Analyst and investor briefing Q4'13

- Further growth of Polsat Group revenue in Q4'13 by **7%** to **PLN 805m**, mainly thanks to:
  - organic growth of the retail business segment, which achieved a 5% YoY revenue growth,
  - consolidation since September 2013 of the newly acquired company Polskie Media S.A.
- Increase in costs by **5%** YoY (excluding depreciation, amortization, impairment and disposal) generated mainly due to consolidation of Polskie Media S.A. and higher cost of:
  - internal and external TV production and amortization of sport rights and low base effect of programming costs in Q4'12[1].
- TV Polsat Group recorded a **13%** increase in revenue from advertising and sponsoring as an effect of the results of TV4 and TV6 consolidated since September 2013, thanks to which the Group increased its market share in Q4'13 to 25.5%. Excluding the impact of the consolidation, the dynamics of advertising revenue was slightly better than the market.
- Polsat Group achieved high EBITDA and EBITDA margin of **PLN 275m** and **34.4%** respectively.
- Neutral impact of the Polish zloty exchange rate YoY in Q4'13 on costs denominated in foreign currencies, which at that time accounted for **32%** of the total operating cost (EUR/USD).
- Positive YoY effect of the valuation of Senior Notes at **PLN 24m** and debt service costs lower by **PLN 7m** (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 173m**, with an effective tax rate of **8%**.
- Main bank covenant – net debt/EBITDA fell from 1.95 at the end of Q4'12 to **1.51x** at the end of Q4'13.
- Key performance indicators in the 4th quarter:
  - Number of pay digital television subscribers amounted to **3.54 m** as at the end of Q4'13, of which **76%** and **24%** accounted for Family and Mini subscribers respectively.
  - Family Package ARPU increased to **PLN 49.8** and Mini Package ARPU increased to **PLN 13.5.** According to plan, in December 2013 the Family Package ARPU exceeded PLN 50.
  - Churn rate (blended) of **9.5%.**
  - Number of Internet users increased YoY to **235 ths.**
  - Reported audience share of TV Polsat channels in Q4'13 was **23.1%**, and TV advertising market share amounted to **25.5%**

---

[1] One-off in Q4 2012 related to lower costs resulting from the agreement between TV Polsat and OZZPA (collective copyright management organizations) of PLN 11.5 million

Financial results of Cyfrowy Polsat Capital Group

in PLN million	Q4 2013	*YoY change*	Market consensus*	*Difference*
Revenues, incl.:	**804.8**	***6.9%***	**786.3**	***2.3%***
- Retail revenue	466.4	*4.3%*	N/A	*N/A*
- Advertising and sponsoring revenue	287.2	*15.0%*	N/A	*N/A*
- Revenue from cable and satellite operator fees	25.1	*9.1%*	N/A	*N/A*
- Sale of equipment	9.7	*33.4%*	N/A	*N/A*
- Other revenues	16.3	*-36.1%*	N/A	*N/A*
EBITDA	**275.4**	*11.4%*	**256.0**	***7.6%***
EBITDA margin	*34.4%*	*1.5pp*	*32.6%*	*1.8pp*
EBIT	**206.8**	*17.9%*	**189.3**	***9.2%***
Net profit	**173.1**	*42.4%*	**149.6**	***15.7%***
Capex/Revenues (%)	**3.0%**	*-0.6pp*	**N/A**	***N/A***

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

Retail business segment

	Q4		
	2013	**2012**	*Change*
Users of our pay-TV services			
Number of subscribers at the end of period, of which:	**3,535,045**	**3,566,144**	***-0.9%***
Family Package	2,685,422	2,761,248	*-2.7%*
Mini Package	849,623	804,896	*5.6%*
Churn rate of which:	**9.5%**	**8.6%**	***0.9 pp***
Family Package	9.6%	9.0%	*0.6pp*
Mini Package	9.5%	7.1%	*2.4 pp*
Average revenue per user (ARPU) (PLN), of which:	**41.2**	**40.4**	***2.0%***
Family Package (PLN)	49.8	48.2	*3.3%*
Mini Package (PLN)	13.5	13.4	*0.7%*
Users of our mobile Internet services at the end of period	**234,625**	**150,199**	***56.2%***
Users of our mobile telephony services at the end of period [(1)]	**131,626**	**144,887**	***-9.2%***

[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 Q4'12 and churn rate achieved thanks to high customer satisfaction and effective retention programs.
- Already 83% of our customers use HD set-top boxes and almost 19% of our customers have Multiroom service.
- ARPU continued upward trend, which results mainly from a growing number of premium customers as well as from additional services (i.a. Multiroom, VoD, PPV).
- Number of broadband users increased to 235 ths., which resulted in significant growth of revenues from telecommunication services.
- In 2013 the number of users of IPLA application and website, according to our estimates, amounted on average to nearly 3.9 million monthly.
- Operating targets for 2014:
  - Maintaining a stable level of the subscriber base (excluding subscribers migrating to Multiroom)
  - Further ARPU growth
  - Dynamic growth of the number of broadband users
  - Increasing the penetration of our subscriber base with multiplay services

Broadcasting and television production segment

	4Q			12M		
	2013	**2012**	*% change*	**2013**	**2012**	*% change*
Audience share[1], including:	**23.06%**	**20.84%**	*10.65%*	**23.38%**	**23.52%**	*-0.60%*
POLSAT (main channel)	12.83%	15.57%	*-17.62%*	13.51%	15.71%	-14.10%
Thematic channels	6.19%	5.27%	*17.50%*	6.27%	4.83%	*29.81%*
Polskie Media (TV4/TV6)	4.04%	3.14%	*28.66%*	3.60%	2.98%	*21.01%*
Advertising market share[2]	**25.5%**	**22.7%**	*12.3%*	**24.1%**	**23.2%**	*4.1%*
Television ad market spendings[3] (PLN m)	**1,099**	**1,096**	*0.3%*	**3,533**	**3,665**	*-3.6%*

[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 20.5% and 21.1% respectively in 12M'12 and 12M'13;
[2] Our estimates based on Starlink data;
[3] Starlink, air time and sponsoring.

- Audience share of the main channel declined, which was influenced by the extension of DTT reach (switch-off of the analogue transmitters at the end of July 2013). Audience share of the other channels of the Group increased by 94% YoY mainly due to new channels TV4 and TV6.
- Increase in revenue from advertising and sponsoring as an effect of the results of TV4 and TV6 consolidated since September 2013, thanks to which the Group increased its market share in Q4'13 to 25.5% and excluding the impact of the consolidation, the dynamics of advertising revenue was slightly better than the market.
- Operating targets for 2014:
  - Maintaining a stable level of audience share above 23% on the fragmented market
  - Further and effective competition on the advertising market (expected middle single-digit increase of the television ad market)

Cyfrowy Polsat Group's objectives in H1'14

- Timely completion of the acquisition of Metelem Holding Company Limited, indirectly controlling Polkomtel Sp. z o.o.
    - Successful refinancing of Cyfrowy Polsat's debt (including the repayment of Metelem Group's PIK notes)
    - Approval of the prospectus by Polish FSA
    - Issue of new shares to shareholders of Metelem
    - Adoption by the EGM of the Company of the resolution regarding the payment of dividend in 2014 in the amount of not less than PLN 100 m
- Effective conduct of the process of operational integration of Cyfrowy Polsat and Polkomtel in joint business areas.
- Preparation of further product sales initiatives in the framework of an integrated media & telecommunications group, in order to implement the announced synergies.