



TELEWIZJA INTERNET TELEFON

Results for Q1'12

15th May 2012

Disclaimer



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Introduction

Important events



- Acquisition of 100% shares in the companies running ipla, the leader of online video market in Poland
 - Launch of muzo.pl service – music subscription project offering legally millions of music pieces online
- Finalization of preparations for the launch of ‘TV Mobilna’
- Novelties in the offer:
 - Internet television ipla in Cyfrowy Polsat’s set-top-boxes
 - LTE and HSPA+ Internet offer without modem
- Launch of cross-selling with Polkomtel SA



- Success of spring schedule of Telewizja Polsat channels
- Polsat Media advertising agency wins the main prize of Media Trendy 2012 in the category of ‘Integrated campaign in digital media’

Summary of operational results



- Number of DTH subscribers increased by 84 ths (YoY) to 3,553,341
- Number of MVNO users increased by 24 ths to 144 ths
- Number of Internet users increased by 53 ths to 89 ths
- Family Package ARPU amounted to PLN 45.9 and Mini Package ARPU to PLN 13.6
- Decrease in churn rate to 9.0%



- Audience share increased in Q1'12 by 7.3% (YoY) to 21.1%
- TV advertising market share increased in Q1'12 by 12.5% to 23.9%

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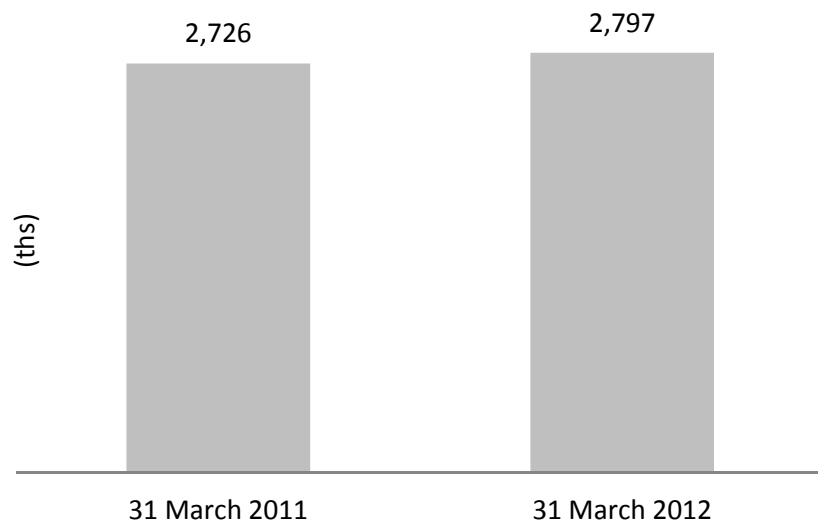
Operational results

Increase in subscriber base

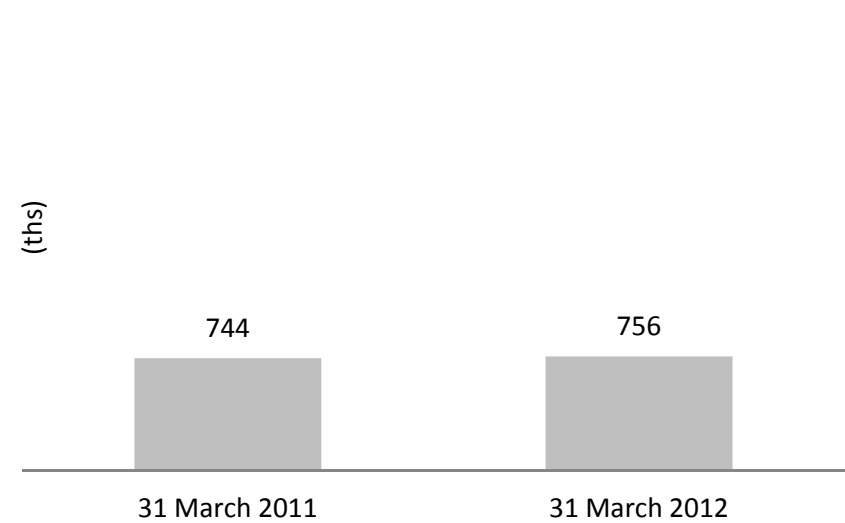


- On annual basis our subscriber base increased by 84 ths to **3.55 million** as of the end of Q1'12
- 63 ths gross additions in Q1'12⁽¹⁾

Subscribers — Family Package



Subscribers — Mini Package



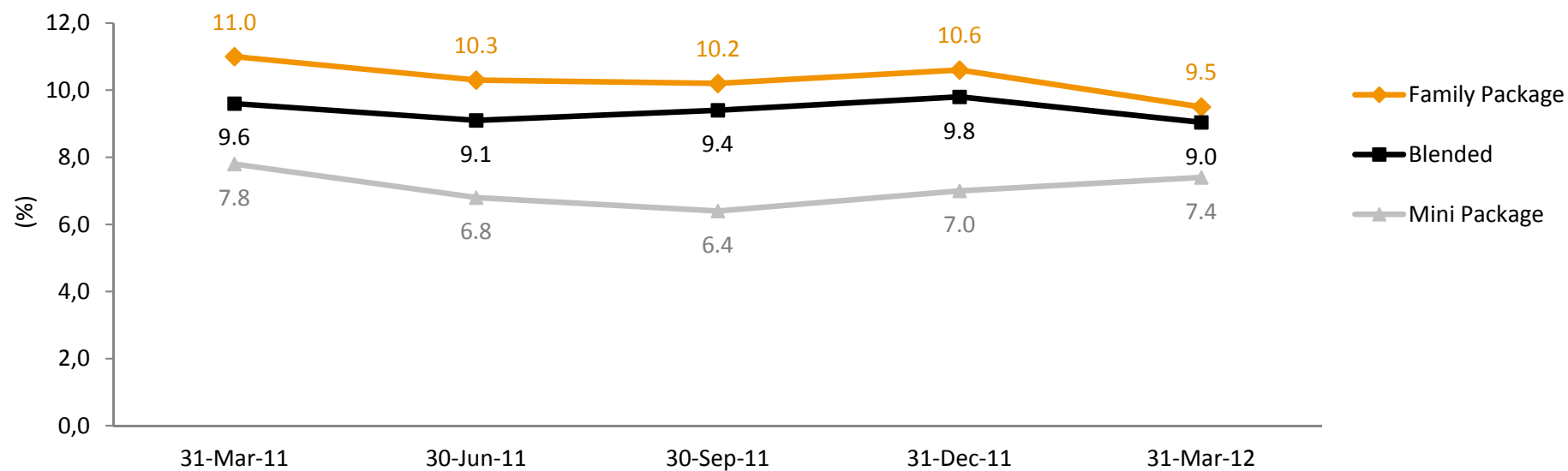
Note: ⁽¹⁾ excluding internal churn

Low churn rate

● Churn rate (blended) decreased to 9.0% due to:

- High customer satisfaction
- Effective subscriber retention programs

Churn (12 months)

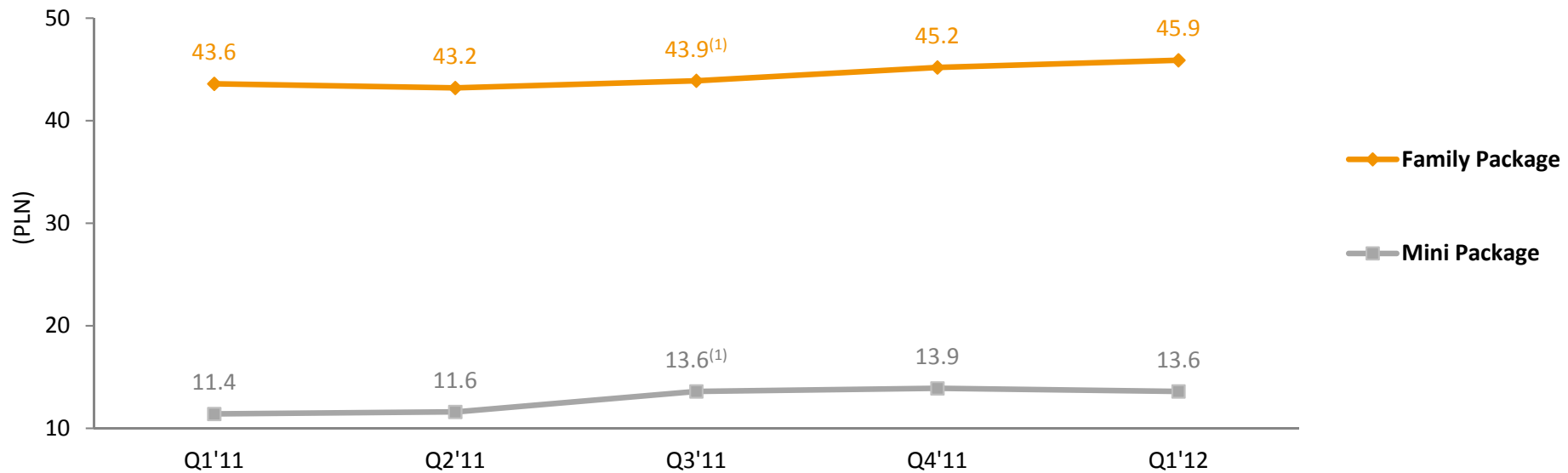


Note: We define "churn rate" as the ratio of the number of contracts terminated during a twelve-month period to the average number of contracts during such twelve-month period. The number of terminated contracts is net of churning subscribers entering into a new contract with us no later than the end of the same twelve-month period as well as of subscribers who used to have more than one agreement and terminated one of them to replace it with the commitment to use Multiroom service.

Increase in ARPU

- Family Package ARPU increased to PLN 45.9 in Q1'12
- Mini Package ARPU increased to PLN 13.6 in Q1'12

ARPU



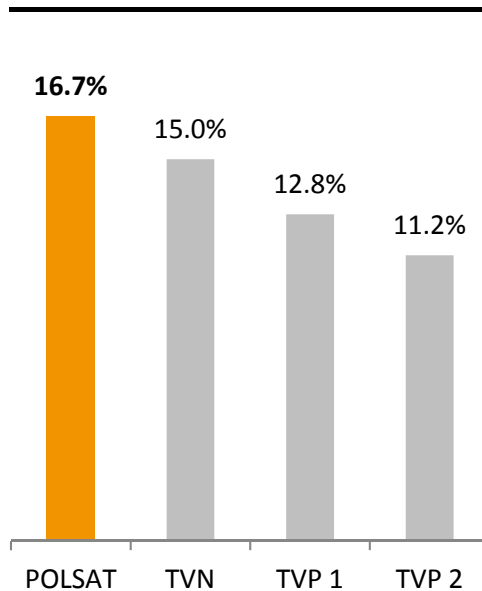
Note: We define "ARPU" as the average net revenue per subscriber to whom we rendered services calculated as a sum of fees paid by our subscribers for our services divided by the average number of subscribers to whom we rendered services in the reporting period.

(1) rate adjusted for one-off additional income from PPV (Adamek-Klitschko fight)

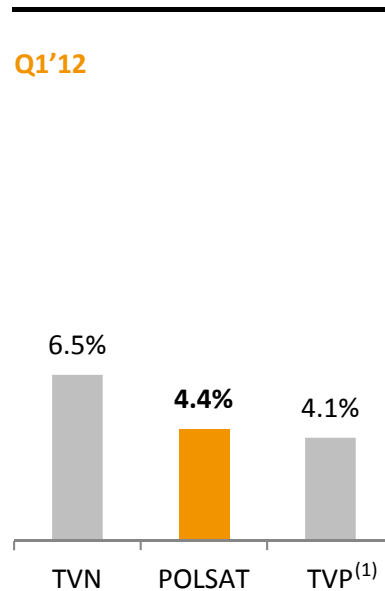
Growth in audience share

- TV Polsat Group again increased its audience share
 - Audience share in Q1'12 increased by 7.3% (YoY) to 21.1%
 - Main Polsat channel was the leader with 16.7% audience share
 - Audience share of Polsat thematic channels in Q1'12 increased by 16.7% (YoY) to 4.4%

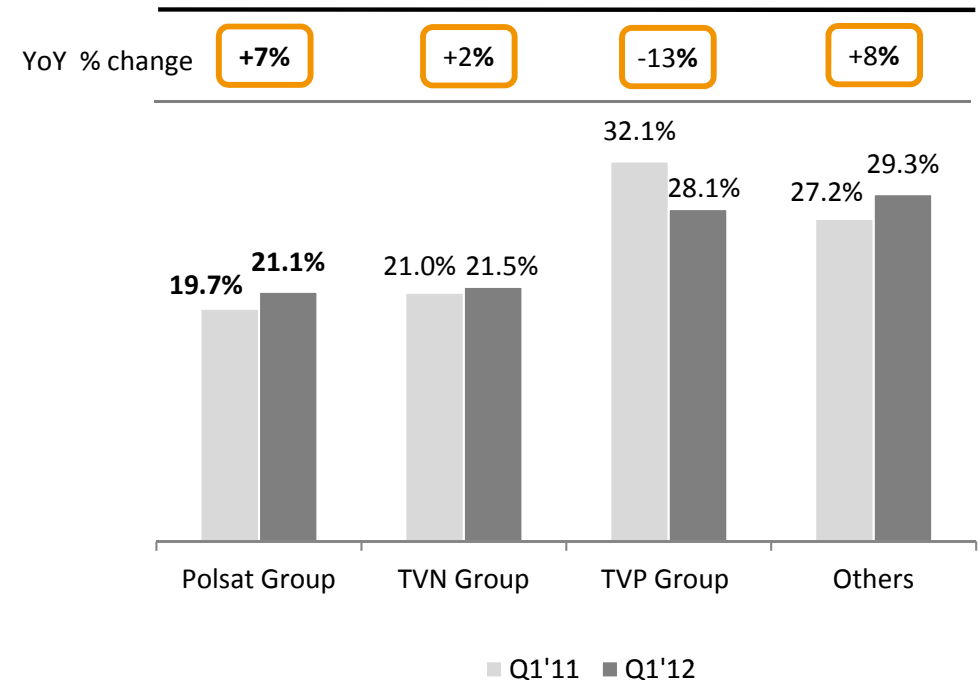
Audience share of main channels



Audience share of thematic channels



Dynamics of audience share results



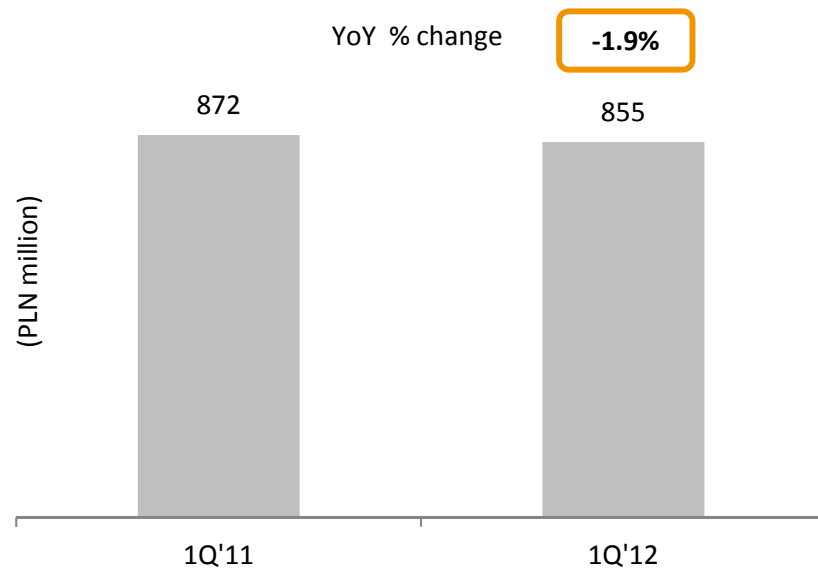
Source: NAM, All 16-49, all day, SHR%; internal analysis
 Note: (1) Includes a nationwide DTT channel TVP Info, whose audience share is 2.2%

Growth in TV ad market share

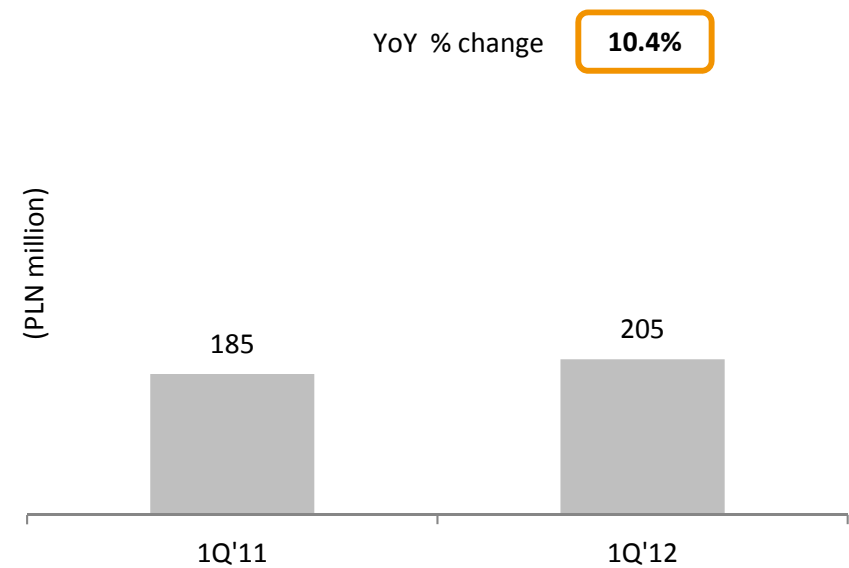


- TV advertising and sponsoring market in Q1'12 declined by 1.9% (YoY)
- Revenues from advertising and sponsoring of TV Polsat Group increased by over 10%, while the market declined and their market share in Q1'12 was 23.9%

Expenditures on TV advertising and sponsoring



Revenues from advertising and sponsoring of TV Polsat Group⁽¹⁾



Source: Starlink, airtime and sponsoring; TV Polsat; internal analysis
Note: (1) Revenues from advertising and sponsoring of TV Polsat Group according to Starlink's definition

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Financial review

Very good financial results of the Group

in PLN m	Q1 2012 ⁽¹⁾	YoY change		
Revenue	675	↑	64%	<ul style="list-style-type: none"> The increase in revenue and EBITDA mainly resulting from consolidation of TV Polsat Group
Costs ⁽²⁾	417	↑	46%	
EBITDA	257	↑	107%	<ul style="list-style-type: none"> Strong EBITDA margin due to consistent cost control and realized synergies
EBITDA margin	38.2%	↑	7.3pp	<ul style="list-style-type: none"> Impact of finance costs related to financing of the acquisition of TV Polsat balanced by gains on evaluation of senior notes denominated in EUR
Net profit	205	↑	168%	

Source: Interim condensed consolidated financial statements for the 3 month period ended 31 March 2012 and internal analysis

Note: (1) Financial results for 2012 include results of TV Polsat Group which are not included in financial results for 2011

(2) Costs do not include depreciation, amortization and impairment

Record results of the „old” Cyfrowy Polsat



in PLN m	Q1 2012	YoY change		
Revenue	440	↑	7%	• The highest in the history revenue from retail sales thanks to steadily increasing ARPU
Costs ⁽¹⁾	275	↓	(4%)	• Costs under control despite the negative impact of foreign exchange rates y/y
EBITDA	165	↑	33%	• The highest quarterly EBITDA in the history of Cyfrowy Polsat, which confirms the resilience of our business model
EBITDA margin	37.7%	↑	6.8pp	
Net profit	429	↑	462%	• Significant impact of dividend from TV Polsat on net profit

Source: Interim condensed consolidated financial statements for the 3 month period ended 31 March 2012 and internal analysis
 Note: (1) Costs do not include depreciation, amortization and impairment

Very good financial results of TV Polsat



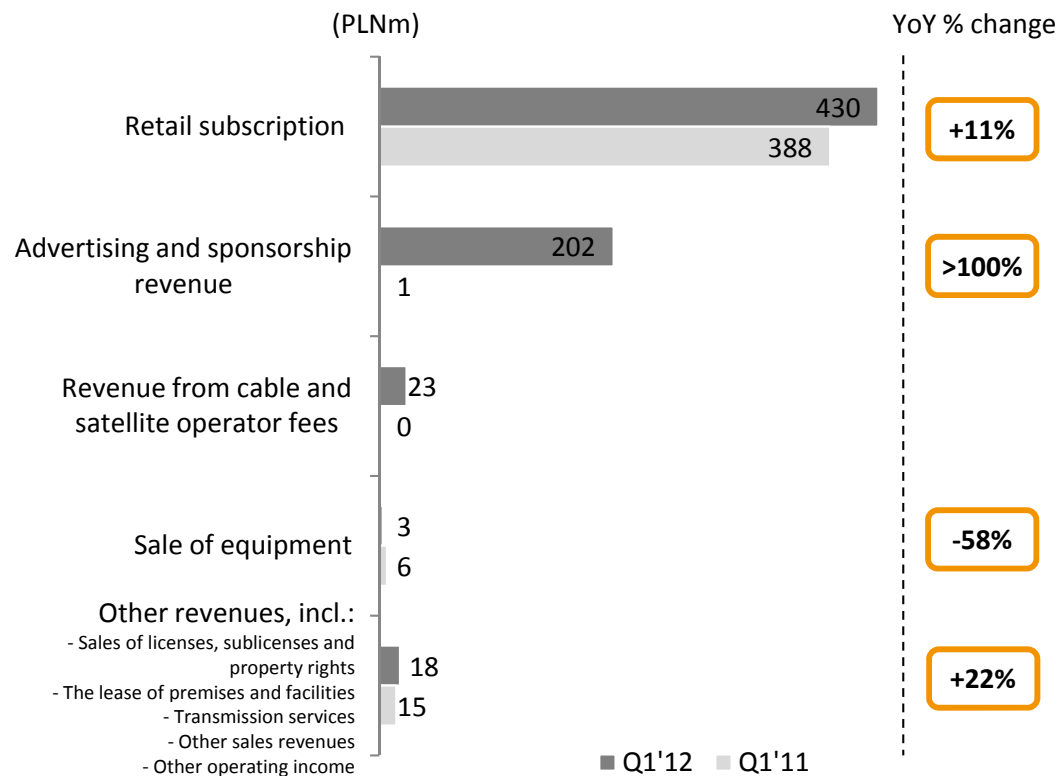
in PLN m	Q1 2012	YoY change		
Revenue	263	↑	11%	• Significant increase in revenue from advertising and sponsorship and revenue from satellite and cable operator fees
Costs ⁽¹⁾	171	↑	2%	
EBITDA	92	↑	33%	• Slight increase in costs primarily due to the parallel digital and analogue broadcasting
EBITDA margin	35.1%	↑	5.9pp	• Record EBITDA margin in the history of TV Polsat generated in the first quarter of the year
Net profit	74	↑	64%	

Source: Telewizja Polsat Sp. z o.o. and internal analysis

Note: (1) Costs do not include depreciation, amortization and impairment

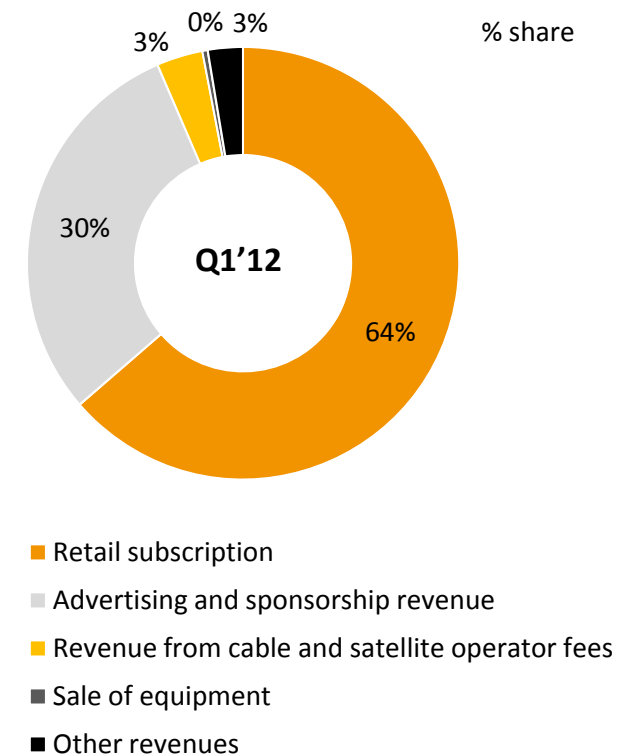
Revenue structure

Revenue in Q1'12 vs. Q1'11



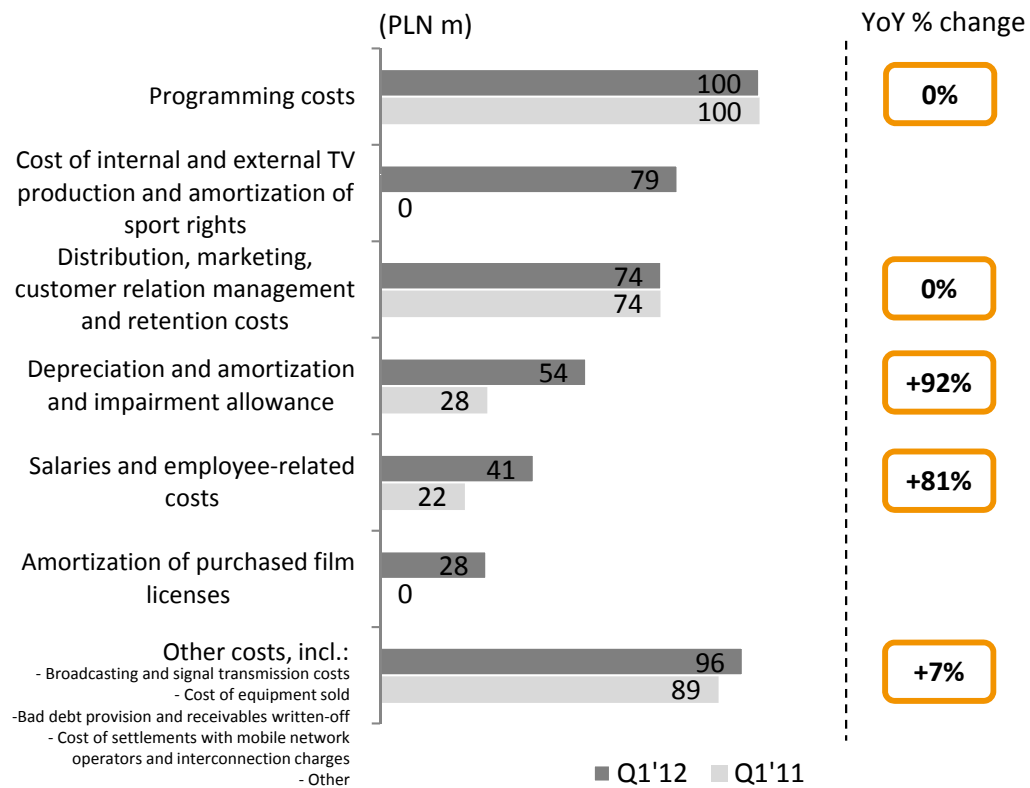
Total
 Q1'12 PLN 675 m | +64%
 Q1'11 PLN 411 m

Revenue breakdown



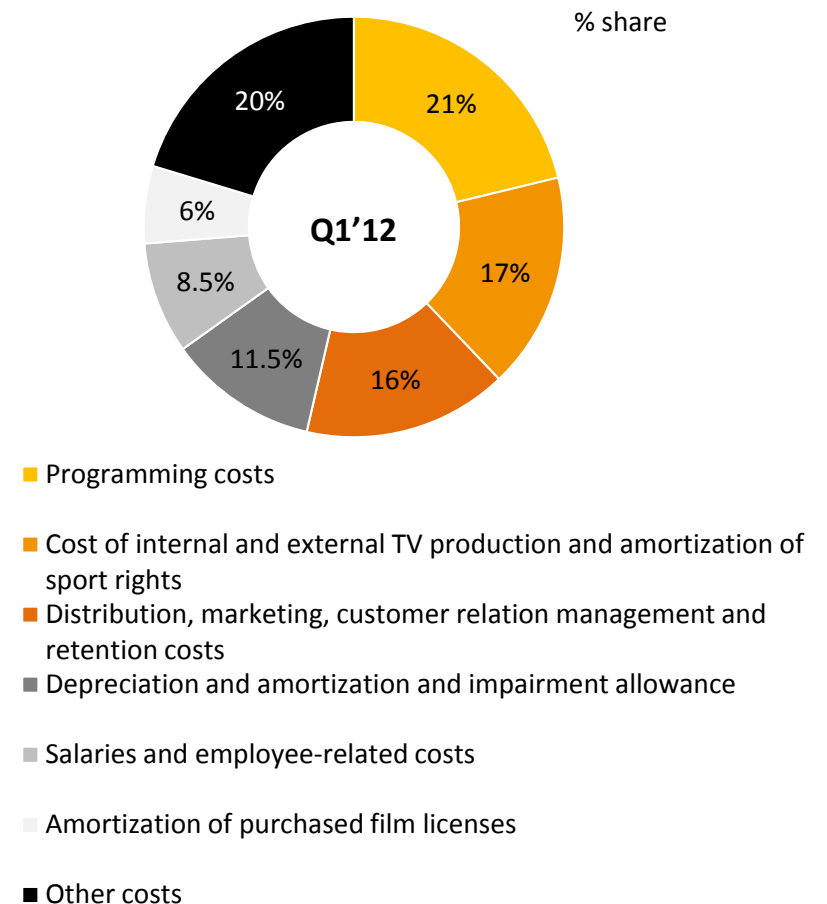
Cost structure

Operating costs in Q1'12 vs. Q1'11



Total
 Q1'12 PLN 472 m | +50%
 Q1'11 PLN 315 m

Operating costs breakdown

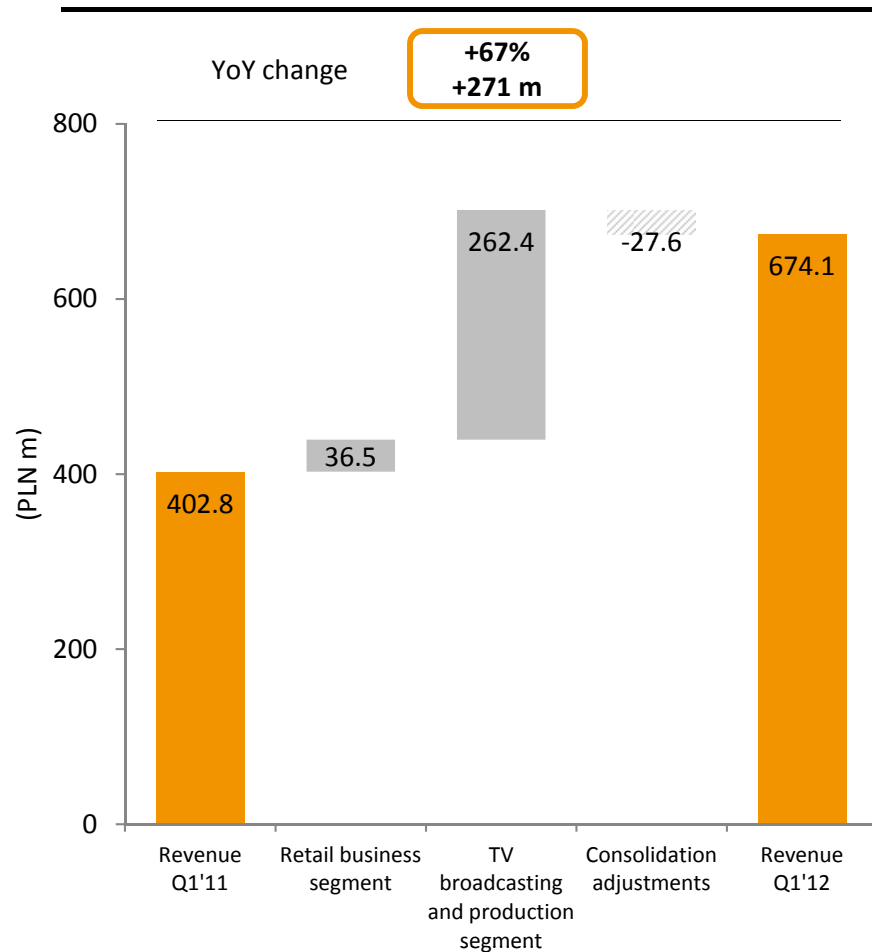


Revenue and EBITDA

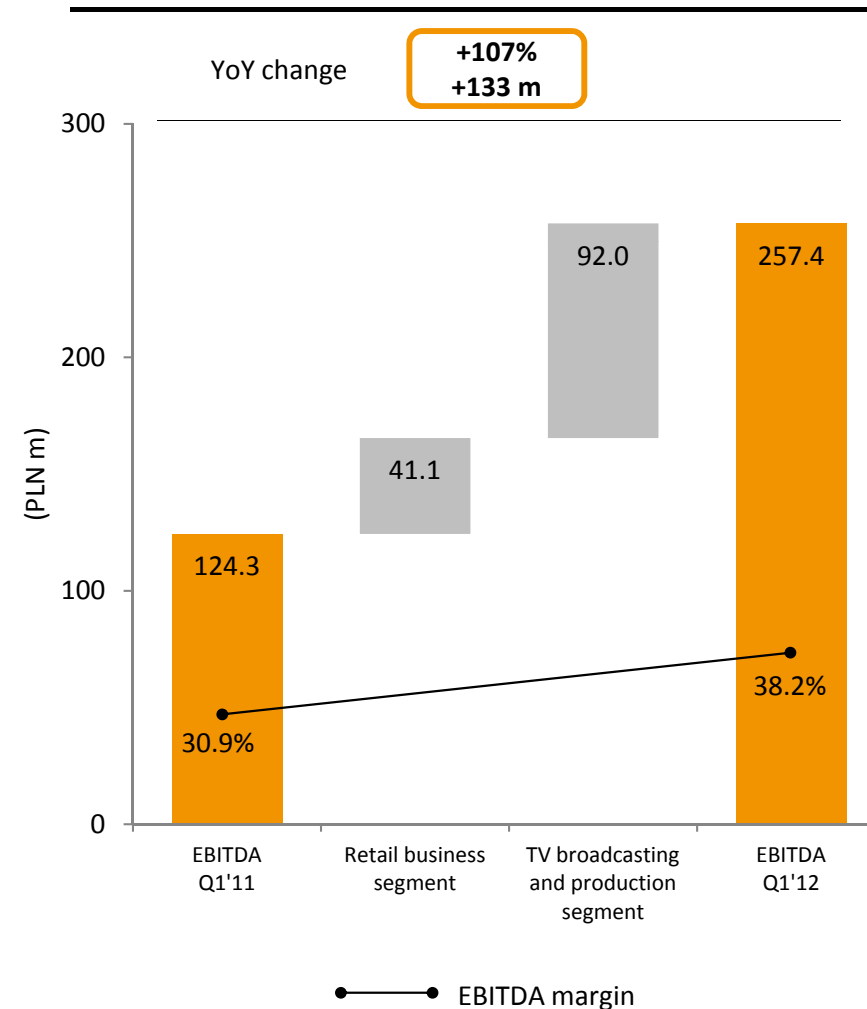
Growth drivers



Revenue⁽¹⁾



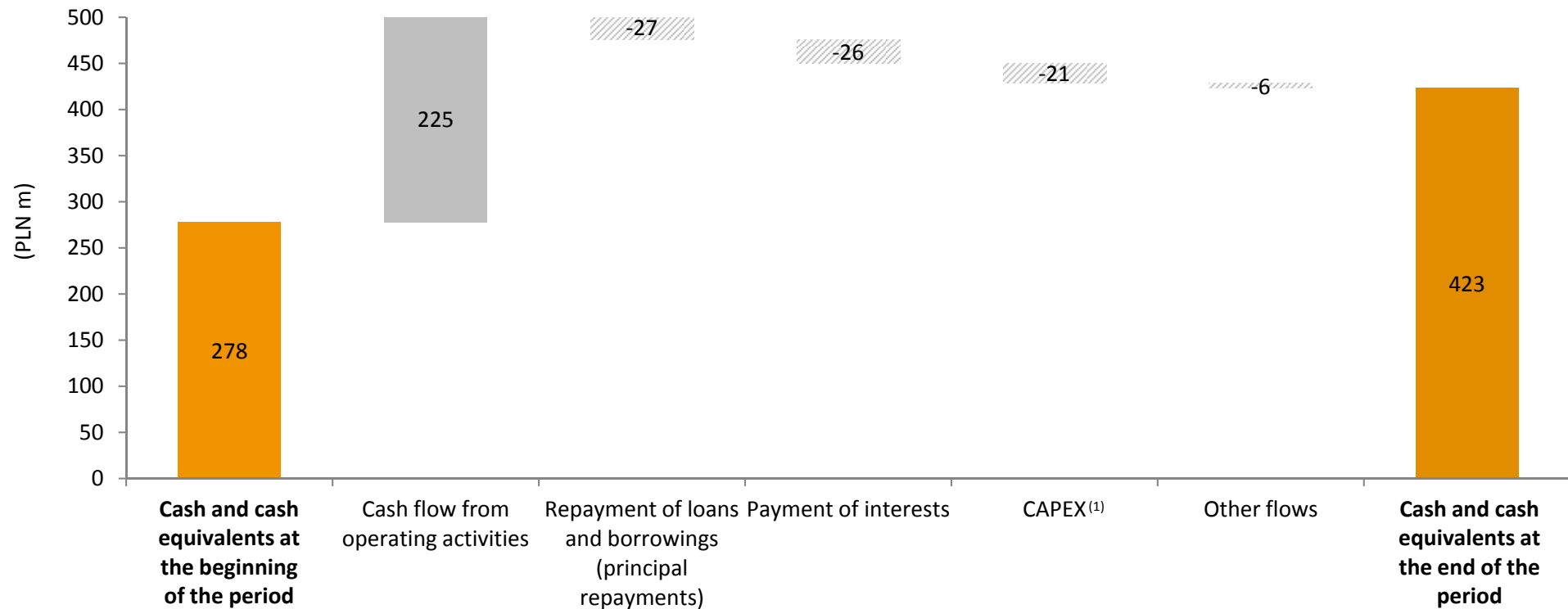
EBITDA



Source: Interim condensed consolidated financial statements for the 3 month period ended 31 March 2012 and internal analysis

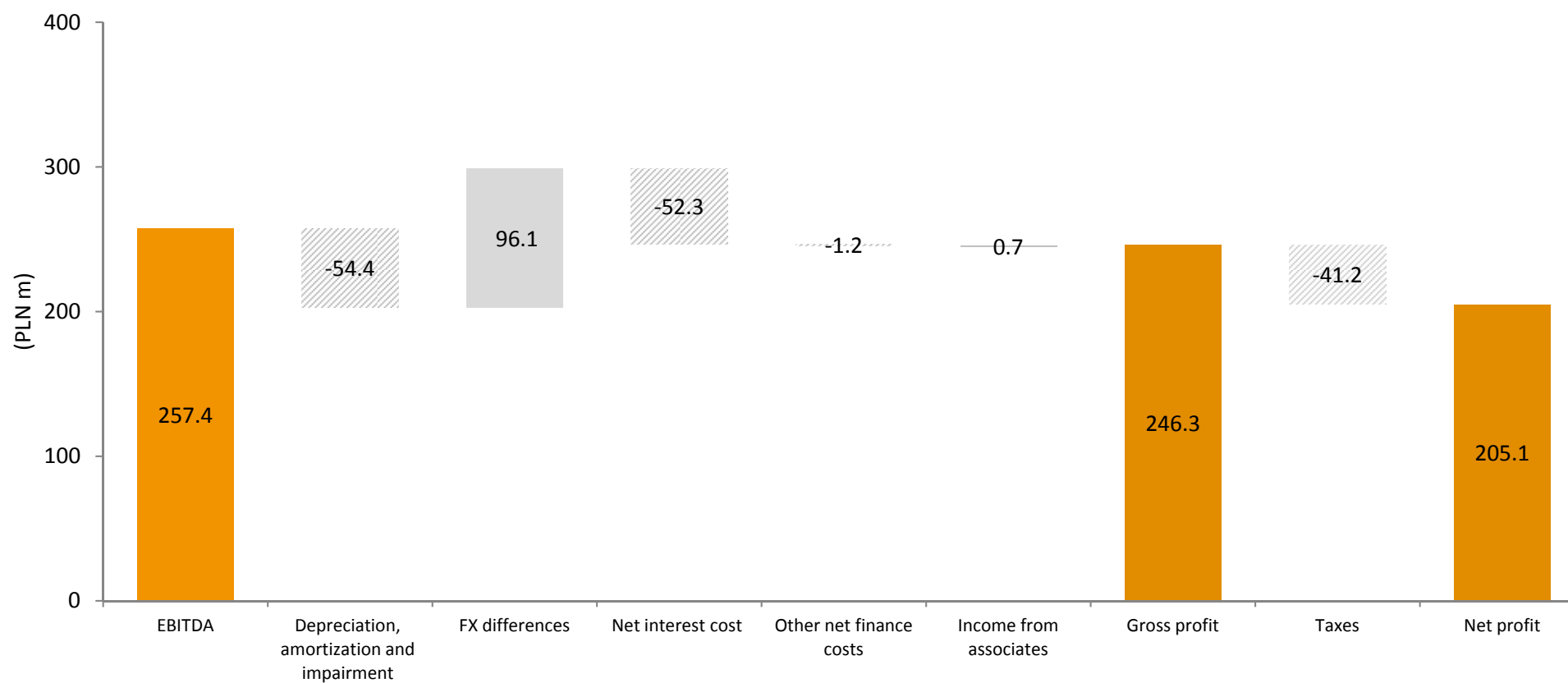
Note: (1) Revenue does not include „Other operating income”

Net cash flow, cash position and debt – Q1'12



Items below EBITDA

Depreciation, amortization, finance income and costs and taxes – Q1'12



Financial indebtedness

in PLN m	31.03.2012	Maturity
Senior facility ⁽¹⁾	1,182	2015
Senior Notes ⁽¹⁾	1,461	2018
Finance lease	1	2016
Cash and equivalents	423	-
Net Debt	2,222	
Comparable 12M EBITDA ⁽²⁾	887	
Net Debt / 12M EBITDA	2.51	

Currency structure of debt



Senior Notes Rating

Standard & Poor's	BB-, stable outlook
Moody's	Ba3, stable outlook

Source: Interim condensed consolidated financial statements for the 3 month period ended 31 March 2012 and internal analysis

Note: (1) Carrying amount value of debt outstanding

(2) EBITDA including Telewizja Polsat Group

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Upcoming projects

Key projects for 2012



- Planned launch of 'TV Mobilna' in Q2'12
- Intensified cross selling between Polsat Group and Polkomtel SA
- Products cross selling between ipla/muzo and Cyfrowy Polsat
- Further expansion of HSPA+ and LTE network
- Planned enhancement of our offer by new thematic channels



- Reorganization of sports channels from June 2012
- Introduction of new formats to our autumn schedule

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Q&A

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