%
<b>Embud Sp. z o.o. <sup>(2)</sup></b>	<b>58,063,948</b>	<b>9.08%</b>	<b>58,063,948</b>	<b>7.09%</b>
<b>Karswell Limited <sup>(2)</sup></b>	<b>157,988,268</b>	<b>24.70%</b>	<b>157,988,268</b>	<b>19.29%</b>
<b>Sensor Overseas Limited <sup>(3)</sup>, including:</b>	<b>54,921,546</b>	<b>8.59%</b>	<b>81,662,921</b>	<b>9.97%</b>
- privileged registered shares	26,741,375	4.18%	53,482,750	6.53%
- ordinary bearer shares	28,180,171	4.41%	28,180,171	3.44%
<b>Others</b>	<b>214,367,958</b>	<b>33.52%</b>	<b>214,539,208</b>	<b>26.20%</b>
<b>Total</b>	<b>639,546,016</b>	<b>100.00%</b>	<b>818,963,517</b>	<b>100.00%</b>

Note: <sup>(1)</sup> Reddev is an indirect subsidiary of Mr Zygmunt Solorz-Żak

<sup>(2)</sup> Entity controlled by Mr. Zygmunt Solorz-Żak.

<sup>(3)</sup> The dominant entity of Sensor Overseas Limited is the EVO Holding Ltd., a subsidiary EVO Foundation.

As of March 18, 2015



# KPIs – retail customer services



SEGMENT OF SERVICES TO INDIVIDUAL AND BUSINESS CUSTOMERS <sup>1)</sup>	2012				2012	2013				2013	2014				2014	2015				2015	2016
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		
Total number of RGUs <sup>2)</sup> (contract + prepaid)	n/a	n/a	n/a	n/a	n/a	16 348 336	16 434 266	16 627 551	16 447 334	16 447 334	16 333 003	16 250 497	16 449 992	16 482 031	16 482 031	16 429 469	16 349 090	16 395 514	16 469 696	16 469 696	16 531 833
<b>CONTRACT SERVICES</b>																					
Total number of RGUs, including:	11 532 547	11 516 833	11 605 099	11 735 100	11 735 100	11 799 951	11 868 947	11 908 422	11 978 807	11 978 807	11 982 678	12 023 369	12 230 798	12 347 828	12 347 828	12 394 712	12 377 021	12 418 707	12 614 703	12 614 703	12 744 166
Pay TV, including:	3 885 022	3 868 733	3 921 673	3 994 875	3 994 875	4 047 592	4 127 560	4 160 343	4 212 323	4 212 323	4 236 986	4 255 544	4 344 773	4 391 702	4 391 702	4 405 464	4 374 517	4 396 361	4 503 320	4 503 320	4 560 267
Multiroom	394 001	416 027	470 578	510 617	510 617	559 997	633 475	680 316	719 935	719 935	749 319	771 481	806 064	844 809	844 809	872 628	886 305	901 271	936 307	936 307	957 952
Mobile telephony	6 985 015	6 978 192	6 976 594	6 979 590	6 979 590	6 941 638	6 891 314	6 834 719	6 778 675	6 778 675	6 713 629	6 644 687	6 617 382	6 587 915	6 587 915	6 552 365	6 519 311	6 505 016	6 516 643	6 516 643	6 536 366
Internet	662 510	669 908	706 832	760 635	760 635	810 721	850 073	913 360	987 809	987 809	1 032 063	1 123 138	1 268 643	1 368 211	1 368 211	1 436 883	1 483 193	1 517 330	1 594 740	1 594 740	1 647 533
Number of customers	6 282 300	6 264 412	6 281 184	6 313 423	6 313 423	6 318 321	6 306 877	6 285 607	6 287 658	6 287 658	6 260 662	6 221 111	6 184 775	6 137 531	6 137 531	6 068 839	5 990 051	5 937 768	5 916 103	5 916 103	5 893 225
ARPU per customer <sup>3)</sup> [PLN]	92.5	94.4	93.8	93.8	93.6	89.1	90.3	87.6	87.1	88.5	84.8	85.3	86.5	87.2	85.9	85.8	87.0	88.1	88.3	87.3	87.0
Churn per customer <sup>4)</sup>	n/a	n/a	n/a	8.4%	8.4%	8.7%	8.8%	9.0%	9.2%	9.2%	9.1%	8.8%	8.8%	9.1%	9.1%	9.5%	10.1%	10.2%	10.0%	10.0%	9.8%
RGU saturation per one customer	1.84	1.84	1.85	1.86	1.86	1.87	1.88	1.89	1.91	1.91	1.91	1.93	1.98	2.01	2.01	2.04	2.07	2.09	2.13	2.13	2.16
Average number of RGUs, including:	11 497 022	11 521 707	11 558 288	11 659 474	11 559 123	11 772 318	11 846 507	11 884 574	11 924 710	11 857 027	11 986 199	11 981 389	12 125 363	12 272 311	12 091 316	12 376 603	12 391 326	12 378 586	12 496 080	12 410 649	12 675 864
Pay TV, including:	3 858 338	3 879 834	3 894 623	3 955 082	3 896 969	4 018 307	4 098 051	4 144 131	4 175 145	4 108 909	4 227 450	4 243 880	4 301 558	4 361 890	4 283 695	4 403 541	4 397 999	4 376 405	4 441 918	4 404 966	4 532 806
Multiroom	358 652	406 943	443 744	494 506	425 961	535 271	600 411	658 475	697 978	623 034	736 315	759 922	787 736	822 568	776 635	860 827	881 296	893 001	915 940	887 766	948 366
Mobile telephony	6 986 951	6 977 393	6 978 772	6 974 525	6 979 410	6 965 606	6 917 102	6 862 047	6 801 845	6 886 650	6 749 396	6 670 820	6 628 199	6 597 742	6 661 539	6 570 344	6 532 488	6 508 391	6 502 872	6 528 524	6 523 316
Internet	651 733	664 480	684 893	729 867	682 743	788 405	831 354	878 396	947 720	861 469	1 009 353	1 066 689	1 195 606	1 312 679	1 146 082	1 402 718	1 460 839	1 493 790	1 551 290	1 477 159	1 619 742
Average number of customers	6 288 609	6 272 029	6 271 838	6 291 791	6 281 067	6 316 275	6 317 333	6 293 472	6 279 979	6 301 765	6 274 951	6 242 450	6 201 335	6 159 903	6 219 660	6 105 250	6 031 638	5 960 463	5 922 397	6 004 937	5 902 526
<b>PREPAID SERVICES</b>																					
Total number of RGUs, including:	n/a	n/a	n/a	n/a	n/a	4 548 385	4 565 319	4 719 129	4 468 527	4 468 527	4 350 325	4 227 128	4 219 194	4 134 203	4 134 203	4 034 757	3 972 069	3 976 807	3 854 993	3 854 993	3 787 667
Pay TV	n/a	n/a	n/a	n/a	n/a	85 574	81 441	84 538	77 771	77 771	81 619	66 578	98 136	122 787	122 787	66 163	41 517	60 471	31 972	31 972	35 754
Mobile telephony	n/a	n/a	n/a	n/a	n/a	4 385 742	4 379 630	4 475 541	4 171 810	4 171 810	4 042 605	3 923 778	3 855 669	3 792 978	3 792 978	3 775 976	3 737 282	3 685 092	3 591 736	3 591 736	3 495 733
Internet	n/a	n/a	n/a	n/a	n/a	77 069	104 248	159 050	218 946	218 946	226 101	236 772	265 389	218 438	218 438	192 618	193 270	231 244	231 285	231 285	256 180
ARPU per total prepaid RGU <sup>5)</sup> [PLN]	n/a	n/a	n/a	n/a	n/a	18.0	19.2	18.2	17.5	18.2	16.5	17.9	18.3	18.2	17.7	17.3	18.3	19.0	18.5	18.3	17.7
Average number of RGUs, including:	n/a	n/a	n/a	n/a	n/a	4 549 031	4 532 090	4 635 182	4 599 374	4 578 919	4 398 038	4 285 747	4 212 274	4 172 129	4 267 047	4 068 646	4 006 108	3 970 091	3 917 979	3 990 706	3 801 870
Pay TV	n/a	n/a	n/a	n/a	n/a	78 707	73 828	68 740	77 953	74 807	77 779	79 253	69 522	129 021	88 894	67 972	61 165	41 313	56 743	56 798	36 255
Mobile telephony	n/a	n/a	n/a	n/a	n/a	4 397 976	4 370 181	4 431 149	4 338 987	4 384 573	4 091 609	3 975 410	3 893 375	3 798 701	3 939 774	3 797 423	3 755 130	3 713 656	3 630 863	3 724 268	3 529 840
Internet	n/a	n/a	n/a	n/a	n/a	72 348	88 081	135 293	182 434	119 539	228 650	231 084	249 377	244 407	238 379	203 251	189 813	215 122	230 373	209 640	235 775

1) Customer - natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a contract model.

2) RGU (revenue generating unit) - single, active service of pay TV, Internet Access or mobile telephony provided in contract or prepaid model.

3) ARPU per customer - average monthly revenue per customer generated in a given settlement period (including interconnect revenue).

4) 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.

5) ARPU per total prepaid RGU - average monthly revenue per prepaid RGU generated in a given settlement period (including interconnect revenue)



# Key financial data



mPLN	Q1'12	Q2'12	Q3'12	Q4'12	2012	Q1'13	Q2'13	Q3'13	Q4'13	2013	Q1'14	Q2'14	Q3'14	Q4'14	2014	Q1'15	Q2'15	Q3'15	Q4'15	2015	Q1'16
<b>Revenue</b>	<b>669.2</b>	<b>713.8</b>	<b>644.5</b>	<b>750.6</b>	<b>2 778.1</b>	<b>697.1</b>	<b>735.9</b>	<b>677.3</b>	<b>800.5</b>	<b>2 910.8</b>	<b>723.3</b>	<b>1 745.9</b>	<b>2 419.6</b>	<b>2 521.1</b>	<b>7 409.9</b>	<b>2 329.0</b>	<b>2 469.2</b>	<b>2 414.9</b>	<b>2 609.9</b>	<b>9 823.0</b>	<b>2 364.0</b>
Retail revenue	424.0	427.1	434.4	446.6	1 732.1	451.7	452.0	460.3	466.1	1 830.1	467.8	1 204.5	1 710.7	1 701.7	5 084.7	1 637.2	1 652.0	1 643.3	1 620.6	6 553.1	1 565.7
Wholesale revenue	234.6	272.7	198.0	286.3	991.6	223.8	265.2	204.0	317.2	1 010.2	242.2	479.1	591.6	641.1	1 954.0	553.3	688.7	616.9	738.0	2 596.9	599.8
Sale of equipment	2.7	6.2	2.6	7.2	18.7	13.1	11.8	7.1	9.7	41.7	7.9	55.4	104.1	159.9	327.3	118.4	106.9	131.2	226.9	583.4	172.8
Other revenue	7.9	7.8	9.5	10.5	35.7	8.5	6.9	5.9	7.5	28.8	5.4	6.9	13.2	18.4	43.9	20.1	21.6	23.5	24.4	89.6	25.7
<b>Operating costs</b>	<b>-464.5</b>	<b>-499.7</b>	<b>-444.9</b>	<b>-562.4</b>	<b>-1 971.5</b>	<b>-512.9</b>	<b>-542.4</b>	<b>-510.7</b>	<b>-591.7</b>	<b>-2 157.7</b>	<b>-507.4</b>	<b>-1 351.8</b>	<b>-1 992.5</b>	<b>-2 125.4</b>	<b>-5 977.1</b>	<b>-1 909.0</b>	<b>-1 899.5</b>	<b>-1 900.1</b>	<b>-2 159.3</b>	<b>-7 867.9</b>	<b>-1 948.0</b>
Content costs	-206.8	-226.6	-171.5	-219.0	-823.9	-207.5	-239.5	-219.3	-260.7	-927.0	-210.6	-260.9	-262.4	-295.6	-1 029.5	-235.5	-274.0	-257.3	-299.1	-1 065.9	-248.5
Distribution, marketing, customer relation management and retention costs	-71.5	-71.8	-73.7	-95.7	-312.7	-79.0	-81.3	-79.3	-92.4	-332.0	-75.4	-132.2	-186.8	-218.3	-612.7	-189.2	-193.2	-200.1	-220.1	-802.6	-200.5
Depreciation, amortization, impairment and liquidation	-54.4	-56.7	-60.2	-71.7	-243.0	-60.7	-62.3	-64.8	-68.6	-256.4	-62.5	-311.3	-478.3	-443.8	-1 295.9	-467.9	-393.5	-401.2	-436.7	-1 699.3	-423.7
Technical costs and cost of settlements with telecommunication operators	-49.7	-55.1	-58.6	-59.3	-222.7	-60.7	-62.0	-62.2	-71.4	-256.3	-71.3	-288.0	-495.9	-557.2	-1 412.4	-482.3	-522.4	-551.2	-585.1	-2 141.0	-550.3
Salaries and employee-related costs	-40.6	-40.3	-38.9	-58.6	-178.4	-43.1	-41.9	-40.4	-53.2	-178.6	-44.6	-108.2	-118.0	-150.9	-421.7	-129.1	-140.8	-122.3	-158.0	-550.2	-137.9
Cost of equipment sold	-5.5	-7.6	-7.0	-16.1	-36.2	-25.8	-16.8	-10.7	-10.6	-63.9	-10.3	-189.7	-348.6	-376.6	-925.2	-332.5	-291.7	-314.9	-393.6	-1 332.8	-326.8
Cost of debt collection services and bad debt allowance and receivables written off	-5.9	-8.4	-5.3	-7.8	-27.4	-6.4	-9.3	-5.3	-7.2	-28.2	-6.7	-18.1	-15.3	-27.5	-67.6	-18.7	-27.8	-8.5	-7.6	-62.6	-9.6
Other costs	-30.1	-33.2	-29.7	-34.2	-127.2	-29.7	-29.3	-28.7	-27.6	-115.3	-26.0	-43.4	-87.2	-55.5	-212.1	-53.8	-56.1	-44.6	-59.1	-213.5	-50.7
<b>Other operating income. net</b>	<b>-1.7</b>	<b>-1.1</b>	<b>-2.0</b>	<b>-12.7</b>	<b>-17.5</b>	<b>0.5</b>	<b>1.5</b>	<b>36.8</b>	<b>-2.0</b>	<b>36.8</b>	<b>3.6</b>	<b>3.5</b>	<b>4.7</b>	<b>-2.2</b>	<b>9.6</b>	<b>8.7</b>	<b>13.8</b>	<b>14.4</b>	<b>-6.2</b>	<b>30.7</b>	<b>6.8</b>
<b>Profit from operating activities</b>	<b>203.0</b>	<b>213.0</b>	<b>197.6</b>	<b>175.5</b>	<b>789.1</b>	<b>184.7</b>	<b>195.0</b>	<b>203.4</b>	<b>206.8</b>	<b>789.9</b>	<b>219.5</b>	<b>397.6</b>	<b>431.8</b>	<b>393.5</b>	<b>1 442.4</b>	<b>428.7</b>	<b>583.5</b>	<b>529.2</b>	<b>444.4</b>	<b>1 985.8</b>	<b>422.8</b>
Gain/loss on investment activities, net	12.5	-8.5	5.3	5.0	14.3	3.9	0.7	7.4	4.1	16.1	1.2	23.9	1.5	-11.4	15.2	28.9	-11.9	-5.2	-3.2	8.6	-35.2
Finance costs	30.1	-92.4	-5.2	-43.1	-110.6	-80.1	-102.4	-10.7	-22.8	-216.0	-108.7	-273.4	-384.7	-379.2	-1 146.0	-261.3	-222.1	88.8	-270.0	-664.6	-182.7
Share of the profit of a joint venture accounted for using the equity method	0.7	0.8	0.5	0.8	2.8	0.8	0.8	0.7	0.6	2.9	0.6	0.7	0.7	0.6	2.6	0.5	0.9	0.5	0.7	2.6	0.8
<b>Gross profit for the period</b>	<b>246.3</b>	<b>112.9</b>	<b>198.2</b>	<b>138.2</b>	<b>695.6</b>	<b>109.3</b>	<b>94.1</b>	<b>200.8</b>	<b>188.7</b>	<b>592.9</b>	<b>112.6</b>	<b>148.8</b>	<b>49.3</b>	<b>3.5</b>	<b>314.2</b>	<b>196.8</b>	<b>350.4</b>	<b>613.3</b>	<b>171.9</b>	<b>1 332.4</b>	<b>205.7</b>
Income tax	-41.2	-13.4	-26.2	-16.6	-97.4	-14.1	-13.4	-24.4	-15.5	-67.4	-14.4	-16.7	-1.1	10.5	-21.7	-26.0	-45.9	-110.8	13.7	-169.0	-27.2
<b>Net profit for the period</b>	<b>205.1</b>	<b>99.5</b>	<b>172.0</b>	<b>121.6</b>	<b>598.2</b>	<b>95.2</b>	<b>80.7</b>	<b>176.4</b>	<b>173.2</b>	<b>525.5</b>	<b>98.2</b>	<b>132.1</b>	<b>48.2</b>	<b>14.0</b>	<b>292.5</b>	<b>170.8</b>	<b>304.5</b>	<b>502.5</b>	<b>185.6</b>	<b>1 163.4</b>	<b>178.5</b>
<b>EBITDA</b>	<b>257.4</b>	<b>269.7</b>	<b>257.8</b>	<b>247.2</b>	<b>1 032.1</b>	<b>245.4</b>	<b>257.3</b>	<b>268.2</b>	<b>275.4</b>	<b>1 046.3</b>	<b>282.0</b>	<b>708.9</b>	<b>910.1</b>	<b>837.3</b>	<b>2 738.3</b>	<b>896.6</b>	<b>977.0</b>	<b>930.4</b>	<b>881.1</b>	<b>3 685.1</b>	<b>846.5</b>
<b>EBITDA margin</b>	<b>38.5%</b>	<b>37.8%</b>	<b>40.0%</b>	<b>32.9%</b>	<b>37.2%</b>	<b>35.2%</b>	<b>35.0%</b>	<b>39.6%</b>	<b>34.4%</b>	<b>35.9%</b>	<b>39.0%</b>	<b>40.6%</b>	<b>37.6%</b>	<b>33.2%</b>	<b>37.0%</b>	<b>38.5%</b>	<b>39.6%</b>	<b>38.5%</b>	<b>33.8%</b>	<b>37.5%</b>	<b>35.8%</b>

# 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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