



Financial results

Q3'2020

10 November 2020

Cyfrowy Polsat S.A. Capital Group



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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.

We expressly disclaim any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained herein in order to reflect any change in our expectations, change of circumstances on which any such statement is based or any event that occurred after the date of this presentation.



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Agenda



1. Key events in Q3'20
2. Operating results
3. Financial results
4. Summary and Q&A



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1. Key events in Q3'20

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Mirosław Błaszczuk

President of the Management Board, Cyfrowy Polsat

Key events in Q3'20



We have acquired control and embarked on fast integration of Interia.pl within Polsat Group



We have acquired control and hold 100% of shares in the broadcaster of Fokus TV and Nowa TV channels



We have started the review of strategic options regarding the potential sale of our mobile telecommunication infrastructure



We have made the decision to accelerate the pace of roll-out of Plus's 5G network which offers excellent performance parameters – the only network offering data speeds of as much as 600 Mbps



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2. Operating results

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2.1 Media segment: TV and online

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Stanisław Janowski

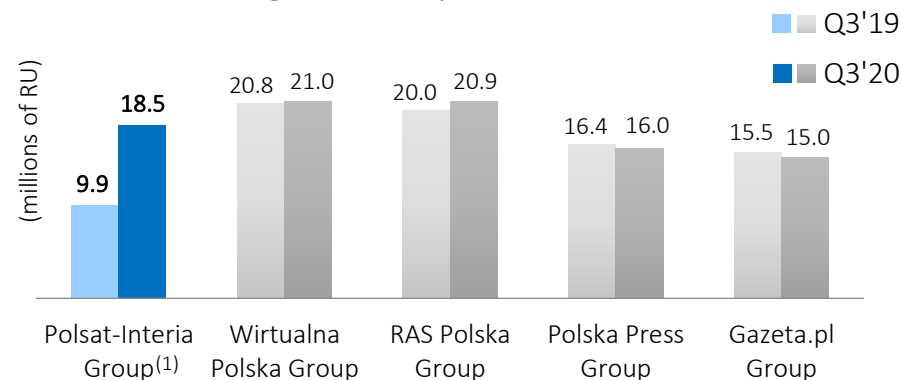
President of the Management Board, Telewizja Polsat

Strong position in the online business in Q3'20

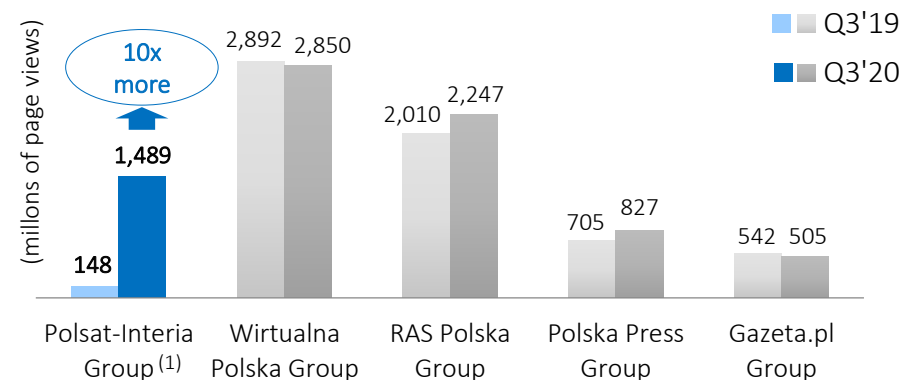


- We are a leading Internet publisher in Poland thanks to the acquisition of Interia
- Our leading position in the web media: 18.5m users and 1.5bn page views enable us to effectively pursue the synergies that we have announced

Average monthly number of users



Average monthly number of page views



Source: Gemius/PBI, number of users – real users (RU) indicator
Note: (1) data for 2019 for Cyfrowy Polsat



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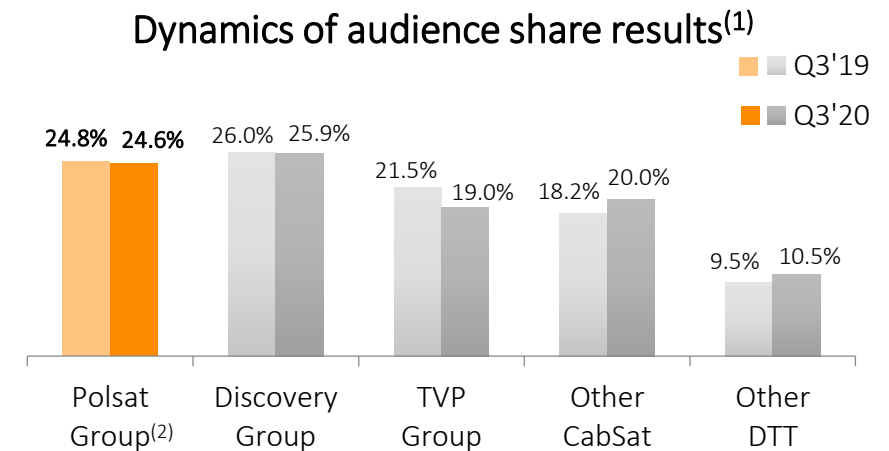
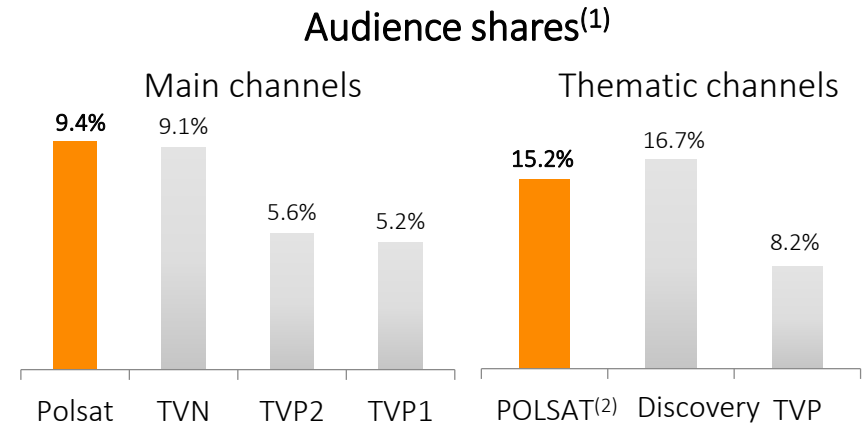
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Viewership of our channels in Q3'20

- Polsat's main channel is the unquestioned viewership leader in the commercial group



Source: NAM, All 16-49, all day, SHR%, including Live+2⁽¹⁾, internal analysis

Note: (1) Audience shares include both live broadcasting and broadcasting during 2 consecutive days (i.e. Time Shifted Viewing)

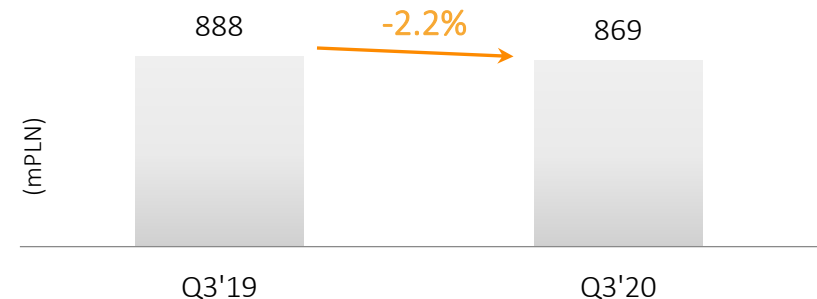
(2) Excluding partnership channels: Polsat Viasat Explore, Polsat Viasat Nature, Polsat Viasat History, JimJam, CI Polsat, Polsat Comedy Central Extra

Position on the advertising market in Q3'20

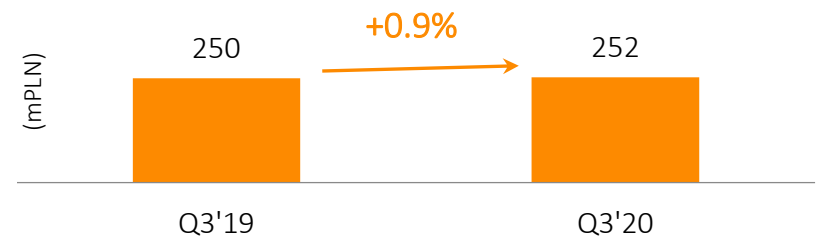


- The dynamics of advertising and sponsorship revenues of TV Polsat Group above the market trend
- As a result, our share in the TV advertising and sponsorship market increased to 29.0%

Market expenditures on TV advertising and sponsorship



Revenue from advertising and sponsorship of TV Polsat Group⁽¹⁾



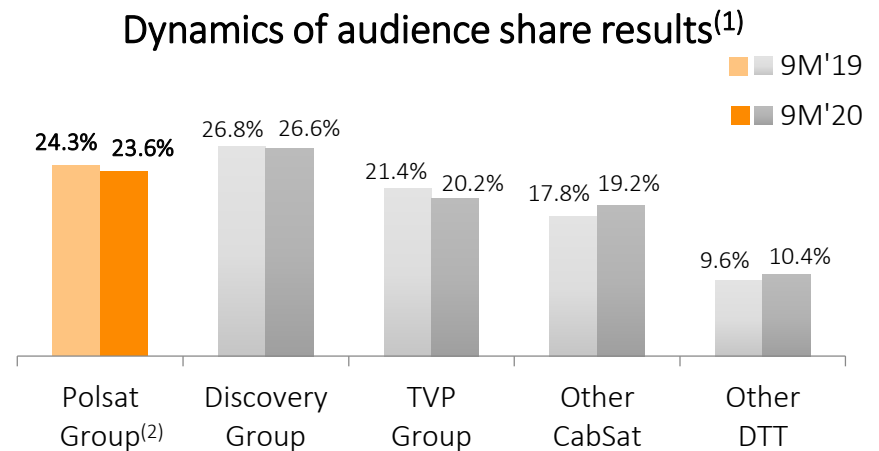
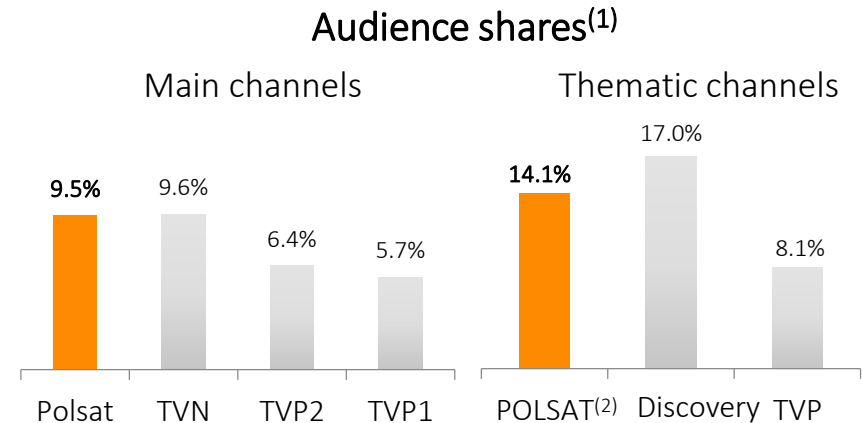
Source: Publicis Groupe, preliminary data, spot advertising and sponsorship; TV Polsat; internal analysis

Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Publicis Groupe definition



Viewership of our channels in 9M'20

- Viewership of Polsat Group channels in line with the strategy



Source: NAM, All 16-49, all day, SHR%, including Live+2⁽¹⁾, internal analysis

Note: (1) Audience shares include both live broadcasting and broadcasting during 2 consecutive days (i.e. Time Shifted Viewing)

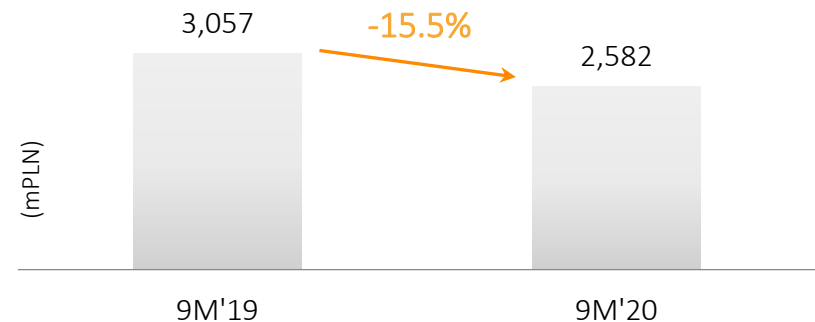
(2) Excluding partnership channels: Polsat Viasat Explore, Polsat Viasat Nature, Polsat Viasat History, JimJam, CI Polsat, Polsat Comedy Central Extra

Position on the advertising market in 9M'20

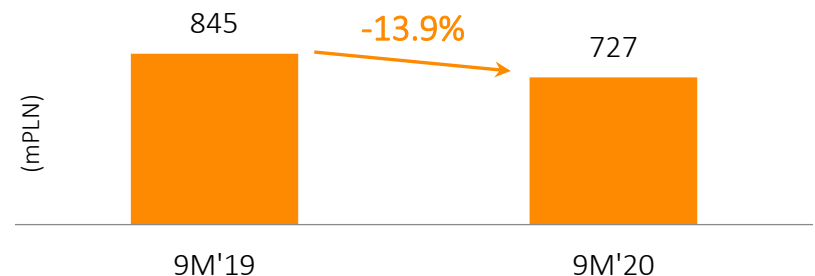


- The dynamics of advertising and sponsorship revenues of TV Polsat Group in line with the market trend that reflects the effects of the spring lockdown
- As a result, our share in the TV advertising and sponsorship market increased to 28.2%

Market expenditures on TV advertising and sponsorship



Revenue from advertising and sponsorship of TV Polsat Group⁽¹⁾



Source: Publicis Groupe, preliminary data, spot advertising and sponsorship; TV Polsat; internal analysis

Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Publicis Groupe definition



2.2 B2C and B2B services segment

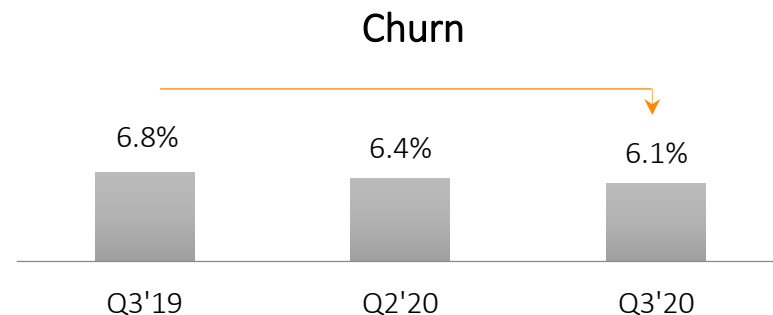
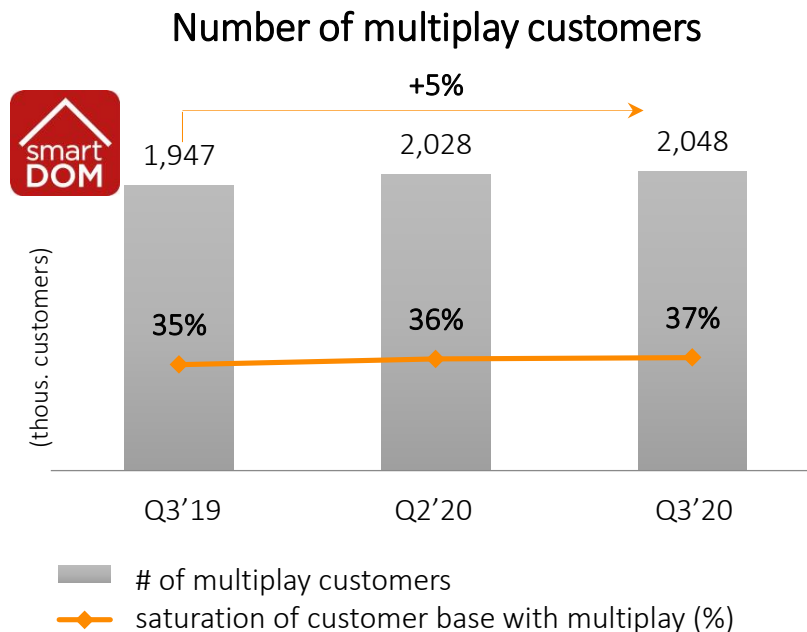
Maciej Stec

Vice President of the Management Board, Cyfrowy Polsat

Over 2 million customers of multiplay offer



- Consistent implementation of our multiplay strategy results in a stable increase in the number of customers with bundled services by 100K YoY
- The number of RGUs owned by these customers increased to 6.28m
- Another quarter of decline in churn level – mainly due to our multiplay strategy



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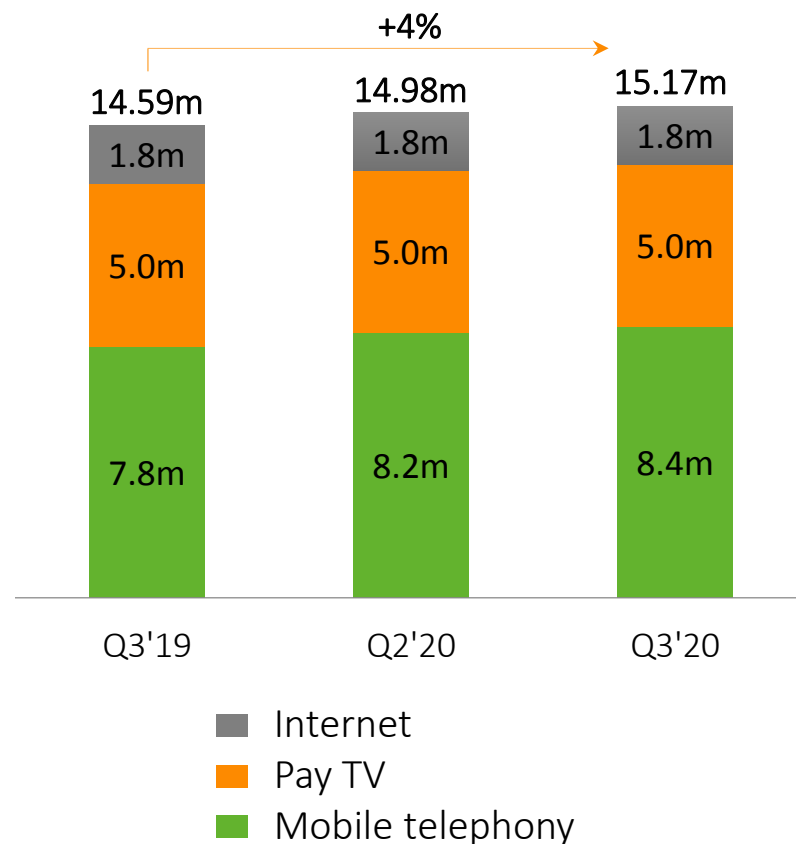
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More than 15 million provided contract services



- Increase in the number of contract services by 581K YoY
- Dynamic growth of voice services was driven by the successful implementation of our strategy of cross-selling and focusing on customer satisfaction, as well as by high demand among business customers for m2m services
- Stable base of pay TV and Internet services



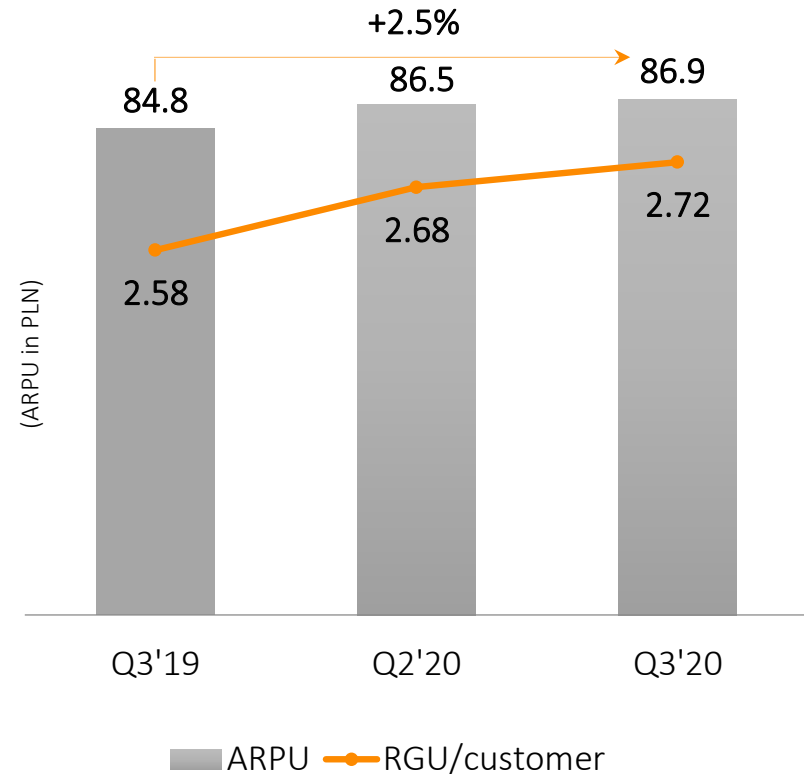
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Growth of ARPU thanks to the consistent implementation of the multiplay strategy



- 2.5% YoY increase in ARPU resulting from the consistent building of the value of the existing customer base and an increase in revenues from interconnection settlements
- Effective upselling of products under our multiplay strategy continues to be reflected in the growing RGU saturation per customer ratio



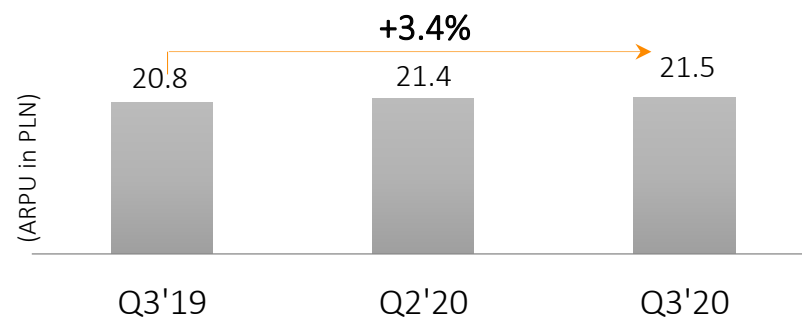
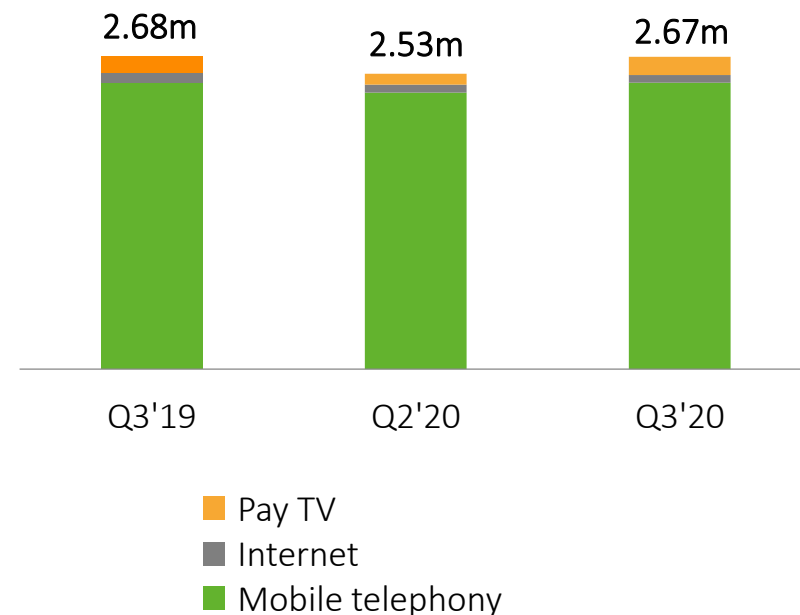
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Fast rebuilding of the scale of provided prepaid services



- Good sales of voice services following the lockdown as well as high interest in VOD services translate into stabilization of the prepaid base
- Growing ARPU driven, among others, by a higher number of voice calls which translates into higher interconnect settlements



3. Financial results

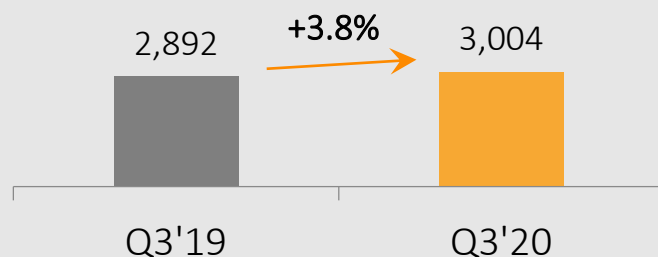
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Katarzyna Ostap-Tomann
CFO, Cyfrowy Polsat

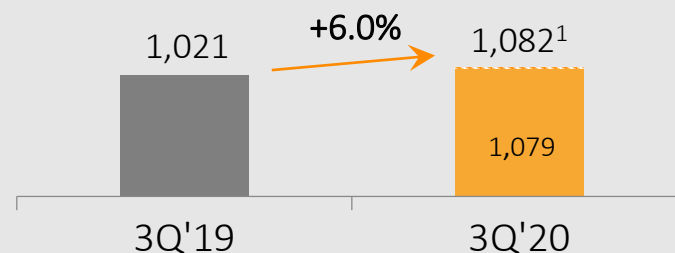
Results of the Group in Q3'20



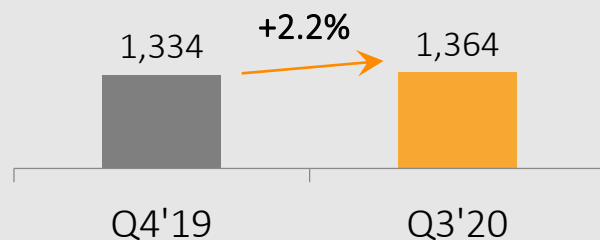
revenue



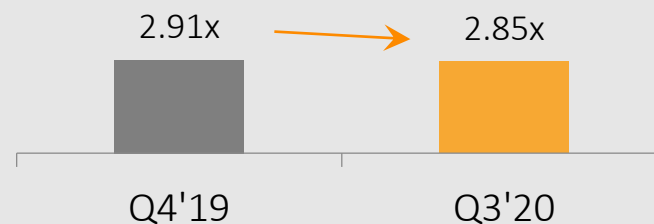
EBITDA and adjusted EBITDA¹



LTM FCF

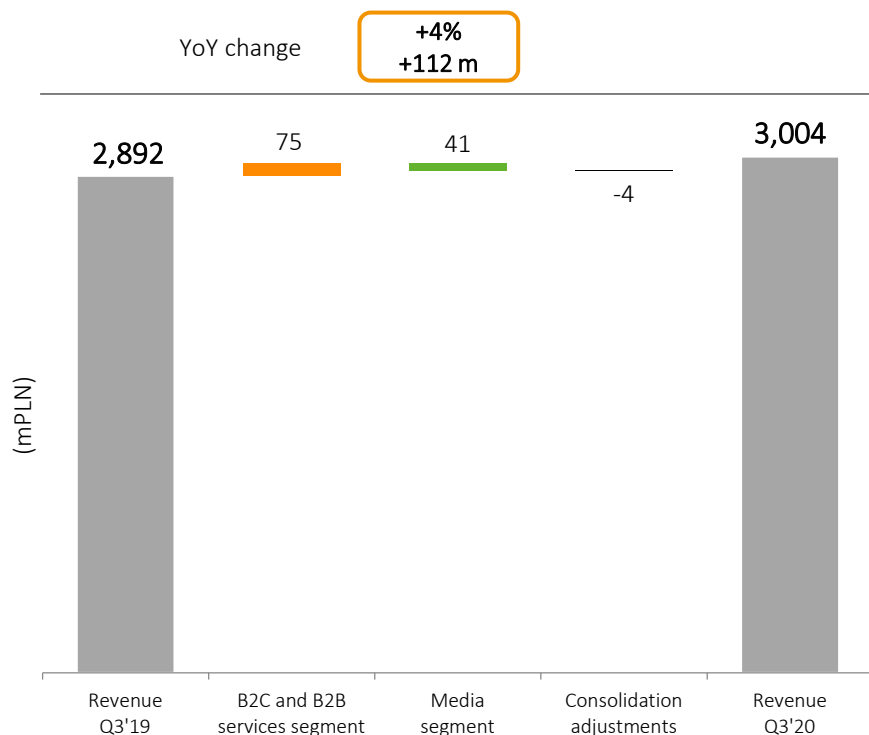


net debt/EBITDA LTM

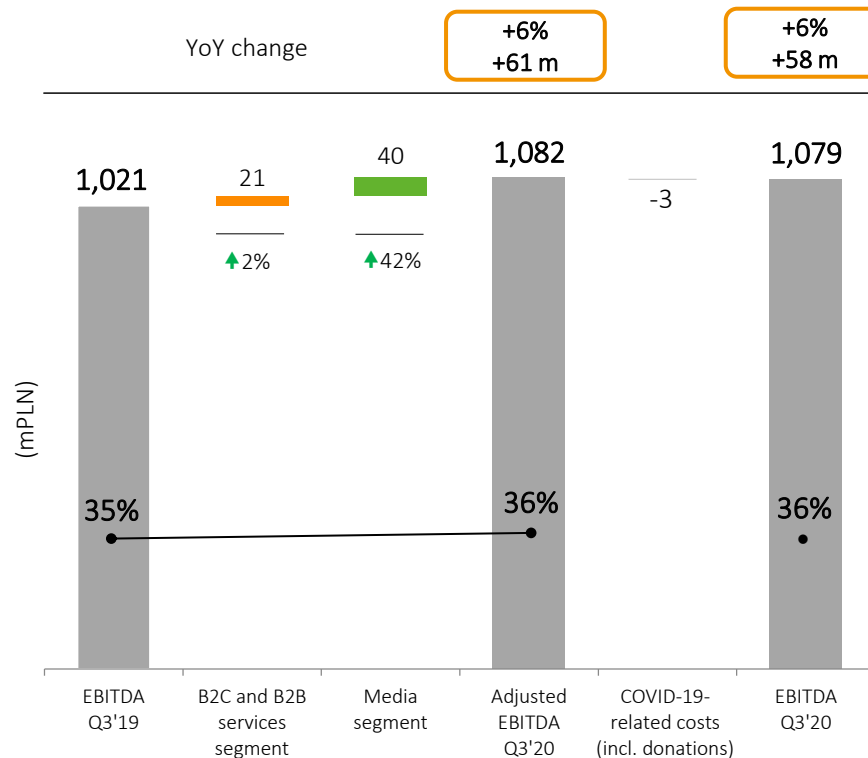


Revenue and EBITDA – change drivers

Revenue



Adjusted EBITDA ¹ and EBITDA



●—● EBITDA margin

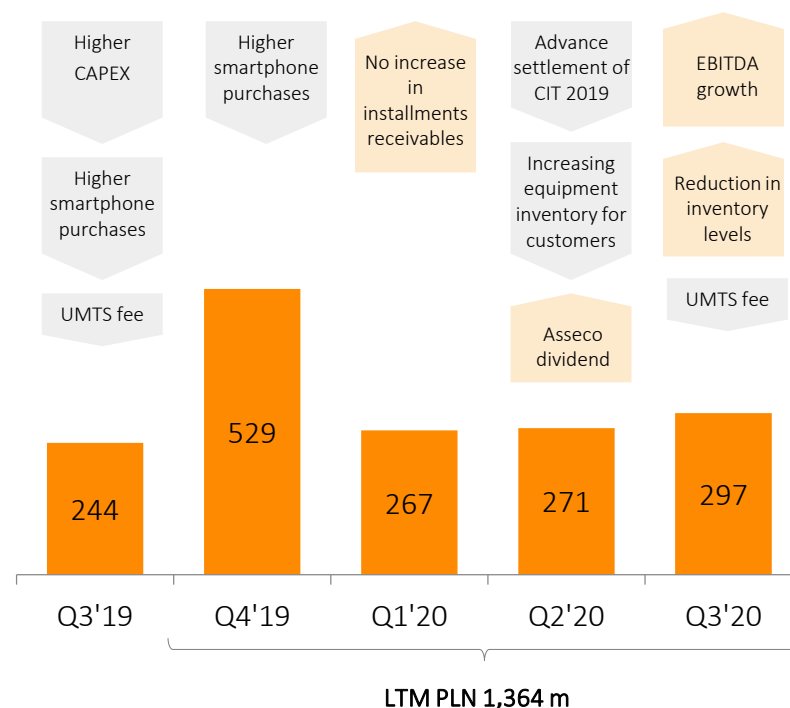
Source: Consolidated financial statements for the 9-month period ended 30 September 2020 and internal analyses
 Note: (1) EBITDA excl. one-off costs related to COVID-19 (incl. donations) in the amount of PLN 3.3m

Stable cash generation

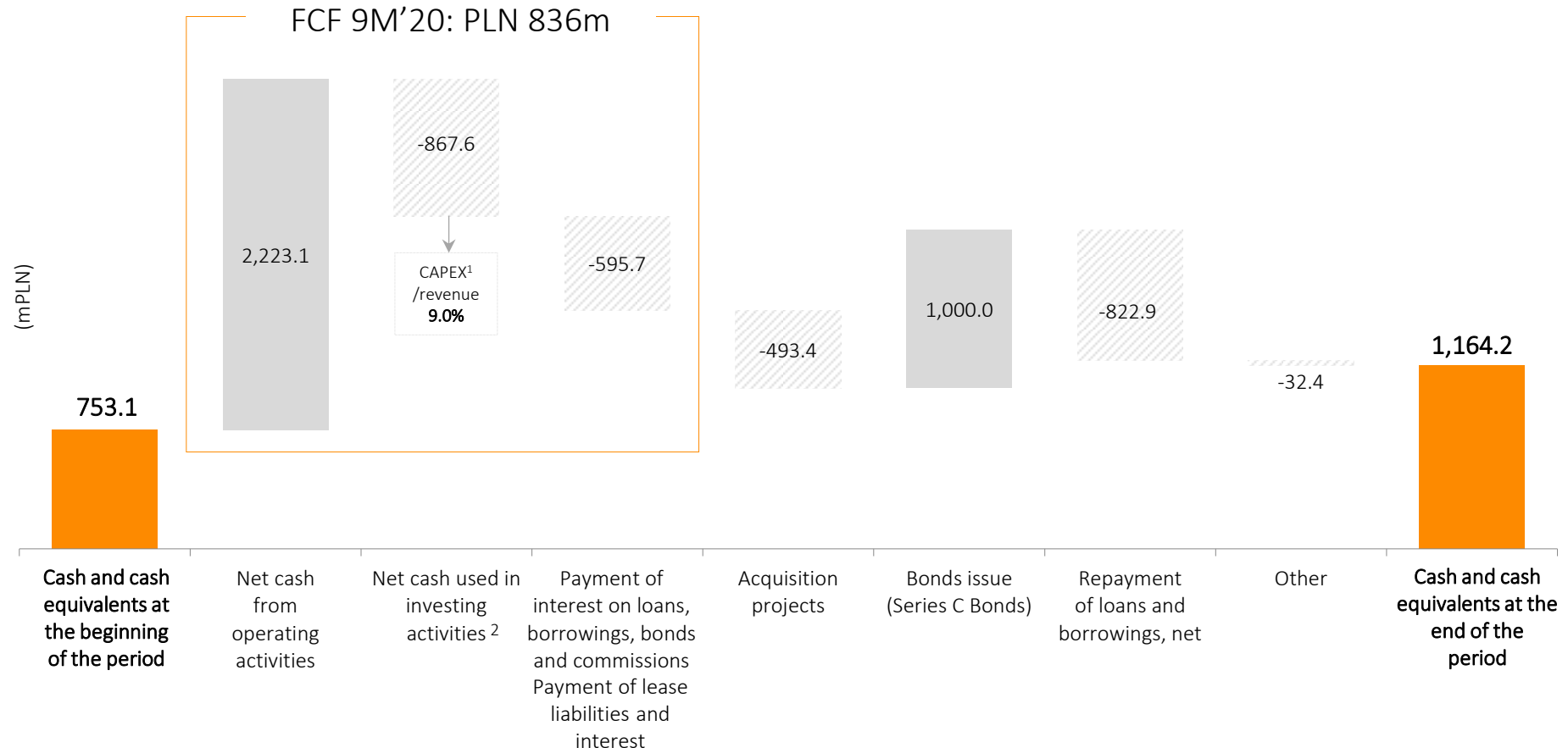


mPLN	Q3'20	9M'20
Net cash from operating activities	870	2.223
Net cash used in investing activities	-817	-1.361
Payment of interest on loans, borrowings, bonds and commissions	-63	-256
Payment of lease liabilities and interest	-133	-340
FCF after interest	-143	266
Acquisition projects	437	493
Bank fees and other costs of organizing refinancing	-	32
COVID-19-related costs (incl. donations)	3	45
Adjusted FCF after interest	297	836

Adjusted FCF after interest



High level of cash enables dividend payout in the amount of PLN 640 million



Source: Consolidated financial statements for the 9-month period ended 30 September 2020 and internal analyses

Note: (1) Expenses on the acquisition of property, plant and equipment and intangible assets

(2) Excluding acquisition projects



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The Group's debt

mPLN	Carrying amount as at 30 Sep. 2020
SFA (Tranche A and B)	9.291
Revolving Credit Facility (RCF)	335
Series B and C Bonds	2.000
Leasing and other	1.442
Gross debt	13.068
Cash and cash equivalents ¹	(1.164)
Net debt	11.903
EBITDA LTM ²	4.172
Total net debt / EBITDA LTM	2.85x
Weighted average interest cost ³	1.8%

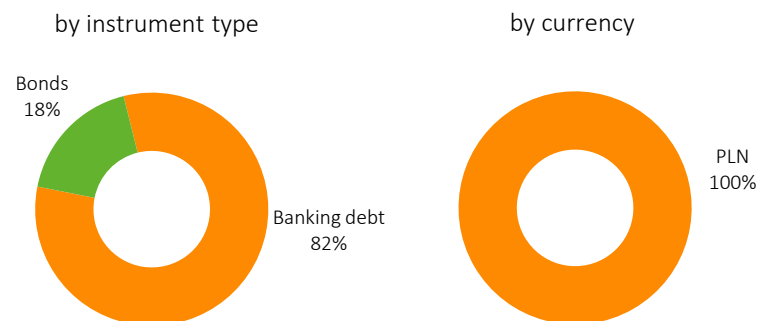
¹ This position comprises cash and cash equivalents, incl. restricted cash, as well as short-term deposits.

² In accordance with the requirement of the SFA, the EBITDA LTM calculation includes the adjusted EBITDA amount in the second and the third quarter of 2020, i.e., without the COVID-19 related costs, including donations.

³ Prospective average weighted interest cost of the SFA (including the Revolving Credit Facility) and the Series B and Series C Bonds, excluding hedging instruments, as at September 30, 2020 assuming WIBOR 1M of 0.20% and WIBOR 6M of 0.26%.

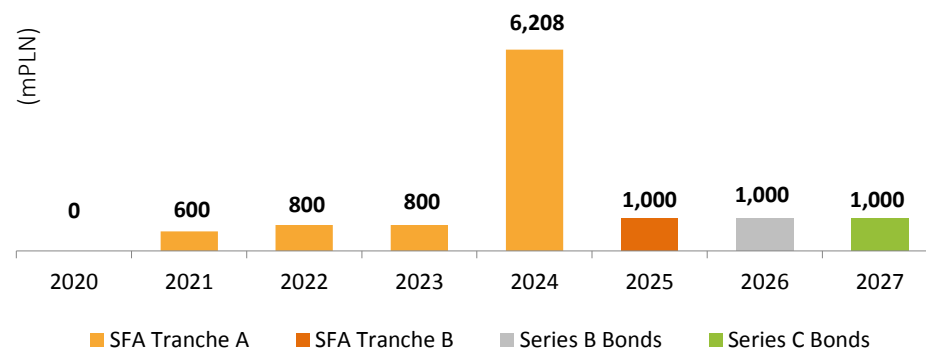
⁴ Nominal value of the indebtedness as at 30 September 2020 (excl. the Revolving Facility Loan and leasing).

Debt structure⁴



Debt maturing profile⁴

As at 30 September 2020



4. Summary and Q&A

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Mirosław Błaszczuk

President of the Management Board, Cyfrowy Polsat

Summary



Excellent results of the multiplay strategy:
over 2m customers / 581K new services (RGUs) /
ARPU growth to PLN 86.9 / record low churn of 6.1%



Strong financial performance: over PLN 3bn in revenue,
EBITDA growth by 6% YoY, stable and low debt level (2.85x)



We have started the payout of a record high dividend
in the total amount of PLN 640 million



We invest dynamically in the 5G network, using the unique
2.6 GHz TDD frequency band – over 11 million Poles living in
150 towns and cities will be within the 5G network's coverage
radius already in 2021



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5. Additional information



5.1 Impact of COVID-19 on the activities of Polsat Group



Our business has demonstrated high resistance to the disruptions caused by COVID-19



- Our **diversified and subscription-based** business model assures predictable and **stable revenue streams**
- Continued **high demand for communication services and home entertainment** has not suffered, even in spite of the temporary closure of part of our sales network
- Reduced cross-border mobility exerts **temporary pressure on roaming revenues**
- TV and the Internet are the advertising channels that are **most resistant to the turbulences caused by COVID-19**, currently the prospects for the fourth quarter are relatively stable
- We continuously generate **high cash flows**, which assures **security** in terms of current liquidity

Polsat Group's stable and safe business model allows comfortable day-to-day operations

COVID-19 exerts both positive impact and negative pressure on our financials



positive impact factors

- Demand for bigger data bundles due to higher data usage as a result of remote work and home education, both in the B2C and B2B segments
- Higher demand for premium content (pay TV / VOD), which is reflected by customers' migration to higher end service packages
- Low churn level
- Positive impact on retail revenues thanks to changes of mobile service prices in 2019/2020
- Higher IC revenue and costs due to higher voice traffic
- Less demanding labor market
- Interest rate reduction by 140 basis points, leading to reduced cost of debt servicing

- Uncertainties as regards the duration of the coronavirus pandemic and its ultimate impact on global, European and Polish economies
- Uncertainties regarding the mid-term prospects for the advertising market due to the slowdown of Polish, European and global economies
- Uncertainties surrounding the consequences of postponement of major sports events
- Significantly lower roaming traffic, even in spite of the borders having been opened
- Lower sales of prepaid starter sets during the lockdown and reduced number of foreign visitors coming to Poland
- Should the situation on the labor market deteriorate further, potential decrease of sales of mobile handsets/equipment can be expected due to the customers' lower propensity to buy expensive smartphones
- Potential bankruptcies in the sectors which have been hit hardest by the restrictions caused by the pandemics

negative pressure factors



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5.2 Financial results Q3'20

Results of the segment of B2C and B2B services



mPLN	Q3'20	YoY change	
Revenue	2,590	75	3%
Operating costs ⁽¹⁾	1,646	48	3%
Adjusted EBITDA ⁽²⁾	947	21	2%
Adjusted EBITDA margin	36.6%	-0.2pp	

- Stabilization of retail revenue, high level of IC settlements, good sales of equipment and early results of solar panel sales have resulted in significant growth of revenue, translating into EBITDA growth for the segment

Source: Consolidated financial statements for the 9-month period ended 30 September 2020 and internal analyses

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

(2) EBITDA excl. one-off costs related to COVID-19, incl. donations



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Results of the media segment



mPLN	Q3'20	YoY change	
Revenue	482	41	9%
Operating costs ⁽¹⁾	348	5	1%
Adjusted EBITDA ⁽²⁾	135	40	42%
Adjusted EBITDA margin	28.0%	6.5pp	

- Clear rebound on the TV advertising market, combined with the consolidation of the results of Interia.pl, has translated into dynamic growth of revenue for the segment
- Smaller number of current sports events, especially volleyball matches, as well as prudent approach to the autumn programming offer have resulted in EBITDA growing by more than 40%

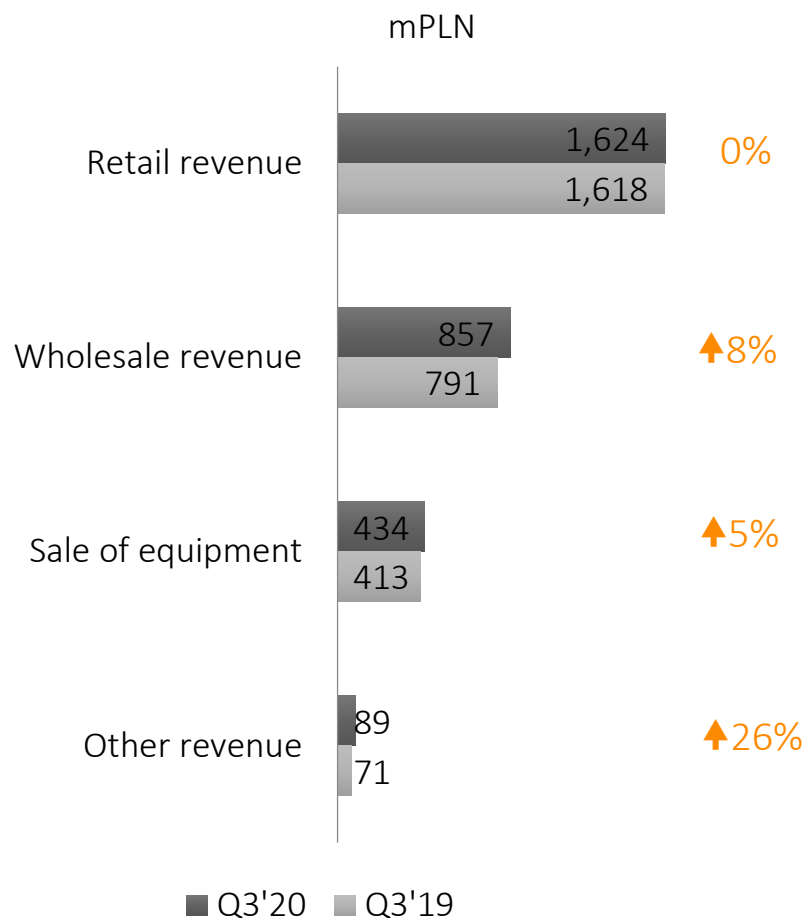
Source: Consolidated financial statements for the 9-month period ended 30 September 2020 and internal analyses

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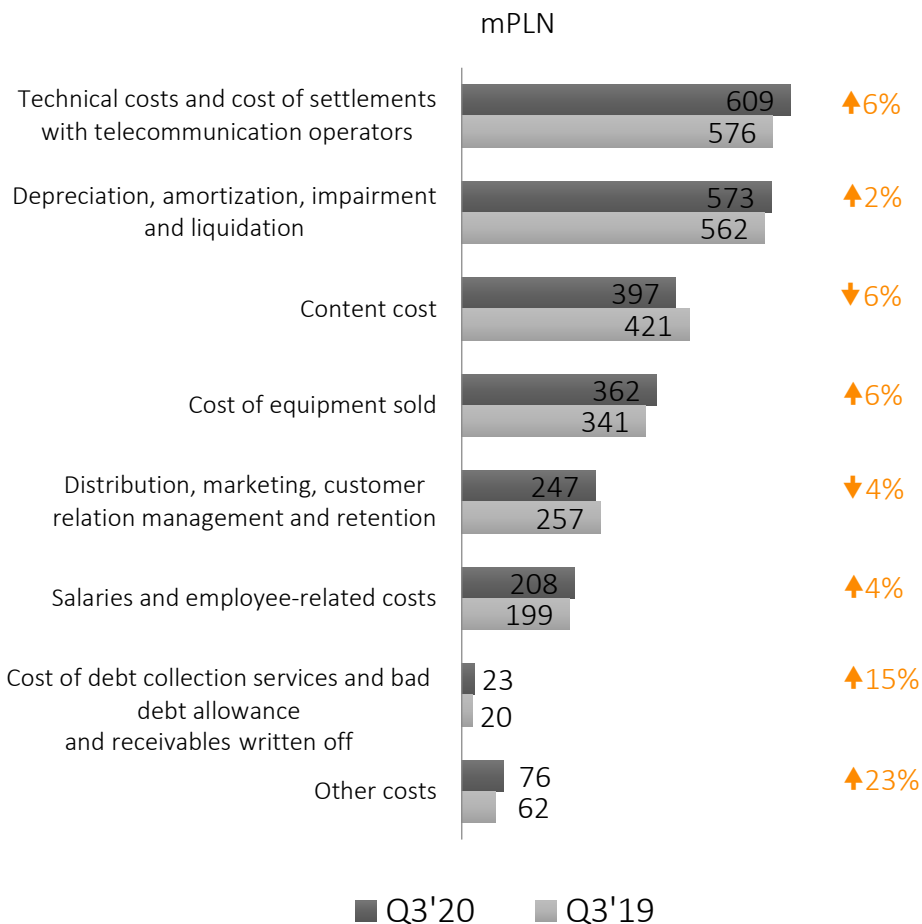


Revenue structure



- Higher **wholesale revenues** as a result of increase in advertising revenue, associated mainly with consolidation of Interia Group results from July 2020, was further supported by substantially higher interconnect revenue, resulting from the growth of voice traffic volumes during the COVID-10 epidemic, as well as by higher revenue from the sales of channels to cable and satellite operators.
- Increase in revenue from **sale of equipment**. In Q3'20 the sale of equipment continued its high momentum thanks to, among others, our efforts during the COVID-19 epidemic lockdown to replace direct forms of sales with remote channels and the substantial intensification of direct sales from May 2020 when part of our physical sales network re-open after the lockdown.
- The increase in **other revenue** due to the consolidation of revenues of Esoleo, a company selling photovoltaic installations, and higher revenue from interest on installment plan sales of equipment to residential customers.

Operating costs structure



- Higher **technical costs and cost of settlements with telecommunication operators** mainly from higher interconnect costs on higher volumes of outgoing traffic, which was associated with the coronavirus epidemic.
- Lower **content cost** was mostly the result of lower costs of internal production and amortization of sport rights, which was a direct consequence of our prudent approach towards cost management in light of uncertainty caused by the coronavirus epidemic. Moreover, in Q3'19 this item included, among others, costs of broadcasting a number of top volleyball tournaments.
- Higher **costs of equipment sold** corresponds with higher revenue from the sale of equipment.
- Higher **other costs** mainly as a result of the recognition of costs associated with the acquisition of Interia Group, in particular the civil law transaction tax (*PCC*), costs related to operations on the photovoltaic market and additional costs due to the adjustment in the Group's operations to conditions imposed by the state of epidemic.

Glossary



RGU (Revenue Generating Unit)

Single, active service of pay TV, Internet Access or mobile telephony provided in contract or prepaid model.

Customer

Natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a **contract model**.

Contract ARPU

Average monthly revenue per **Customer** generated in a given settlement period (including interconnect revenue).

Prepaid ARPU

Average monthly revenue per **prepaid RGU** generated in a given settlement period (including interconnect revenue).

Churn

Termination of the contract with **Customer** by means of the termination notice, collections or other activities resulting in the situation that after termination of the contract the Customer does not have any active service provided in the contract model.

Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of the termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.

Usage definition (90-day for prepaid RGU)

Number of reported RGUs of prepaid services of mobile telephony and Internet access refers to the number of SIM cards which received or answered calls, sent or received SMS/MMS or used data transmission services within the last 90 days. In the case of free of charge Internet access services provided by Aero 2, the Internet prepaid RGUs were calculated based on only those SIM cards, which used data transmission services under paid packages within the last 90 days.



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