



4Q'15 & FY'15 results

Acquisition of Midas

29 February 2016

Cyfrowy Polsat S.A. Capital Group



Disclaimer



This presentation may include forward-looking statements, understood as all statements (other than statements of historical facts) regarding our financial results, business strategy, plans and objectives pertaining to our future operations (including development plans related to our products and services). Such forward-looking statements do not constitute a guarantee of future performance and involve risks and uncertainties which may affect the fulfilment of these expectations, as by their nature they are subject to many factors, risks and uncertainties. The actual results may be materially different from those expressed or implied by such forward-looking statements. Even if our financial results, business strategy, plans and objectives pertaining to our future operations are consistent with the forward-looking statements included herein, this does not necessarily mean that these statements will be true for subsequent periods. These forward-looking statements express our position only as at the date of this presentation.

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1. Executive summary 2015



Objectives for 2015 have been achieved



- Growth in the number of contract RGUs implicating growth of contract ARPU



- Growth in Polsat channels viewership and dynamic growth of advertising revenues



- Maintaining high margins, decreasing the indebtedness and raising FCF level



- Realization of operating and financial synergies

Positive impact of the multiplay strategy on the operating results of the Group



5.9m contract customers
incl. **1m** SmartDOM
customers



2.13 RGU
per customer
PLN 87.3 ARPU
per customer

16.5m RGU
12.6m contract services
3.9m prepaid services



10.1m telephony
4.5m pay TV
1.8m Internet



TV Polsat the leader in 2015



24.6%
audience share

26.0%
TV ad market share

13.2% main channel
11.4% thematic channels

almost **2X** higher
dynamic vs the ad market



Solid financial results in 2015



PLN 9,823_m
revenue

PLN 3,685_m
EBITDA
37.5% EBITDA margin

PLN 1,305_m
FCF

2.84x
Net debt/EBITDA⁽¹⁾

Note: (1) based on nominal values



Realization of synergies according to plan



Revenue

>1.1m products up-sold
in the smartDOM program with
ARPU of ca. **PLN 30**

Cost

69 launched initiatives –
estimated effect
of **PLN 0.85 bn⁽¹⁾**

Financial

Declared synergies of **PLN 0.7 bn⁽¹⁾**
significantly exceeded.
Total savings on interest
PLN >2bn^(1,2)

Note: (1) cumulative in the years 2014-2019

(2) I stage: new CP SFA, repayment of CP's old bank loan, redemption of CP Senior Notes, redemption of PLK PIK Notes, II stage: CP and PLK loans and redemption of PLK Senior Notes



2. Acquisition of Midas Group

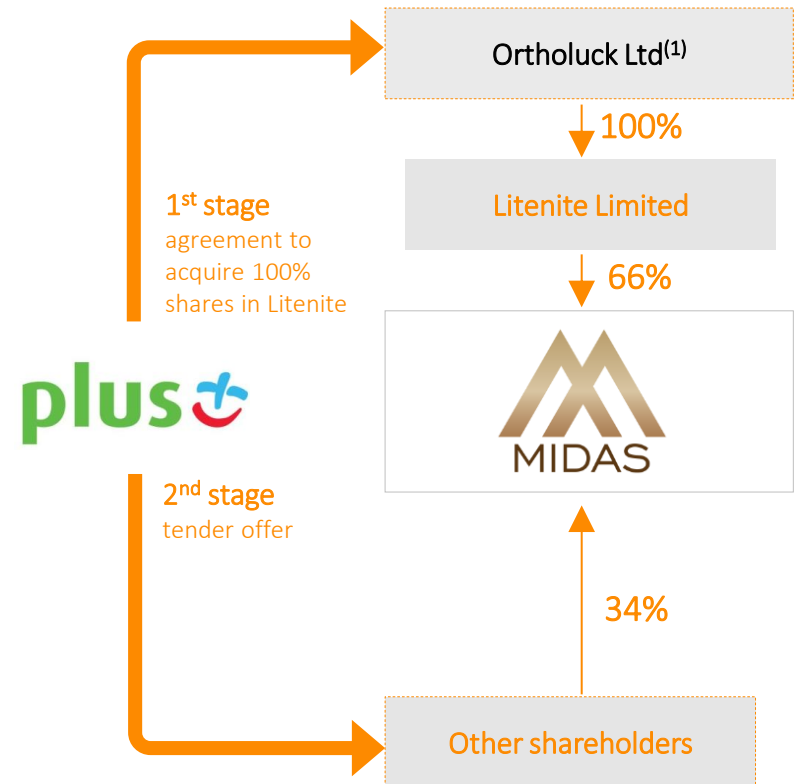
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2.1 Technical and financial aspects of the transaction

Key parameters of the transaction

- Polkomtel, a 100% subsidiary of Cyfrowy Polsat, has entered into agreement to acquire Litenite, a company controlling 66% shares in Midas Group
- The transaction involves the acquisition of Litenite's net liabilities of ca. PLN 788 million⁽²⁾ and 1 EUR payment to Ortholuck for equity
- Implied equity value of Midas Group at PLN 0.81/ share
- Financing of the transaction from own resources

Acquisition of 100% stake in Midas S.A.



Note: (1) company controlled by Zygmunt Solorz-Żak
(2) value of net liabilities as at 31 January 2016

Main parameters of the tender offer



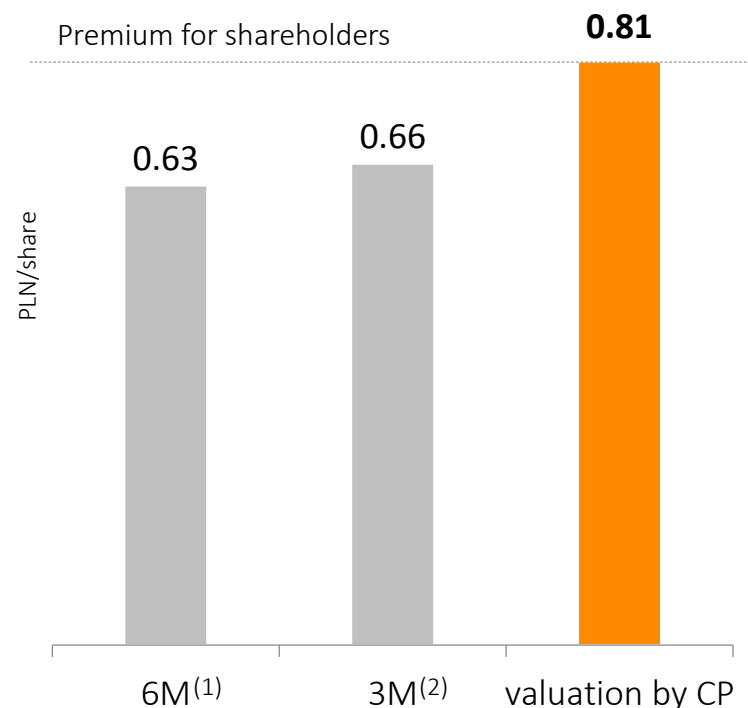
Shares to be purchased	34.0025% (503,124,060 shares)
Price per share	PLN 0.81
Date of commencement of the shares subscription	21 March 2016
Completion date of the shares subscription period	19 April 2016
Expected date of the shares purchase on the WSE	22 April 2016
Expected settlement date of the shares acquisition in KDPW (Central Securities Depository of Poland)	27 April 2016
Financing /security	cash,/bank guarantee



Valuation approach

- Valuation based on ANBV (adjusted net book value) and DCF (discounted cash flow) approach
- Valuation based on „fair value” standard based on applied cost and income approach
- Purchase price in the transaction confirmed by fairness opinion issued by EY
- Valuation does not include synergies

Midas S.A. share price



Note: (1) 3.08.2015 – 28.02.2016
(2) 2.11.2015 – 28.02.2016

Historical pro-forma results



PLN bn	2013	2014	2015 ⁽²⁾
Revenue	9,438	9,349	9,352
Operating costs ⁽¹⁾	5,699	5,597	5,717
EBITDA	3,807	3,757	3,667
EBITDA margin	40.3%	40.2%	39.2%
CAPEX (excl. UMTS)	756	690	794
CAPEX/revenue	8.0%	7.4%	8.5%
FCF	1,423	1,004	1,282

Source: pro forma, Cyfrowy Polsat, Metelem, Midas, consolidated financial statements and internal analysis, unaudited

Note: (1) Costs exclude depreciation, amortization, impairment and liquidation

(2) Pro-forma estimates for 2015 based on consolidated results of Polsat Group for 2015, while Midas Group data is forecasted based on 9M 2015 performance



2. Acquisition of Midas Group

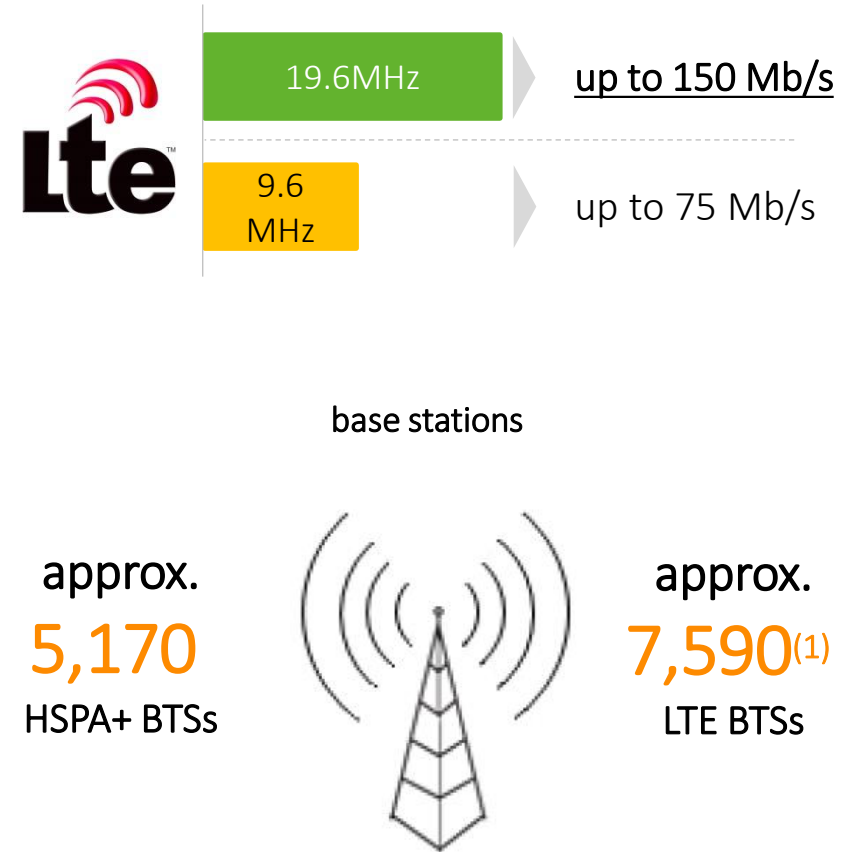
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2.2 Business rationale of the transaction

Acquisition of key assets constituting an important element of the multiplay strategy



- Strong operational and business connections already exist between Midas Group and Polkomtel – Midas Group's assets are one of the cornerstones of the strategy of Cyfrowy Polsat Group
- Unique frequencies are the key assets of Midas Group:
 - 1,800 MHz fully dedicated to LTE
 - 900 MHz fully dedicated to HSPA+
 - 800 MHz, with the first Polish LTE800 network on air
- A continuous 19.6 MHz bandwidth block in the 1800 MHz spectrum, owned by Midas, currently allows only our customers to achieve transfer speed of up to 150 Mb/s
- Additionally the network provides:
 - 96.8% LTE outdoor population coverage
 - >99% HSPA+ outdoor population coverage



Numerous advantages for Polsat Group and its stakeholders



Key frequencies

- Securing the key frequencies and infrastructure used by our Group in providing mobile Internet access services, a key element of the multiplay strategy

Greater flexibility

- Adding flexibility in creating sales policy and both single play as well as multiplay tariffs, which is considered essential to the Group's strategy

Lower costs of data transfer

- Elimination of costs that the Group incurs as an inherent effect of successful sales of services based on data transmission

Transparency

- Improved clarity of the shareholding structure of the Group and of key assets ownership, which is essential for a more transparent dialogue with our shareholders

3. Network roll-out – strategic directions



Key assumptions relating to mobile network roll-out strategy



Implications of the auction

- In the last year's auction the 800MHz frequency band reached the highest prices in Europe
- Polsat Group's analyses indicate that cooperation with entities who purchase radio frequencies at such a high price would be unprofitable and irrational for the company as well as its customers
- A scenario of broader cooperation based on technology and service equivalence could result in a change of these business assumptions

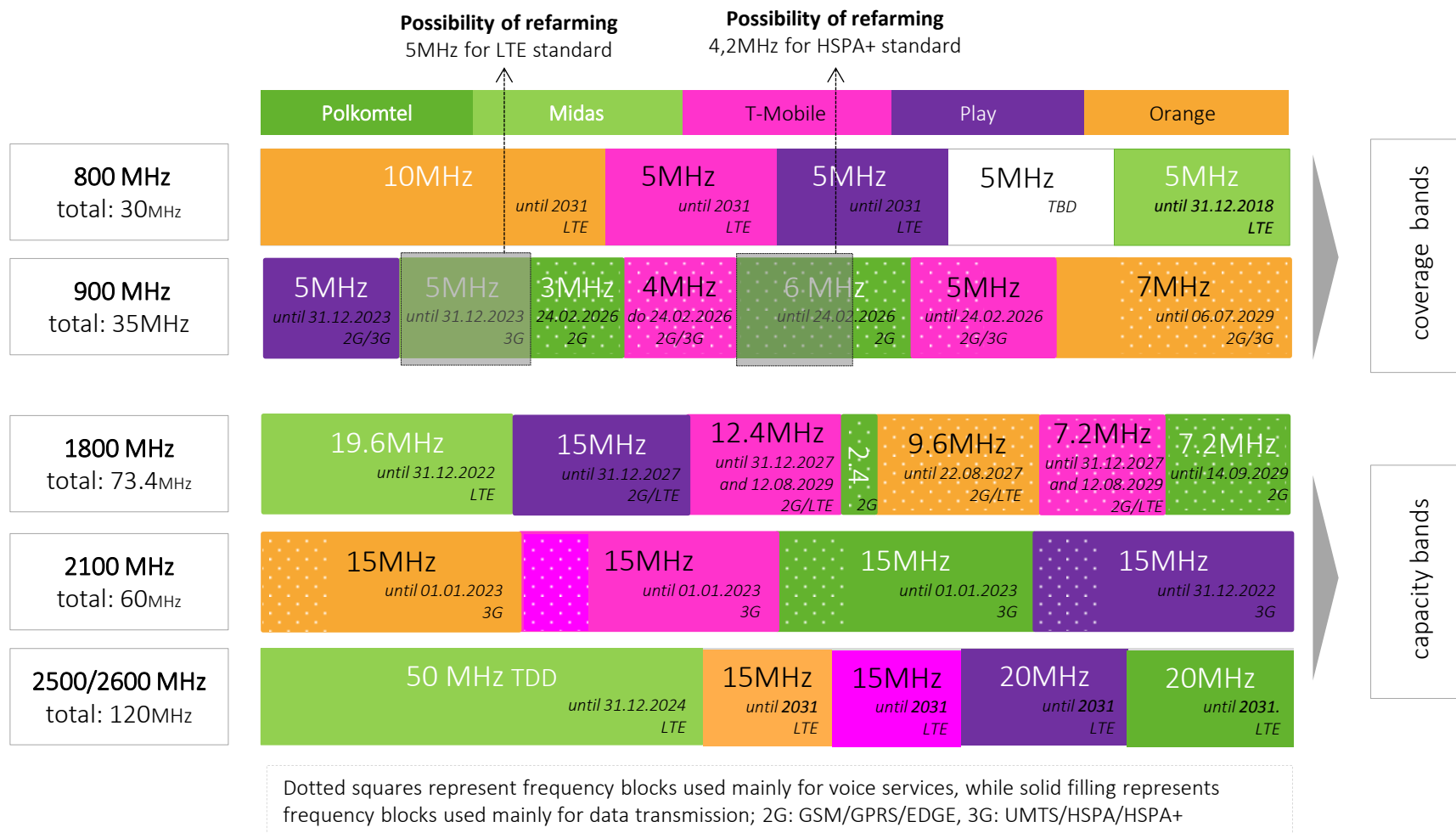
Sferia's license

- Through a majority 51% stake in Sferia, Midas Group has a 5MHz of block in the 800MHz band, the reservation of which expires on 31 December 2018
- Prices from the auction in 2015 will constitute the basis for the valuation of the cost of the renewal of the reservation
- According to Polsat Group, the renewal of Sferia's reservation at this price it is not economically justified

Further network development 2016-18

- Roll-out based on the existing frequency resources of Polkomtel and Midas
- Continued LTE1800 roll-out supported by 2600 MHz bands and ODU-IDU technology
- ODU-IDU technology implementation enlarges effective coverage of a single LTE 1800 base station (BTS) even up to 3x
- Next steps: refarming of 900 MHz and eventually 2100 MHz frequency bands

Stable, favorable competitive position



Source: UKE, own expertise

Only main frequencies are presented (excluding: Polkomtel's 2,5MHz 420MHz, Orange's 5MHz 450MHz, each of the 4 biggest MNO's 5MHz 2100MHz TDD)

Main goals of 2016-18 network roll-out



Current state of the network	<ul style="list-style-type: none">• Development of our network has raised the LTE coverage to 96.8%• It is definitely the most extensive LTE network operating in Poland at the moment• The highest quality of Plus network proven with the results of recent UKE measurements
Roll-out of LTE capacity	<ul style="list-style-type: none">• Data transfer in our network doubles YoY• Adding more LTE1800 stations will allow for maintaining high quality of services• The new 2600MHz band fully dedicated to LTE/LTE Advanced
Finalization of LTE coverage	<ul style="list-style-type: none">• Finalization of the initiated investments in LTE800• New sites for LTE1800 BTSs, supported with the ODU-IDU technology, will supplement the LTE coverage in order to deliver the best quality of Home Internet
Refarming	<ul style="list-style-type: none">• First successful tests: 4.2MHz of the 900MHz band refarmed to HSPA+ standard in the area near Słupsk• Next step: refarming of 5MHz of the 900MHz band to LTE standard• Optional: in the longer term, refarming of the 2100 MHz band to LTE standard
Planned CAPEX	<ul style="list-style-type: none">• Network roll-out plan will cost no more than PLN 1bn in 2016-18 period• CAPEX/Revenue ratio in 2016-18 will not exceed the previously announced maximum level of 10%⁽¹⁾• This plan is much more cost-efficient than the purchase of 800 MHz band

Note: (1) This figure does not include payments related to UMTS, does not include the cost of purchase of 2600MHz band



4. Capital resources management policy

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Plan of Midas indebtedness refinancing in 2016



estimated pro forma debt
31 January 2016⁽¹⁾

mPLN	nominal value
Polsat Group	12,500
Term Loan (PLN)	11,500
Revolving Facility Loan	0
Series A Notes (PLN)	1,000
Litenite Group	1,473
Term Loans (PLN)	388
zero-coupon Midas notes (PLN)	297
zero-coupon Litenite notes (PLN)	788

repayment of Midas Term Loans
until June 2016⁽²⁾

mPLN	nominal value
Polsat Group	12,472
Term Loan (PLN)	11,084
Revolving Facility Loan	388
Series A Notes (PLN)	1,000
Litenite Group	1,136
zero-coupon Midas notes (PLN)	316
zero-coupon Litenite notes (PLN)	820

potential repayment of Litenite/Midas notes
until December 2016⁽²⁾

mPLN	nominal value
Polsat Group	12,030
Term Loan (PLN)	10,642
Revolving Facility Loan	388
Series A Notes (PLN)	1,000
Litenite Group	1,200
zero-coupon Midas notes (PLN)	340
zero-coupon Litenite notes (PLN)	860

The main goal is to successively reduce indebtedness under bonds of Litenite Group.
The amounts redeemed and the timing of the redemption will depend on available cash resources

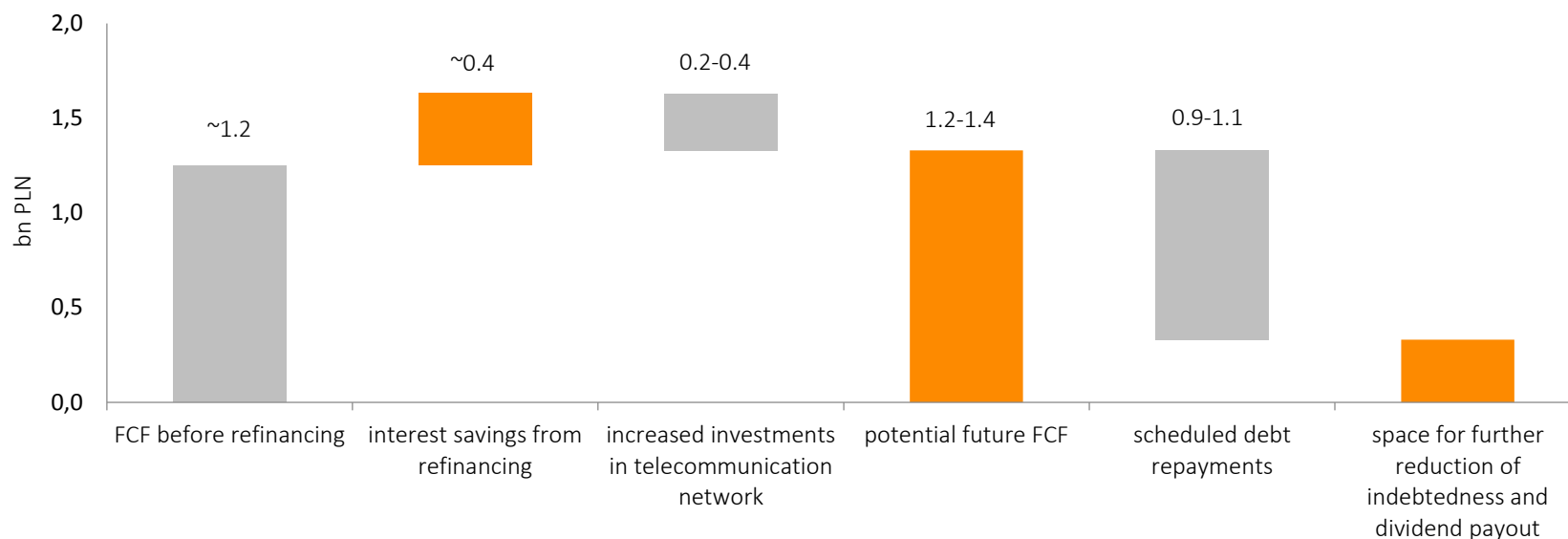
Note: (1) Presentation of Polsat Group's debt pro-forma including the PLK HY bonds
(2) Expected balance sheet values do not including potential prepayments or early redemption



Completed refinancing of Polsat Group significantly improved financial flexibility



Options of incremental FCF uses⁽¹⁾



- Increased capital expenditures should not exceed 10%⁽²⁾ of the Group's revenue
- Further deleveraging of the Group remains a priority, which does not exclude dividend payouts next years

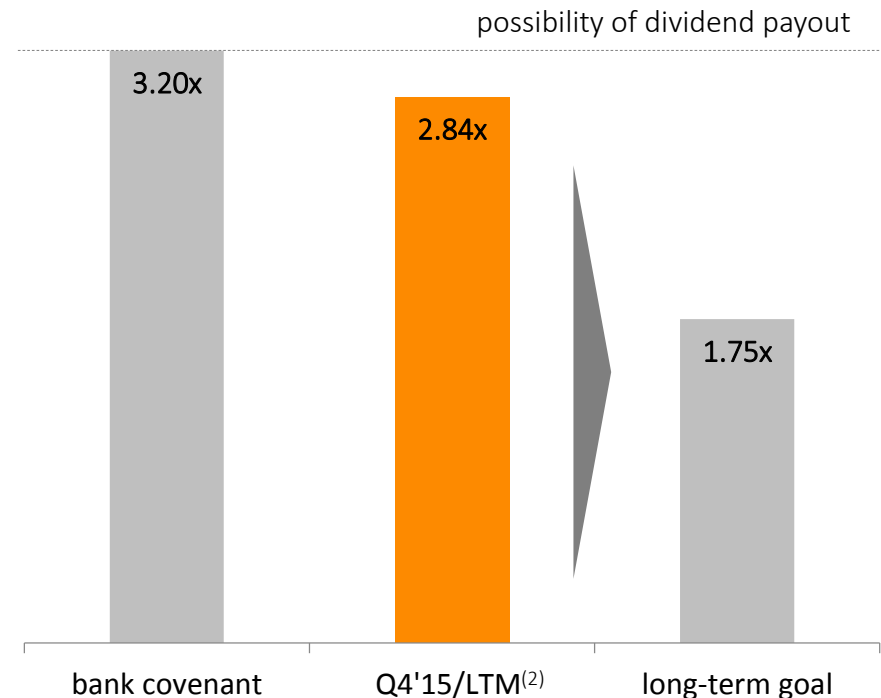
Note: (1) Illustrative approach, for simplicity neutral FCF of Midas Group assumed
(2) Excluding UMTS payments and cost of purchase of the 2600 MHz spectrum



Policy of debt reduction and dividend payout

- Current financing of the Group allows for dividend payout when net debt/EBITDA ratio is below 3.2x⁽¹⁾
- The strategic goal of our capital resource management policy is to reduce the level of the Group's net indebtedness below 1.75x
- By the end of 2016 the Management Board of the Company will present detailed parameters of a new dividend policy, which will assume the return to regular payouts of part of the generated profit starting from 2017 (from profit for 2016)

Policy of the Group's debt reduction



Note: (1) Relation of the Group's balance sheet net debt to EBITDA (according to the detailed definitions included in the SFA documentation), calculated at the end of the quarter preceding the quarter in which a resolution on the payment of dividends is adopted and including the impact of the payment of dividends in the recommended amount on net debt, must be lower than 3.2x; (2) based on nominal values

5. Summary and Q&A



Summary



- Continuation of the multiplay strategy – over 1 million customers of SmartDOM offer
- Achievement of synergies according to plan
- Purchase of key assets of Midas Group – purchase price in the transaction confirmed by fairness opinion issued by EY
- Further mobile network roll-out based on own frequencies – much lower capital expenditures if compared to the prices in the 800MHz auction
- Return to dividend payments starting from 2017 – details of a new policy by the end of 2016

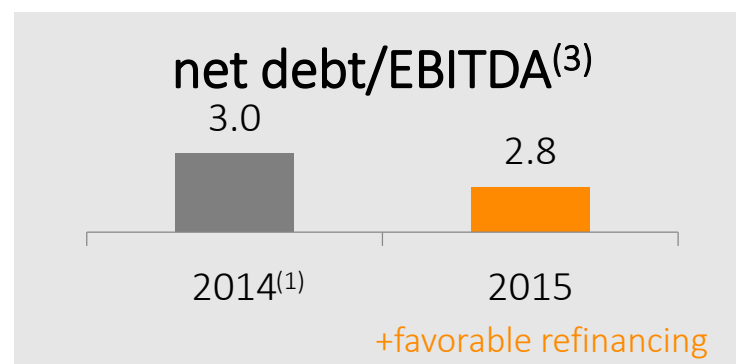
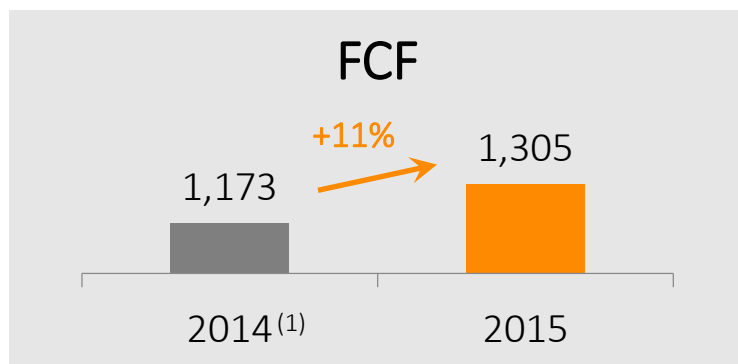
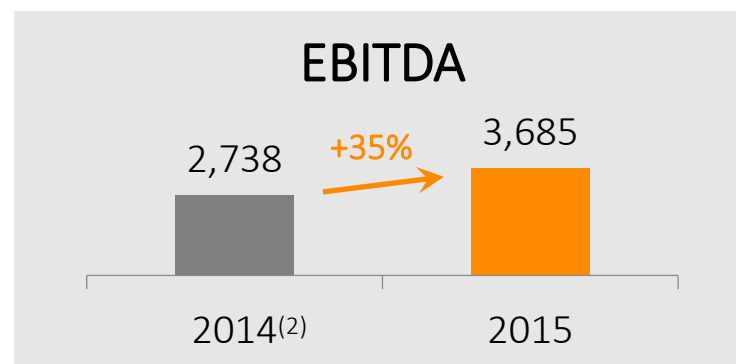
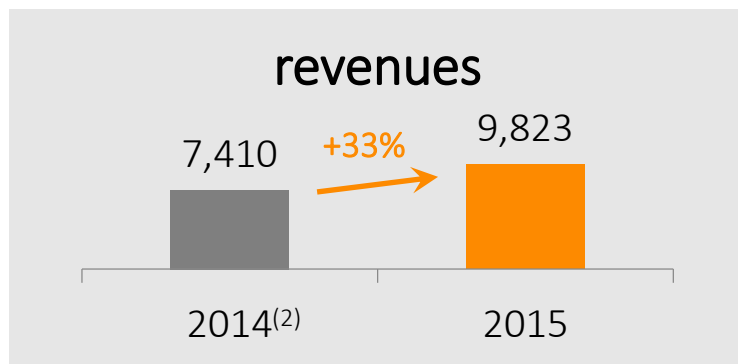


6. Additional information



6.1 Presentation of 2015 results

Dynamics of the main financial parameters



Source: Consolidated financial statements for the year ended December 31, 2015 and internal analyses

Note: (1) pro-forma

(2) consolidation of Metelem Group since 7 May 2014

(3) based on nominal values



Quarterly RGU growth of individual product lines



Mobile telephony

our aspirations: to stabilize the base



Pay-TV

to sustain organic growth

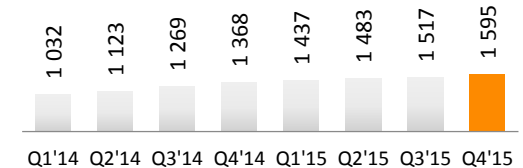
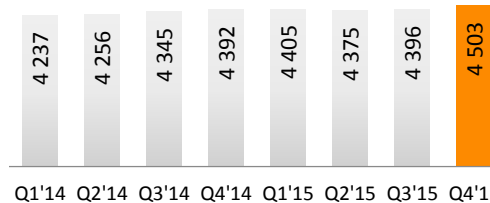
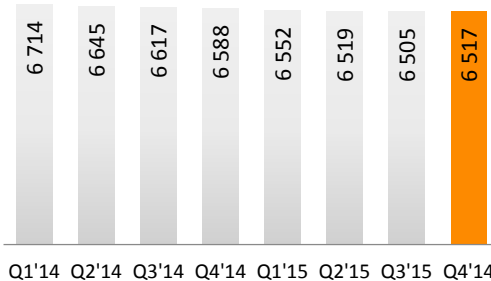


Internet

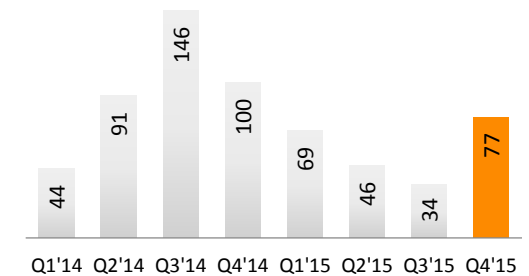
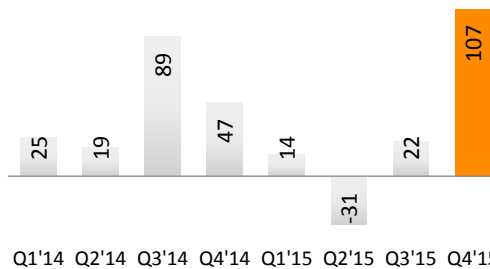
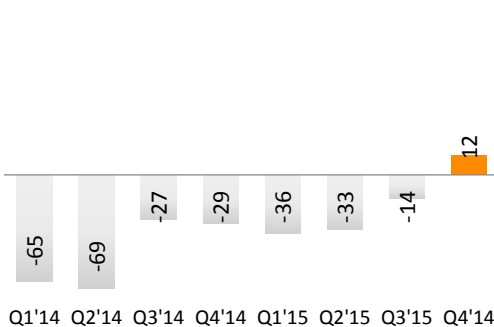
to grow fast based on our competitive advantages



contract RGUs EOP



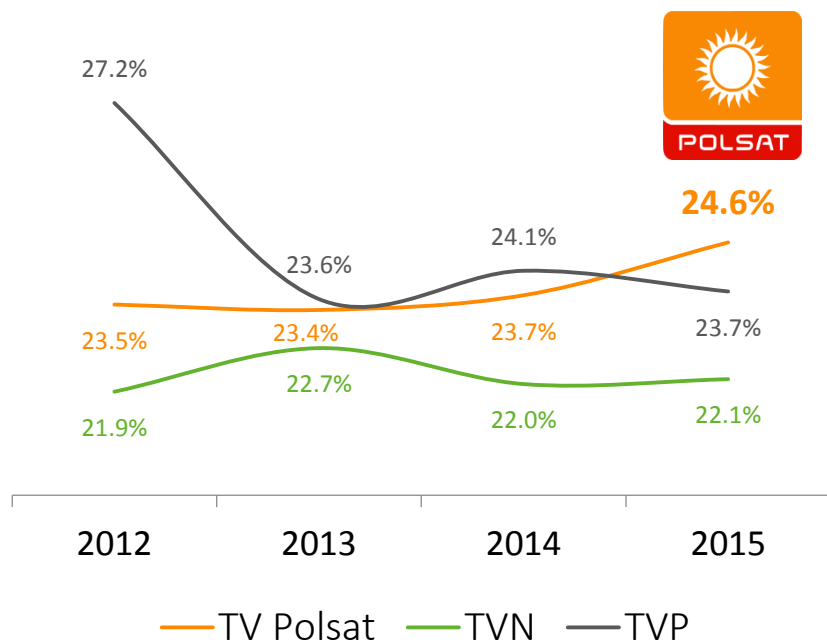
quarterly net adds



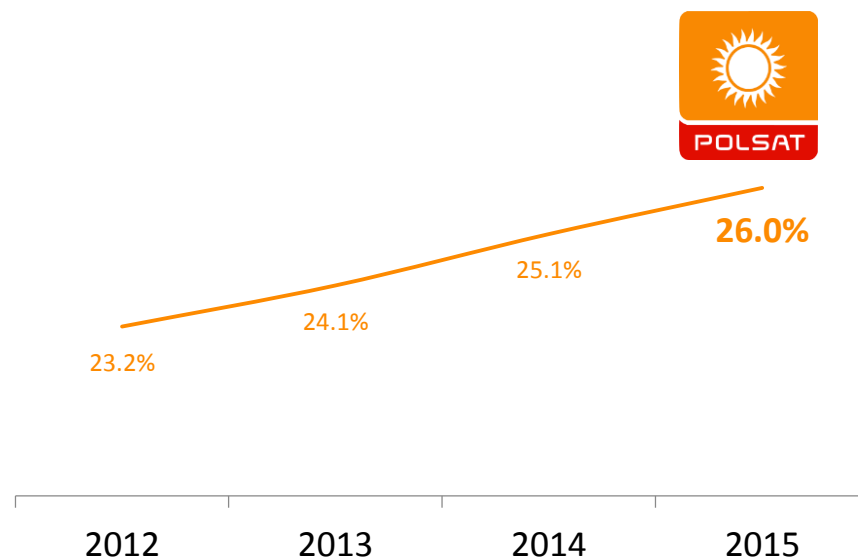
Long term market position of TV Polsat



Audience shares



TV ad market shares



Source: audience share: NAM, All 16-49, all day, SHR% ; ad market share: revenue from advertising and sponsoring of TV Polsat Group according to SMG Poland's definition (formerly SMG Starlink); internal analysis



6. Additional information

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6.2 Business overview of Midas Group

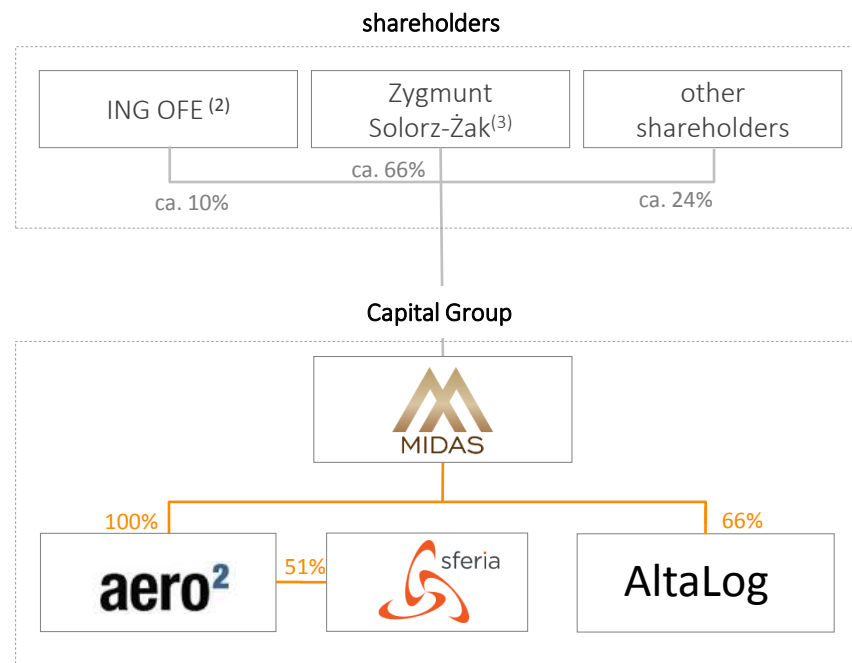
Midas Group at glance



Midas S.A. – Capital Group listed on the WSE since 1997

- **capitalization (LTM):** PLN 829-1.110m
- **revenue (Q3'15 LTM):** PLN 585m, +75% YoY
- **EBITDA (Q3'15 LTM ⁽¹⁾):** PLN 44m
- **total balance sheet (Sep'15):** PLN 1.509m
- **gross debt (Sep'15):** PLN 701m
- **net debt (Sep'15):** PLN 596m
- **OCF (Q3'15 LTM):** PLN 80m
- **ICF (Q3'15 LTM):** PLN -224m
- **FCF (Q3'15 LTM):** PLN -145m

Structure of Midas Capital Group



Source: public reports and presentations of Midas S.A., www.midas-sa.pl, stooq.pl

Note: (1) EBITDA does not include the impairment loss frequency of 2600 MHz in the amount of PLN 126m made in Q4'14 (2) data from the annual assets structure of Nationale Nederlanden PTE as at 31 December 2015; (3) Mr. Zygmunt Solorz-Żak controls the Company by: (i) Karswell Limited; (ii) Ortholuck Limited and (iii) Litenite Limited, through 976 542 690 shares of the company, held by Litenite



Business model of Midas Group



telecom business of Midas Group

(99% of the Group's revenue)

Wholesale wireless data transmission

ca.90% of the Group's revenue⁽¹⁾

Services are provided based on:

- frequency bands reserved for Aero2
- telecommunication infrastructure owned by Aero2
- sharing of Polkomtel's telecommunication infrastructure

Major customers: Polkomtel and Cyfrowy Polsat

Offer for individual customers



A prepaid service addressed to older people, provided based on own frequency bands and PLK roaming



A nomadic telephony combining the features of fixed and mobile telephony, offered on the entire territory of Poland. An MVNO offer is also being developed.

Prepaid users: 28k⁽¹⁾

Free-of-charge Internet Access (BDI)

Obligation related to the frequency reservation in the 2600 MHz band acquired by Aero2

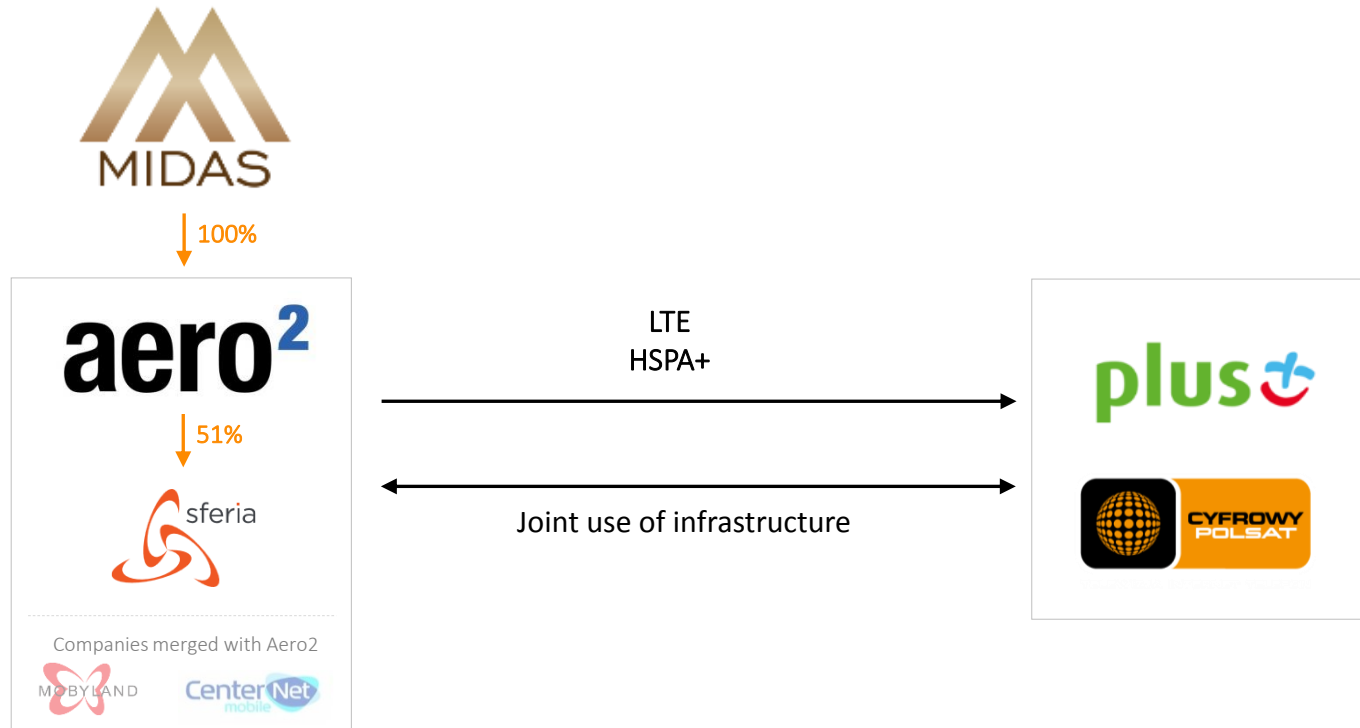
Aero BDI service

A data transmission service addressed to people using BDI, offered in the form of prepaid data packs

Note: (1) annual financial statement for 2014



The business model – wholesale wireless data transmission



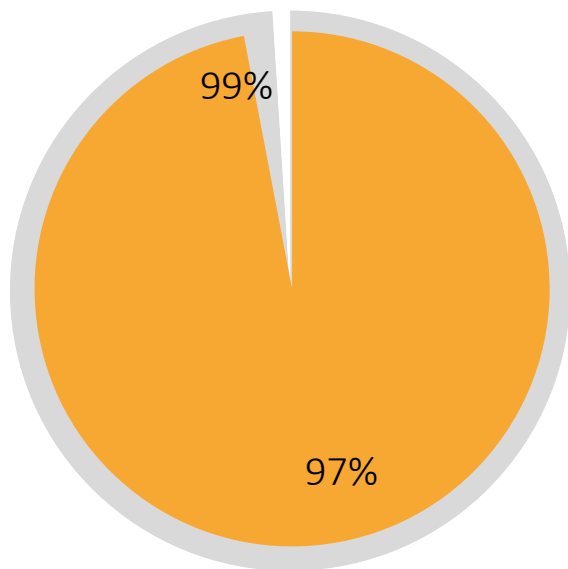
- > Midas Capital Group
- > Operational ties



Midas Group's network

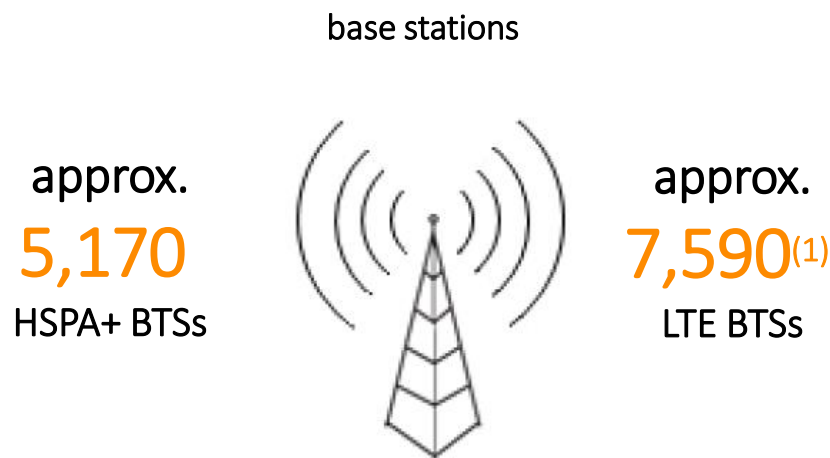
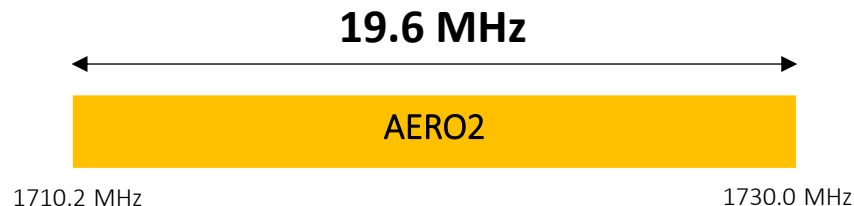


Midas is the only company in Poland to have a continuous frequency bandwidth enabling optimal provision of LTE technology services



■ population HSPA+ coverage
■ population LTE coverage

Source: Polkomtel, Midas; Note: (1) LTE800 and LTE1800 BTSs



Currently the network encompasses:

- LTE coverage of 96.8% of the Polish population (outdoor)
- HSPA+ coverage of over 99% of the population (outdoor)



Current scope of cooperation in the field of technology between Midas and CP Group



Radio network

Midas Group's radio network comprises 12.8K base stations, 36% of which are leased from Polkomtel (RAN sharing) and 53% are installed on masts belonging to Polkomtel (SITE sharing)

Core and transport network

Midas withdrew from the development its own core network, deciding to share Polkomtel's network (the single core model). This allowed to standardize the shared network in terms of technology, which translates into higher reliability of network resources while optimizing costs at the same time

IT resources

Limited extent, possible rapid migration of Midas residential customers to Polkomtel's service platforms

Human resources

Total employment at Midas Group equal to 142 FTE who closely cooperate on an everyday basis with technical staff of Polkomtel

Midas' network systems are already strongly integrated with Polkomtel's systems. Integration at the operating level will be a relatively simple process.

Financial results of Midas S.A.



mPLN	2 012	2 013	2 014	9M 2015
Revenue from the sale of goods and services	89 810	229 992	430 536	407 713
Depreciation and amortization	(104 474)	(111 774)	(126 028)	(120 566)
Wages and salaries	(6 510)	(7 120)	(8 544)	(4 727)
Costs related to the telecommunications network	(105 804)	(269 316)	(401 093)	(384 436)
Taxes and charges	(37 906)	(28 379)	(26 715)	(21 202)
Other expenses by type	(20 211)	(23 169)	(24 527)	(14 576)
Other operating revenues	3 801	6 045	4 426	4 839
Revaluation of non-financial assets	-	(5 501)	(126 383)	-
Other operating expenses	(4 761)	(984)	(5 092)	(1 242)
Profit/(loss) on operating activities	(186 055)	(210 206)	(283 420)	(134 197)
Finance revenue	10 976	5 825	9 505	5 443
Finance costs	(8 730)	(20 830)	(64 018)	(34 638)
Profit/(loss) financial activities	2 246	(15 005)	(54 513)	(29 195)
Profit/(loss) before taxes	(183 809)	(225 211)	(337 933)	(163 392)
Current income tax	-	-	-	(8 521)
Deferred tax	8 189	18 661	17 076	24 561
Total income tax	8 189	18 661	17 076	16 040
Net profit/(loss)	(175 620)	(206 550)	(320 857)	(147 352)

Source: consolidated financial statements of Midas S.A.



Key parameters of Litenite indebtedness



	nominal amount/ currency as at 31/01/2016 ⁽¹⁾	interest / discount	tenure	early repayment / call options
Term Loan Pekao S.A.	PLN 346m	paid monthly WIBOR + margin (1.8%)	monthly repayments until 10/07/2019	no limitations
Term Loan PlusBank	PLN 42m	paid monthly WIBOR + margin (2.1%)	bullet payment until 31/12/2018	no limitations
Midas Notes	PLN 297m	zero-coupon 16.01%	16 April 2021	call premium (on issue price) currently: 14.31% after 16/04/2016: 7.155% after 16/04/2017: 3.5775% after 16/04/2018: 0%
Litenite Notes	PLN 788m	zero-coupon 10.0%	31 December 2022	call premium (on issue price) currently: 10% after 01/01/2017: 7.5% after 01/01/2018: 5.0% after 01/01/2019: 2.5% after 01/01/2020: 0%

Note: (1) estimated value as of 31 January 2016



6. Additional information

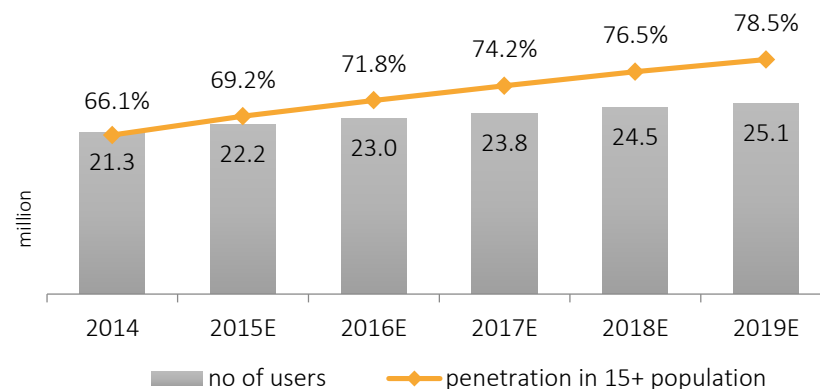
6.3 Data transmission

Potential for the growth of the Polish Internet Access market

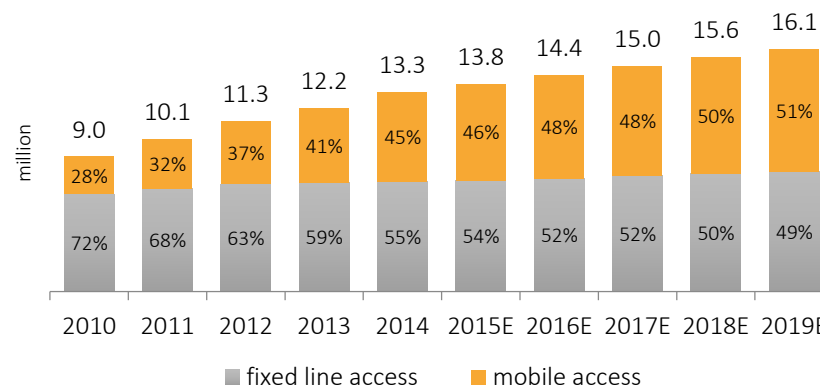


- Based on the Eurostat survey of 2014, 28% of Poles aged 16-74 have never used the Internet, which places Poland very far behind many European countries. In Scandinavia, the United Kingdom or the Netherlands the digital exclusion rate is at a low level of 3-6%
- According to the European Commission, the fixed-line infrastructure coverage in Poland in 2012 was below 75% of households (the lowest rate in Europe), whereas for rural areas this figure was even below 40%
- A fast pace of mobile network roll-out will make further territorial expansion of fixed-line networks in Poland unprofitable
- Thanks to the fast improvement of the quality of LTE data transmission, mobile technologies will continue to benefit in the future from the development of the Polish market of Internet access services

Forecast of the Internet penetration growth in Poland



Broadband Internet Access technologies



Source: Rynek telekomunikacyjny w Polsce 2015, Prognozy rozwoju na lata 2015-2020, PMR, October 2015

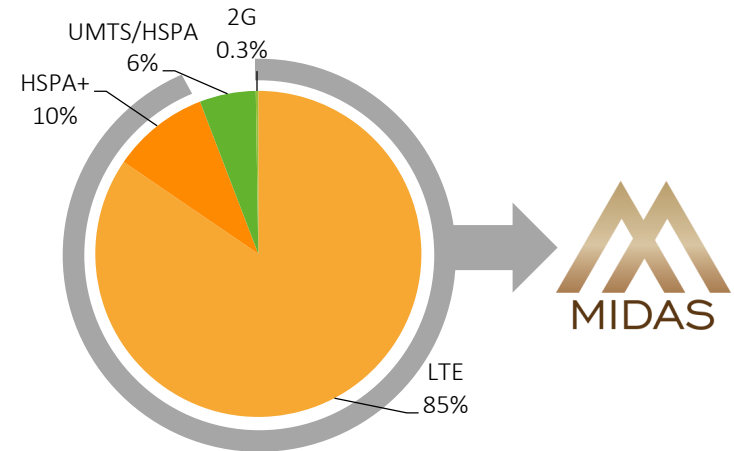


LTE as the standard for wireless data transmission in Poland



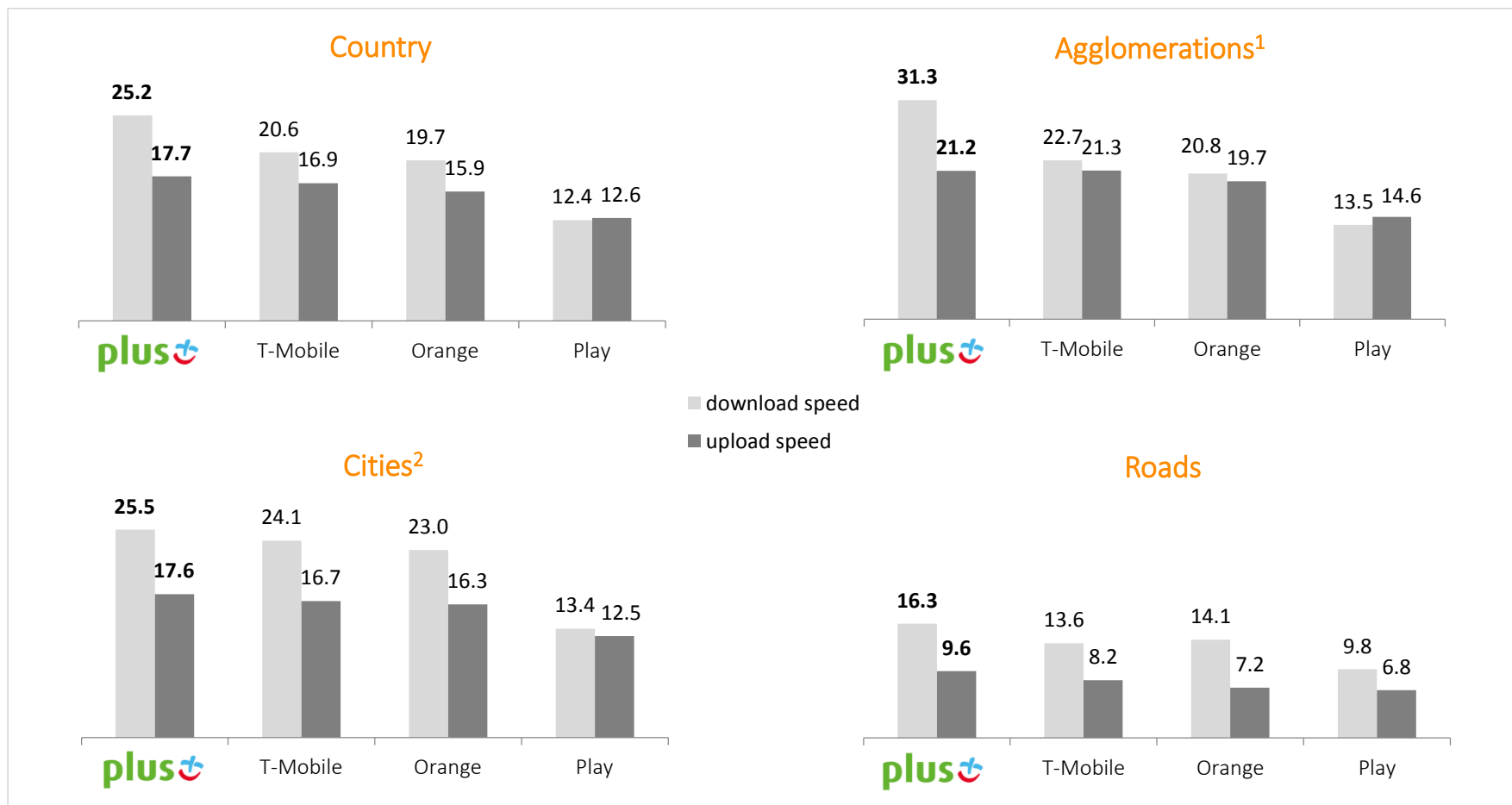
- 85% of data consumed by our customers in Q4'15 was provided in LTE technology
- The volume of data traffic in LTE technology will continue to grow, taking into account the fact that currently only 21% of our customers use smartphones that support the LTE technology, and that the number of users of the dedicated mobile Internet access is growing by 17% YoY
- Currently, nearly 100% of newly sold dongles and routers support the LTE technology
 - The unit price of an LTE dongle decreased to ca. EUR 30
- 80% of smartphones sold by Polkomtel in Q4'15 were compatible with LTE
 - The unit price of the cheapest LTE smartphone decreased to ca. EUR 50

Structure of data used by our subscribers in Q4'15



Independent survey of service quality

Results of the measurements of the quality of telecommunication services in Poland (Mb/s)



Source: UKE, „A comparative survey of the quality of telecommunication services offered by telecommunication operators in Poland”, December 2015, measurements performed in the period from 3 to 23 December 2015.

Note: (1) agglomerations (Silesian agglomeration, Szczecin, Warsaw, Cracow, Łódź, Poznań, Tricity, Wrocław)

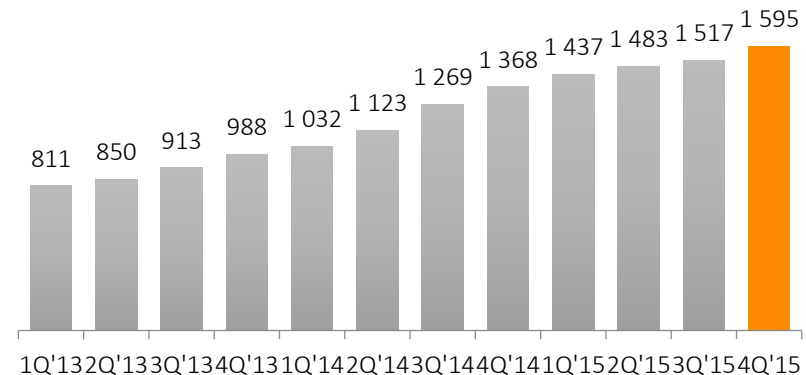
(2) cities with more than 50K inhabitants, excluding Agglomerations

Internet access contract customers base

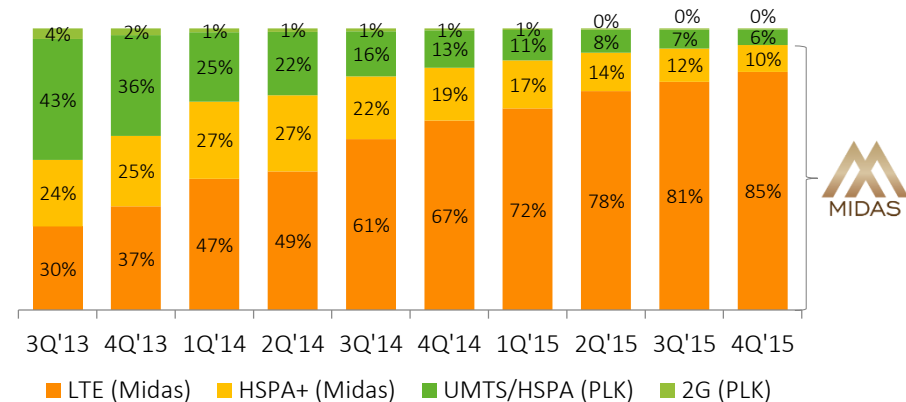


- In 2015 we increased the total number of provided mobile Internet services by 239K
- 87% of Internet services are provided in contract model which guarantees the stability of our revenue
- The multi-play strategy has boosted the growth rate of Internet RGUs, despite the fact that the three remaining MNOs simultaneously entered the LTE market
- As a result, we maintain the position of the unquestionable leader of the mobile Internet services on the Polish market
- This success would not be possible without the cooperation with Midas Group. Our customers use mainly the LTE/HSPA+ technologies, which are developed based on frequencies controlled by Midas Group

Growth of the contract Internet RGU base



Data usage structure by technologies

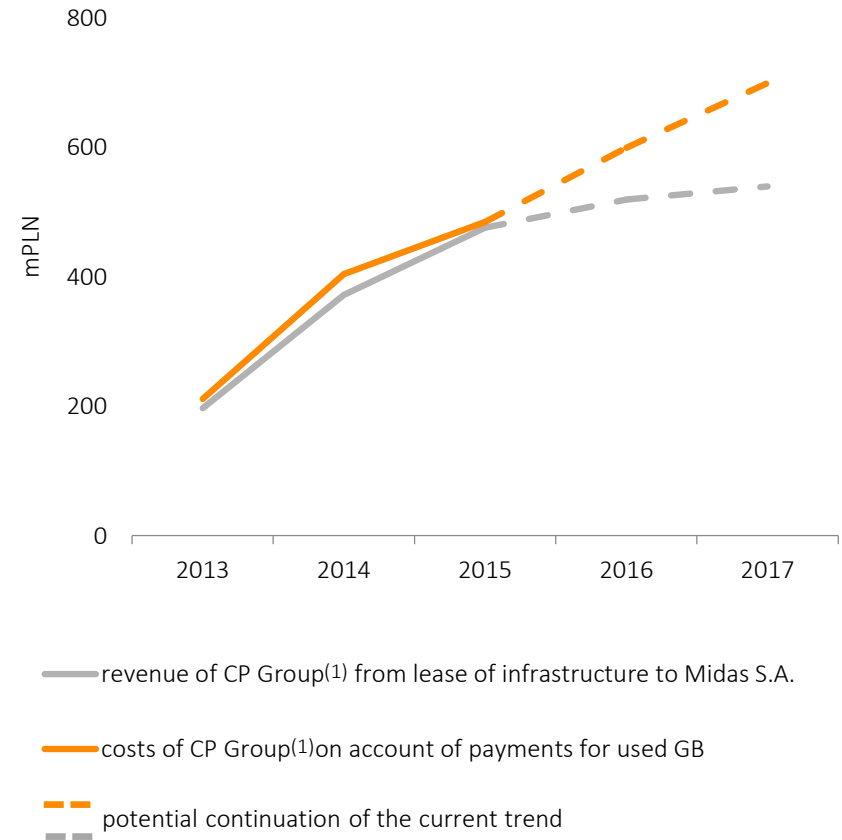


Significance of the Midas acquisition for Polsat Group



- In 2015 Polsat Group expanded its mobile Internet access base by 239K RGUs
- As a consequence, in 2015 our customers consumed 215.9m GB, which we purchased from Midas, i.e. 2.5x more YoY
- Hence, the cost of purchased GB reached PLN 518m in 2015
- The reduction of the unit rate per GB for CP Group, negotiated with Midas, resulted in a temporary slowdown of the growth dynamics of this line of costs. However, space for further reductions is limited
- The incorporation of Midas into the business structure of CP Group will effectively eliminate the pressure of growing GB on consolidated EBITDA profit, which is expected to be positively viewed by shareholders, as well as on the financial situation of CP Group considering the current stage of development of the market

Turnover with Midas Group



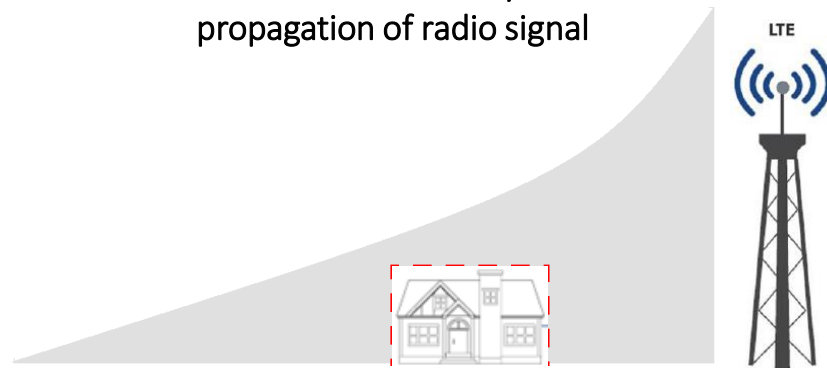
Note: (1) pro-forma CP and PLK



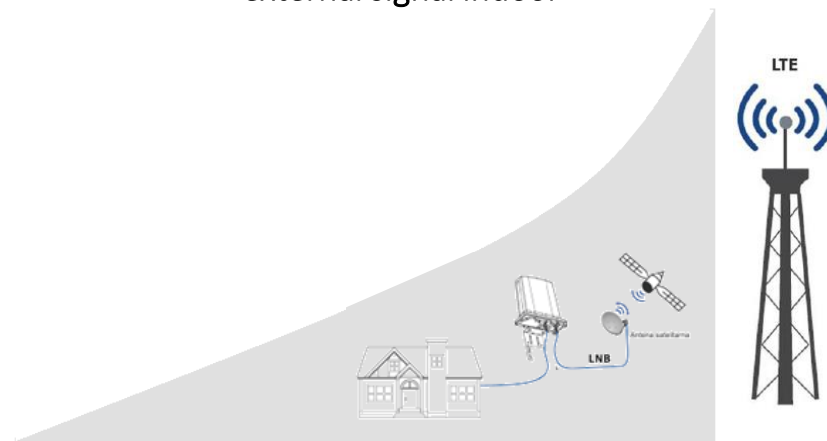
ODU-IDU technology

- The ODU-IDU technology allows to efficiently transmit the LTE signal indoor, eliminating the construction-related limitations of buildings.
- Existing TV SAT cables can be used for installation
- Hence, the problem of signal weakening by construction walls is solved and the indoor network coverage can be effectively increased
- The ODU-IDU technology is a proprietary project of Polsat Group's engineers

Concrete walls effectively weaken propagation of radio signal



The ODU-IDU set effectively transmits external signal indoor



External module,
installed e.g. on the
satellite dish

Internal router,
propagating Wi-Fi signal

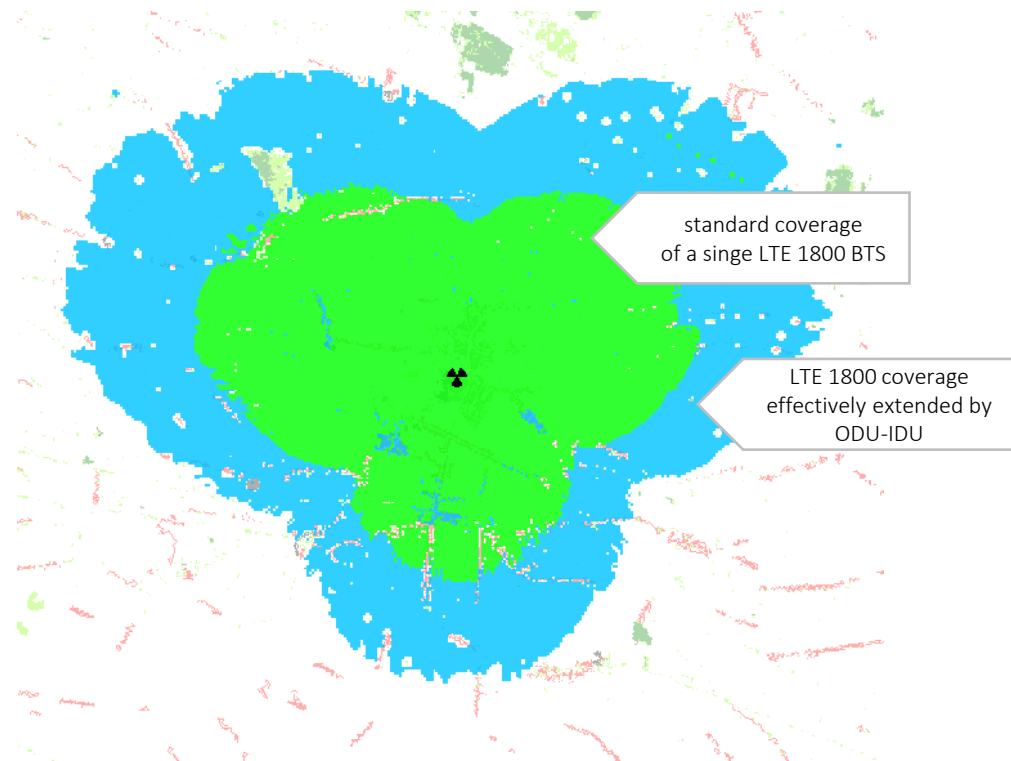


ODU-IDU impact on a BTS coverage

- As a receiving antenna (ODU module) is usually installed high above the ground (on a rooftop or a chimney) LTE signal is noticeably stronger than the signal available 1.5m above the ground (smartphone in a hand)
- Therefore high quality LTE signal propagation is up to 70% longer (measured in a straight line), which makes the territory effectively covered by a single BTS even up to 3x larger (depending among others on a topography of the surrounding area)
- ODU-IDU technology significantly improves coverage and quality of a home Internet provided by Polsat Group
- ODU-IDU perfectly fits into the strategy of selling home Internet in low urbanized areas

ODU-IDU impact on effective coverage of LTE1800 BTS

Based on actual site location in Żychlin



6. Additional information



6.4 Review of achieved operating and financial synergies

Cost synergies – main initiatives

Actions implemented in 2014-15, financial effects quantified in the period 2014-19



69 optimization initiatives
launched so far

concentration of advertising expenditure
in TV Polsat and IPLA

sales network management optimization

improved efficiency of IT systems used

optimization of back-office
structure and functions

optimization and consumption of the economies of
scale in the area of mail and courier services

cross-exploitation of marketing bases and
elimination of external purchases

optimization of vehicle fleet
purchase and maintenance

other initiatives jointly

Total:

PLN 290m

OPEX

PLN 180m

OPEX

PLN 125m

OPEX and CAPEX

PLN 90m

OPEX

PLN 65m

OPEX

PLN 35m

OPEX

PLN 35m

OPEX and CAPEX

PLN 35m

OPEX and CAPEX

PLN 855m



Cost synergies – areas of implementation



Sales network	Marketing	IT	Customer retention	Customer service	Technology	Logistics	Administration	Back-office
<p>Integration of sales network and reduction of the number of POS</p> <p>Optimization in the field of sales commissions, lease fees, administration</p> <p>Larger share of sales through the Group's own channels</p>	<p>Concentration of advertising campaigns in TV Polsat, IPLA</p> <p>Consolidation synergies in the field of marketing</p>	<p>Joint use of existing systems, applications, IT network, support</p> <p>Joint purchases of software and hardware, renegotiations of maintenance (economies of scale)</p> <p>Optimization of license exploitation</p>	<p>Use of cross-selling instead of purchasing bases on the market</p> <p>Exploitation of scale effects in the field of mail and courier services</p>	<p>Reduction of the number of applications and services used in customer service</p> <p>Change of Call Center location (from Warsaw to Łódź and Toruń)</p> <p>Exploitation of scale effects in the field of mail, courier and debt collection services</p>	<p>Renegotiation and unification of scope and pricing for maintenance services</p> <p>Transfer of CP MVNO infrastructure to Polkomtel</p> <p>Use of PLK lines for the purpose of servicing IPLA traffic</p>	<p>Optimization of processes and organizational structure</p> <p>Optimization of resource management</p>	<p>Optimization of office space and parking sites</p> <p>Consolidation of purchases (economies of scale)</p> <p>Consolidation and optimization of vehicle fleet management</p>	<p>Optimization of back-office structure and functions</p>

actions implemented in 2014-2015, full financial effect expected in:

2016

2016

2017

2016

2017

2016

2015

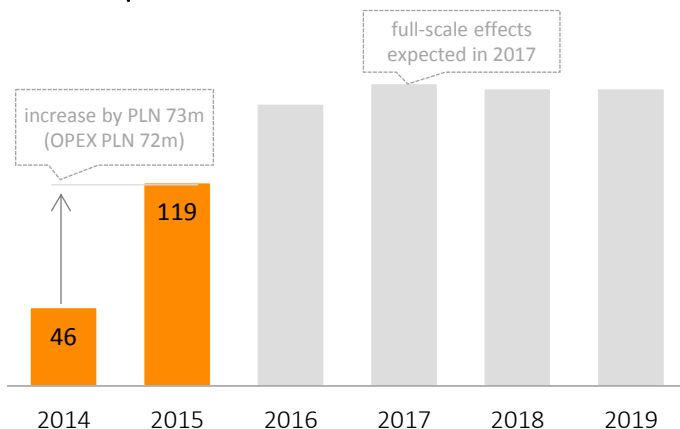
2016

2017

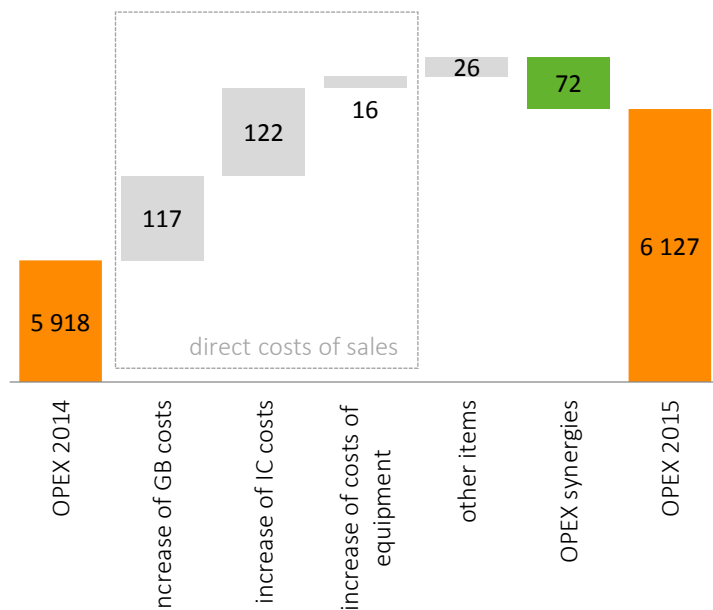


Cost synergies – numerical data

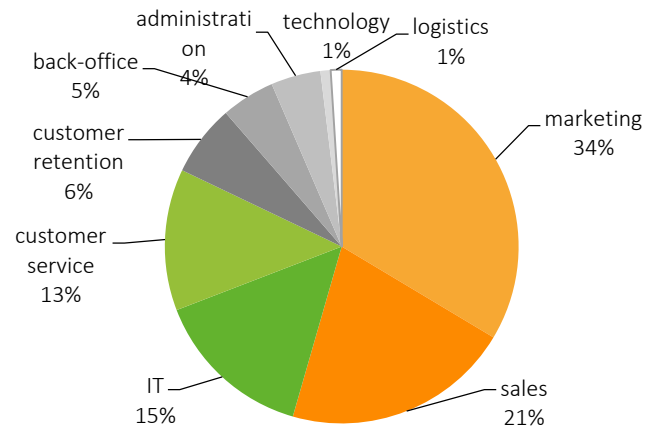
expected financial effects in time



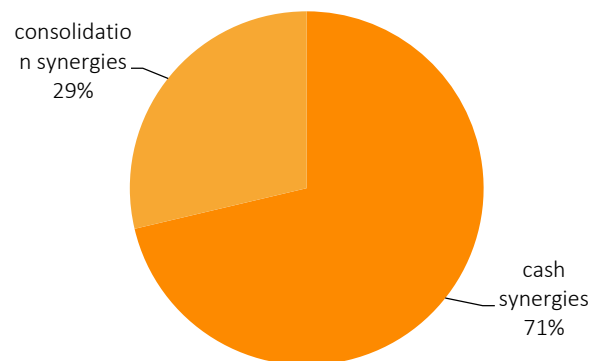
decomposition of main changes in OPEX



financial effects by business areas



categorization of synergies



Subsequent initiatives to be implemented in 2016



- Further optimization of the sales network, translating into a consequent reduction of sales commissions
- Continuation of IT systems and infrastructure unification (e.g. billing, Help Desk)
- Construction of common logistics and storage systems
- Transfer of CP data retention systems onto PLK systems
- Further optimization of processes in the area of customer service and retention
- Electronic documentation workflow connected with the integration of documentation flows between companies
- Joint printing center
- Optimization of office space: successive release of leased spaces





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