

Analyst and investor briefing Q1'13

- Consecutive quarter of very good financial results, in line with market consensus and achieved in a relatively difficult market conditions.
- Further growth of Polsat Group revenue in 1Q'13 of **4%** to **PLN 699m**, mainly thanks to the organic growth of the retail customer business segment, which once again achieved record revenue at 11% growth YoY.
- Costs increased by 10% YoY (excluding amortization and depreciation), but excluding the cost of the strategic project TV Mobilna, our costs went up by **4%**¹ respectively.
- The decrease of broadcasting and TV production business segment revenues from advertising and sponsoring by 10.7% in 1Q'13, mainly caused by weak advertising market and high revenue base from the last year, was highly compensated by tight cost management – as a result EBITDA margin amounted to **32.9%**.
- High Group's EBITDA and EBITDA margin of **PLN 245m** and **35.2%** respectively, achieved despite weak advertising market conditions.
- Negative effect of the valuation of Senior Notes of **PLN 30m** partially offset by lower debt service costs of **PLN 7m** (i.a. lower interest cost resulting from the prepayment of term facility loan in 3Q'12).
- Neutral impact of appreciation of the zloty YoY in 1Q'13 on costs denominated in foreign currencies, which at that time accounted for 35% of the total operating cost (EUR/USD).
- Net profit amounted to **PLN 95m**, with an effective tax rate of 13%.
- Strong cash flow and an increase of **PLN 54m** of cash and cash equivalents in 1Q'13, which at the end of the period amounted to **PLN 324m**.
- Main bank covenant – net debt/EBITDA went down from 2.51x at the end of 1Q'12 to **1.93x** at the end of 1Q'13.
- Management Board recommended to the GM to distribute the profit for 2012 in the amount of PLN 530m to the reserve capital. The decision was based on one of the strategic objectives of the Company, which is lowering the Company's indebtedness, arisen due to the acquisition of Telewizja Polsat by the Company, in the shortest possible time.

¹ A large part of the cost of TV Mobilna project relates to the sale of reception equipment that will be continued in such a significant scale only until the end of July 2013.

Key operating developments in the first quarter:

- Number of pay digital television subscribers amounted to **3.56 m** as of the end of Q1'13, of which **77%** and **23%** accounted for Family and Mini subscribers respectively
- Family Package ARPU increased YoY by 6.2% to **PLN 48.2** and Mini Package ARPU amounted to **PLN 13.2**
- Churn rate (blended) went down to the level of **8.7%**
- Number of Internet users almost doubled (YoY) to **173 ths**
- Audience share of TV Polsat channels in Q1'13 was **20.2%**, and TV advertising market share amounted to **23.6%**

Financial results of Cyfrowy Polsat Capital Group

in PLN million	Q1 2013	YoY change	Market consensus*	Difference
Revenues, incl.:	699.4	4.4%	685.0	2.1%
- Retail revenue	452.0	6.4%	N/A	N/A
- Advertising and sponsoring revenue	184.2	-8.6%	N/A	N/A
- Revenue from cable and satellite operator fees	24.9	6.6%	N/A	N/A
- Sale of equipment	13.1	>100%	N/A	N/A
- Other revenues	25.2	42.7%	N/A	N/A
EBITDA	245.3	-4.7%	247.2	-0.8%
<i>EBITDA margin</i>	35.2%	-3.3pp	36.1%	-0.9pp
EBIT	184.6	-9.1%	184.0	0.3%
Net profit	95.1	-53.6%	94.9	0.2%
Capex/Revenues (%)	5.0%	1.9pp	N/A	N/A

* Based on estimates prepared by: BDM, BZ WBK, DB, Erste, Espirito Santo, IDMSA, ING, Ipolpema, KBC, PKO BP, Raiffeisen, Societe Generale, Trigon, UniCredit, Wood&Co

Retail business segment

	Q1		
	2013	2012	Change
Users of our pay-TV services			
Number of subscribers at the end of period, of which:	3,555,806	3,553,341	0.1%
Family Package	2,750,438	2,797,114	-1.7%
Mini Package	805,368	756,227	6.5%
Churn rate of which:	8.7%	9.0%	-0.3 pp
Family Package	9.1%	9.5%	-0.4 pp
Mini Package	7.3%	7.4%	-0.1 pp
Average revenue per user ⁽¹⁾ (ARPU) (PLN), of which:	40.3	38.5	4.7%
Family Package (PLN)	48.2	45.4	6.2%
Mini Package (PLN)	13.2	13.5	-2.2%
Users of our mobile Internet services at the end of period	173,187	88,674	95.3%
Users of our mobile telephony services at the end of period ⁽¹⁾	140,227	143,651	-2.4%

¹ Users of our MVNO service and our clients who bought Polkomtel's mobile telephony service within cross promotion

- Stable pay-TV subscribers base vs 1Q'12 and low churn rate achieved thanks to the high customer satisfaction and effective retention programs.
- More than 70% of our subscribers use HD set-top box and ca. 14% are Multiroom service clients.
- ARPU continued upward trend, which comes mainly from acquiring higher number of premium customers as well as from additional services (i.a. Multiroom, VoD, PPV). ARPU of Mini Package was also influenced by longer free-of-charge periods for new customers of TV Mobilna service vs DTH.
- Number of broadband users exceeded 173ths., which resulted in significant growth of revenues from telecommunication co services.
- ipla with 3.2 million real users of the Internet application and the website, got the first position among VOD platforms in March 2013. In addition, in this period ipla recorded 1.5 million users of application on mobile devices, Smart TVs, pay-TV set-top-boxes and games consoles (Megapanel PBI/Gemius, company data).

Broadcasting and television production segment

	Q1		
	2013	2012	% change
Audience share¹, including:	20.20%	21.08%	-4.17%
POLSAT (main channel)	14.56%	16.67%	-12.66%
Thematic channels	5.64%	4.40%	28.18%
Polskie Media (TV4/TV6)	3.40%	2.86%	18.88%
Advertising market share²	23.6%	24.3%	-3.1%
Television ad market spendings³ (PLN m)	774	840	-7.9%

¹ NAM, All day 16-49 audience share; excluding shares of Polskie Media (TV4/TV6)

² Our estimates based on Starlink data; excluding shares of Polskie Media (TV4/TV6)

³ Starlink, air time and sponsoring

- Audience share of the main channel under influence of progressive market fragmentation caused by the extension of DTT reach and consequent policy of effective scheduling management in order to maximize the EBITDA margin – a high level of 32.9% in Q1'13.
- Despite a decrease in viewership, our main channel Polsat maintained its leadership position in 16-49, all target group.
- Stable TV ad market share amounting to 23.6%, despite the fragmentation of the market and the effect of high base from Q1'12 (increase in ad revenues vs Q1'11 by 10.4%)
- We maintain our expectations on the decline of the TV ad market in 2013 at the level of 4-6%.