



Cyfrowy Polsat Group

Investor Presentation

WOOD's Winter in Prague

Emerging Europe Conference 2015

December 2015

Cyfrowy Polsat S.A. Capital Group



Disclaimer



This presentation includes 'forward-looking statements'. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements speak only as at the date of this presentation. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. We caution you that forward-looking statements are not guarantees of future performance and that our actual financial position, business strategy, plans and objectives of management for future operations may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if our financial position, business strategy, plans and objectives of management for future operations are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in future periods. We do not undertake any obligation to review or to confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation.

As consolidation of the results of Metelem Holding Company Limited, the company indirectly controlling Polkomtel, started from 7 May 2014, the Company has decided to adjust the method of presentation of its operational data so as to align it with the new structure and mode of operation of our Group. The presentation contains the new set of key performance indicators (KPI's), covering our operations in the fields of telecommunications and pay TV. The operational indicators from before that period are only of informational nature and they demonstrate the impact that Metelem Group's operational performance, Polkomtel's results in particular, would have the Group's operational results, had Metelem Group been part of Polsat Group during these periods. The KPI's are illustrative only and due to their nature they only present a hypothetical situation, hence they do not present the Group's actual operational results for specific periods.



Contents



1. Introduction to our business
2. Our market strategy
3. Operational KPIs
4. Financial results
5. Company financial performance vs peers
6. Deleveraging and dividend policies
7. Stock performance
8. Summary





1. Introduction to our business



Who we are



We are one of the largest Polish companies and a leading media and telecommunications group in the region

Polsat Group



Largest pay-tv platform in Poland



Poland's leading mobile network operator



Leading commercial broadcaster



Leader of the Polish online video market



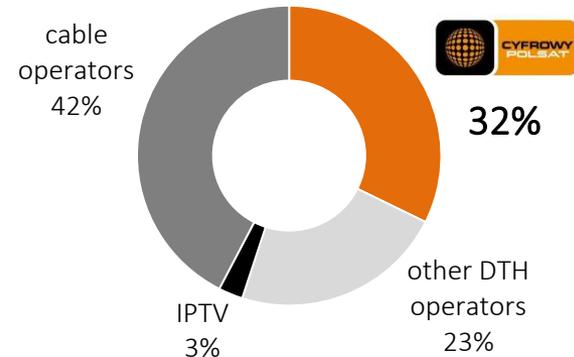
Pay-TV and telecommunication



- Leader among all pay-TV operators both in terms of the number of subscribers and profitability
- Leading market share in contracted subscribers in the telco segment – and again most profitable telecom in Poland
- Focus on retail customers and mass market products in both pay-TV and telco business

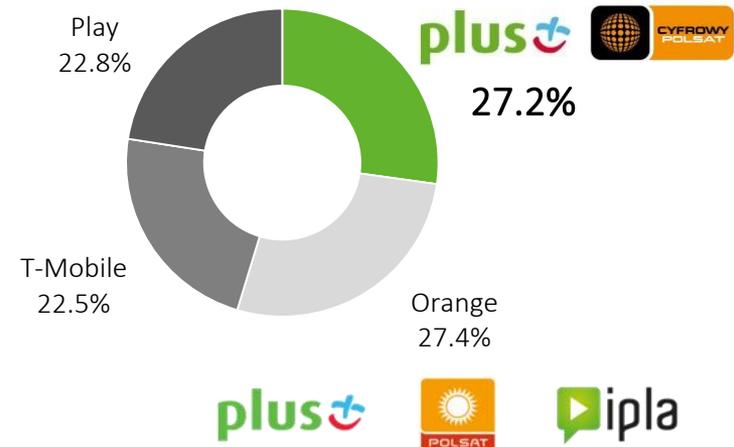
Pay-TV market in Poland

% share in the total number of paying subscribers⁽¹⁾



Mobile market in Poland

share of contracted SIM cards⁽²⁾



Note: (1) As of end of 2014, own estimates based on data published by other operators

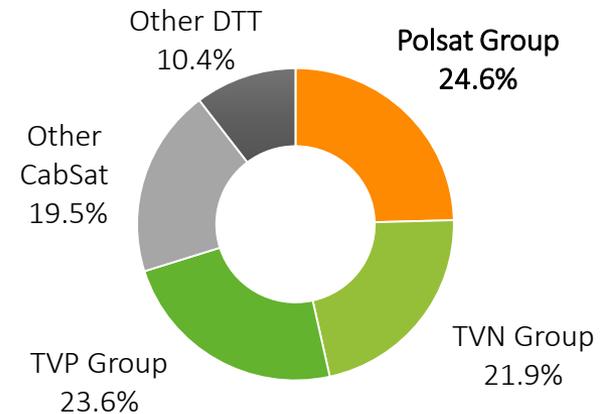
(2) As of end of September 2015, own estimates based on data published by other operators

TV broadcasting and video online

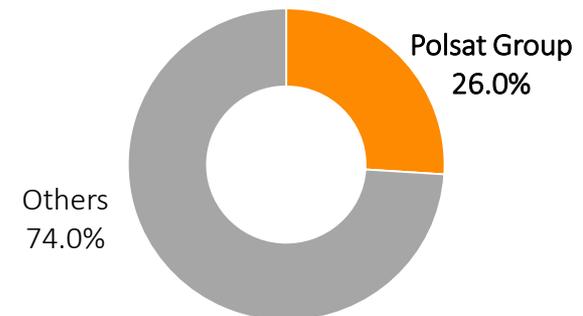


- Portfolio of 31 channels, providing us with 24.6% audience share
- Strong position on the TV ad market, with 26.0% market share
- IPLA – our own online video platform, with 3.6m users in Q3'15

Audience share



TV ad market share



ipla NAJWIĘKSZA TELEWIZJA INTERNETOWA



Source: NAM, All 16-49, all day, SHR%, 9M'15; Starlink, airtime and sponsoring; TV Polsat internal analysis; IPLA – internal analysis, average number of unique users of the IPLA website/application



Leader of wireless broadband market

1. The biggest LTE network coverage – over 92% of population
2. The largest mobile broadband customer base of 1.7m
3. Power LTE – real competition for fixed-line Internet access



Plus has been the winner in the mobile Internet test of „Komputer Świat” Axel Springer monthly. Additionally Plus received the „QUALITY” award for the fastest Internet access based on LTE technology



Unique offering vs. competition



							 
Key content		X	—	—	—	—	X
Smartphones		—	—	X	X	X	X
In-Home	TV	X	X	—	X	—	X
	Broadband	—	X	X	X	X	X
	Voice	—	X	X	X	X	X
Out-of-Home	TV	X	—	—	X	—	X
	Broadband	—	—	X	X	X	X
	Voice	—	X	X	X	X	X

Source: Operator's websites; products and services provided with its own infrastructure, or using MVNO model



2. Our market strategy

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Leveraging the customer base potential

- Upselling and cross-selling of existing and potentially new products and services to the largest customer base in Poland
- Growing the customers' revenue and long term loyalty



Multiplay offer being the perfect tool for strategy execution

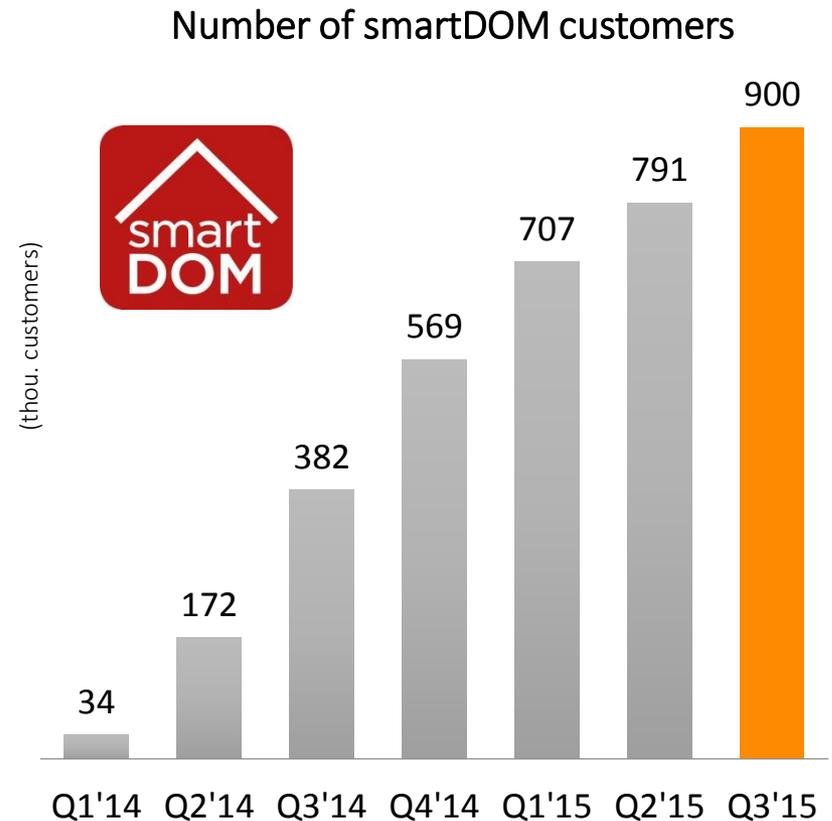


- Pay-TV, mobile telephony and mobile Internet – all services bundled under smartDOM offer
- smartDOM offer is available to both existing and new customers of the Group
- Bundled offer addressing both retail and small business customers
- A simple and flexible mechanism which offers clear benefits to customers contracting additional services offered by the Group



Success of the multiplay strategy

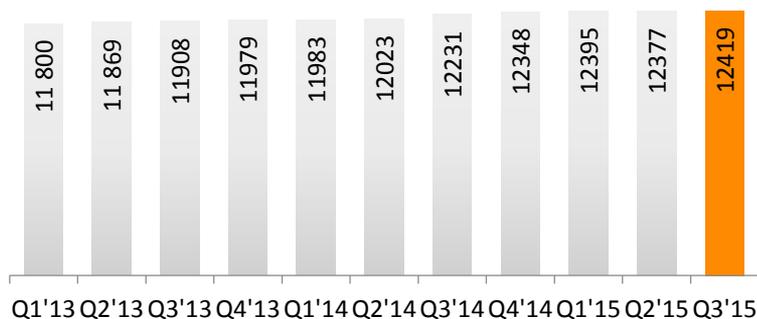
- As many as 15% of our customers already use multiplay offer, which should also have a positive impact on their provider loyalty in the future
- Total number of RGUs contracted by this group of customers exceeds 2.7m
- The goal of 1 million smartDOM customers by the end of 2015 will be achieved



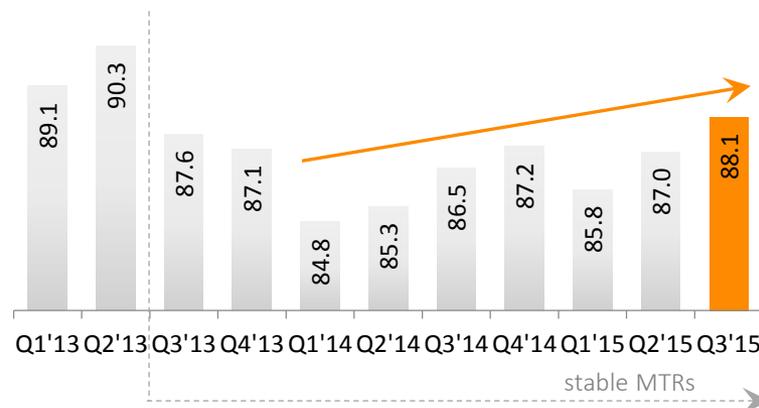
Multiplay supports the continuous growth of the number of services and ARPU



Contract RGUs EOP



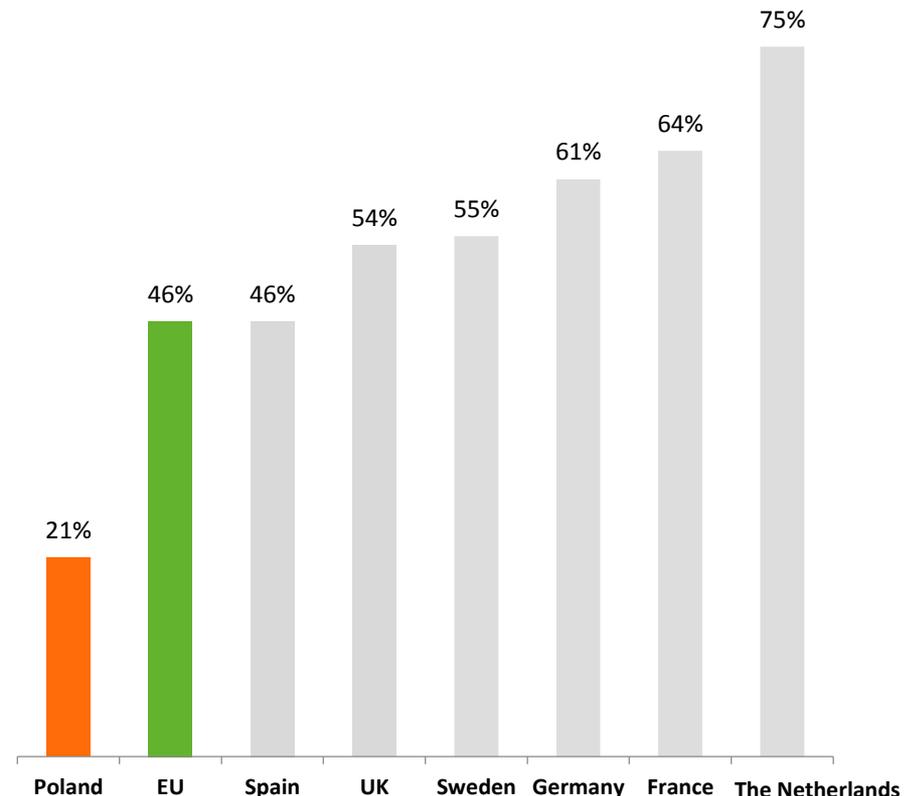
Contract ARPU (PLN)



The potential for the future

- Our strategic goal assumes the highest possible saturation of our customer base with integrated services
- A large group of our customers lives in less urbanized areas, where multiplay offers have been practically unavailable so far
- Mutual benefits resulting from the multiplay offer both for the customer and the operator

Multi-play penetration in Europe



3. Operational KPIs

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KPIs – retail customer services



Mobile telephony



Pay-TV

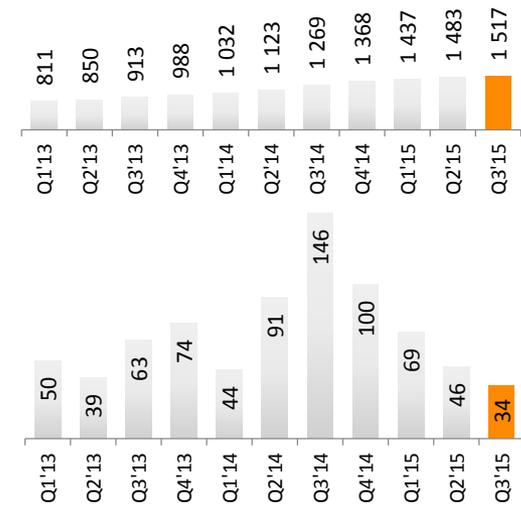
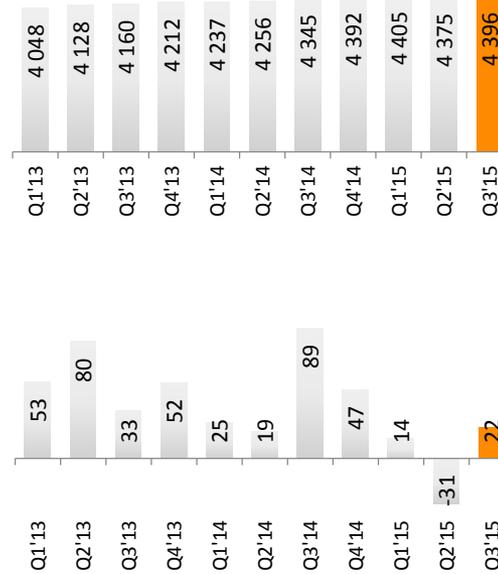
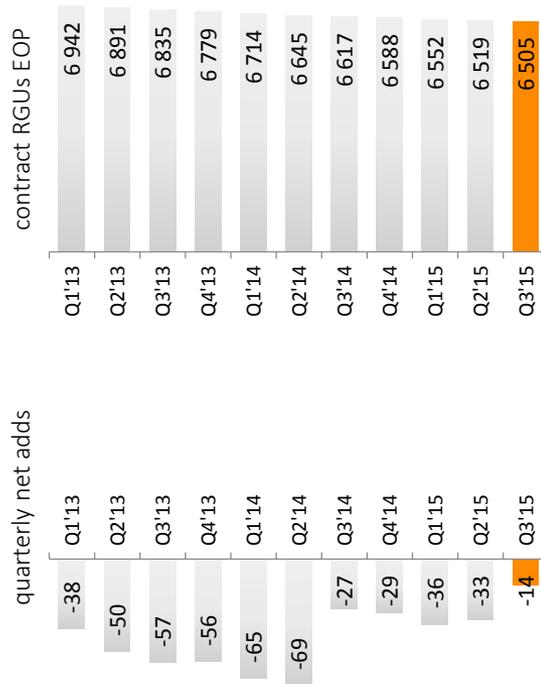


Internet

our aspirations: to stabilize the base

to sustain organic growth

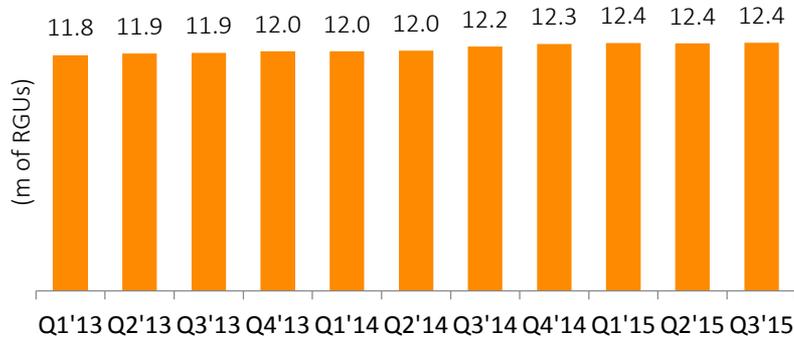
to grow fast based on our competitive advantage



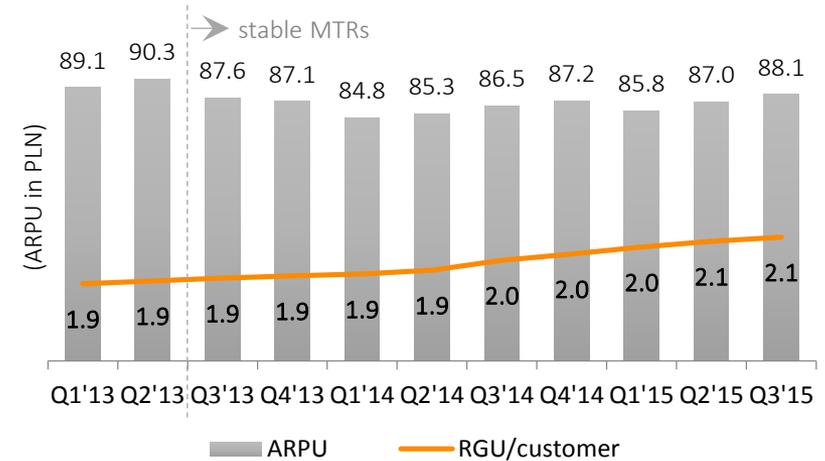
KPIs – retail customer services



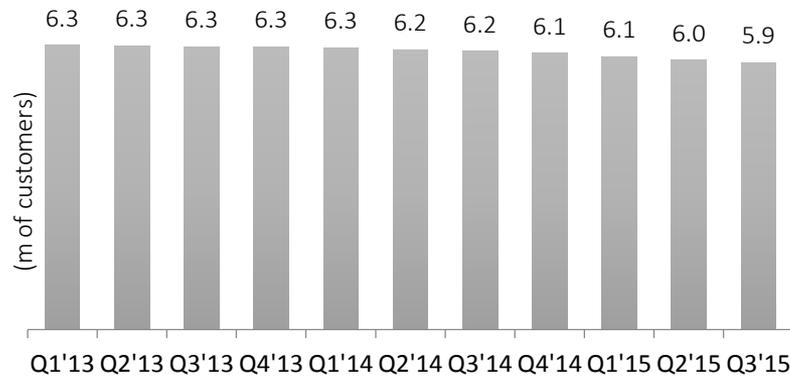
Total number of RGU contract services



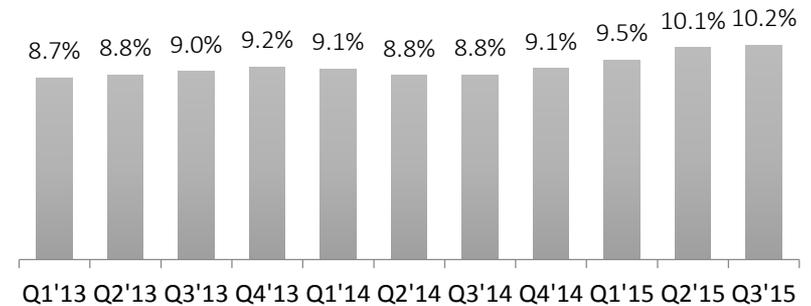
ARPU



Total number of customers



Churn



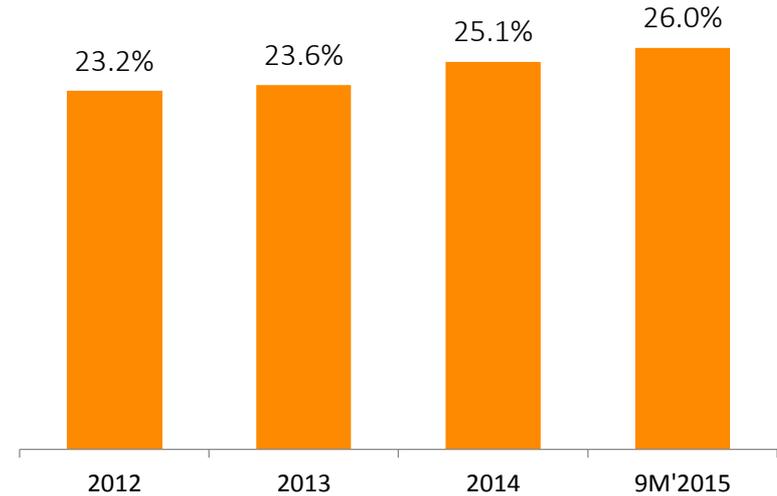
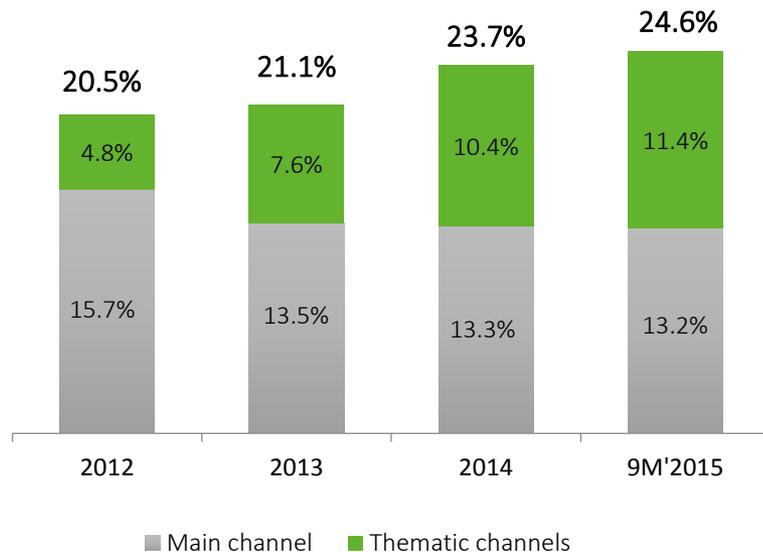
KPIs – TV production and broadcasting



Audience share

Ad market share

(% share of TV Polsat Group)



Source: NAM, All 16-49, all day, SHR%; Starlink, airtime and sponsoring; TV Polsat; internal analysis



4. Financial results

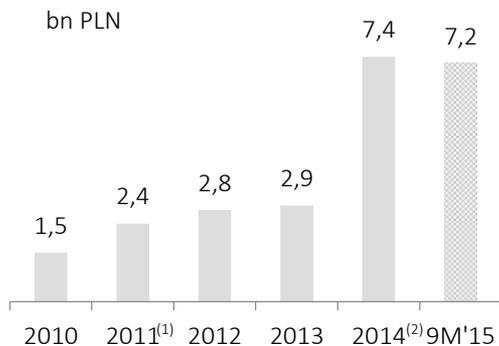
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Strong and resilient business profile

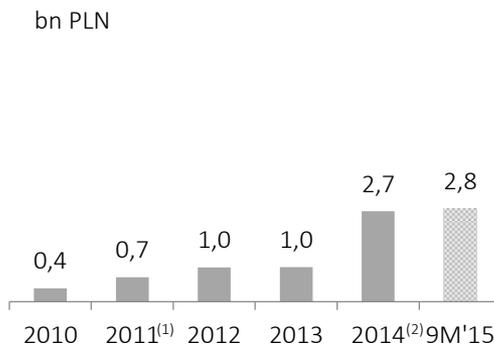


Cyfrowy Polsat Group

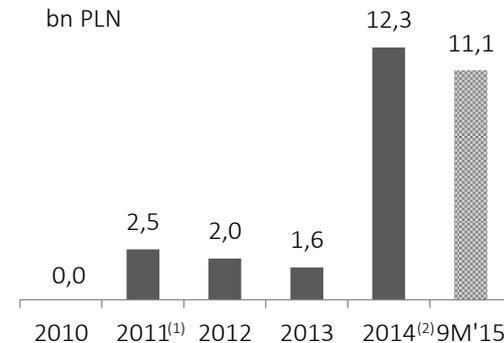
Revenues



EBITDA

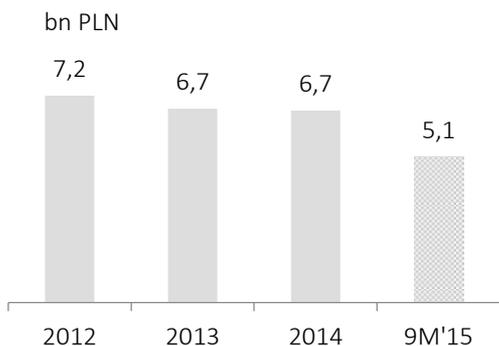


Net debt

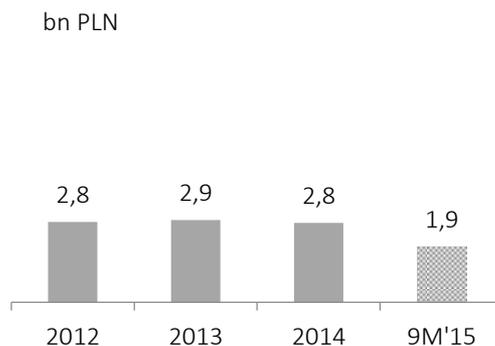


Metelem Group

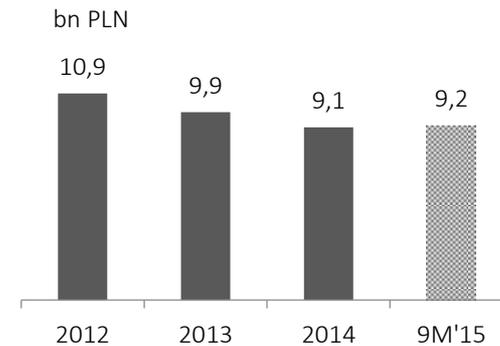
Revenues



EBITDA



Net debt



Source: condensed consolidated financial statements

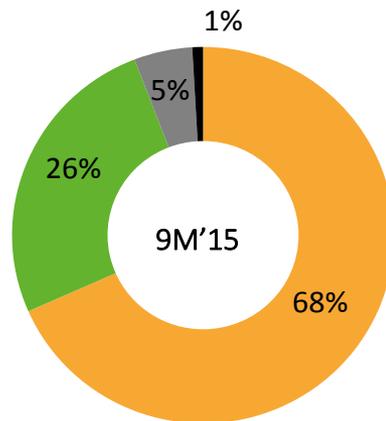
Note: (1) consolidation of TV Polsat Group

(2) consolidation of Metelem Group



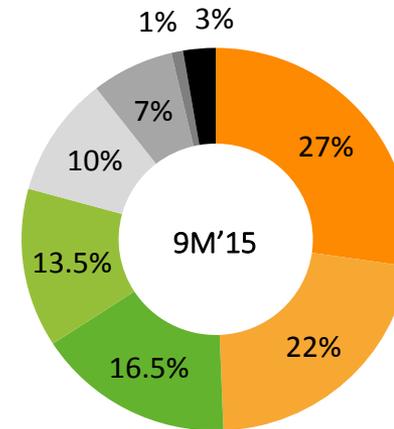
Revenue and operating costs structure

Revenue structure



- Retail revenue
- Wholesale revenue
- Sale of equipment
- Other revenue

Operating costs structure



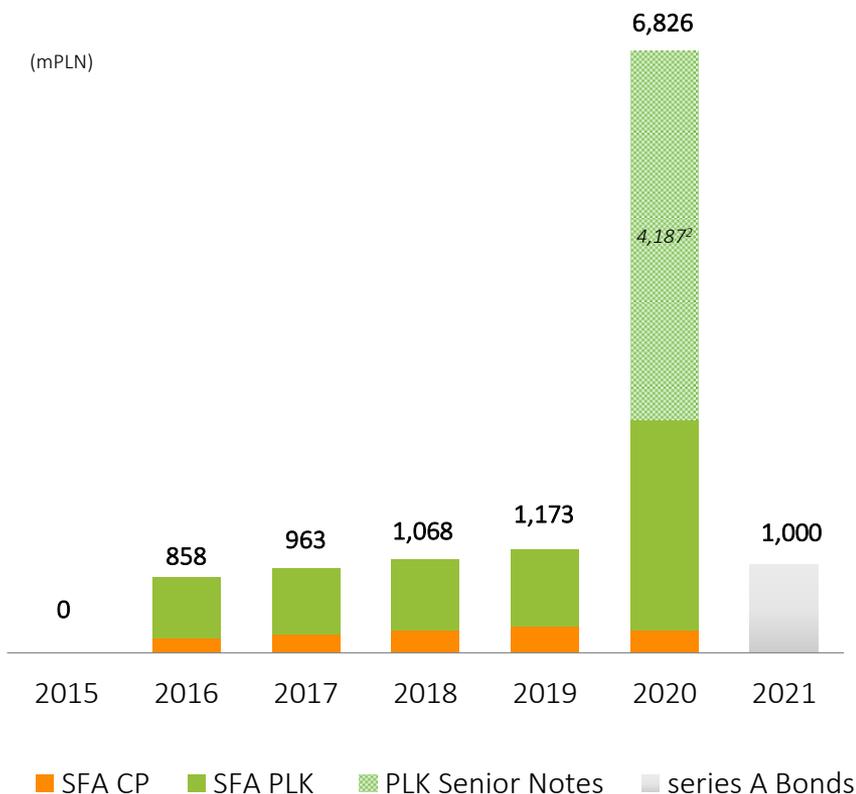
- Technical costs and cost of settlements with telecommunication operators
- Depreciation, amortization, impairment and liquidation
- Cost of equipment sold
- Content cost
- Distribution, marketing, customer relation management and retention costs
- Salaries and employee-related costs
- Cost of debt collection services and bad debt allowance and receivables written off
- Other costs

Source: Interim condensed consolidated financial statements for the 3 and 9 month periods ended 30 September 2015 and internal analysis

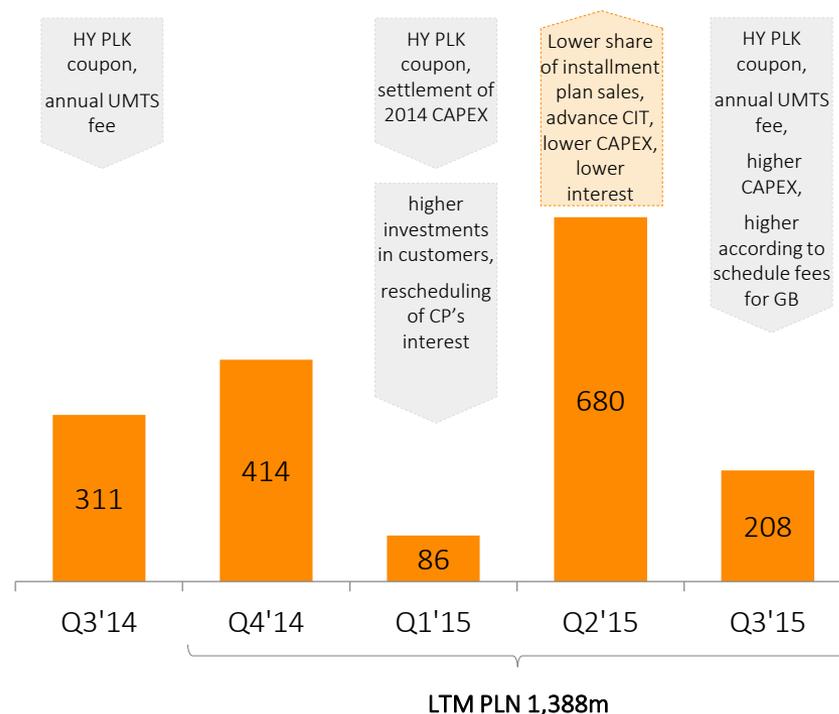
Balance sheet and FCF



Our debt maturing profile¹



Adjusted FCF after interest³



Source: Interim condensed consolidated financial statements for the 3 and 9 month periods ended 30 September 2015 and internal analysis

Note: (1) Nominal value of debt, excl. CP and PLK Revolving Loans

(2) Equivalent of the nominal value of EUR 542.5m and USD 500m PLK Senior Notes calculated at the average foreign exchange rates of the Polish National Bank as at September 30, 2015 of PLN/EUR 4.2386 and PLN/USD 3.7754, respectively. In connection with the process of refinancing, which assumes the redemption of the PLK Senior Notes at the turn of January and February of 2016, indebtedness under the PLK Senior Notes is presented as current liabilities from issued bonds in the consolidated balance sheet as at September 30, 2015.

(3) Adjusted for transitory VAT settlements



5. Company financial performance vs. peers

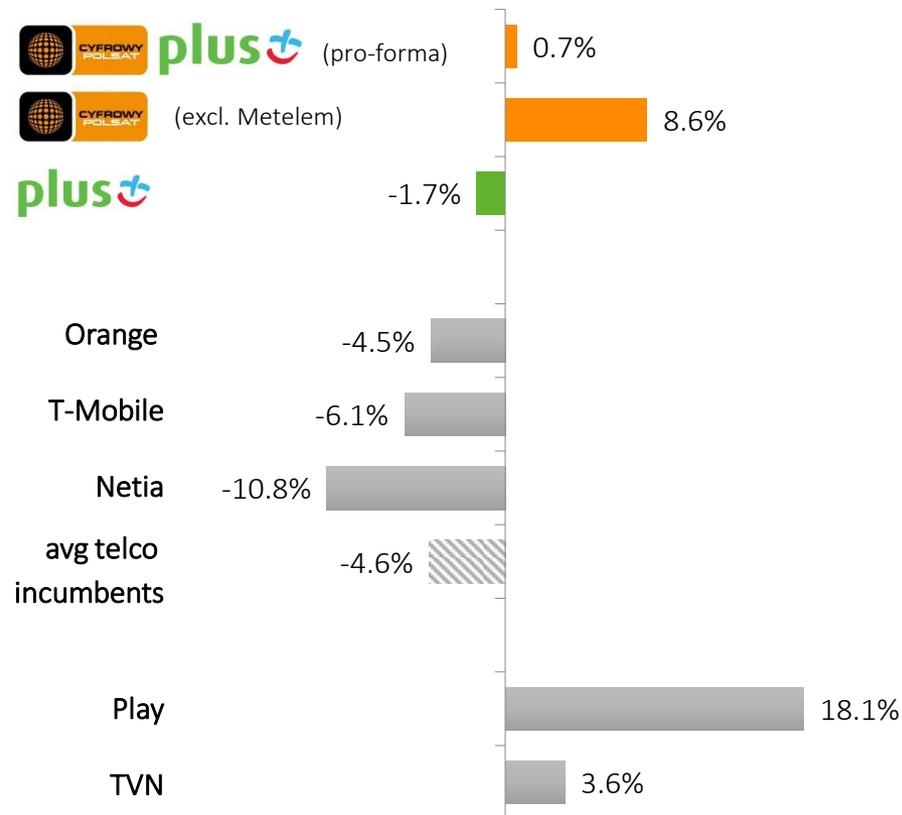


We are focused on monetizing our competitive strengths...



- The new Polsat Group, being composed of two relatively stable businesses (mobile telco and DTH), strongly growing mobile broadband leg and rebounding TV broadcasting business, clearly outperforms local telco incumbents as well as direct media competitors in terms of revenue dynamics
- As a result, with a growing ad market, stable MTRs and rational behavior of our competitors, revenue stream of our Group is expected to grow organically in future

2014 YoY revenue dynamics of Polsat Group vs TMT peers

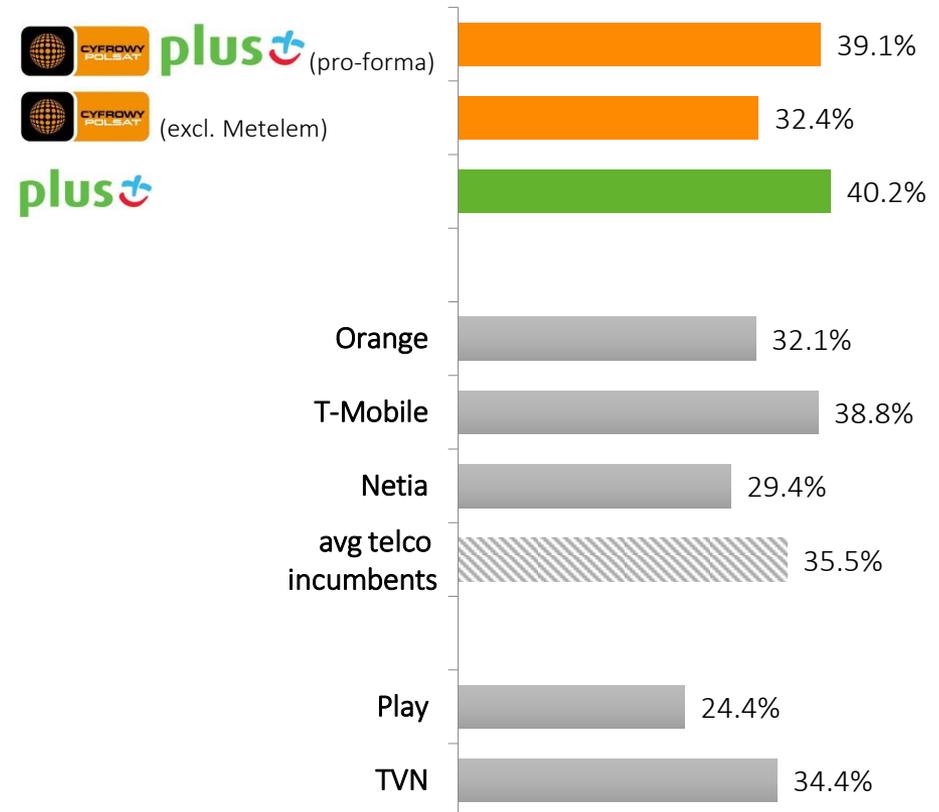


...and delivering returns to our shareholders and lenders



- Cyfrowy Polsat entered DTH market in 2001 as a market challenger, nevertheless aligning dynamic growth of the business with continuously taking care of operating efficiency was our key assumption
- Since 2011 Polkomtel continuously outperforms local telco market on operating efficiency, while simultaneously keeping revenue level comparable with peers
- As a result, the enlarged Polsat Group currently outperforms both incumbents, as well as challengers in terms of EBITDA generation

2014 EBITDA margins of Polsat Group vs TMT peers



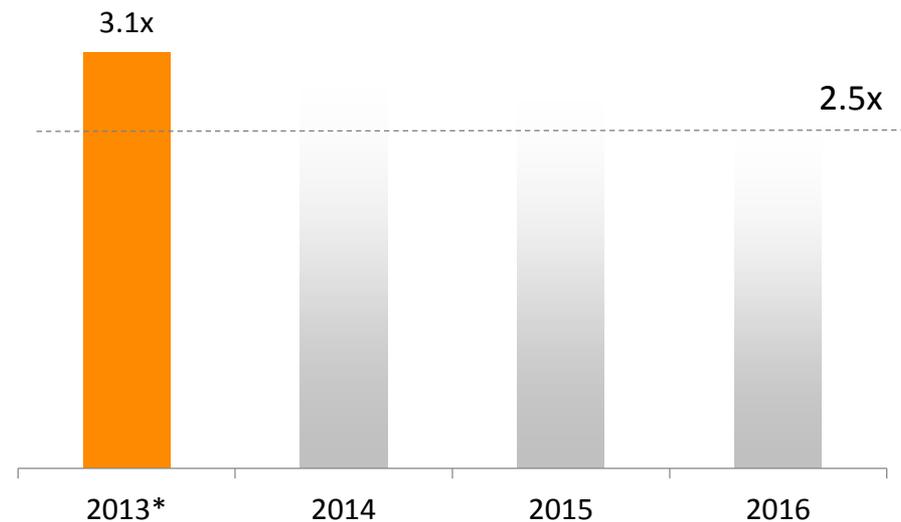
6. Deleveraging and dividend policies



Current policies

- Management goal is to deleverage below the level of 2.5x net debt/EBITDA as soon as possible
- Dividend policy is directly linked with the deleveraging strategy and allow the Company to dividend payment net debt/EBITDA below 2.5x level

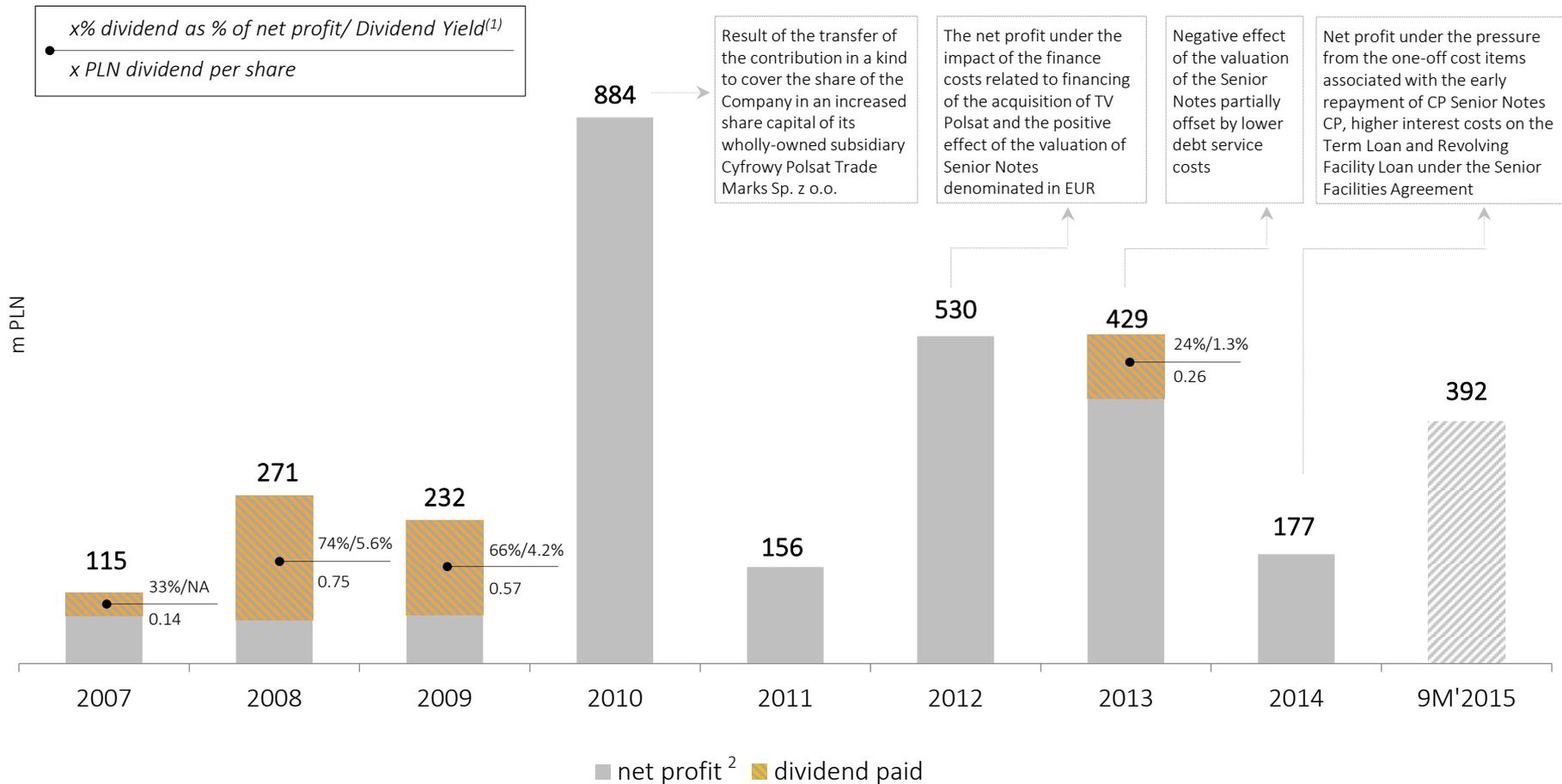
Expected leverage ratio¹



* LTM 3Q'13 pro forma leverage

Note: (1) presented in November 2013 with the PLK acquisition

History of profit sharing



Note: (1) as of EoY
(2) net profit of the parent company



7. Stock performance

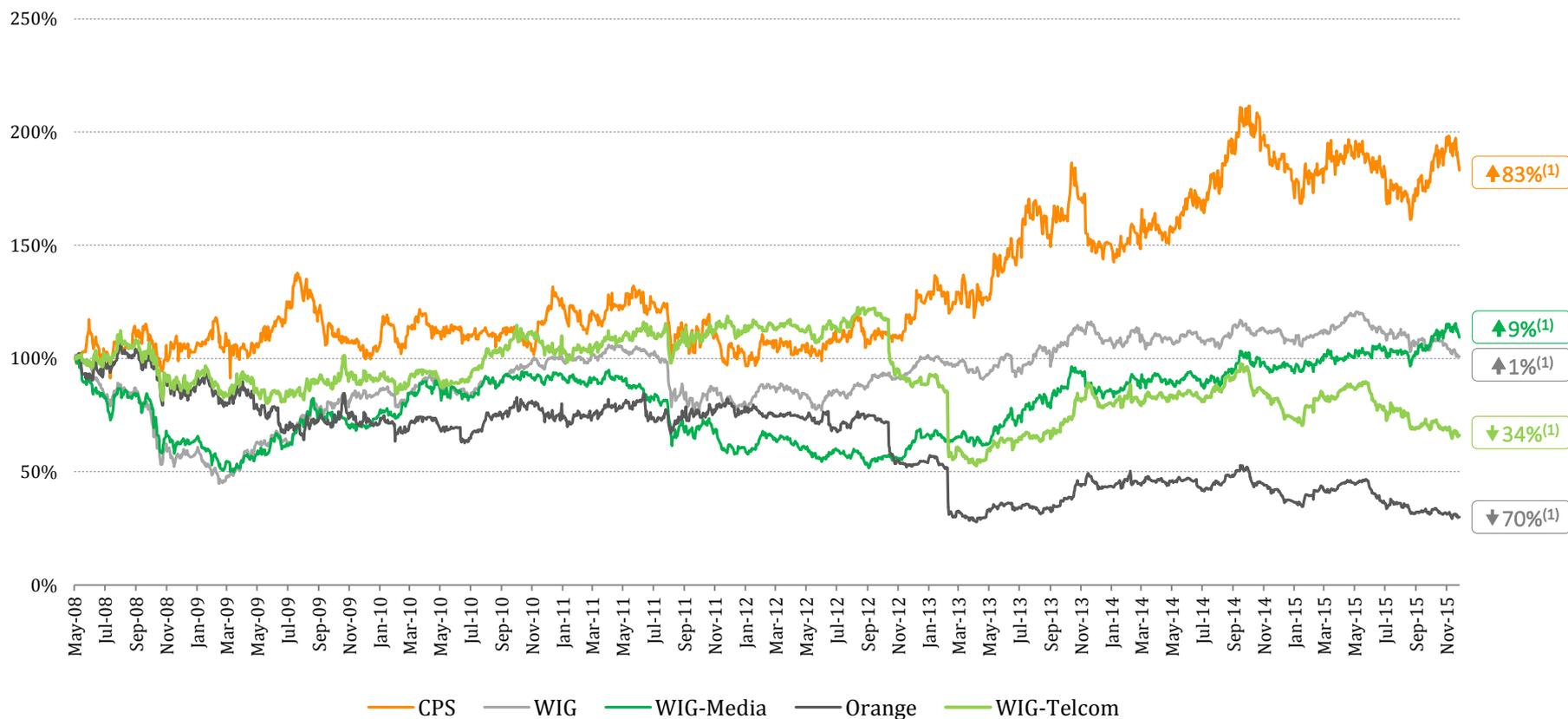
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Stock performance since IPO



Performance of Cyfrowy Polsat shares since the IPO on the WSE in May 2008 compared to WSE indexes

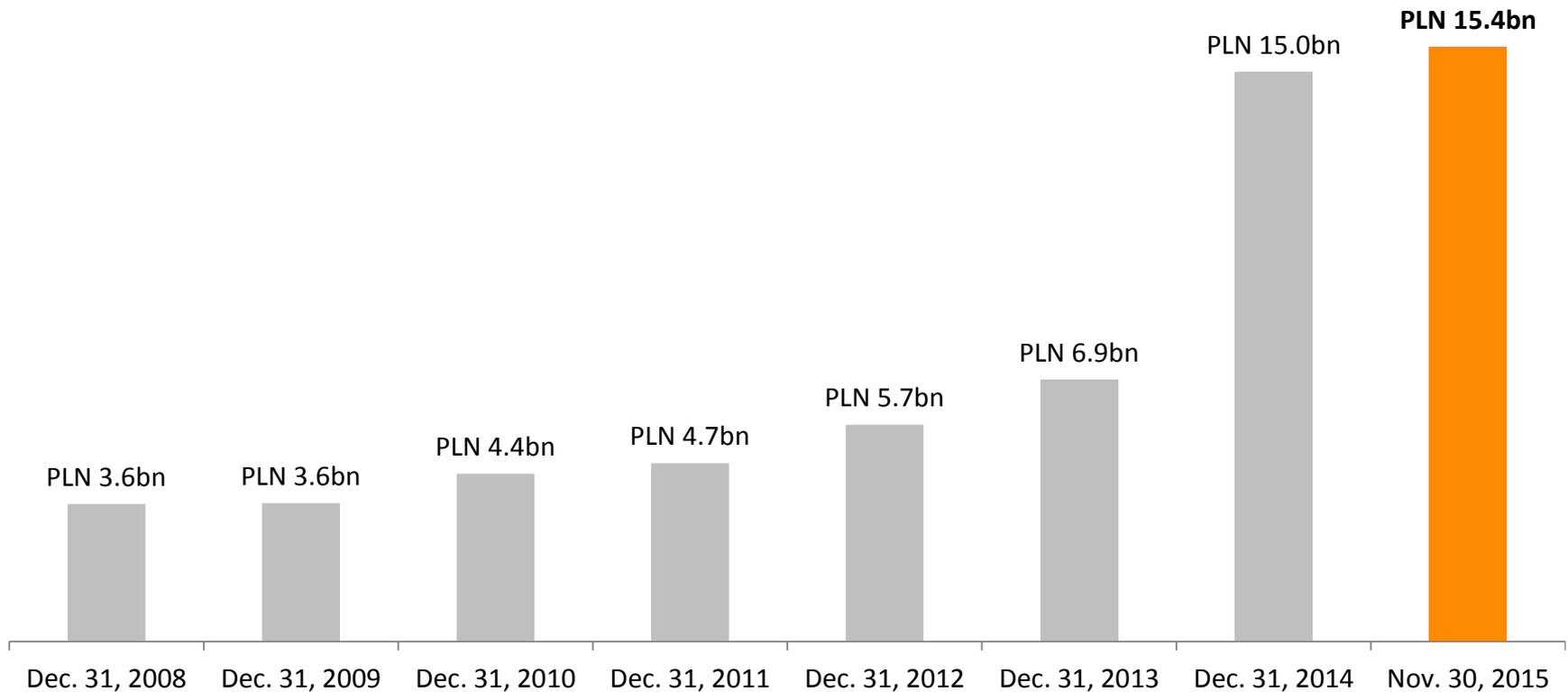
(indexed; 100 = closing price on May 6, 2008)



Note: ⁽¹⁾ change November 30, 2015 vs May 6, 2008



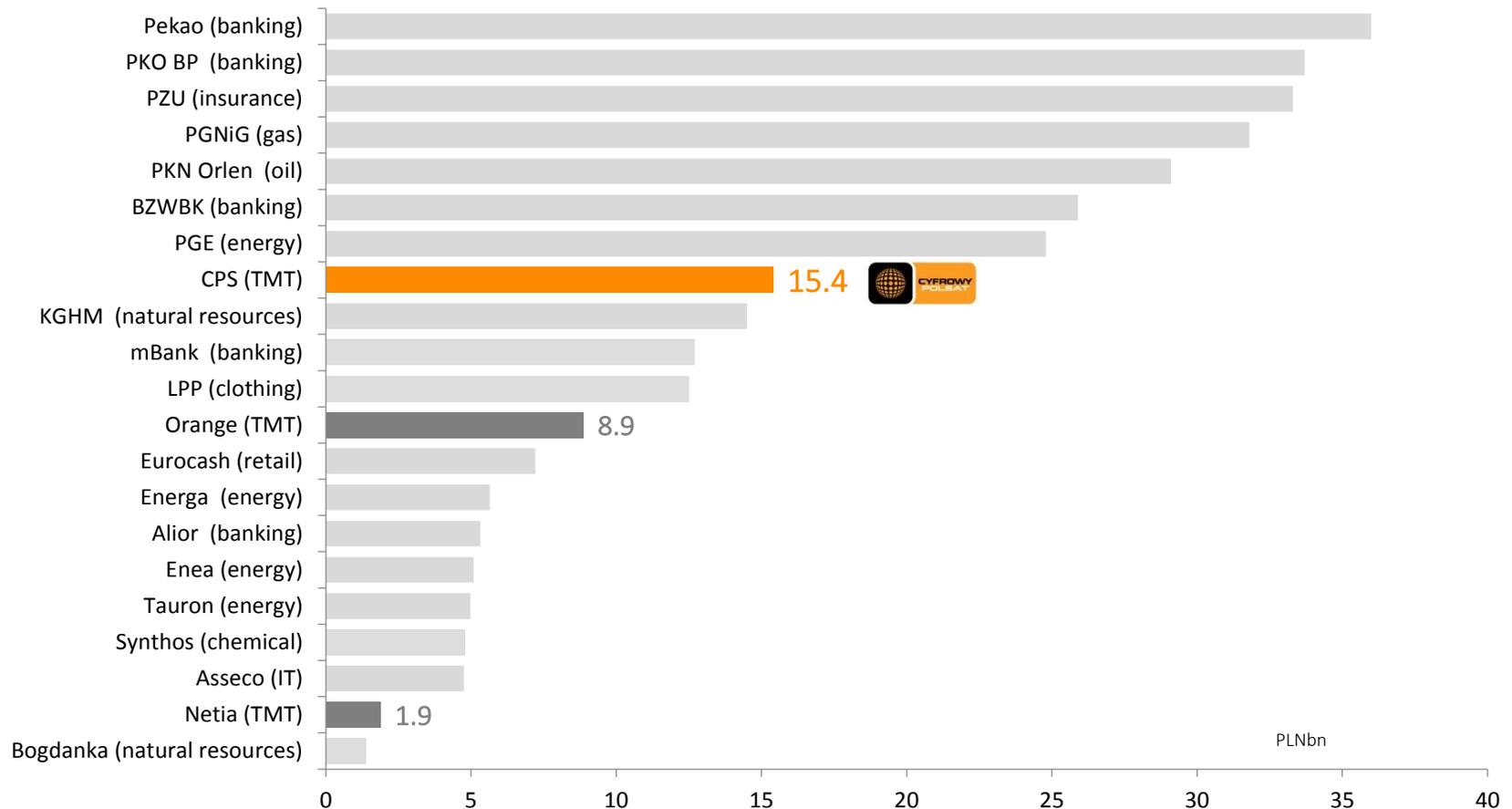
Value creation over the time



Largest listed TMT Group on WSE



Polsat Group market capitalization vs WIG-20 and other listed TMT companies¹



Source: 1) stooq.pl, as of November 30, 2015



8. Summary

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Investment summary



- Unique product portfolio and large customer base provides with the potential to grow revenues long term
- Execution of multiplay strategy supported by growing telco and television markets
- Strong financial profile against the peers supports further value creation
- Effective execution of the deleveraging strategy may accelerate the potential future returns from dividend payments



9. Appendix

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Current operational performance

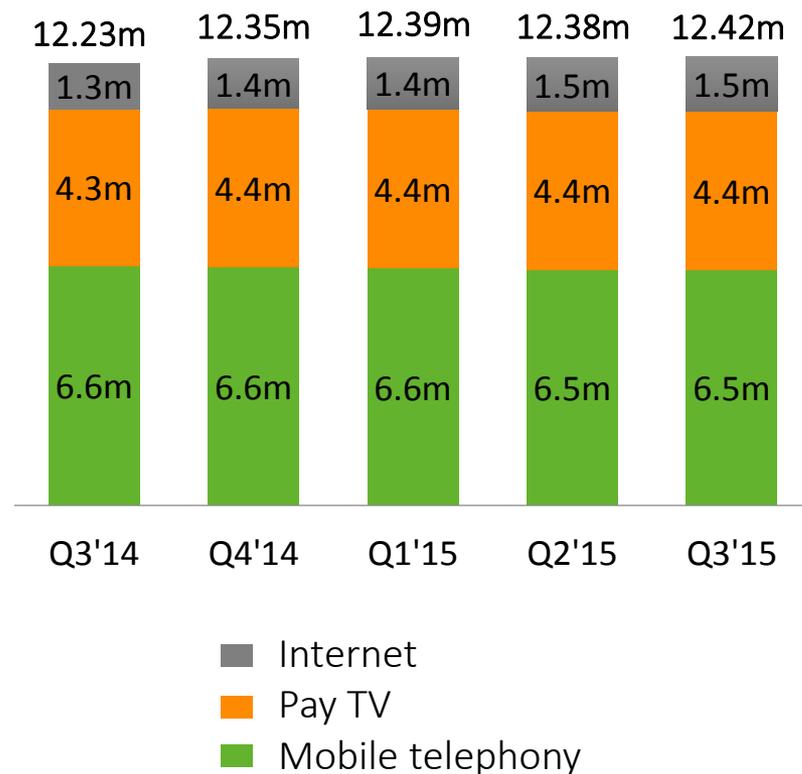
a. Services to individual and business customers



Consistent building of contract service base

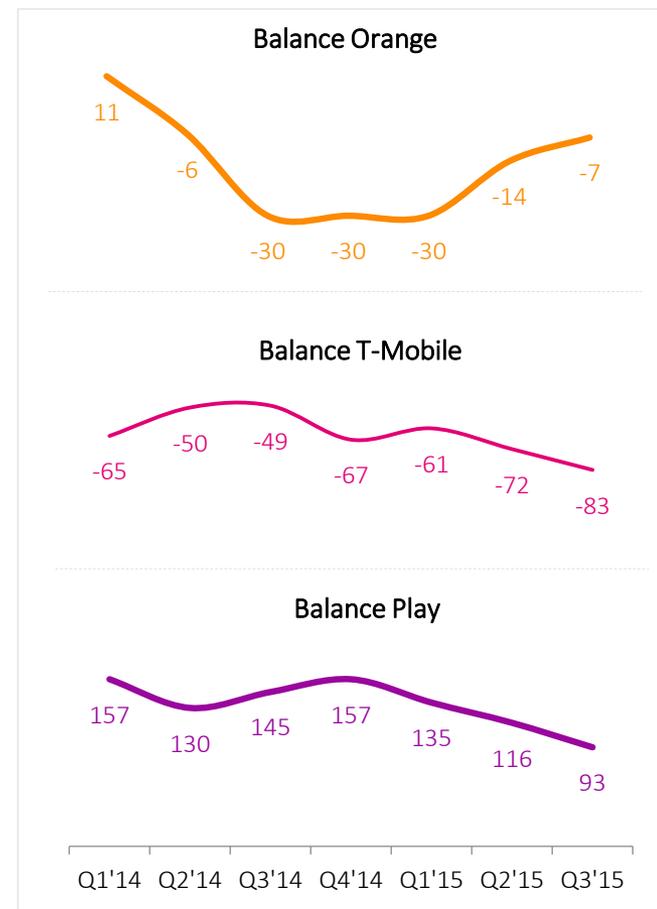
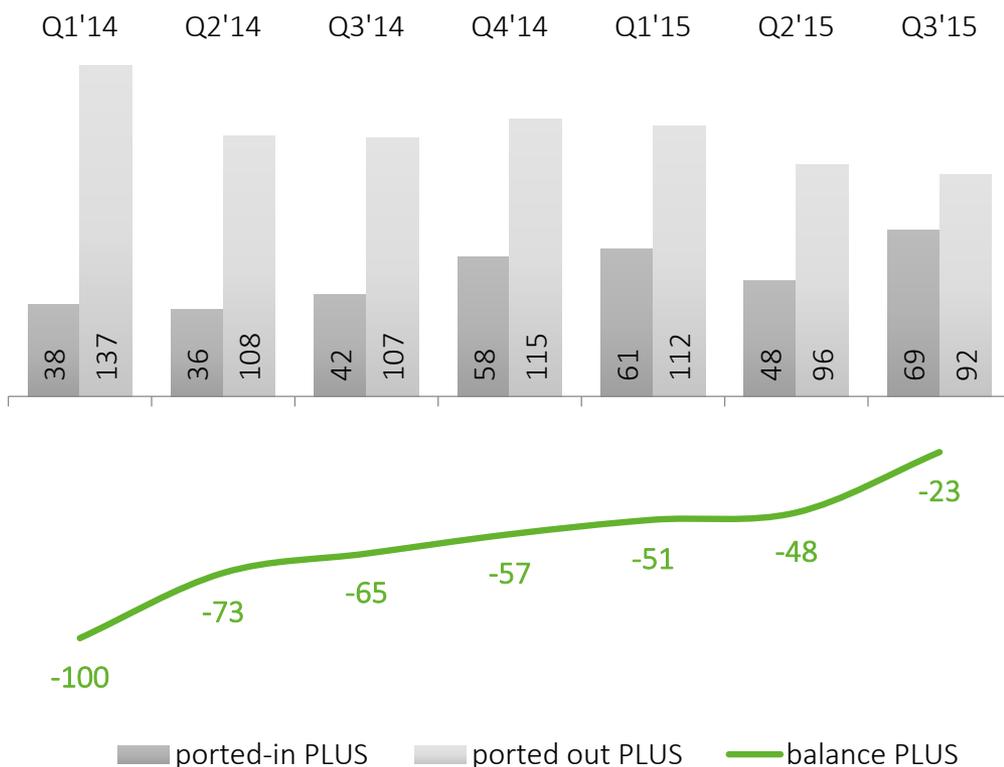


- Growth of our total contract service base by 42K (q/q)
- Further growth of mobile Internet RGUs supported by broader LTE coverage
- Return to the growth of pay TV RGUs
- Visible slowdown of the price erosion on the mobile telephony market, leading to the stabilization of the voice service customer base
- Most favorable MNP balance over the last 6 years



Most favorable MNP balance over the last 6 years

Number portability to/from Plus network (thou.)

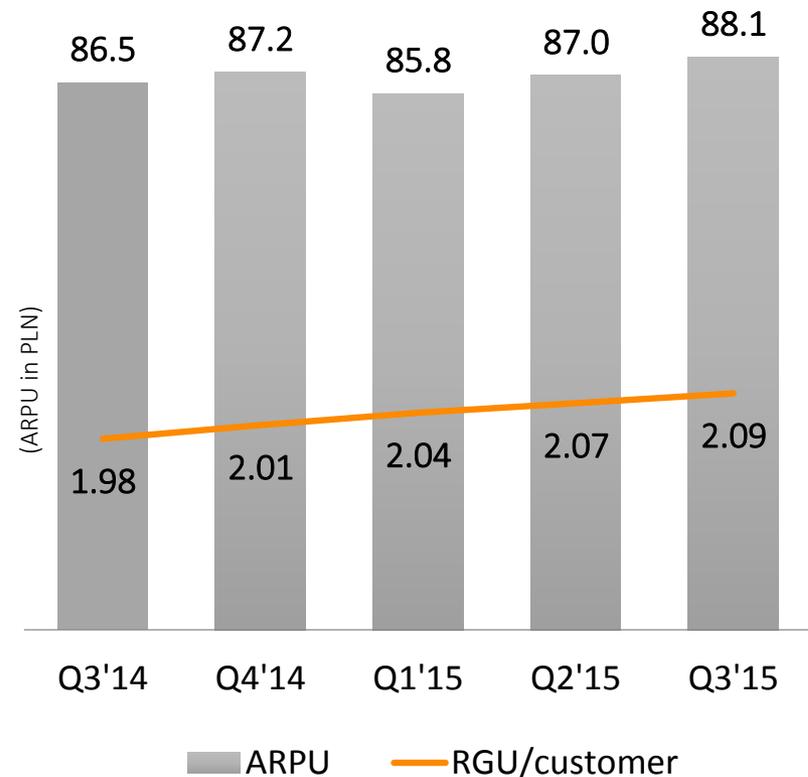


Source: MNPs interpreter interface of Location and Information Platform with the Central Database of UKE (Office of Electronic Communications)

Effective building of ARPU per customer



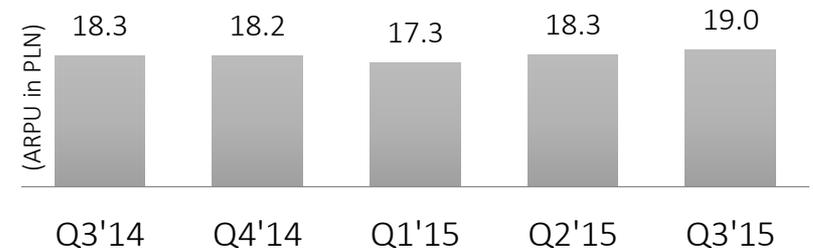
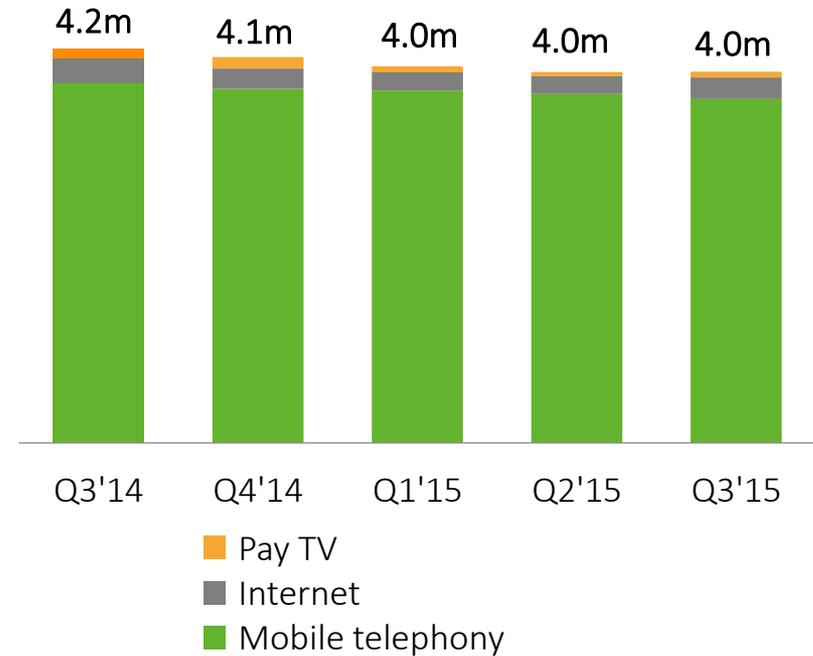
- Consistent execution of our strategy, resulting in the increased saturation of the customer base with contract services
- Visible growth of ARPU per customer to PLN 88.1 as a result of upselling additional products and services, mainly attributed to our smartDOM offer
- The process of migration of customers to unlimited tariffs is nearly completed. This combined with recent reduction of the price pressure suggests positive prospects for the future



Prepaid – stable base and further ARPU growth



- Value of the prepaid services market back on the growth path as a result of a long-term price stability in this segment
- Growth of data consumption by smartphones and higher volumes of exchanged traffic are positively reflected in the level of ARPU
- ARPU of our customers continues to grow at the rate of 3.8% YoY

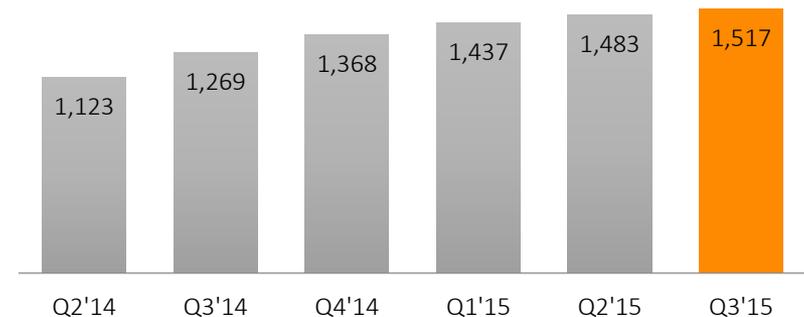


Leader of the mobile Internet market

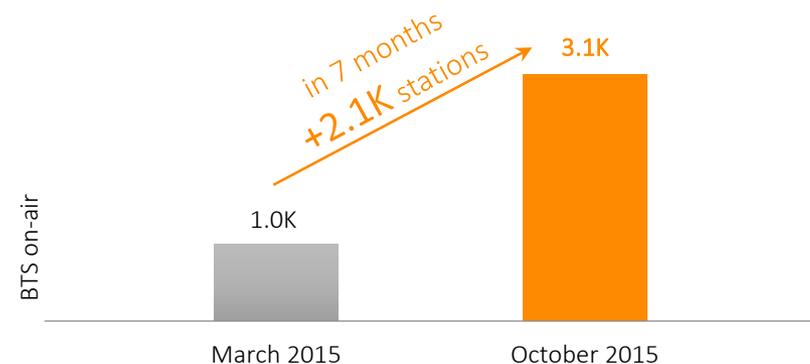


- Already 3.1K base stations operate in the LTE800 technology, providing Plus and CP customers with the broadest LTE coverage in Poland
- The number of contract customers of mobile Internet exceeded 1.5m
- In September 2015, a total of 5.1m cards⁽¹⁾ logged in our network and actively used data transmission
- In Q3'15 our customers consumed nearly 58m GBs through Midas network
- Total LTE network coverage exceeds 92%; Together with Midas Group we are currently launching on average 10 new LTE800 stations daily

Growth of the base of contract Internet RGUs



Rapid expansion of the LTE800



Note: (1) Including Internet RGUs in the contract model, as well as other SIM cards for which data transfer exceeded 1MB in a given month





Current operational performance

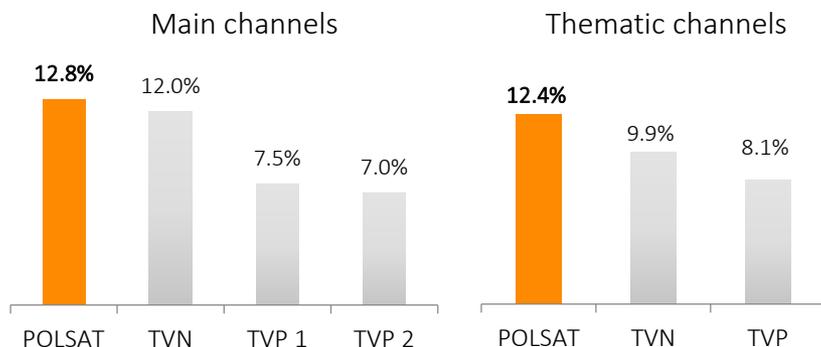
b. Broadcasting and
TV production segment



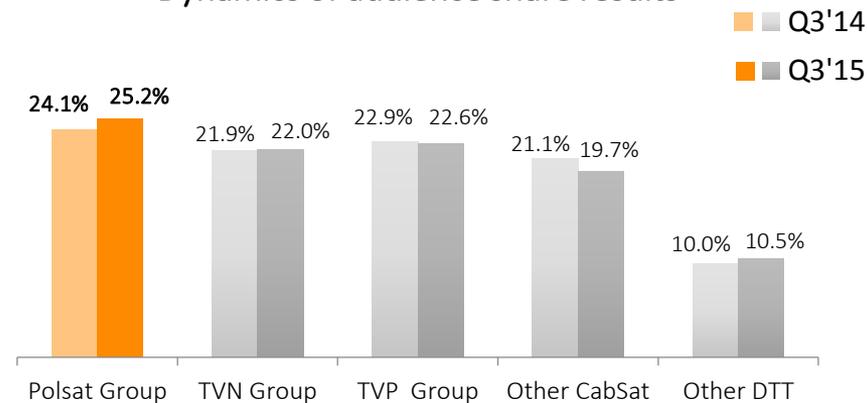
Viewership of our channels and position on the ad market in Q3'15



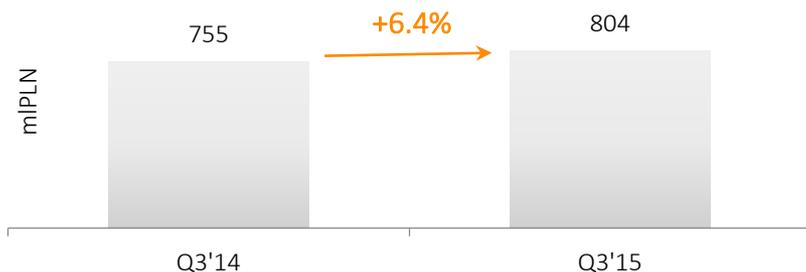
Audience shares



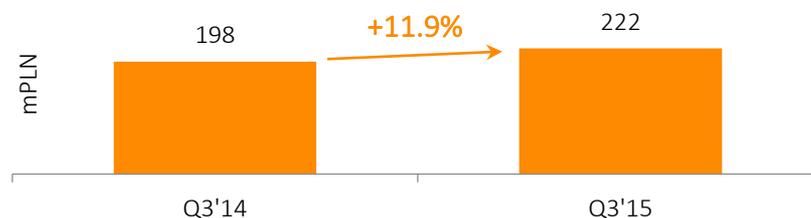
Dynamics of audience share results



Market expenditures on TV advertising and sponsorship



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



Source: NAM, All 16-49, all day, SHR%; Starlink, airtime and sponsorship; TV Polsat; internal analysis
 Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Starlink's definition

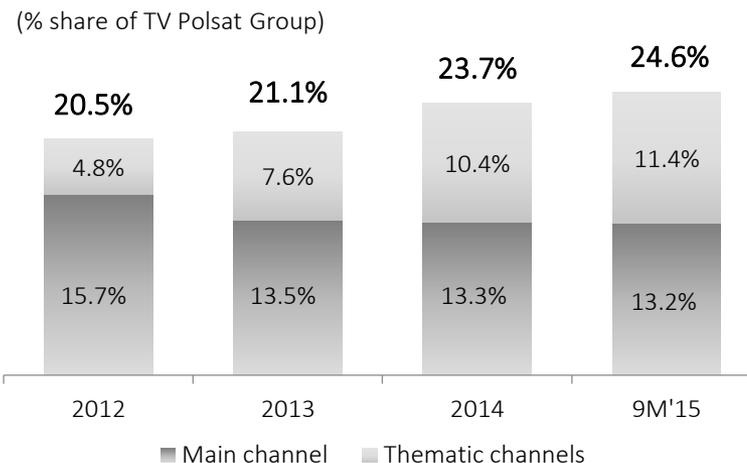


KPI – Broadcasting and TV production segment in 9M'15

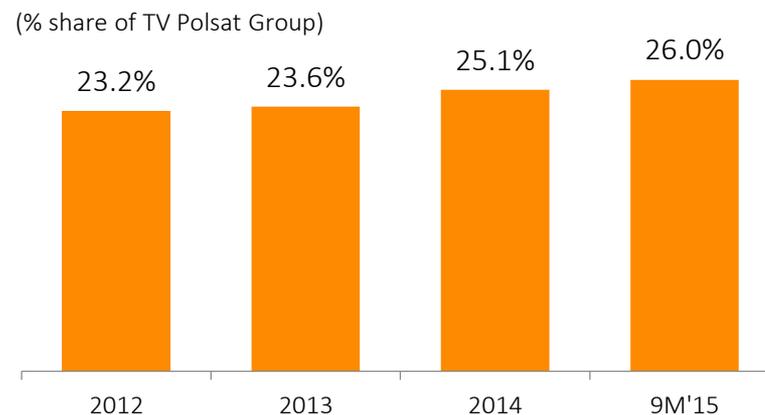


- Polsat's main channel and thematic channels are the viewership leaders in the commercial group
- Polsat Group viewership in line with the strategy
- TV advertising and sponsorship market in 9M'15 increased YoY by 4.2%
- Revenue from TV advertising and sponsorship of TV Polsat Group grew faster than the market
- Our share in the TV advertising market increased to 26.0%
- We maintain our expectations on the middle single-digit increase of the TV advertising market in 2015

Audience shares



TV ad market shares



Source: NAM, All 16-49, all day, SHR%; Starlink, airtime and sponsorship; TV Polsat; internal analysis



Financial results Q3'15



Group's financial results in Q3'15



mPLN	Q3'15	YoY change
Revenue	2,415	0%
Operating costs ⁽¹⁾	1,499	(1%)
EBITDA	930	2%
EBITDA margin	38.5%	0.9pp
Net profit	502	945%

- Stable revenue and decrease in operating costs resulting in an increase in EBITDA by PLN 20m and an increase in EBITDA margin to almost 39%
- Net profit influenced by a number of non-cash one-off events related to the refinancing of debt of the capital group

Source: Interim condensed consolidated financial statements for the 3 and 9 month periods ended 30 September 2015 and internal analysis

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



Results of the segment of services to individual and business customers in Q3'15



mPLN	Q3'15	YoY change
Revenue	2,174	1%
Operating costs ⁽¹⁾	1,344	1%
EBITDA	844	1%
EBITDA margin	38.8%	0.1pp

- Increase in revenue due mainly to an increase in wholesale revenue and equipment sales
- Operating costs under control. The increase of technical costs and cost of settlements with telecommunication operators compensated by a decrease of cost of equipment sold
- Consequently, EBITDA growth by PLN 7m

Source: Interim condensed consolidated financial statements for the 3 and 9 month periods ended 30 September 2015 and internal analysis

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



Results of the broadcasting and TV production segment in Q3'15



mPLN	Q3'15	YoY change
Revenue	283	-10%
Operating costs ⁽¹⁾	198	-19%
EBITDA	86	17%
EBITDA margin	30.4%	7.1pp

- Increase of adjusted revenue by 14%⁽²⁾ mainly due to the monetization of higher audience shares of Polsat Group channels
- Growth of adjusted costs by 15%⁽²⁾ associated with additional investments in the programming offer of TV4 as well as higher costs of amortization of film and sports licenses (in relation to the UEFA EURO 2016 Qualifiers)
- Dynamic growth of reported EBITDA by PLN 13m and EBITDA margin to over 30%

Source: Interim condensed consolidated financial statements for the 3 and 9 month periods ended 30 September 2015 and internal analysis

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

(2) One-off in Q3'14: FIVB World Championship

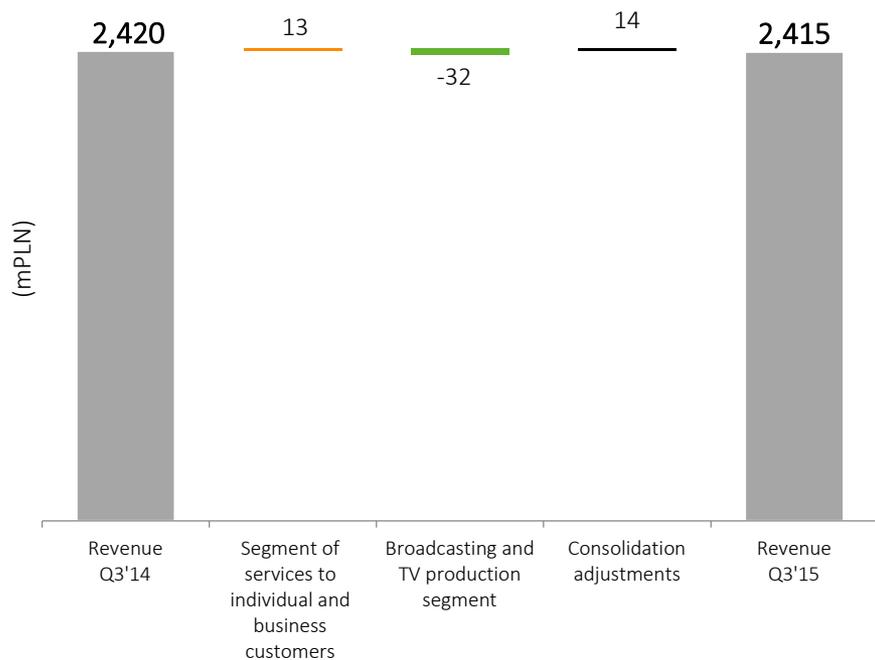


Revenue and costs – change drivers in Q3'15



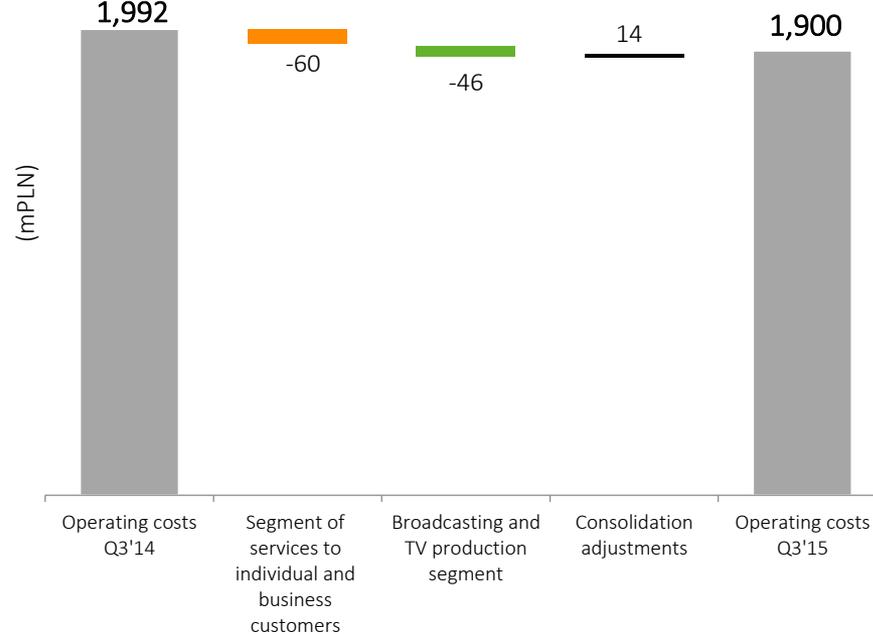
Revenue

YoY change **0%**
-5m



Operating costs

YoY change **-5%**
-92m



Source: Interim condensed consolidated financial statements for the 3 and 9 month periods ended 30 September 2015 and internal analysis

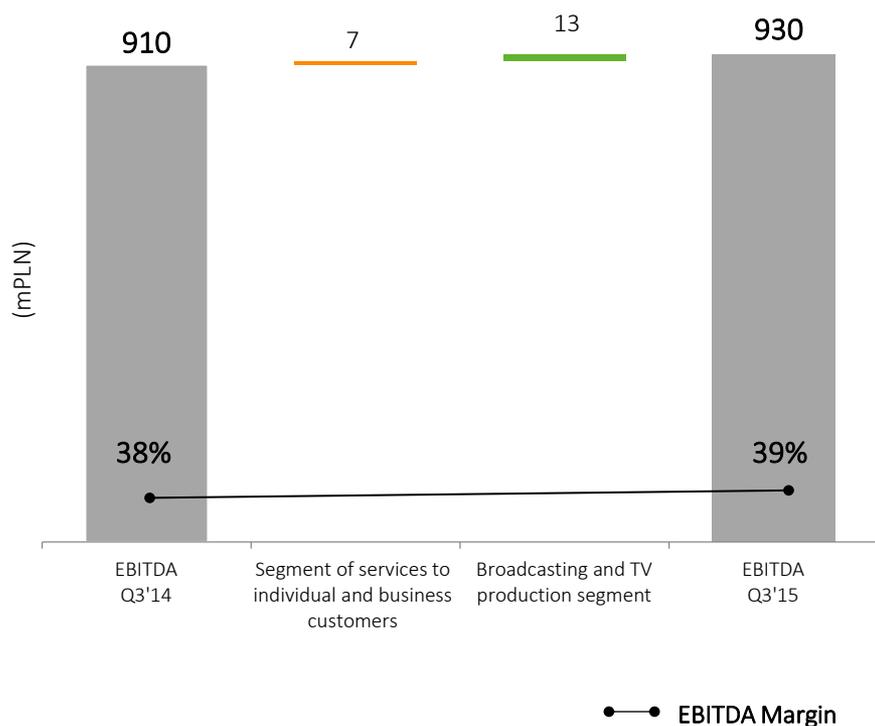


EBITDA and net profit – change drivers in Q3'15



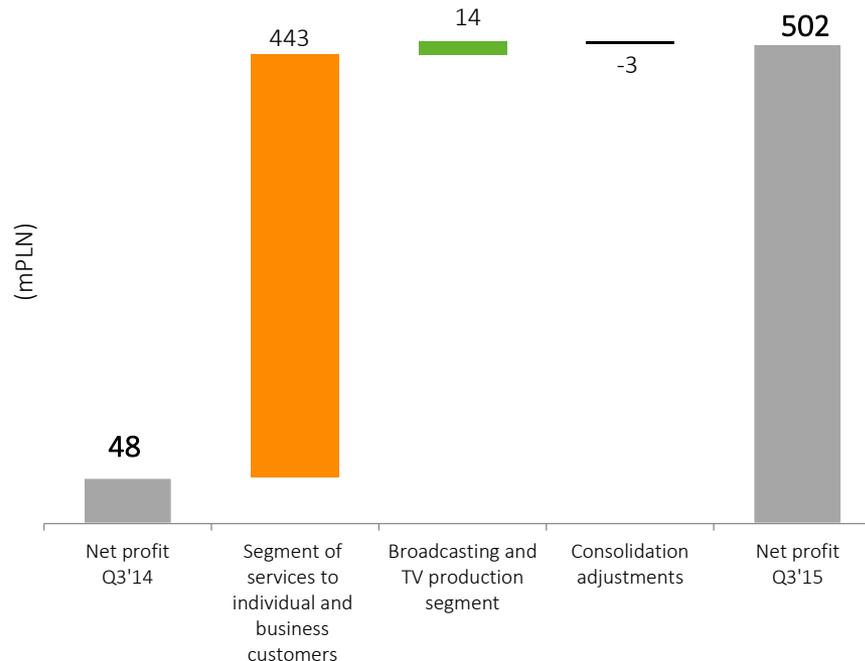
EBITDA

YoY change **+2%**
+20m



Net profit

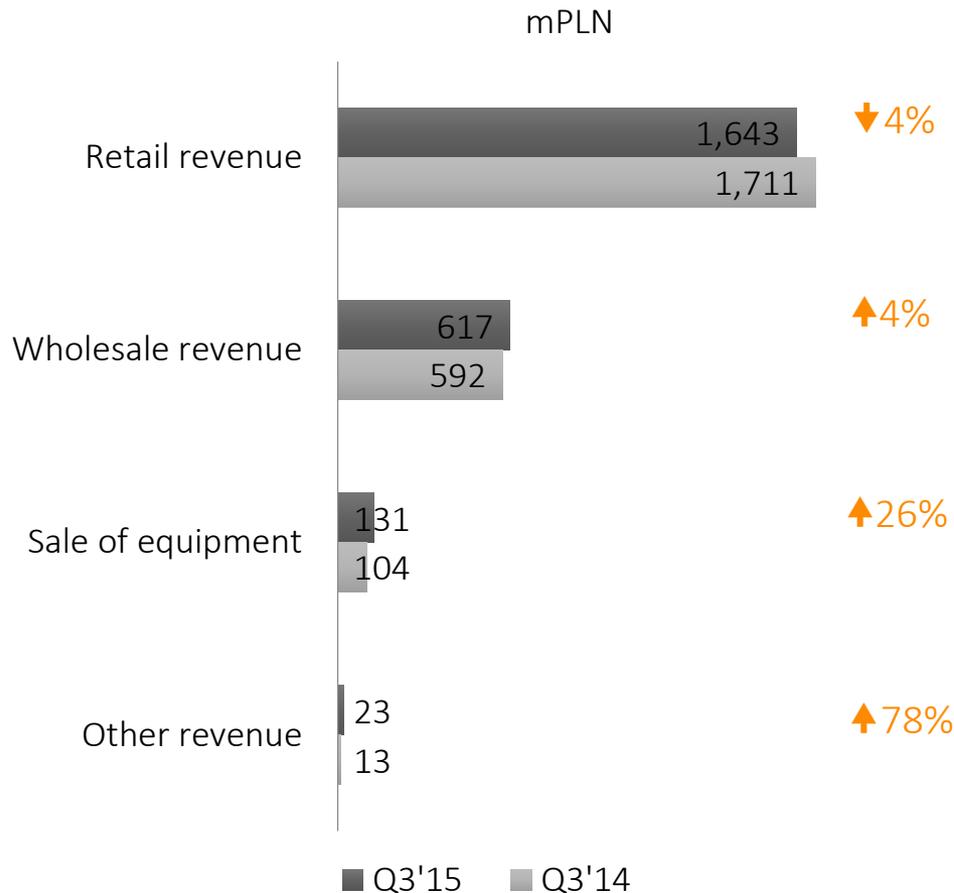
YoY change **+945%**
+454m



Source: Interim condensed consolidated financial statements for the 3 and 9 month periods ended 30 September 2015 and internal analysis



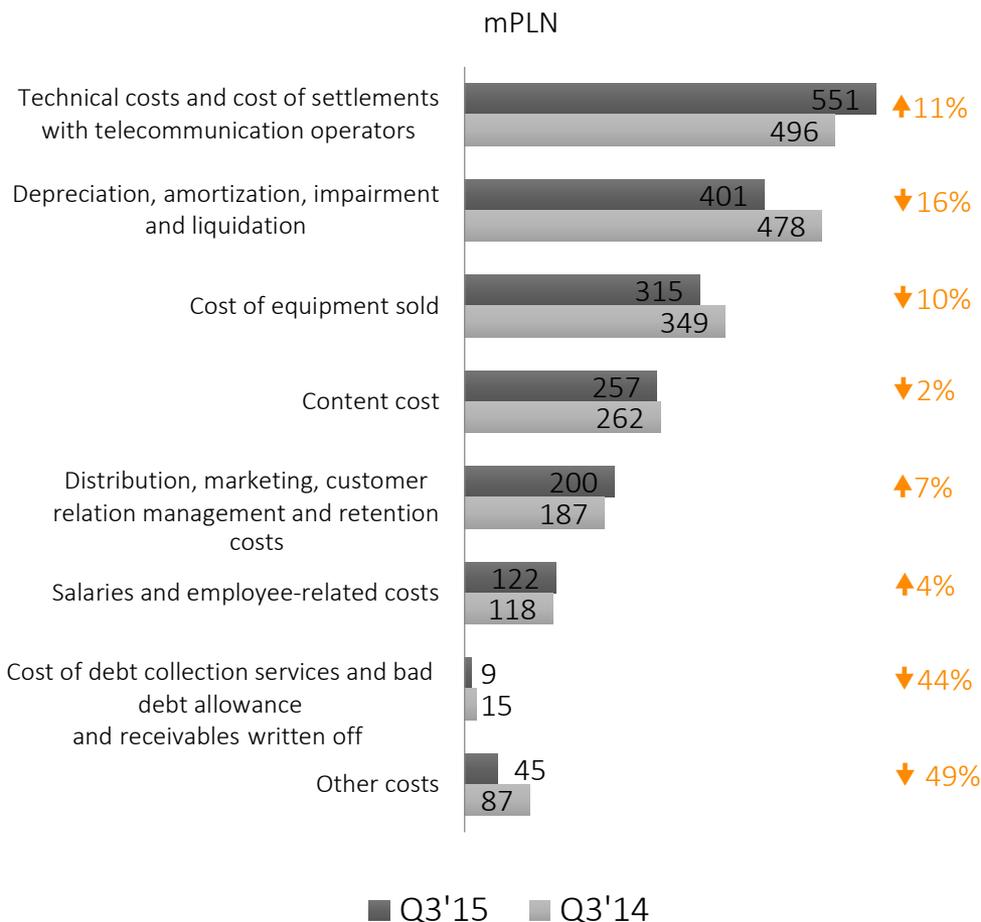
Revenue structure in Q3'15



- Lower revenue from mobile telephony services partially mitigated by revenue growth from mobile Internet and pay TV services
- Increase in wholesale revenue primarily due to significantly higher advertising revenue of TV Polsat, as well as to the growth of revenue from Interconnect and the lease of telecom infrastructure
- Higher revenue from equipment sales as a result of i.a. a growing share of installment plan sales among transactions with equipment, which translates into an increase in unit revenue per transaction

Source: Interim condensed consolidated financial statements for the 3 and 9 month periods ended 30 September 2015 and internal analysis

Operating costs structure in Q3'15

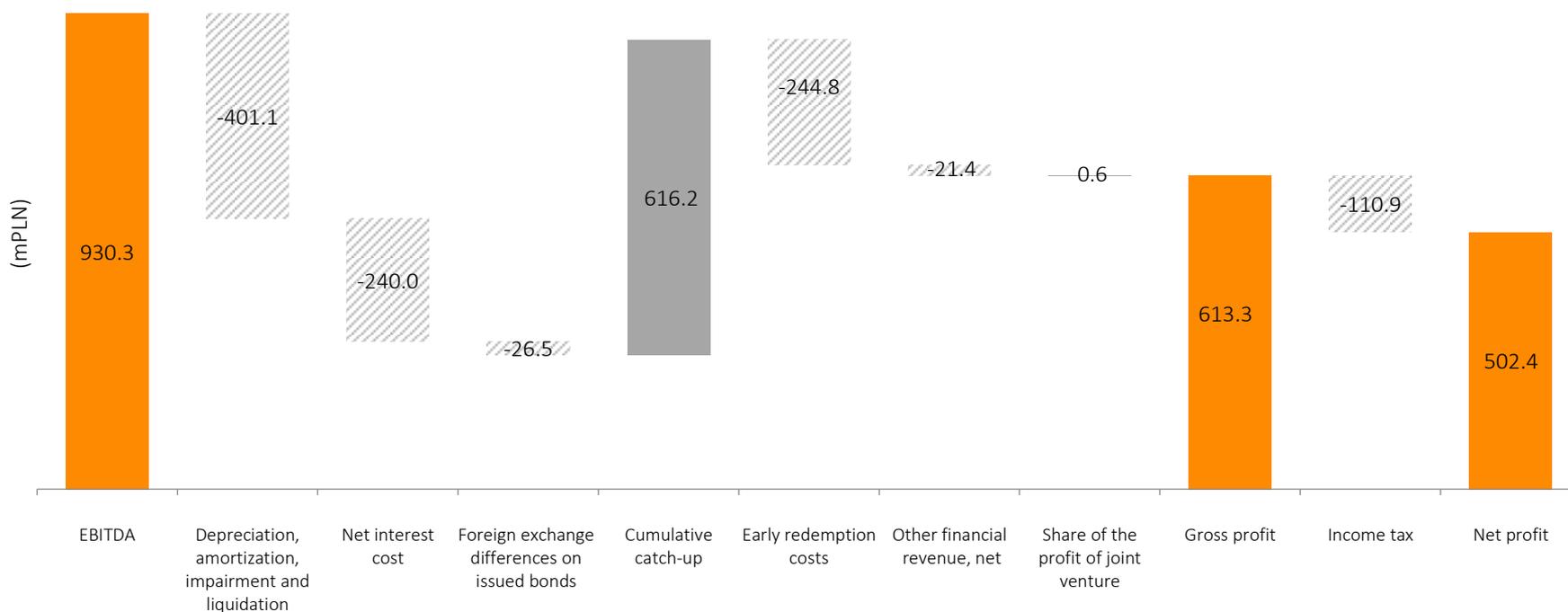


- Increase in technical costs due to increased costs of data transfer within our broadband Internet access service and rising costs of Interconnect
- Decrease in depreciation, amortization, impairment and liquidation as a result of lower costs of amortization of frequency licenses in the 1,800 MHz spectrum and depreciation of the telecommunication infrastructure
- Lower cost of equipment sold mainly due to a lower volume of contracts for telecommunication services with equipment concluded in Q3'15
- Increase in distribution, marketing, customer relation management and retention costs due to a higher amount of deferred distribution fees being charged to costs, which was partially compensated by more efficient cost control in the areas of customer service and retention
- Decrease in other costs mainly due to the recognition in the corresponding period of 2014 of sales of marketing and broadcasting rights to the FIVB Volleyball Men's World Championship Poland 2014

Source: Interim condensed consolidated financial statements for the 3 and 9 month periods ended 30 September 2015 and internal analysis



Items below the EBITDA level in Q3'15



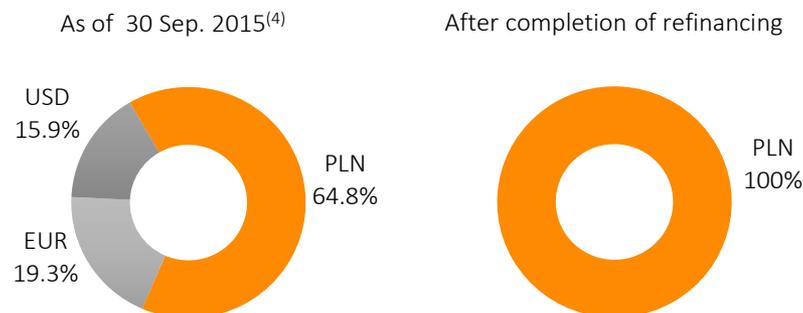
Source: Interim condensed consolidated financial statements for the 3 and 9 month periods ended 30 September 2015 and internal analysis

The Group's debt as at 30 September 2015

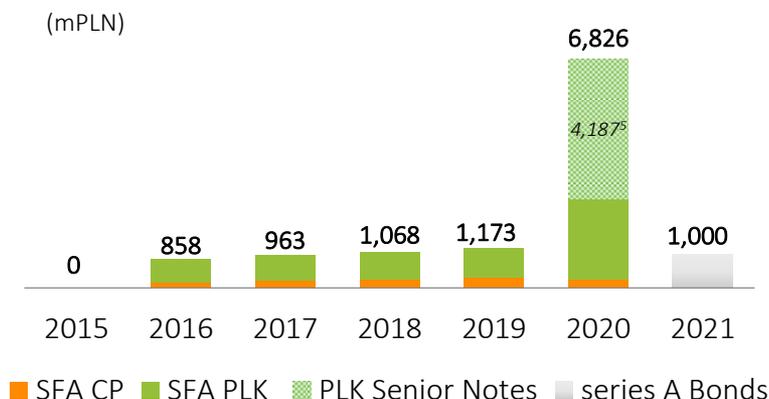


mPLN	Carrying amount	Nominal value
CP Term Loan	1,187	1,200
CP Revolving Loan	0	0
PLK Term Loan	5,421	5,500
PLK Revolving Loan	0	0
Obligacje serii A	1,006	1,000
Senior Notes PLK EUR ¹	2,509	2,299
Senior Notes PLK USD ²	2,057	1,888
Leasing	26	26
Cash and cash equivalents ³	1,072	1,072
Net debt	11,134	10,841
EBITDA LTM	3,641	3,641
Net debt / EBITDA LTM	3.06x	2.98x

Currency composition of our indebtedness



Our debt maturing profile⁴



¹ Nominal value of PLK Senior Notes of EUR 542.5 m, as converted based on the average NBP exchange rate from 30 Sep. 2015 of 4.2386 PLN/EUR. Carrying amount estimated at fair value at the moment of purchase of Metelem.

² Nominal value of PLK Senior Notes of PLK USD 500 m, as converted based on the average NBP exchange rate from 30 Sep. 2015 of 3.7754 PLN/USD. Carrying amount estimated at fair value at the moment of purchase of Metelem.

³ The item contains cash and cash equivalents, including restricted cash and short-term deposits.

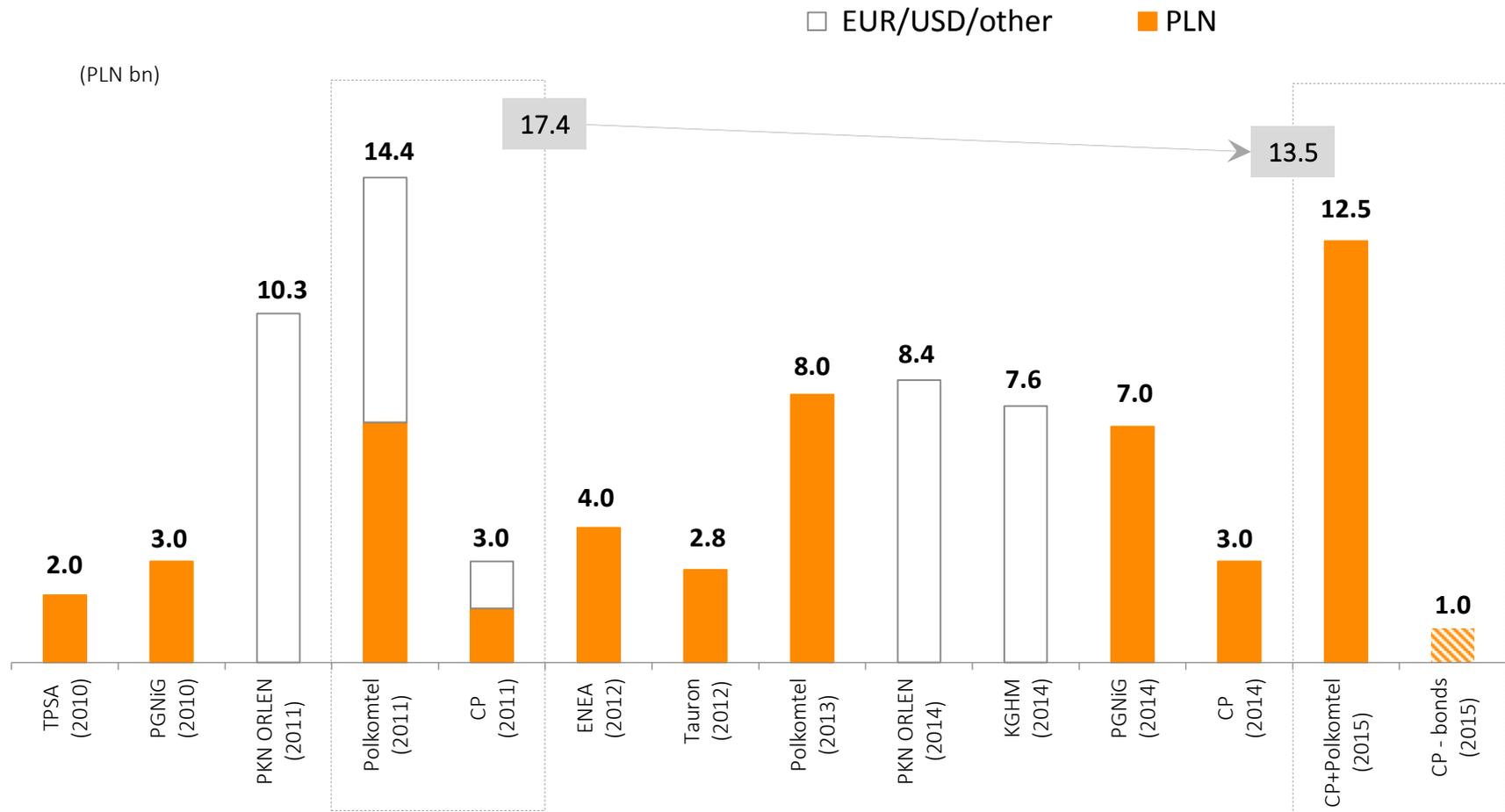
⁴ Nominal value of debt, excl. CP and PLK Revolving Loans

⁵ Equivalent of the nominal value of EUR 542.5m and USD 500m PLK Senior Notes calculated at the average foreign exchange rates of the Polish National Bank as at September 30, 2015 of PLN/EUR 4.2386 and PLN/USD 3.7754, respectively. In connection with the process of refinancing, which assumes the redemption of the PLK Senior Notes at the turn of January and February of 2016, indebtedness under the PLK Senior Notes is presented as current liabilities from issued bonds in the consolidated balance sheet as at September 30, 2015.

Refinancing update



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



Consortium of 20 financial institutions

Global coordinators



Bank Zachodni WBK



Remaining entities within the consortium



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.

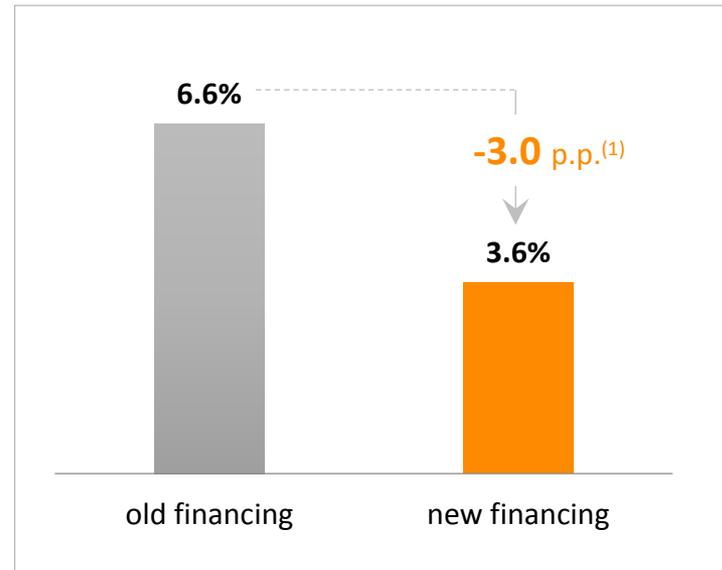
(2) Nominal value of PLK Senior Notes of PLK USD 500 m, as converted based on the average NBP exchange rate from 30 June 2015 of 3.7645 PLN/USD.

(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⁾

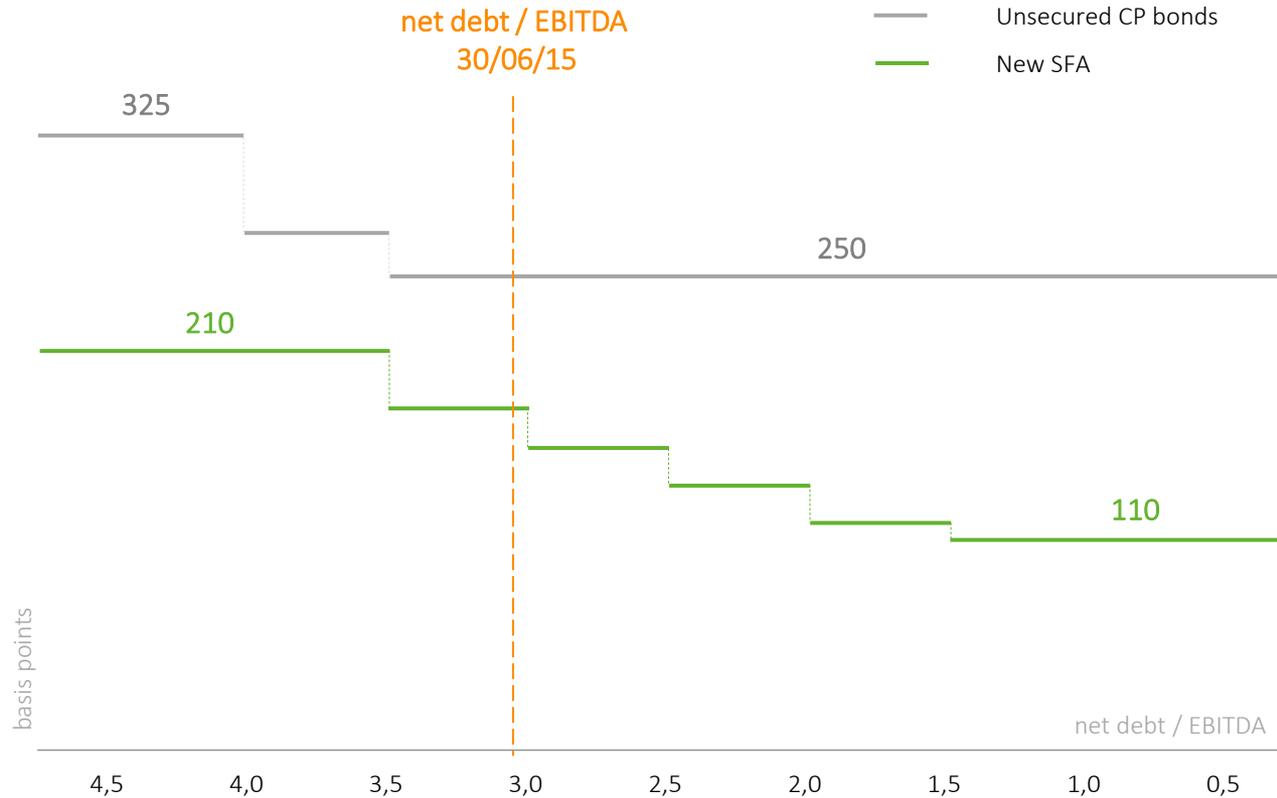
approx. **PLN 380 mln**
per annum

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).

Additional information



Shareholding structure



Shareholder	Number of shares	% of shares	Number of votes	% of votes
Reddev Investments Limited ⁽¹⁾, including:	154,204,296	24.11%	306,709,172	37.45%
- privileged registered shares	152,504,876	23.85%	305,009,752	37.24%
- ordinary bearer shares	1,699,420	0.27%	1,699,420	0.21%
Embud Sp. z o.o. ⁽²⁾	58,063,948	9.08%	58,063,948	7.09%
Karswell Limited ⁽²⁾	157,988,268	24.70%	157,988,268	19.29%
Sensor Overseas Limited ⁽³⁾, including:	54,921,546	8.59%	81,662,921	9.97%
- privileged registered shares	26,741,375	4.18%	53,482,750	6.53%
- ordinary bearer shares	28,180,171	4.41%	28,180,171	3.44%
Others	214,367,958	33.52%	214,539,208	26.20%
Total	639,546,016	100.00%	818,963,517	100.00%

Note: ⁽¹⁾ Reddev is an indirect subsidiary of Mr Zygmunt Solorz-Żak

⁽²⁾ Entity controlled by Mr. Zygmunt Solorz-Żak.

⁽³⁾ The dominant entity of Sensor Overseas Limited is the EVO Holding Ltd., a subsidiary EVO Foundation.

As of March 18, 2015



Sample of our DTH offer



nVOD + Multiroom HD

	# of channels ⁽¹⁾	Price (PLN)
FAMILY MAX HD 	138	49.99
SPORT HD 	168	+10.00
CINEMAX HD 		
FILM HD 		
HBO HD 		
HBO GO		
+ iplaMIX ⁽²⁾		
+ VOD Home Movie Rental ⁽²⁾		
Premium offer PLN 89.99		
171		

nVOD

Rodzinny HD 	79	19.99
FTA 		



Note: as of 25.11.2015; (1) including promotional channels; (2) temporary promotional packages

Portfolio of our TV channels



DTT

Cab/Sat



No. of channels

No. of channels

TV Polsat Group	DTT market
4	24

TV Polsat Group	Cab/Sat market
31	ca. 200



Spectrum competitive landscape



1) Source: UKE. The graph includes a simplified picture, only main frequencies are presented (excluded: Polkomtel's 2,5MHz 420MHz, Orange's 5Mhz 450Mhz, each 4 biggest MNO's 5MHz 2100MHz TDD).



KPIs – retail customer services



SEGMENT OF SERVICES TO INDIVIDUAL AND BUSINESS CUSTOMERS ¹⁾	2012				2012	2013				2013	2014				2014	2015		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3
Total number of RGUs²⁾ (contract + prepaid)	n/a	n/a	n/a	n/a	n/a	16 348 336	16 434 266	16 627 551	16 447 334	16 447 334	16 333 003	16 250 497	16 449 992	16 482 031	16 482 031	16 429 469	16 349 090	16 395 514
CONTRACT SERVICES																		
Total number of RGUs, including:	11 532 547	11 516 833	11 605 099	11 735 100	11 735 100	11 799 951	11 868 947	11 908 422	11 978 807	11 978 807	11 982 678	12 023 369	12 230 798	12 347 828	12 347 828	12 394 712	12 377 021	12 418 707
Pay TV, including:	3 885 022	3 868 733	3 921 673	3 994 875	3 994 875	4 047 592	4 127 560	4 160 343	4 212 323	4 212 323	4 236 986	4 255 544	4 344 773	4 391 702	4 391 702	4 405 464	4 374 517	4 396 361
Multiroom	394 001	416 027	470 578	510 617	510 617	559 997	633 475	680 316	719 935	719 935	749 319	771 481	806 064	844 809	844 809	872 628	886 305	901 271
Mobile telephony	6 985 015	6 978 192	6 976 594	6 979 590	6 979 590	6 941 638	6 891 314	6 834 719	6 778 675	6 778 675	6 713 629	6 644 687	6 617 382	6 587 915	6 587 915	6 552 365	6 519 311	6 505 016
Internet	662 510	669 908	706 832	760 635	760 635	810 721	850 073	913 360	987 809	987 809	1 032 063	1 123 138	1 268 643	1 368 211	1 368 211	1 436 883	1 483 193	1 517 330
Number of customers	6 282 300	6 264 412	6 281 184	6 313 423	6 313 423	6 318 321	6 306 877	6 285 607	6 287 658	6 287 658	6 260 662	6 221 111	6 184 775	6 137 531	6 137 531	6 068 839	5 990 051	5 937 768
ARPU per customer ³⁾ [PLN]	92.5	94.4	93.8	93.8	93.6	89.1	90.3	87.6	87.1	88.5	84.8	85.3	86.5	87.2	85.9	85.8	87.0	88.1
Churn per customer ⁴⁾	n/a	n/a	n/a	8.4%	8.4%	8.7%	8.8%	9.0%	9.2%	9.2%	9.1%	8.8%	8.8%	9.1%	9.1%	9.5%	10.1%	10.2%
RGU saturation per one customer	1.84	1.84	1.85	1.86	1.86	1.87	1.88	1.89	1.91	1.91	1.91	1.93	1.98	2.01	2.01	2.04	2.07	2.09
Average number of RGUs, including:	11 497 022	11 521 707	11 558 288	11 659 474	11 559 123	11 772 318	11 846 507	11 884 574	11 924 710	11 857 027	11 986 199	11 981 389	12 125 363	12 272 311	12 091 316	12 376 603	12 391 326	12 378 586
Pay TV, including:	3 858 338	3 879 834	3 894 623	3 955 082	3 896 969	4 018 307	4 098 051	4 144 131	4 175 145	4 108 909	4 227 450	4 243 880	4 301 558	4 361 890	4 283 695	4 403 541	4 397 999	4 376 405
Multiroom	358 652	406 943	443 744	494 506	425 961	535 271	600 411	658 475	697 978	623 034	736 315	759 922	787 736	822 568	776 635	860 827	881 296	893 001
Mobile telephony	6 986 951	6 977 393	6 978 772	6 974 525	6 979 410	6 965 606	6 917 102	6 862 047	6 801 845	6 886 650	6 749 396	6 670 820	6 628 199	6 597 742	6 661 539	6 570 344	6 532 488	6 508 391
Internet	651 733	664 480	684 893	729 867	682 743	788 405	831 354	878 396	947 720	861 469	1 009 353	1 066 689	1 195 606	1 312 679	1 146 082	1 402 718	1 460 839	1 493 790
Average number of customers	6 288 609	6 272 029	6 271 838	6 291 791	6 281 067	6 316 275	6 317 333	6 293 472	6 279 979	6 301 765	6 274 951	6 242 450	6 201 335	6 159 903	6 219 660	6 105 250	6 031 638	5 960 463
PREPAID SERVICES																		
Total number of RGUs, including:	n/a	n/a	n/a	n/a	n/a	4 548 385	4 565 319	4 719 129	4 468 527	4 468 527	4 350 325	4 227 128	4 219 194	4 134 203	4 134 203	4 034 757	3 972 069	3 976 807
Pay TV	n/a	n/a	n/a	n/a	n/a	85 574	81 441	84 538	77 771	77 771	81 619	66 578	98 136	122 787	122 787	66 163	41 517	60 471
Mobile telephony	n/a	n/a	n/a	n/a	n/a	4 385 742	4 379 630	4 475 541	4 171 810	4 171 810	4 042 605	3 923 778	3 855 669	3 792 978	3 792 978	3 775 976	3 737 282	3 685 092
Internet	n/a	n/a	n/a	n/a	n/a	77 069	104 248	159 050	218 946	218 946	226 101	236 772	265 389	218 438	218 438	192 618	193 270	231 244
ARPU per total prepaid RGU ⁵⁾ [PLN]	n/a	n/a	n/a	n/a	n/a	18.0	19.2	18.2	17.5	18.2	16.5	17.9	18.3	18.2	17.7	17.3	18.3	19.0
Average number of RGUs, including:	n/a	n/a	n/a	n/a	n/a	4 549 031	4 532 090	4 635 182	4 599 374	4 578 919	4 398 038	4 285 747	4 212 274	4 172 129	4 267 047	4 068 646	4 006 108	3 970 091
Pay TV	n/a	n/a	n/a	n/a	n/a	78 707	73 828	68 740	77 953	74 807	77 779	79 253	69 522	129 021	88 894	67 972	61 165	41 313
Mobile telephony	n/a	n/a	n/a	n/a	n/a	4 397 976	4 370 181	4 431 149	4 338 987	4 384 573	4 091 609	3 975 410	3 893 375	3 798 701	3 939 774	3 797 423	3 755 130	3 713 656
Internet	n/d	n/d	n/d	n/d	n/d	72 348	88 081	135 293	182 434	119 539	228 650	231 084	249 377	244 407	238 379	203 251	189 813	215 122

1) Customer - natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a contract model.

2) RGU (revenue generating unit) - single, active service of pay TV, Internet Access or mobile telephony provided in contract or prepaid model.

3) ARPU per customer - average monthly revenue per customer generated in a given settlement period (including interconnect revenue).

4) 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.

5) ARPU per total prepaid RGU - average monthly revenue per prepaid RGU generated in a given settlement period (including interconnect revenue)



Key financial data



mPLN	Q1'12	Q2'12	Q3'12	Q4'12	2012	Q1'13	Q2'13	Q3'13	Q4'13	2013	Q1'14	Q2'14	Q3'14	Q4'14	2014	Q1'15	Q2'15	Q3'15
Revenue	669.2	713.8	644.5	750.6	2 778.1	697.1	735.9	677.3	800.5	2 910.8	723.3	1 745.9	2 419.6	2 521.1	7 409.9	2 329.0	2 469.2	2 414.9
Retail revenue	424.0	427.1	434.4	446.6	1 732.1	451.7	452.0	460.3	466.1	1 830.1	467.8	1 204.5	1 710.7	1 701.7	5 084.7	1 637.2	1 652.0	1 643.3
Wholesale revenue	234.6	272.7	198.0	286.3	991.6	223.8	265.2	204.0	317.2	1 010.2	242.2	479.1	591.6	641.1	1 954.0	553.3	688.7	616.9
Sale of equipment	2.7	6.2	2.6	7.2	18.7	13.1	11.8	7.1	9.7	41.7	7.9	55.4	104.1	159.9	327.3	118.4	106.9	131.2
Other revenue	7.9	7.8	9.5	10.5	35.7	8.5	6.9	5.9	7.5	28.8	5.4	6.9	13.2	18.4	43.9	20.1	21.6	23.5
Operating costs	-464.5	-499.7	-444.9	-562.4	-1 971.5	-512.9	-542.4	-510.7	-591.7	-2 157.7	-507.4	-1 351.8	-1 992.5	-2 125.4	-5 977.1	-1 909.0	-1 899.5	-1 900.1
Content costs	-206.8	-226.6	-171.5	-219.0	-823.9	-207.5	-239.5	-219.3	-260.7	-927.0	-210.6	-260.9	-262.4	-295.6	-1 029.5	-235.5	-274.0	-257.3
Distribution, marketing, customer relation management and retention costs	-71.5	-71.8	-73.7	-95.7	-312.7	-79.0	-81.3	-79.3	-92.4	-332.0	-75.4	-132.2	-186.8	-218.3	-612.7	-189.2	-193.2	-200.1
Depreciation, amortization, impairment and liquidation	-54.4	-56.7	-60.2	-71.7	-243.0	-60.7	-62.3	-64.8	-68.6	-256.4	-62.5	-311.3	-478.3	-443.8	-1 295.9	-467.9	-393.5	-401.2
Technical costs and cost of settlements with telecommunication operators	-49.7	-55.1	-58.6	-59.3	-222.7	-60.7	-62.0	-62.2	-71.4	-256.3	-71.3	-288.0	-495.9	-557.2	-1 412.4	-482.3	-522.4	-551.2
Salaries and employee-related costs	-40.6	-40.3	-38.9	-58.6	-178.4	-43.1	-41.9	-40.4	-53.2	-178.6	-44.6	-108.2	-118.0	-150.9	-421.7	-129.1	-140.8	-122.3
Cost of equipment sold	-5.5	-7.6	-7.0	-16.1	-36.2	-25.8	-16.8	-10.7	-10.6	-63.9	-10.3	-189.7	-348.6	-376.6	-925.2	-332.5	-291.7	-314.9
Cost of debt collection services and bad debt allowance and receivables written off	-5.9	-8.4	-5.3	-7.8	-27.4	-6.4	-9.3	-5.3	-7.2	-28.2	-6.7	-18.1	-15.3	-27.5	-67.6	-18.7	-27.8	-8.5
Other costs	-30.1	-33.2	-29.7	-34.2	-127.2	-29.7	-29.3	-28.7	-27.6	-115.3	-26.0	-43.4	-87.2	-55.5	-212.1	-53.8	-56.1	-44.6
Other operating income. net	-1.7	-1.1	-2.0	-12.7	-17.5	0.5	1.5	36.8	-2.0	36.8	3.6	3.5	4.7	-2.2	9.6	8.7	13.8	14.4
Profit from operating activities	203.0	213.0	197.6	175.5	789.1	184.7	195.0	203.4	206.8	789.9	219.5	397.6	431.8	393.5	1 442.4	428.7	583.5	529.2
Gain/loss on investment activities, net	12.5	-8.5	5.3	5.0	14.3	3.9	0.7	7.4	4.1	16.1	1.2	23.9	1.5	-11.4	15.2	28.9	-11.9	-5.2
Finance costs	30.1	-92.4	-5.2	-43.1	-110.6	-80.1	-102.4	-10.7	-22.8	-216.0	-108.7	-273.4	-384.7	-379.2	-1 146.0	-261.3	-222.1	88.8
Share of the profit of a joint venture accounted for using the equity method	0.7	0.8	0.5	0.8	2.8	0.8	0.8	0.7	0.6	2.9	0.6	0.7	0.7	0.6	2.6	0.5	0.9	0.5
Gross profit for the period	246.3	112.9	198.2	138.2	695.6	109.3	94.1	200.8	188.7	592.9	112.6	148.8	49.3	3.5	314.2	196.8	350.4	613.3
Income tax	-41.2	-13.4	-26.2	-16.6	-97.4	-14.1	-13.4	-24.4	-15.5	-67.4	-14.4	-16.7	-1.1	10.5	-21.7	-26.0	-45.9	-110.8
Net profit for the period	205.1	99.5	172.0	121.6	598.2	95.2	80.7	176.4	173.2	525.5	98.2	132.1	48.2	14.0	292.5	170.8	304.5	502.5
EBITDA	257.4	269.7	257.8	247.2	1 032.1	245.4	257.3	268.2	275.4	1 046.3	282.0	708.9	910.1	837.3	2 738.3	896.6	977.0	930.4
EBITDA margin	38.5%	37.8%	40.0%	32.9%	37.2%	35.2%	35.0%	39.6%	34.4%	35.9%	39.0%	40.6%	37.6%	33.2%	37.0%	38.5%	39.6%	38.5%



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 under the mobile telephony and Internet Access means 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 practice this means that within the last 90 days a given card had to be inserted to a phone or another device which was active and was able to make or receive call, message, data transmission session. 90-day usage definition thus eliminates inactive cards.

Based on the aforementioned definition each year UKE collects data of the mobile operators in Poland in order for the European Commission to prepare a comparison of actual penetration of mobile telecommunication services in the EU countries (the so-called Digital Agenda report).



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