

## Analyst and investor briefing 4Q'12

- Consecutive quarter of very good financial results of both business segments, achieved on the relative difficult market conditions
- Consolidated revenues went up by **4%** to **PLN 753m**, thanks to the organic growth of our retail customer business segment
- Zloty appreciation positively influenced costs denominated in foreign currencies by **PLN 8m**
- EBITDA amounted to **PLN 247m**, and EBITDA margin was **33%**, and increased by **25%** and **5.5pp** YoY respectively, mainly thanks to effective cost policy and current synergies. EBITDA improvement results also from PLN 11.5m one-off effect of decrease of costs as a result of the another agreement between TV Polsat and collective copyright management organizations
- As announced, ipla reached break even on EBITDA, which in the 4Q'12 amounted to **PLN 0.7m**
- Positive effect of the valuation of Senior Notes of **PLN 9m** and lower debt service costs of PLN 8m (i.a. lower interest cost resulting from the prepayment of term facility loan in 3Q'12)
- Net profit amounted to **PLN 122m**, with an effective tax rate of **12%**
- Number of pay digital television subscribers increased by **14 ths** YoY to **3.57m**, of which **77%** and **23%** accounted for Family and Mini subscribers respectively
- Family Package ARPU increased to **PLN 48.2** and Mini Package ARPU amounted to **PLN 13.4**
- Churn went down to the level of **8.6%**
- Number of Internet users increased by **77 ths** to **150 ths** YoY
- Audience share of TV Polsat channels in Q4'12 was **20.8%**, and TV advertising market share in Q4'12 increased from 22.9% to **23.4%** YoY
- High EBITDA margin of TV Polsat Capital group of **38%** in 4Q'12 results mainly from the significant decrease of the internal content production costs and lower programming costs resulting from the agreement with collective copyright management organizations
- Cash and cash equivalents as of December 31, 2012 amounted to **PLN 270m**
- Main bank covenant - net debt/EBITDA went down from 2.98x as of December 31, 2011 to **1.95x** as of December 31, 2012

## Financial results of Cyfrowy Polsat Capital Group

in PLN million	4Q 2012	Change Y/o/Y	Market consensus*	Difference
<b>Revenues, incl.:</b>	<b>753.0</b>	<b>4%</b>	<b>735.0</b>	<b>2%</b>
- Retail sales	447.4	8%	n/a	n/a
- Advertising and sponsoring revenue	249.8	-3%	n/a	n/a
- Revenue from cable and satellite operator fees	23.0	0%	n/a	n/a
- Sale of equipment	7.3	56%	n/a	n/a
- Other revenues	25.5	1%	n/a	n/a
<b>EBITDA</b>	<b>247.2</b>	<b>25%</b>	<b>224.2</b>	<b>10%</b>
EBITDA margin	32.9%	5.5pp	30.5%	2.4pp
<b>EBIT</b>	<b>175.4</b>	<b>22%</b>	<b>163.3</b>	<b>7%</b>
<b>Net profit</b>	<b>121.6</b>	<b>59%</b>	<b>105.5</b>	<b>15%</b>
<b>Capex/Revenues (%)</b>	<b>3.6%</b>	<b>0.4pp</b>	<b>n/a</b>	<b>n/a</b>

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

## Retail business segment

	4Q		
	2012	2011	Change
<b>Users of our pay TV services</b>			
<b>Number of subscribers at the end of period, of which:</b>	<b>3,566,144</b>	<b>3,551,671</b>	<b>0.4%</b>
Family Package	2,761,248	2,785,016	-0.9%
Mini Package	804,896	766,655	5.0%
<b>Churn rate of which:</b>	<b>8.6%</b>	<b>9.8%</b>	<b>-1.2 pp</b>
Family Package	9.0%	10.6%	-1.6 pp
Mini Package	7.1%	7.0%	0.1 pp
<b>Average revenue per user<sup>(1)</sup> (ARPU) (PLN), of which:</b>	<b>40.4</b>	<b>38.3</b>	<b>5.5%</b>
Family Package (PLN)	48.2	45.2	6.6%
Mini Package (PLN)	13.4	13.9	-3.6%
<b>Users of our mobile Internet services at the end of period</b>	<b>150,199</b>	<b>73,190</b>	<b>105.2%</b>
<b>Users of our mobile telephony services at the end of period<sup>(2)</sup></b>	<b>144.887</b>	<b>142.651</b>	<b>1.6%</b>

<sup>1</sup> In line with the provisions of IAS 18, starting from the year 2012 the Group recognizes lower revenues from penalties for breaching contracts by the clients due to change of accounting estimates regarding recognition and recoverability of these revenues. This change of estimates does not materially influence the Group's operating results. It causes, however, a slight decrease in ARPU, though not perturbing its stable upward trend.

<sup>2</sup> Users of our MVNO service and our clients who bought Polkomtel's mobile telephony service within cross promotion

- Subscriber base of pay TV customers increased by 8.3ths. in comparison to 3Q'12 thanks to the stable sales level of DTH offer, sale of TV Mobilna and effective retention programs
- Almost 70% of our subscribers use HD set-top box and ca. 12% are Multiroom service clients
- ARPU continues upward trend, which comes mainly from acquiring larger number of premium customers and additional services (i.a. Multiroom, VoD, PPV)
- Number of broadband users exceeded 150ths., which resulted in significant growth of revenues from telecommunication services
- Operational targets for 2013:
  - Maintaining the stable level of the subscriber base (excluding subscribers migrating to Multiroom),
  - Further ARPU growth,
  - Dynamic growth of broadband users number,
  - Increase the penetration of our subscriber base with multiplay.

## Broadcasting and television production segment

	4Q			12M		
	2012	2011	Change %	2012	2011	Change %
<b>Audience share<sup>1</sup>, including:</b>	<b>20.84%</b>	<b>21.33%</b>	<b>-2.30%</b>	<b>20.54%</b>	<b>20.80%</b>	<b>-1.25%</b>
POLSAT (main channel)	15.57%	17.01%	-8.47%	15.71%	16.45%	-4.50%
Thematic channels	5.27%	4.32%	21.99%	4.83%	4.35%	11.03%
<b>Advertising market share<sup>2</sup></b>	<b>23.4%</b>	<b>22.9%</b>	<b>2.3%</b>	<b>23.2%</b>	<b>22.6%</b>	<b>2.8%</b>
<b>Television ad market spendings<sup>3</sup></b> (in PLN million)	<b>1,065</b>	<b>1,132</b>	<b>-5.9%</b>	<b>3,664</b>	<b>3,883</b>	<b>-5.6%</b>

<sup>1</sup> NAM, All day 16-49 audience share

<sup>2</sup> Our estimates based on Starlink data

<sup>3</sup> Starlink, air time and sponsoring

- Continuation of the effective cost management policy vs. weak advertising market enabled to increase the EBITDA and EBITDA margin YoY to PLN 117m and 38% respectively
- Audience results in 4Q'12 were influenced by several factors:
  - Adequate scheduling vs. difficult situation on the advertising market
  - Development of Digital Terrestrial Television followed by further fragmentation of the market
- Despite a decrease in viewership our main channel Polsat was a leader in 16-49, all target group
- Advertising market share of TV Polsat Group went up to 23.4% from 22.9% delivered in 4Q'11
- Operational targets for 2013:
  - Maintaining the stable level of audience share above 20% on the fragmented market,
  - Further and effective competition on the advertising market (our expectations for the ad market are negative 4-6% for 2013).