

Analyst and investor briefing Q3'13

- Further growth of Polsat Group revenue in Q3'13 of **11%** to **PLN 716m**, mainly thanks to:
 - organic growth of the retail business segment, which once again achieved record revenue at 7% growth YoY,
 - income from the disposal of RS TV (subsidiary of TV Polsat) in the amount of PLN 38m,
 - consolidation since September 2013 of the newly acquired company Polskie Media S.A.
- Increase in costs by **16%** YoY (excluding depreciation, amortization and impairment) generated mainly by higher cost of internal and external TV production and amortization of sport rights as well as low base effect of programming costs in 3Q'12¹.
- TV Polsat Group recorded **3.4%** increase in advertising and sponsoring expenditures as an effect of the results of TV4 and TV6 consolidated since September 2013, thanks to which the Group increased its market share in Q3'13 to **24.7%**; excluding the impact of the consolidation, the decline in advertising revenue was consistent with the market.
- High Group's EBITDA and EBITDA margin of **PLN 268m** and **39.6%** respectively, achieved despite the still unfavorable advertising market conditions.
- Neutral impact of appreciation of the zloty YoY in Q3'13 on costs denominated in foreign currencies, which at that time accounted for **40%** of the total operating cost (EUR/USD).
- Lower YoY positive effect of the valuation of Senior Notes of **PLN 39m** partially offset by lower by **PLN 6m** debt service costs (i.a. lower interest cost resulting from the prepayments of term facility loan in Q3'12, Q2'13 and Q3'13).
- Net profit amounted to **PLN 176m**, with an effective tax rate of **12%**.
- Main bank covenant – net debt/EBITDA went down from 2.18x at the end of Q3'12 to **1.78x** at the end of Q3'13.
- Key performance indicators in the 3rd quarter:
 - Number of pay digital television subscribers amounted to **3.53 m** as of the end of Q3'13, of which **76%** and **24%** accounted for Family and Mini subscribers respectively.
 - Family Package ARPU increased YoY by **4.5%** to **PLN 49.2** and Mini Package ARPU amounted to **PLN 13.1**.
 - Churn rate (blended) remain stable at **9.1%**.
 - Number of Internet users increased YoY almost by nearly 80% to **209 ths**.
 - Reported audience share of TV Polsat channels in Q3'13 was **21.6%**, and TV advertising market share amounted to **24.7%**

¹ One-off in Q3 2012 related to lower costs resulting from the agreement between TV Polsat and OZZPA (collective copyright management organizations) of PLN 18.6 million

Financial results of Cyfrowy Polsat Capital Group

in PLN million	Q3 2013	YoY change	Market consensus*	Difference
Revenues, incl.:	715.9	10.9%	668.0	7.2%
- Retail revenue	460.8	6.0%	N/A	N/A
- Advertising and sponsoring revenue	171.8	5.5%	N/A	N/A
- Revenue from cable and satellite operator fees	22.9	-3.9%	N/A	N/A
- Sale of equipment	7.2	>100%	N/A	N/A
- Other revenues	53.3	>100%	N/A	N/A
EBITDA	268.3	4.0%	235.7	13.8%
<i>EBITDA margin</i>	39.6%	-0.4pp	35.3%	4.3pp
EBIT	203.4	2.9%	172.0	18.3%
Net profit	176.5	2.6%	154.9	13.9%
Capex/Revenues (%)	5.5%	1.8pp	N/A	N/A

* Based on estimates prepared by: BDM, BZ WBK, Deutsche Bank, Erste, Espirito Santo, IDMSA, ING, Raiffeisen, Societe Generale, Trigon, UniCredit

Retail business segment

	Q3		
	2013	2012	Change
Users of our pay-TV services			
Number of subscribers at the end of period, of which:	3,525,855	3,557,888	-0.9%
Family Package	2,691,508	2,756,402	-2.4%
Mini Package	834,347	801,486	4.1%
Churn rate of which:	9.1%	9.1%	0.0 pp
Family Package	9.3%	9.7%	-0.4 pp
Mini Package	8.6%	6.9%	1.7 pp
Average revenue per user (ARPU) (PLN), of which:	40.7	39.5	3.0%
Family Package (PLN)	49.2	47.1	4.5%
Mini Package (PLN)	13.1	13.4	-2.2%
Users of our mobile Internet services at the end of period	208,518	117,327	77.7%
Users of our mobile telephony services at the end of period ⁽¹⁾	132,301	144,288	-8.3%

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 Q3'12 and churn rate achieved thanks to the high customer satisfaction and effective retention programs.
- 80% of our subscribers use HD set-top box and ca. 18% 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).
- Number of broadband users increased to 209 ths., which resulted in significant growth of revenues from telecommunication co services.
- In Q3'13 the number of users of IPLA application and website, according to our estimates, amounted on monthly average to ca. 3.3 million.

Broadcasting and television production segment

	Q3			9M		
	2013	2012	% change	2013	2012	% change
Audience share¹, including:	23.67%	22.98%	3.00%	23.50%	23.34%	0.69%
POLSAT (main channel)	13.16%	14.91%	-11.74%	13.76%	15.76%	-12.69%
Thematic channels	7.15%	5.15%	38.83%	6.30%	4.67%	34.90%
Polskie Media (TV4/TV6)	3.36%	2.91%	15.46%	3.44%	2.91%	18.21%
Advertising market share²	24.7%	23.4%	5.4%	23.5%	23.4%	0.7%
Television ad market spendings³ (PLN m)	672	685	-1.9%	2,433	2,569	-5.3%

¹ NAM, All 16-49, all day, SHR%; Includes audience shares of Polskie Media (TV4/TV6); consolidated shares of TV Polsat Group including results of TV4 and TV6 consolidated since September 2013 amounted to 20.1% and 21.6% respectively in Q3'12 and Q3'13 and 20.4% and 20.5% respectively in 9M'12 and 9M'13;

² Our estimates based on Starlink data;

³ Starlink, air time and sponsoring.

- Audience share of the main channel under influence of the extension of DTT reach (switch-off of the analogue transmitters at the end of July 2013).
- High TV ad market share amounting to 24.7%, despite the fragmentation of market.
- We maintain our expectations on the decline of the TV ad market in 2013 at the level of 4-6%.