



Structure of new financing of Polsat Group

September 22nd, 2015

Cyfrowy Polsat S.A. Capital Group



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1. Refinancing in a broader context
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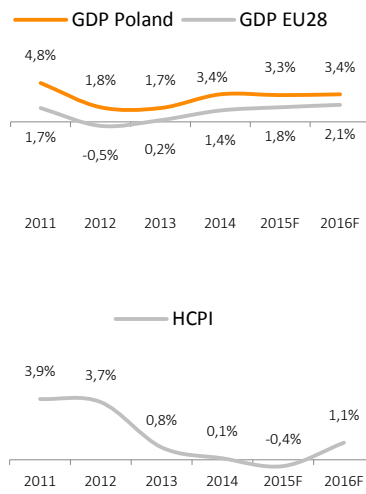
1. Refinancing in a broader context



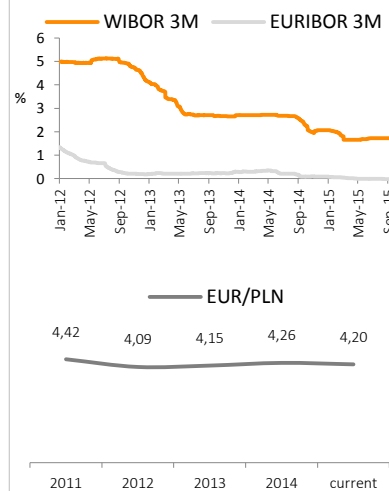
Multiple external factors and Polsat Group's internal activities supported refinancing...



Favourable macro perspectives for Poland



Historically low local interest rates and stable EUR/PLN rate

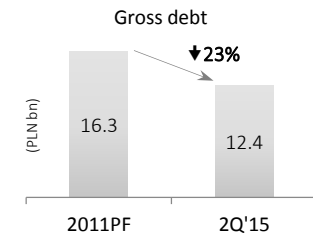


High appetite of financial institutions for corporate debt

- high liquidity in the Polish banking sector
- a demand for corporate bonds after regulatory changes relating to pension funds
- favourable perception built by Polish corporates on EUR/USD bonds markets

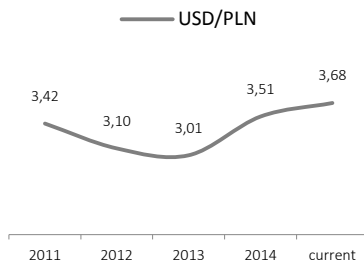
Strong relations between Polsat Group and financial institutions

- continued cooperation with local banking sector
- ongoing communication with bondholders and rating agencies
- consistent deleveraging policy

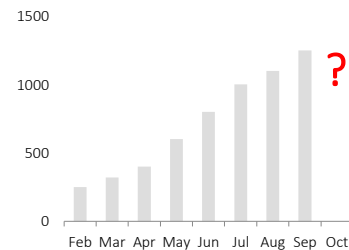


...nevertheless broader environment was a major source of risks for the project

Sizeable weakening of EUR and PLN against USD



February 2015 – a launch of still unfinished 800/2600MHz auction



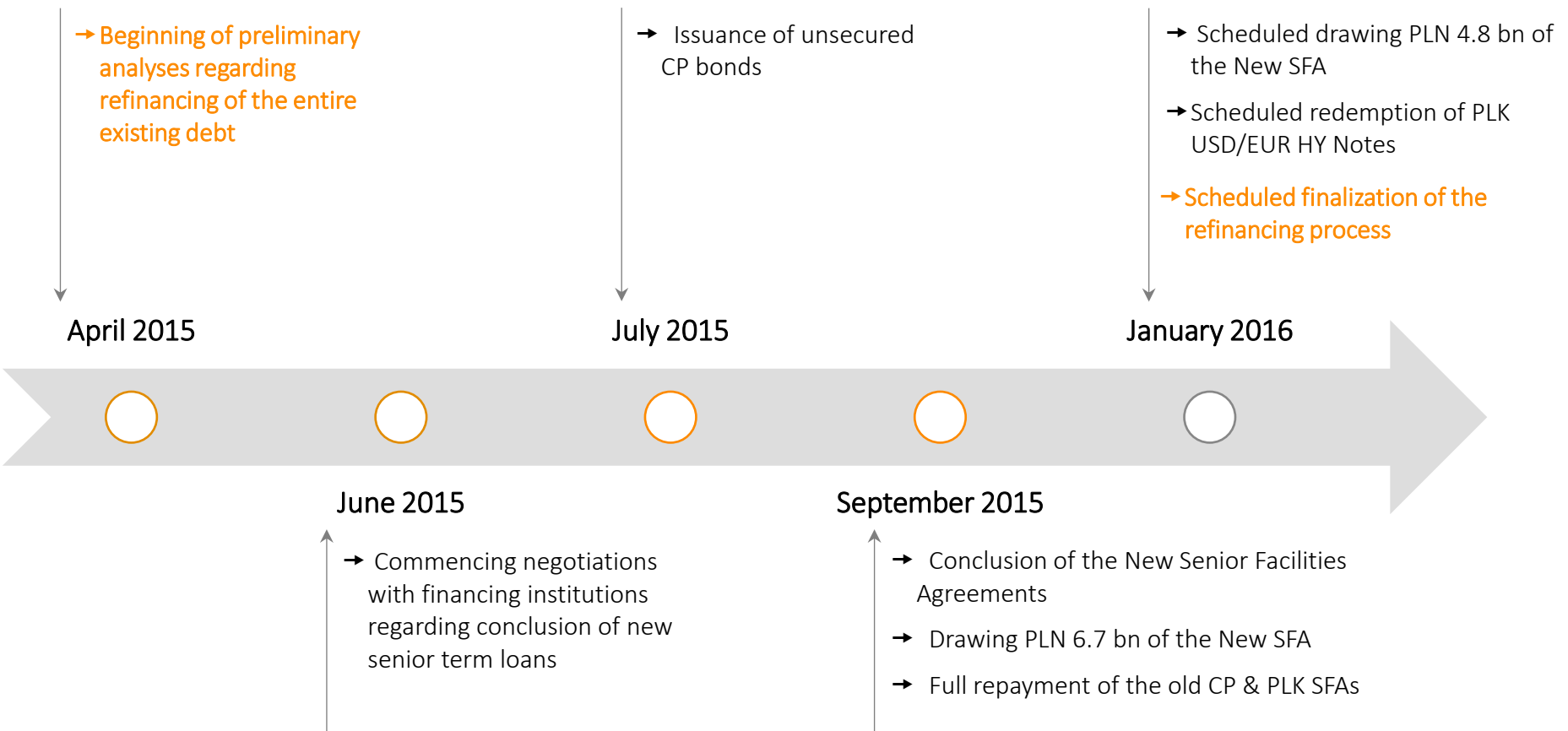
July 2015 – Greek referendum in the investors' spotlight



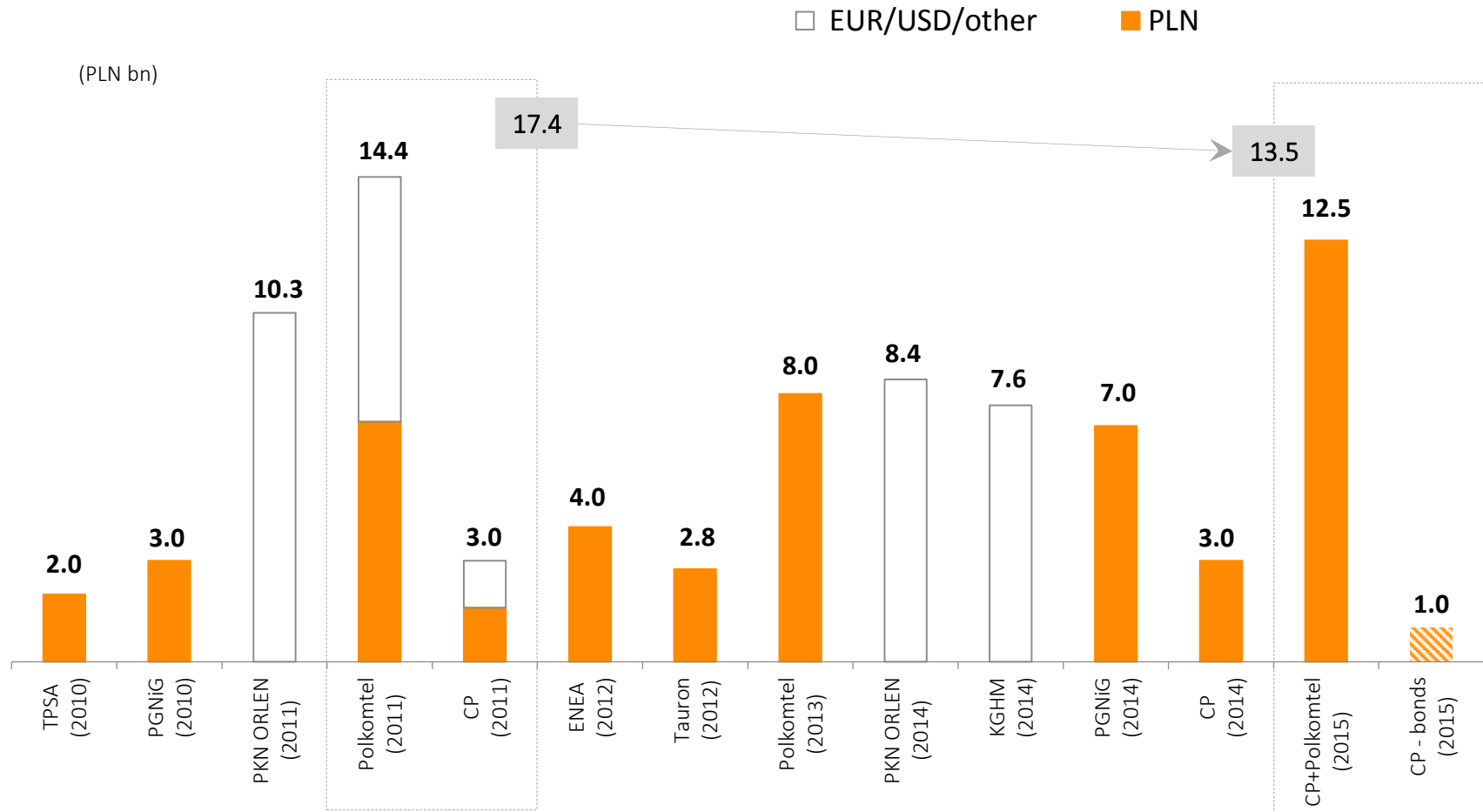
August 2015 – China slow down exerts negative pressure on financial markets



Refinancing will be fully finalized in January 2016



Historically largest corporate financing in the Polish zloty



Source: own study based on Thomson Reuters

Broad consortium of financial institutions involved in the New SFA



Borrowers



Legal and financial advisors

GT GreenbergTraurig

TRIGON

Consortium of 20 financial institutions

Global coordinators



Bank Zachodni WBK

Grupa Santander



SOCIETE GENERALE
Corporate & Investment Banking

Remaining entities within the consortium



2. Key parameters of the new financing



Key parameters of the new financing



	New SFA	Series A Bonds
Nominal / Currency	PLN 11.5 bn + PLN 1 bn (RCF)	PLN 1 bn
Tenure	5 years, partly amortized	6 years, bullet repayment
Borrowers / Issuer	Cyfrowy Polsat, Polkomtel	Cyfrowy Polsat
Interest / Coupon	WIBOR + margin dependent on leverage ratio	WIBOR + 250bps margin step-up if leverage ratio >3.5x
Interest period	Quarterly ⁽¹⁾	Semi-annual (January/July)
Security	Secured (as long as leverage >1.75x)	Unsecured
Financial covenants	Leverage secured <3.5x Total leverage <4.2x Interest cover >2.0x Debt service cover >1.2x	Leverage ratio <4.5x Interest cover >1.5x

Note: (1) With an option to pay in monthly or semi-annual periods.



New vs old financing comparison



	Old financing	New financing
Lowered blended interest cost	6.6%	3.6%
Improved currency structure	19% EUR, 15% USD, 66% PLN	100% PLN
Increased RCF	PLN 500 mln (CP) + PLN 300 mln (PLK)	PLN 1 bn (CP+PLK)
Diversification of financing sources	banks + EUR/USD bond investors	banks + PLN bond investors
Unification of covenants	2 divergent sets of covenants for CP and PLK	one common set of covenants
Limitation of security packages	broad list of securities; separate packages regarding CP and PLK	limited and unified list of securities, potentially securities to be released once leverage <1.75x
Increased operating and financial flexibility for the Group	separated credit pools, limited cash flows among companies of Polsat Group	ease of cash transfers within the Group
Increased flexibility regarding potential future indebtedness	limited possibilities of drawing new financing	"evergreen" structure
Increased flexibility regarding potential future investments	highly limited baskets for investments	significantly bigger baskets for investments
Impact on credit ratings	ratings under pressure of numerous limitations resulting from separated debt pools	increased flexibility and decreased interest cost expected to support perspective of ratings

Modification of the indebtedness structure will be executed in 2 steps



end of 2Q'15

PLN mln	nominal value
CP Group (excl. PLK)	
SFA (PLN)	2,178
RCF	70
PLK Group	
SFA (PLN)	6,020
RCF	0
PLK High Yield Notes EUR ¹ /USD ²	4,158

intermediate (3-4Q'15)

PLN mln	nominal value
CP Group (incl. PLK)	
New SFA (PLN)	6,700
New RCF (PLN)	0
New CP Bonds (PLN)	1,000
PLK Group	
PLK High Yield Notes EUR ¹ /USD ²	4,158

after refinancing (1Q'16 onwards)

PLN mln	nominal value
CP Group (incl. PLK)	
New SFA (PLN) ³	11,292
New RCF (PLN)	0
New CP Bonds (PLN)	1,000

Source: Interim condensed consolidated financial statements for the 3 and 6 month periods ended 30 June 2015 and internal analysis

Note: (1) Nominal value of PLK Senior Notes of EUR 542.5 m, as converted based on the average NBP exchange rate from 30 June 2015 of 4.1944 PLN/EUR.

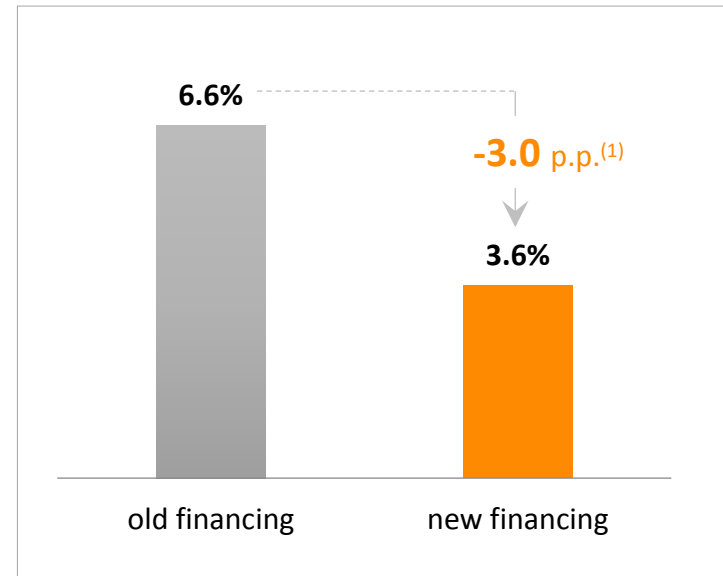
(2) Nominal value of PLK Senior Notes of PLK USD 500 m, as converted based on the average NBP exchange rate from 30 June 2015 of 3.7645 PLN/USD.

(3) After repayment scheduled for 31 March 2016.



Final effects of the refinancing surpassed our initial assumptions

Reduction of blended
interest cost⁽¹⁾



Interest savings⁽²⁾

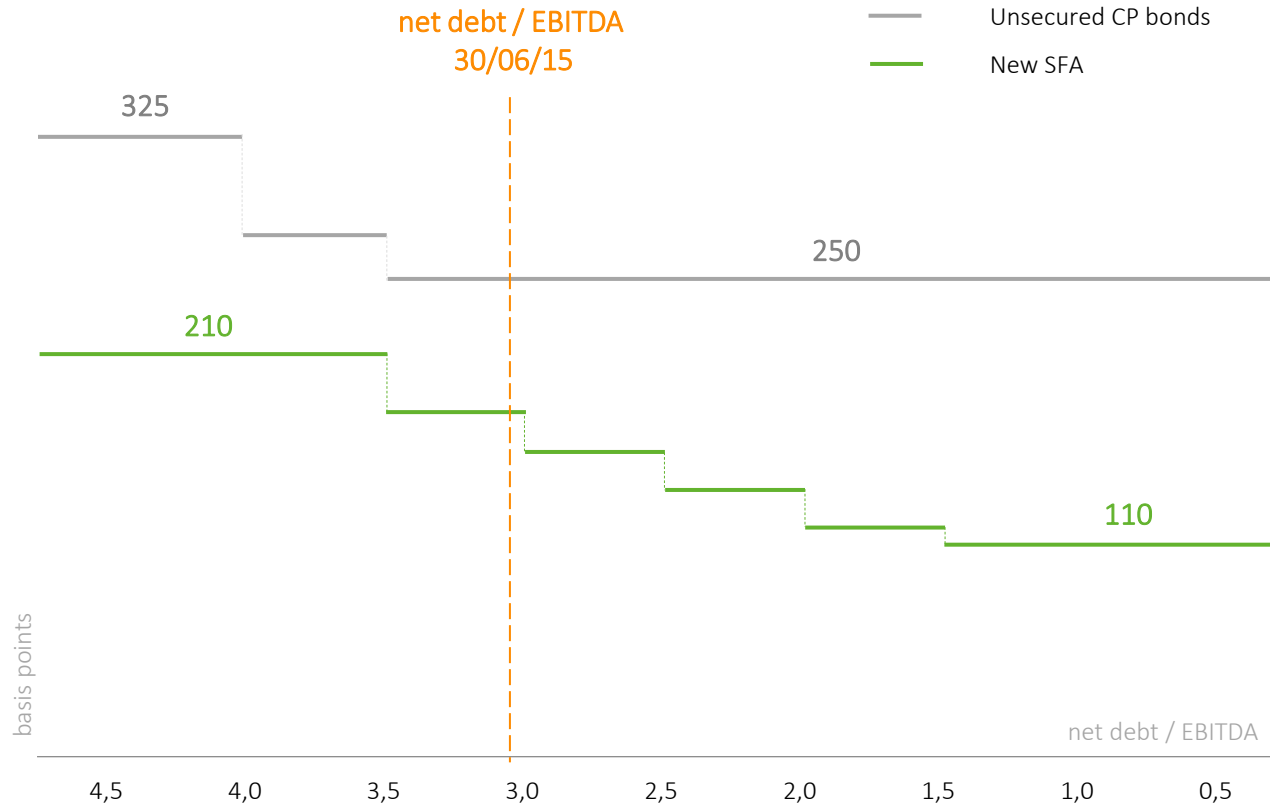
approx. **PLN 380 mln**
per annum

Note: (1) Concerns blended costs of CP Group and PLK Group indebtedness, applying current WIBOR rates.

(2) Based on initial nominal of PLN 12.5 bn and leverage ratio as reported at 30 June 2015.

Margin grid promotes further deleveraging of Polsat Group

Margins in reference to leverage level⁽¹⁾



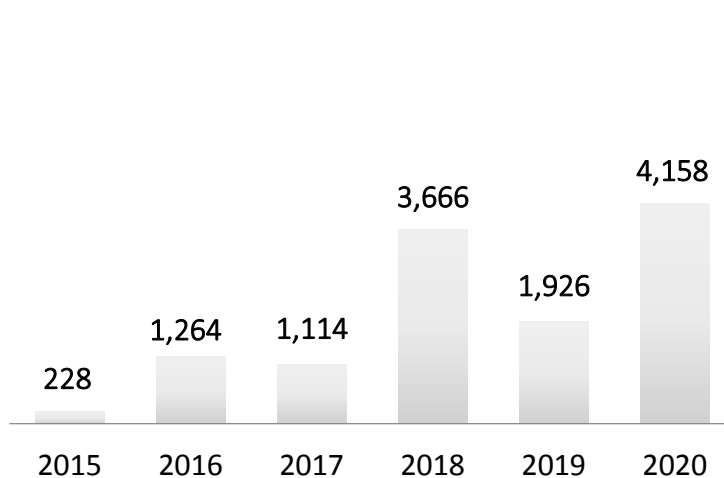
Note: (1) Leverage ratio is tested on a quarterly basis, new margin set after a change of leverage level is reported (no backwards corrections implemented).

Ordered maturity profile of the new indebtedness



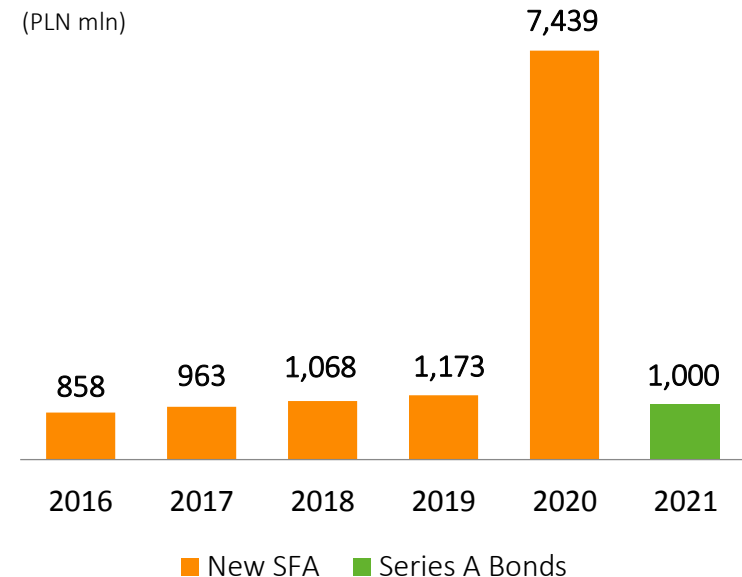
Old debt maturity profile¹

(PLN mln)



New debt maturity profile²

(PLN mln)



- Extended maturity of the new financing guarantees increased flexibility for further development
- At the same time the New SFA guarantees full flexibility in reference to voluntary prepayments

Note: (1) Nominal value of the debt, excl. RCF as at 1H'15.

(2) Nominal value of the debt, after finalization of the refinancing and HY Notes redemption.



3. Short-term impact



One-offs relating to the refinancing



PLN mln	P&L impact		CF impact	
Write-off of HY Notes valuation surplus ⁽¹⁾	+780	3Q 2015	-	-
Recognition of HY Notes call option cost ⁽²⁾	-242	3Q 2015	-242	1Q 2016
Write-off of old SFAs organization costs	-66	3Q 2015	-	-

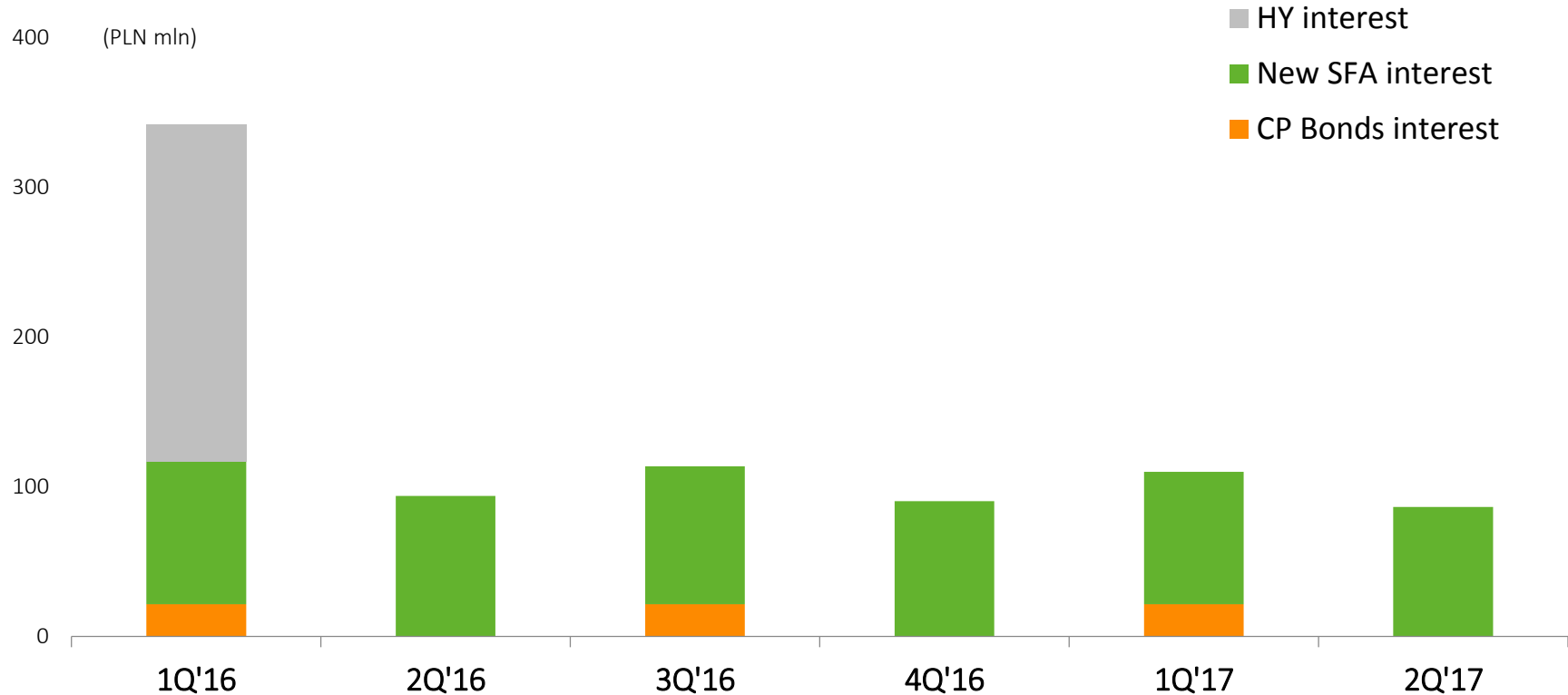
Notes:

(1) 3Q 2015 write-off as presented includes most of existing surplus in HY Notes valuation to fair value at the moment of Metelem acquisition, while remaining part will be recognized through P&L until the date of the HY Notes redemption;

(2) An equivalent of 5.875% of the nominal value of EUR Notes and 5.813% of USD Notes, converted based on 4.1994 and 3.7315, respectively, per PLN exchange rates; subject to change according to future f/x fluctuations.



Interest payments schedule for 2016-2017




4. Summary



- The biggest so far fully PLN based corporate refinancing in Poland
- Noticeable increase in flexibility relating to both operational activities, as well as further development
- Significantly increased potential for generating FCF as a consequence of PLN 380 mln per annum reduced interest costs
- Continued deleveraging policy

5. Q&A





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