



Cyfrowy Polsat Group

Credit Agricole, 8th Annual Global High Yield Conference

11th March 2015, London

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. Who we are
2. Our market strategy
3. Renegotiation of the agreement with Midas
4. Operational performance
5. Financial results
6. Objectives for 2015

1. Who we are



Who we are



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

Polsat Group



Poland's largest and Europe's fourth largest satellite platform



One of the leading mobile networks in Poland and the leader in implementing innovative solutions



Leading commercial broadcaster in Poland in terms of both audience and advertising market shares



Leader of the online video market in Poland



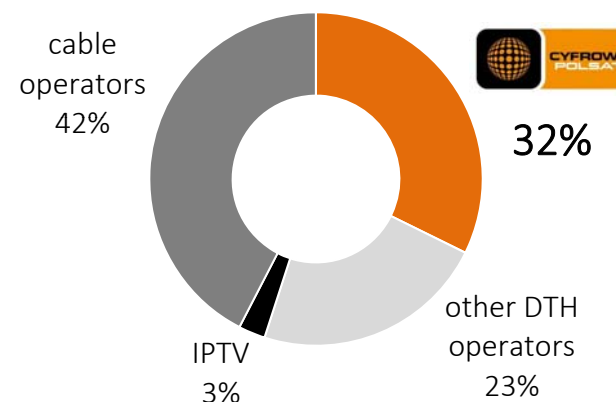
Pay-TV and telecommunication



- 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

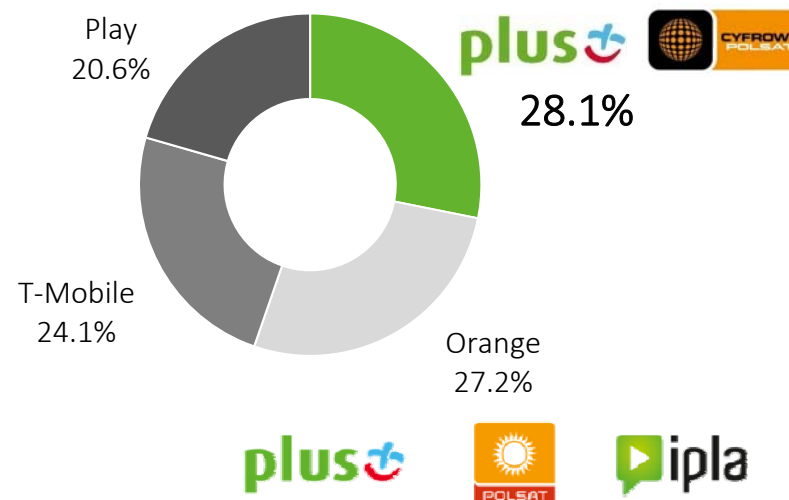
Pay-TV market in Poland

% share in the total number of paying subscribers



Mobile market in Poland

share of contracted SIM cards



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

TV broadcasting and video online

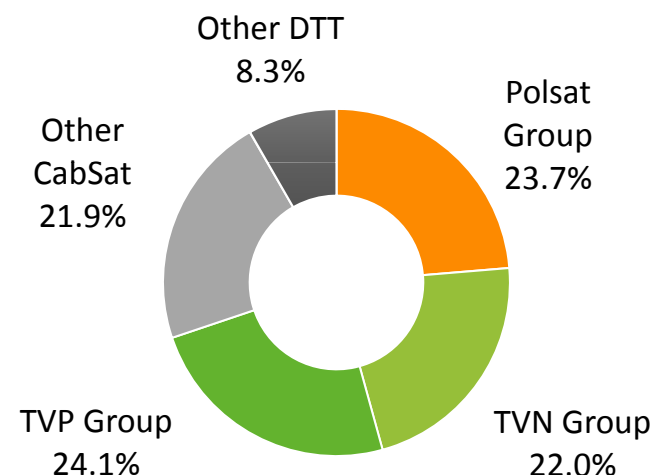


- Portfolio of 26 channels, providing us with 23.7% audience share
- Strong position on the TV ad market, with 25.1% market share
- IPLA – our own online video platform, with 4.3m users in 2014

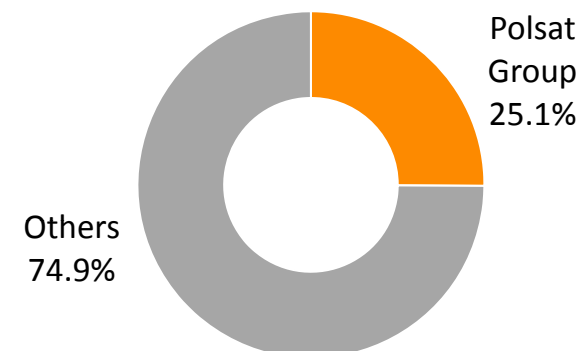
 **ipla** NAJWIĘKSZA TELEWIZJA INTERNETOWA



Audience share



TV ad market share



Source: NAM, All 16-49, all day, SHR%, 2014; 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

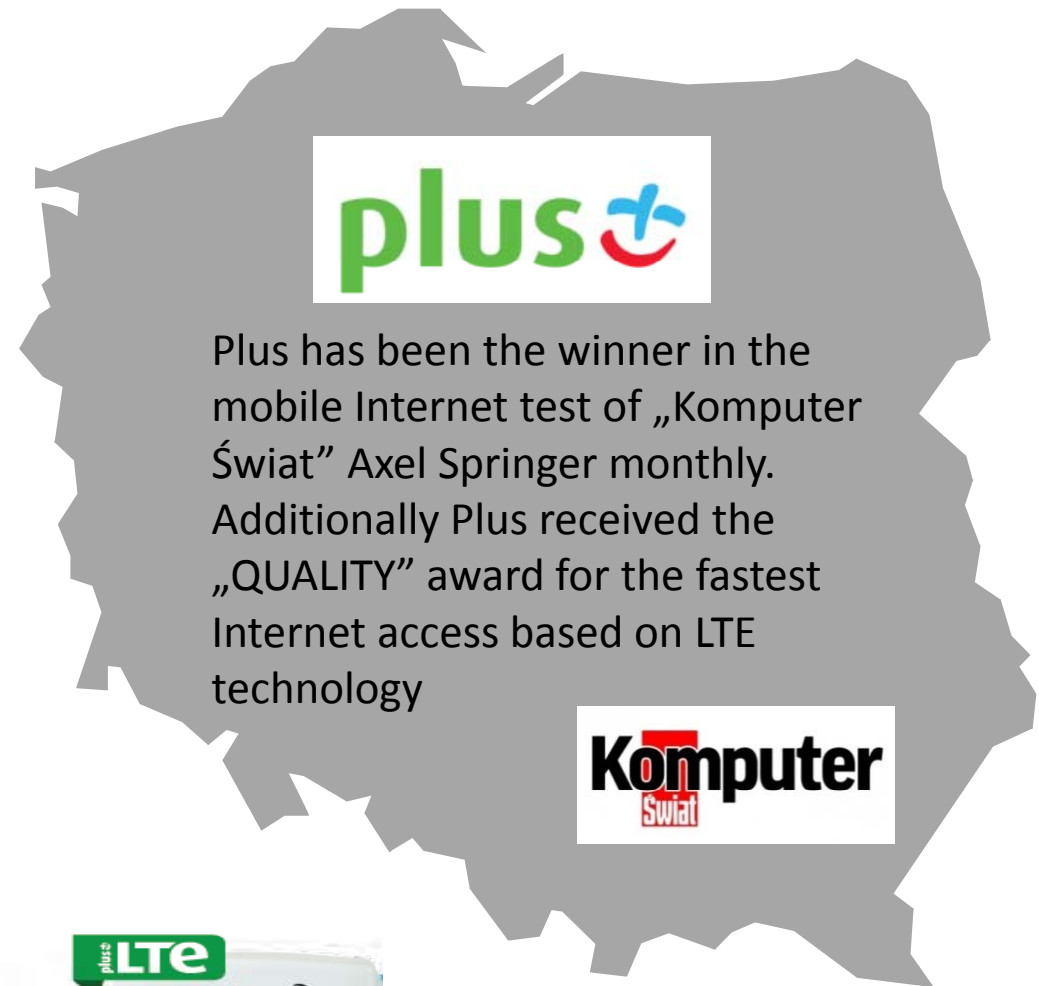


1. The biggest LTE network coverage – 80% of population



2. 800 MHz LTE coverage to be offered soon

3. Power LTE – real competition for fixed-line Internet access



Unique offering



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

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



Our Key Performance Indicators



6.1m
contract customers

2.01 RGU
per customer
PLN 87.2 ARPU
per customer

24.5%
audience share

16.5m **RGU**
12.3m contract services
4.1m prepaid services

 **10.4m** telephony
 **4.5m** pay TV
 **1.6m** Internet

24.8%
ad market share



Our 2014 financials (pro forma)



PLN 9,705_m
revenue

PLN 3,787_m
EBITDA
39.0% EBITDA margin

PLN 1,173_m
FCF after interest

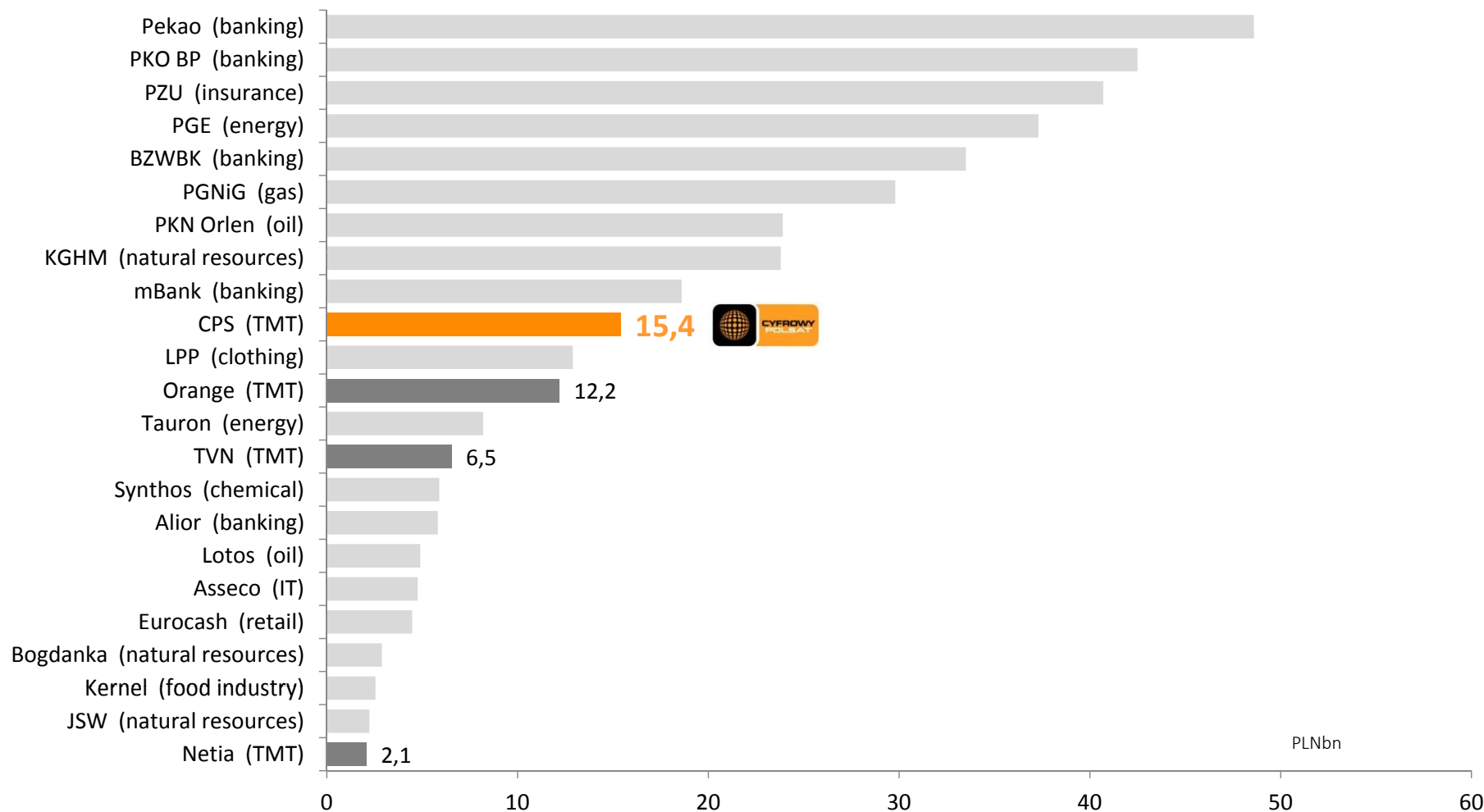
3.0x
net debt/EBITDA



Largest listed TMT Group on WSE



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



Source: 1) stooq.pl, as of March 6, 2015



2. Our market strategy



Our strategy



- Utilizing the potential of the largest customer base in Poland and unique portfolio of products and services
- Multiplay strategy was the foundation of sales synergies estimated at a total of PLN 2bn until the end of 2019



Multiplay offer based on simple communication



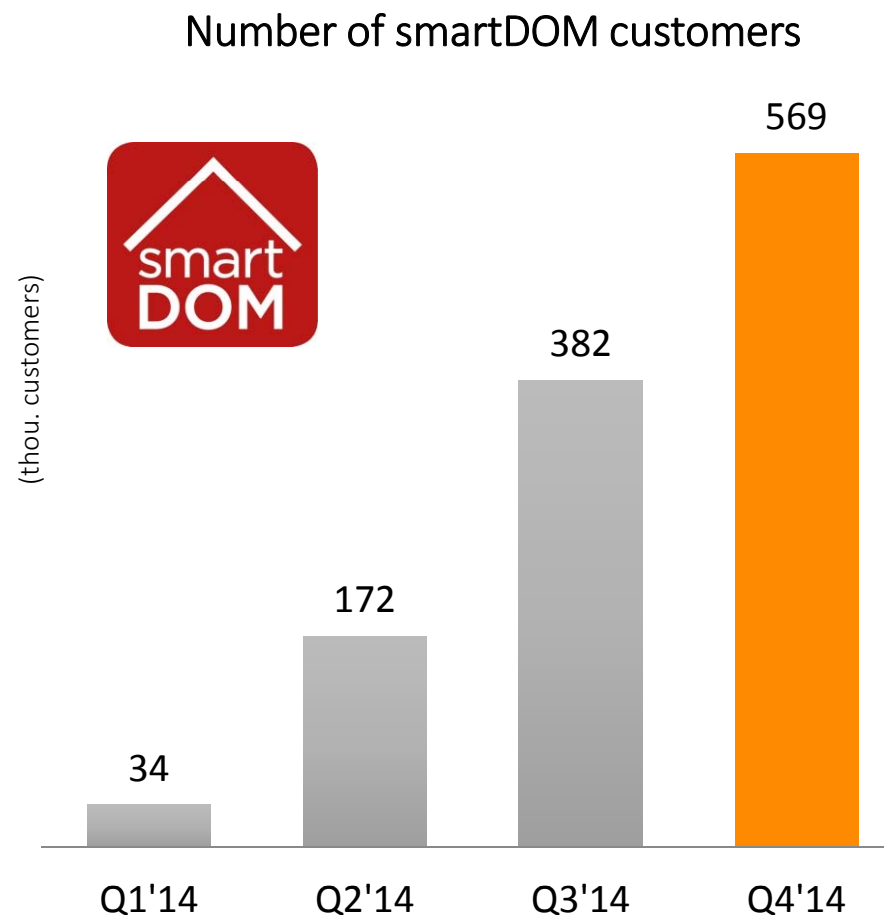
- Pay-TV, mobile telephony and Internet – all services bundled under smartDOM offer
- smartDOM offer is now available to both existing and new customers of the Group
- A simple and flexible mechanism which offers clear benefits to customers contracting additional services offered by the Group
- The program was recently extended with a dedicated offer for business customers: smartFIRMA



Success of the multiplay strategy



- 569K of smartDOM customers at the end of Q4'14
- Total number of RGUs contracted by this group of customers amounts to 1.753m
- In Q4'14 alone, customers of smartDOM program purchased 394K additional services (RGU)

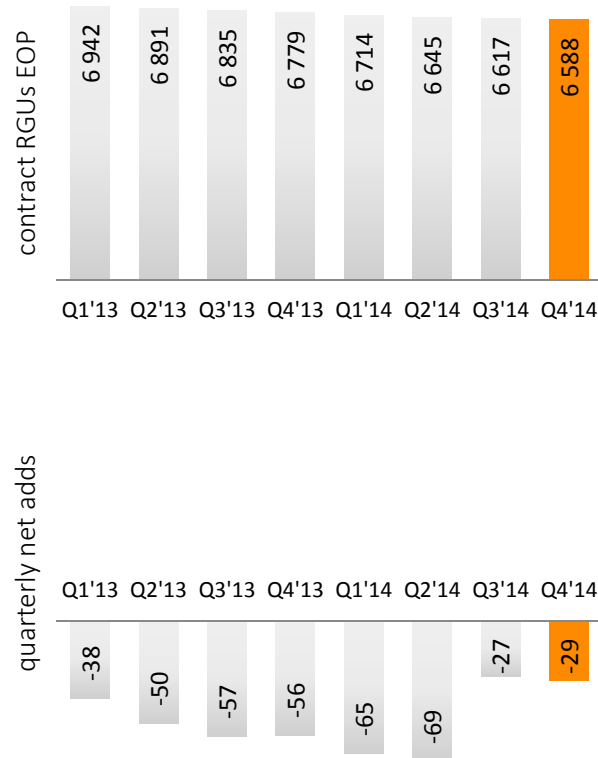


Multiplay strategy has a positive impact on all our product lines



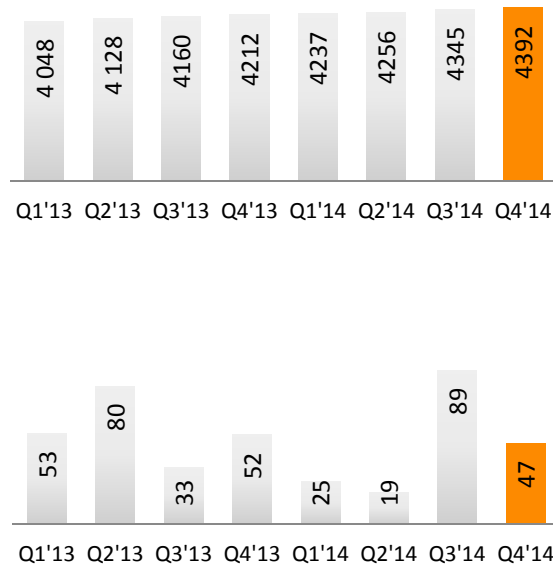
Mobile telephony

our aspirations: to stabilize the base



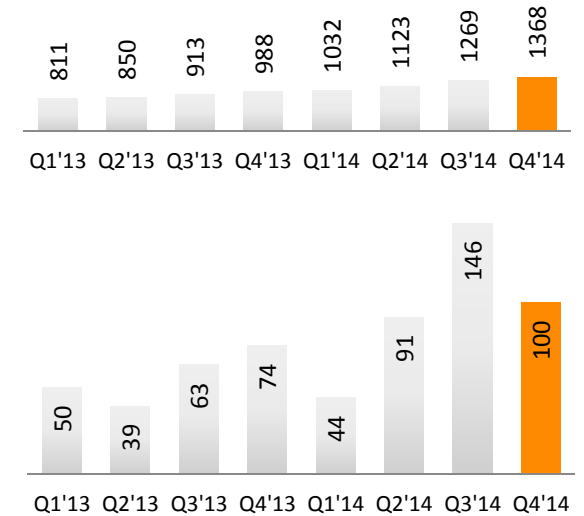
Pay-TV

to sustain organic growth



Internet

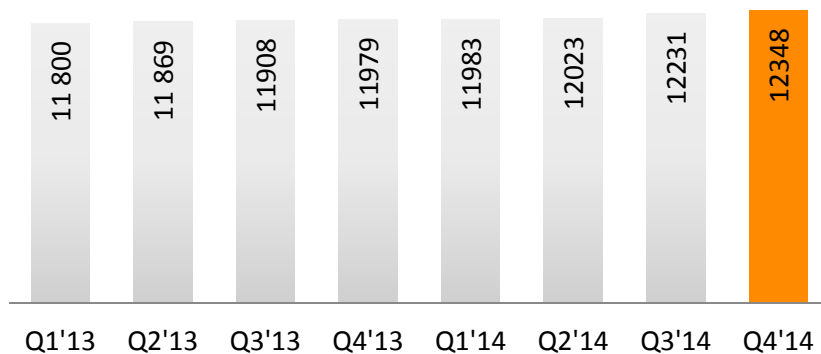
to grow fast based on our competitive advantage



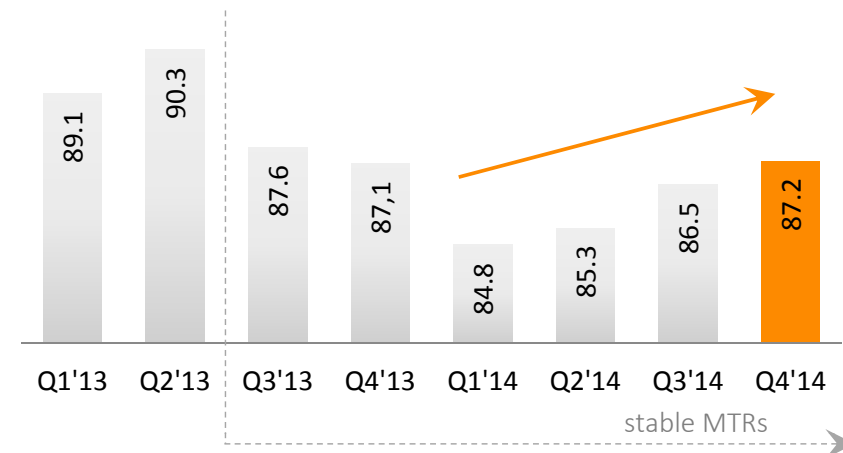
Our strategic goal is the continuous growth of the number of services and ARPU growth



Contract RGUs EOP



Contract ARPU (PLN)

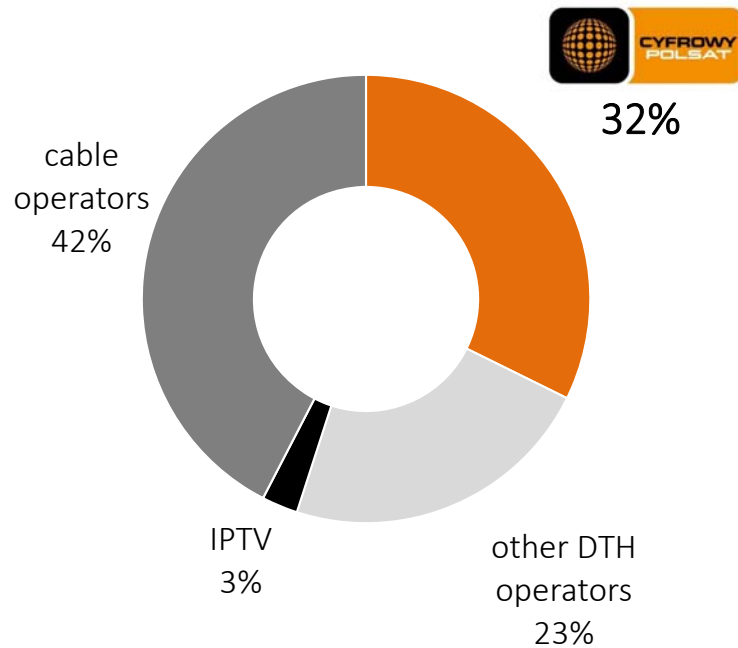


Result: we keep the leading positions on our key focus markets



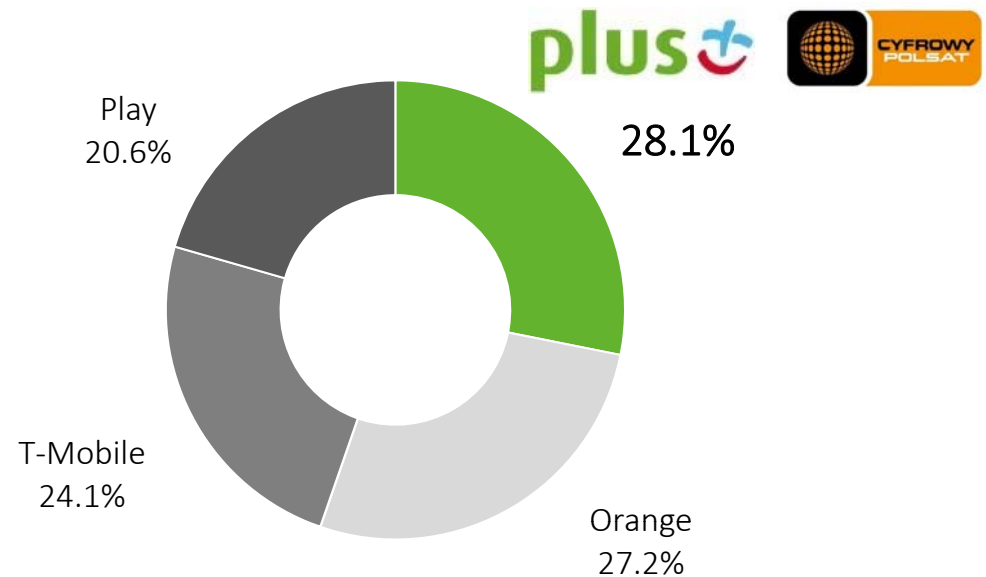
Pay-TV market

share in paid subscriptions



Mobile market

share in contracted SIMs



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

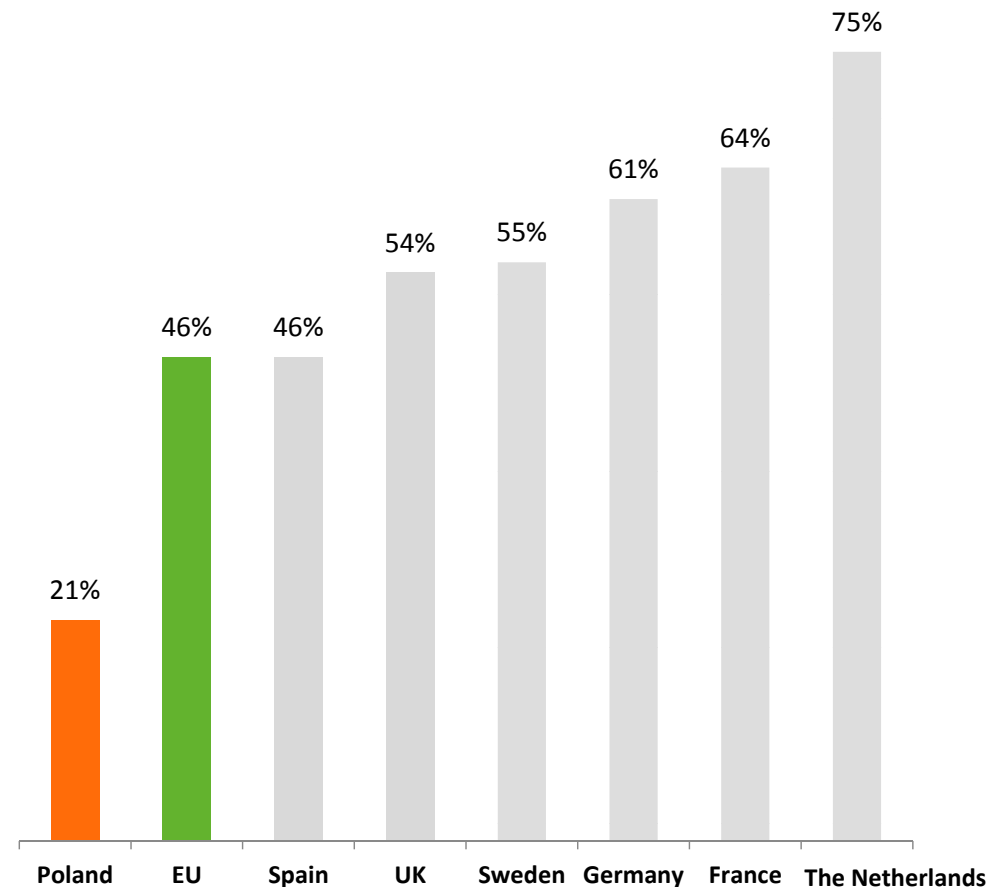


Market outlook



- 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



Source: European Commission - E-Communications Household Survey, March 2014



3. Renegotiation of the agreement with Midas

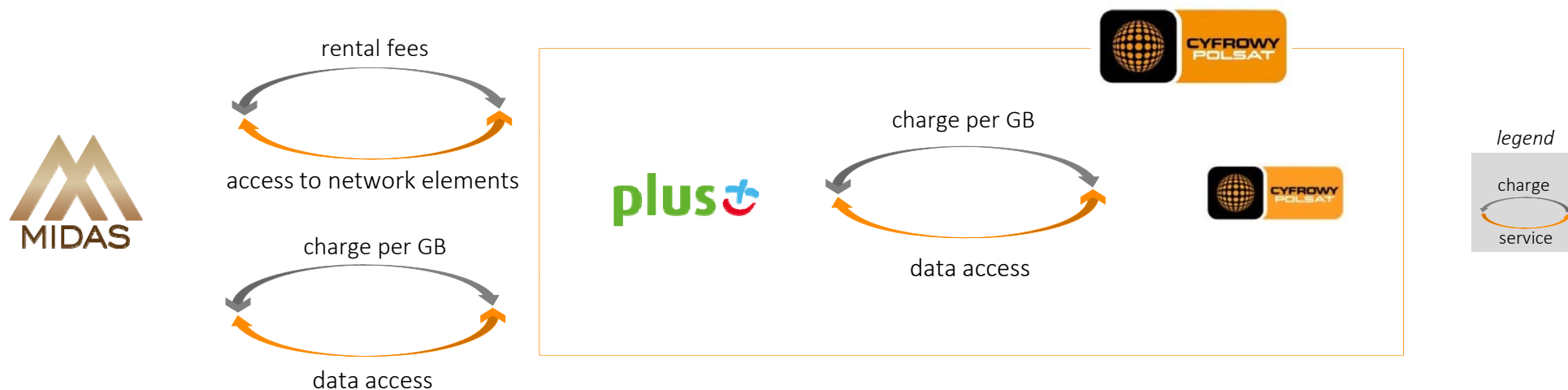


Key commercial arrangements between Cyfrowy Polsat Group and Midas



- **Network sharing agreement** signed between Midas and Polkomtel enables access to selected elements of the other party's network infrastructure. The agreement was crucial for fast and cost efficient rollout of LTE/HSPA+ network
- Based on the **wholesale agreement** Cyfrowy Polsat Group, through Polkomtel, orders data packages of specified size (GB measured) to be used in future with specified payments schedule. A price of 1 GB depends on the cumulative size of an order placed

Commercial cooperation with Midas Group – key arrangements

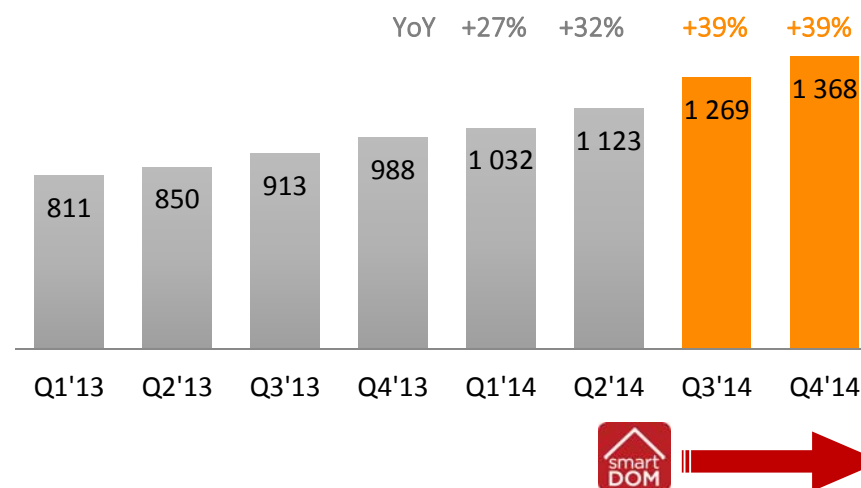


Growth rate of our base of contract Internet access services increased to nearly 40% YoY

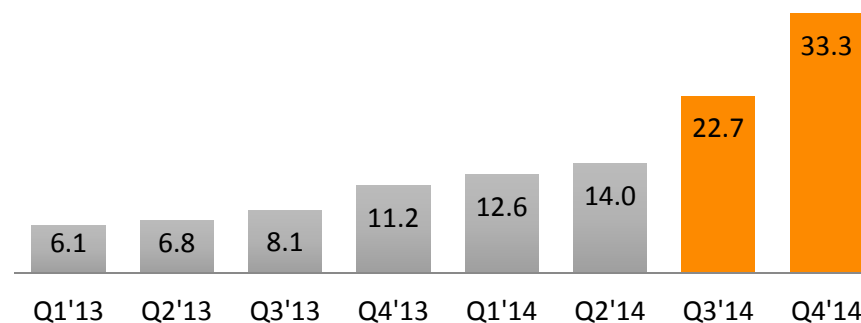


- The multiplay strategy has accelerated the rate of acquisition of new Internet RGUs, despite the fact that in the meantime other players entered the LTE market
- At the same time the number of smartphone users who actively use data transmission is growing rapidly
- As a result, in December 2014, 4.6m of the cards logged into our network were actively using data transmission
- This success also has a cost dimension: in 2014 our customers – by using Internet tariffs and transferring data via smartphones – consumed 83m GBs, which were purchased by Cyfrowy Polsat and Polkomtel from Midas Group

Growth of the base of contract Internet RGUs



GBs consumption on Midas bandwidth⁽¹⁾ (million GB)



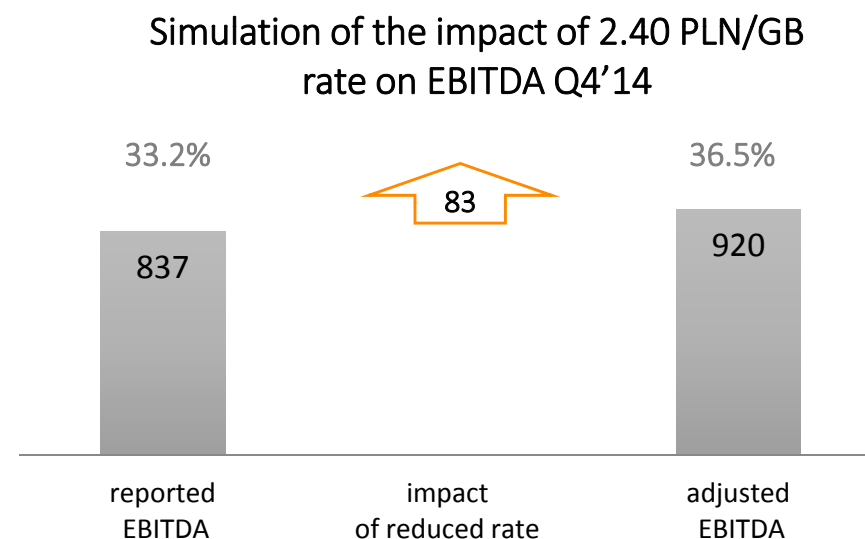
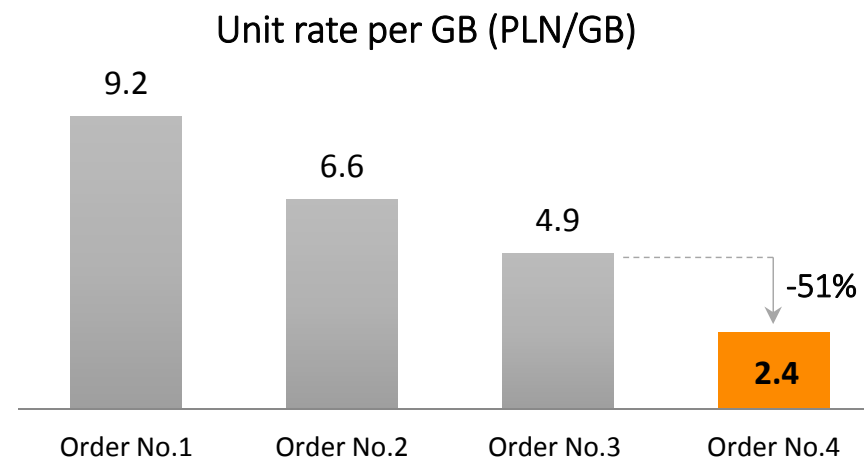
Source: (1) Public reports and presentations of Midas S.A. Group, www.midasnfi.pl



Renegotiation of the agreement with Midas was critical for maintaining the value within Cyfrowy Polsat Group



- As a result of placing Order No. 4 for 1.6b GBs (to be used in the 4-year period, starting from January 2015) a unit settlement rate has been reduced to the level of PLN 2.40/GB
- Improvement of commercial terms of cooperation with Midas Group will have a positive impact on the profitability of Cyfrowy Polsat Group in the forthcoming years
- Applying of PLN 2.40/GB rate to settle the cost of the consumed GBs in Q4'14 alone would translate into an improvement of EBITDA of Cyfrowy Polsat Group by PLN 83m and, consequently, the growth of EBITDA margin by 3.3pp



4. Operational performance



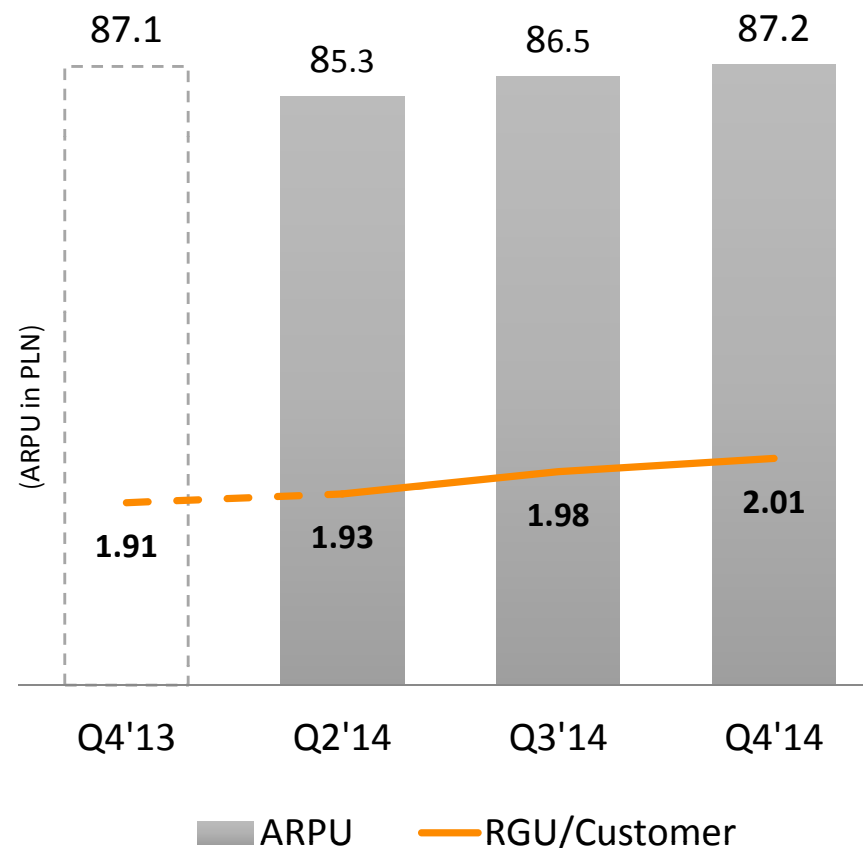
3.1 Services to individual and business customers



Loyal contract customer base



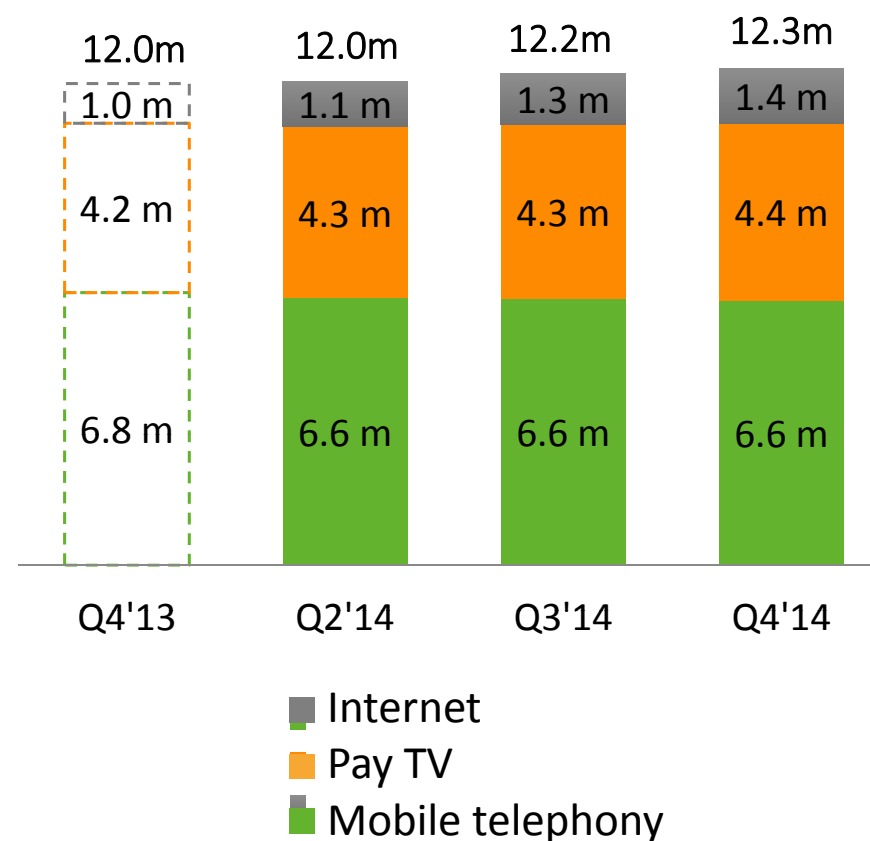
- Our customer base remains at the stable level of 6.1m
- Effective execution of the multiplay strategy has a direct, positive impact on the growth of the rate of RGU saturation per customer and ARPU per customer
- Low churn ratio of 9.1%



Growing number of contracted services



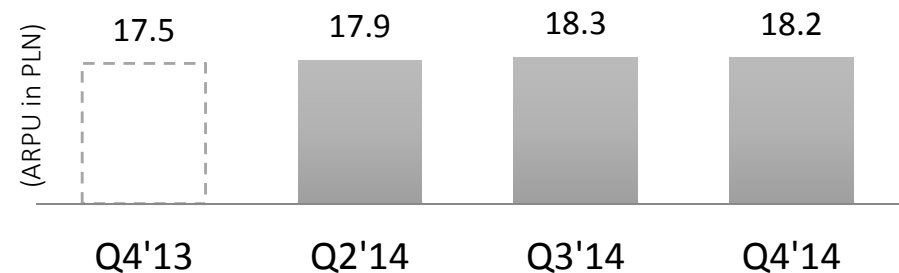
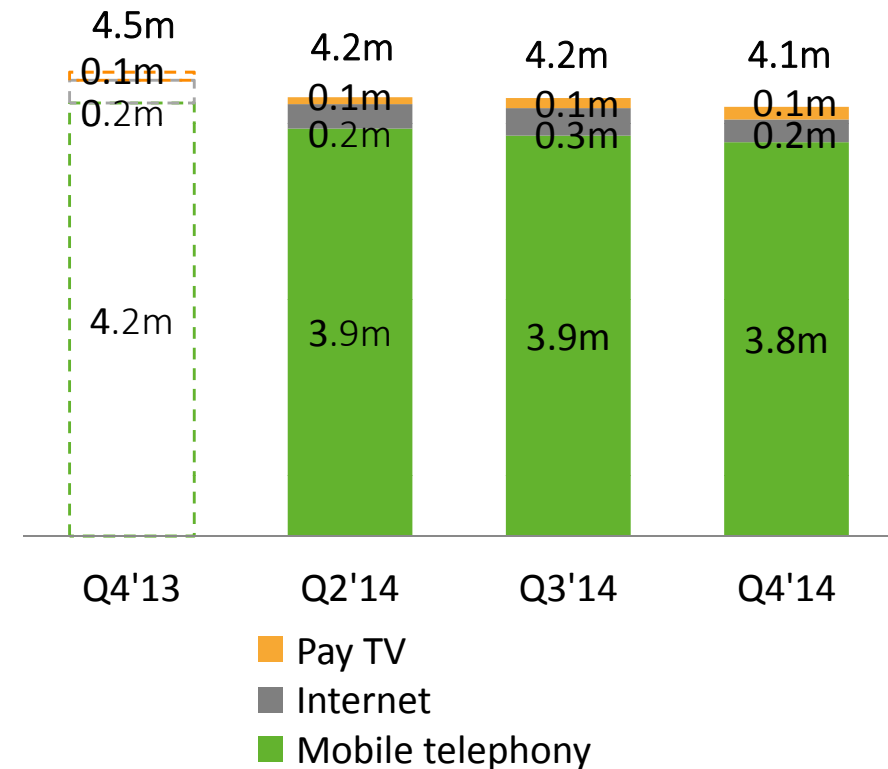
- Base of RGU contract services mainly affected by:
 - Cross-selling of core services to the combined customer base of Cyfrowy Polsat and Polkomtel within the smartDOM program
 - Multiroom Program driving the dynamic growth of the number of pay TV services provided
 - Rapidly growing impact of mobile internet services
- In the contract and prepaid model we already have a total of 1.6m of mobile Internet RGUs, which makes us an undisputed leader of this market



Prepaid services



- After a seasonal intensification of usage during the summer holidays (Q3), the number of telecommunication RGUs decreased slightly in Q4'14
- ARPU for prepaid RGU in Q4'14 increased YoY by 4% to PLN 18.2



3.2 Broadcasting and TV production segment

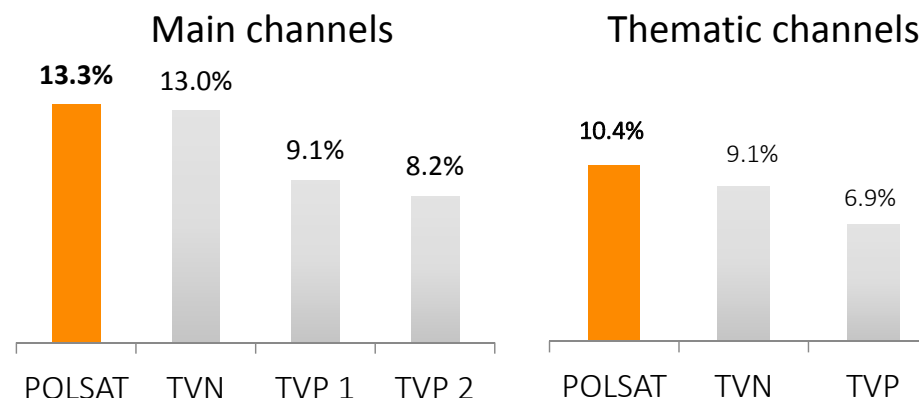


Viewership of our channels in 2014

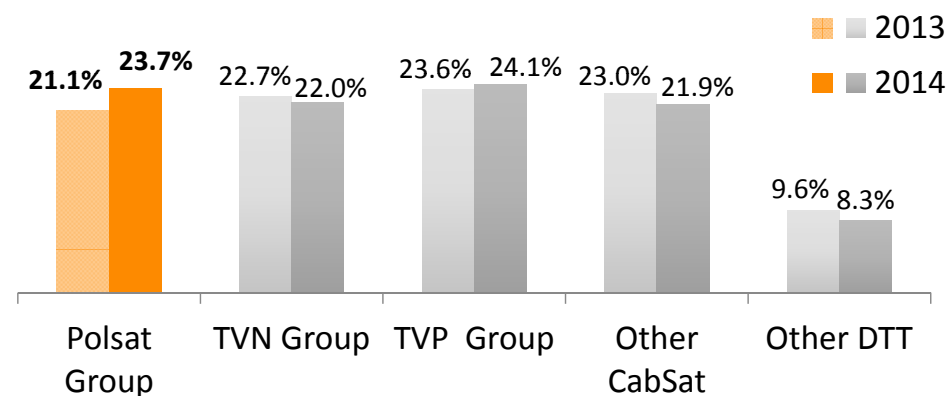


- Our main TV channel (Polsat) is the leader in viewership in the commercial group
- Total viewership results of Polsat channels in accordance with our long-term strategy

Audience shares



Dynamics of audience share results



Source: NAM, All 16-49, all day, SHR%; internal analysis

Note: Polsat Group viewership in the 2013 includes the viewership results of TV4 and TV6 channels starting from September 1, 2013

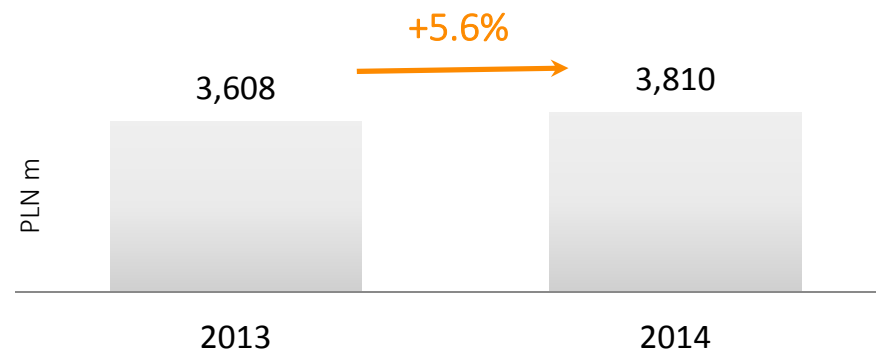


Position on the advertising market in 2014

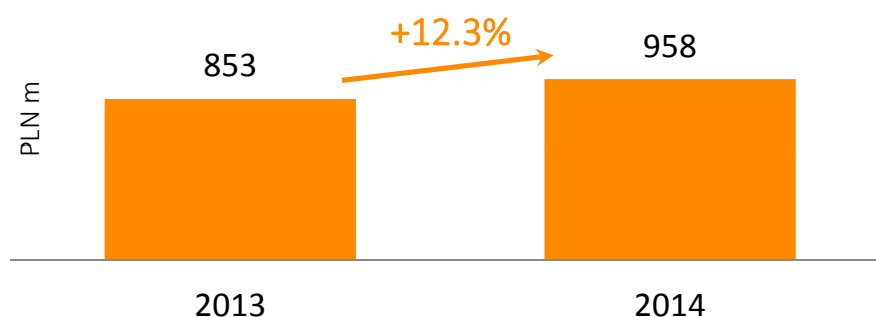


- Polsat TV revenue from TV advertising and sponsoring is growing much faster than the market
- Additionally, positive impact of TV4 and TV6 consolidated since September'13
- Our share in the TV advertising market increased from 23.6% to 25.1%
- Pro-forma growth of revenue from TV advertising and sponsoring⁽²⁾ by 6.5%

Market expenditures on TV advertising and sponsoring



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



Source: Starlink, airtime and sponsoring; TV Polsat; internal analysis

Note: (1) Revenue from advertising and sponsoring of TV Polsat Group according to Starlink's definition

(2) 2013 proforma, TV Polsat Group, Polskie Media S.A. (broadcaster of TV4, TV6)



5. Financial results



Please note the chapter includes financial data with Metelem/Polkomtel Group consolidation since May 7th, 2014, unless stated otherwise.

Group's financial results in 2014



in PLN m	2014	YoY change
Revenue	7,410	155%
Operating costs ⁽¹⁾	4,681	146%
EBITDA	2,738	162%
EBITDA margin	37.0%	1.1 pp
Net profit	292	(44%)

- Increase in major bottom-line items as a result of consolidation of Metelem group's results effective from 7 May 2014
- Net profit under the pressure from Metelem group's additional interest-related costs as well as the one-off cost items associated with the early repayment of CP fixed-term loan, CP Senior Notes, and the negative impact of PLK Senior Notes valuation

Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis

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



Results in the segment of services to individual and business customers in 2014



in PLN m	2014	YoY change
Revenue	6,326	226%
Operating costs ⁽¹⁾	4,001	214%
EBITDA	2,334	249%
EBITDA margin	36.9%	2.5 pp
Net profit	129	(75%)

- Excluding the effect of consolidation of Metelem, revenue increased by 6%, mainly due to higher revenue from telecommunication services and higher fees for pay TV services
- Cost growth dynamics, excluding the impact of Metelem consolidation, mainly driven by:
 - Investments in customer base, associated with the purchase of distribution rights to FIVB World Championship via CP platform
 - Additional customer acquisition costs in smartDOM offer
 - Higher cost of data transmission, mainly due to growth of the number of mobile Internet service users
- Net profit impacted by additional interest-related costs of Metelem group, cost of refinancing of CP debt and the dividend received from Polsat TV

Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis

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



Results of broadcasting and TV production segment in 2014



in PLN m	2014	YoY change	
Revenue	1,258	15%	• Increase in adjusted revenue ⁽²⁾ of 5%, mainly due to higher revenue from advertising and sponsoring of thematic channels as well as higher number of external channels serviced by Polsat Media
Operating costs ⁽¹⁾	855	14%	
EBITDA	404	6%	• Adjusted costs ⁽²⁾ would be at the same level YoY
EBITDA margin	32.1%	(2.8pp)	• Adjusted EBITDA ⁽²⁾ would increase YoY by PLN 56 m, EBITDA margin would be 33.8%
Net profit	332	7%	

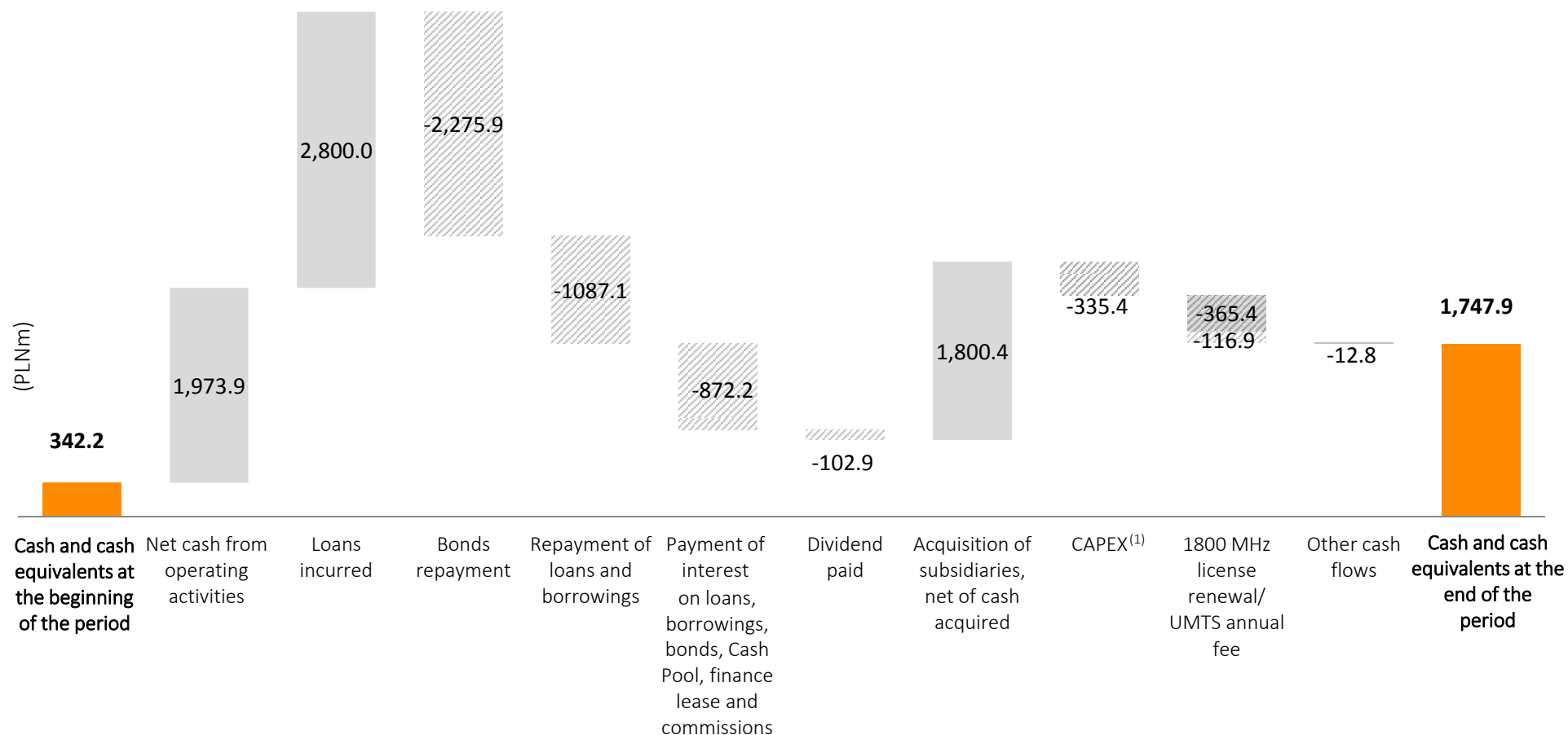
Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis

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

(2) Adjusted for disposal of RS TV, acquisition of Polskie Media, FIVB World Championship



Cashflow statement in 2014



Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis

Note: (1) Excluding expenditures on set-top-boxes leased to subscribers

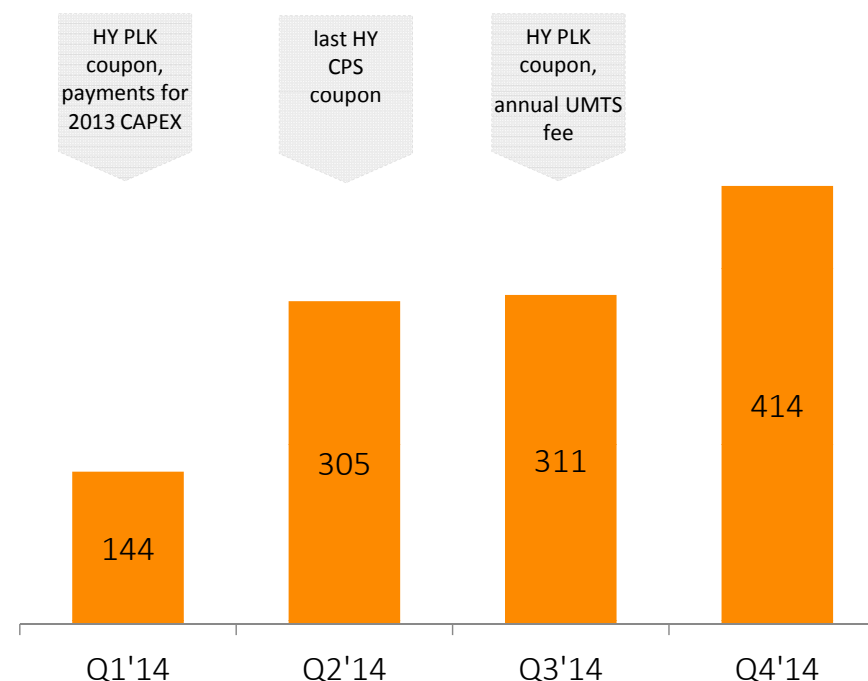


Reconciliation of FCF after interest



mPLN	Q4'14	2014 pro forma
Net cash from operating activities	652	2.974
Net cash from/(used in) investing activities	-69	-1.086
Payment of interest on loans, bonds, Cash Pool ⁽¹⁾	-138	-1.113
FCF after interest	444	774
Short-term deposits	-30	
One-off payment related to 1800MHz concession		365
One-off cash settlement of PIK PLK interest		34
Adjusted FCF after interest	414	1.173

Adjusted FCF after interest in 2014 (pro forma)⁽²⁾



Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis
 Note: (1) Includes impact of hedging instruments, excludes early redemption costs and amounts paid for costs related to the new financing; (2) Adjusted for transitory VAT settlements



The Group's debt as at 31 December 2014



in PLN m	Carrying amount	Nominal value
Term Loan (PLN)	2,293	2,330
Revolving Loan	100	100
PLK Loan – Tranche A (PLN)	1,937	1,944
PLK Loan – Tranche B (PLN)	3,077	3,096
PLK Loan – Tranche C (PLN)	1,599	1,610
PLK Revolving Loan	0	0
Senior Notes PLK EUR ¹	2,860	2,312
Senior Notes PLK USD ²	2,155	1,754
Leasing	19	19
Cash and cash equivalents ³	1,748	1,748
Net debt	12,291	11,417
EBITDA LTM, pro-forma ⁴	3,787	3,787
Net debt / EBITDA LTM	3.2x	3.0x

¹ Nominal value of PLK Senior Notes of EUR 542.5 m, as converted based on the average NBP exchange rate from 31 December 2014 of 4.2623 PLN/EUR. Carrying amount estimated to fair value at the moment of purchase of Metelem.

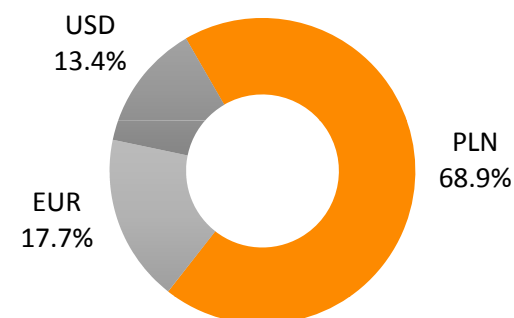
² Nominal value of PLK Senior Notes of PLK USD 500 m, as converted based on the average NBP exchange rate from 31 December 2014 of 3.5072 PLN/USD. Carrying amount estimated to fair value at the moment of purchase of Metelem.

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

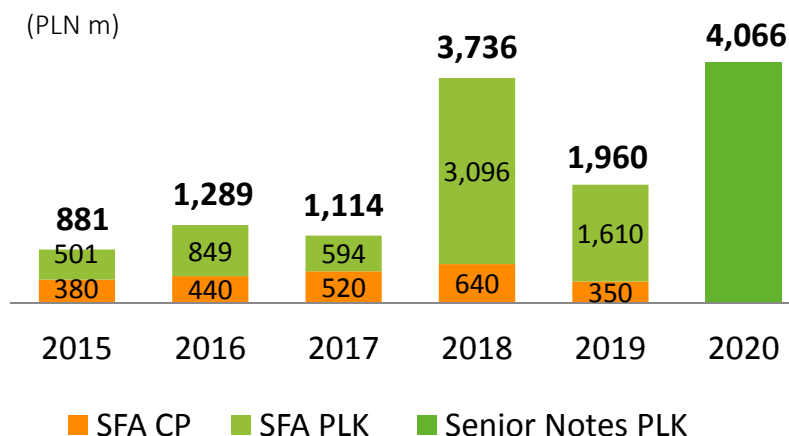
⁴ EBITDA LTM, pro-forma, includes consolidated pro-forma EBITDA of Cyfrowy Polsat Group on the assumption of consolidation of Metelem Group's results during the period of past 12 full months

⁵ Nominal value of debt, excl. RCF

Currency composition of our indebtedness⁵



Our debt maturing profile⁵



Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis



The potential impact of debt refinancing of Polsat Group



Reduction of interest

- Replacing PLK HY Notes with 11.75% coupon (EUR) and 11.625% coupon (USD) with debt with costs at the market level could potentially ensure savings on interest in the range of ca. **PLN 300m** annually
- Margins in the SFA CPS agreement are also substantially lower than in the SFA PLK agreement concluded one year before

Higher flexibility

- Removing restrictions with respect to the transfer of funds between Eileme 2 Group and the remaining companies of Cyfrowy Polsat Group would allow more effective management of the group's liquidity, allowing for further integration of Cyfrowy Polsat and Polkomtel

Limitation of the debt's balance sheet valuation

- Valuation of HY PLK Notes in relation to their market value was performed as at the date of acquisition of Metelem Group, which resulted in a carrying amount of these notes to exceed their nominal value by PLN 949m at 31 December 2014
- Refinancing of HY PLK Notes would eliminate this difference, thus resulting in the reduction of the carrying amount of our debt

6. Objectives for 2015



Our expectations and goals for 2015



Segment of services to individual and business customers

- Increase of the total number of sold services (RGU) and saturation of the customer base with integrated services
- Consistent building of ARPU per customer

Broadcasting and TV production segment

- Continuing the strategy which assumes maintaining of audience shares and increase of revenue from advertising at least in line with growth dynamics of the TV advertising market

Financial results

- Maintaining strong margins, further optimization of the cost base
- Consistent reduction of the company's indebtedness, supported by a stable level of free cash flows



7. Appendix



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 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).



Projects in progress



Marketing

- Monetization of the joint customer base of the Group by maximizing sale of services under SmartDOM offer
- Consistent product and pricing strategy for respective products offered by both companies
- Optimization of marketing spend – combined campaigns for PLK and CP brands
- Uniform marketing of the Internet offer – Power LTE
- Optimized structure of media spending
- Optimization of organizational structure and internal processes within the new group

Customer service and retention

- Creating joint call center
- Re-allocation of resources to cheaper locations, staff recruitment in smaller towns
- Common customer service standards – higher efficiency, higher customer satisfaction
- Unification of commission systems, more effective motivation for customer service representatives

IT

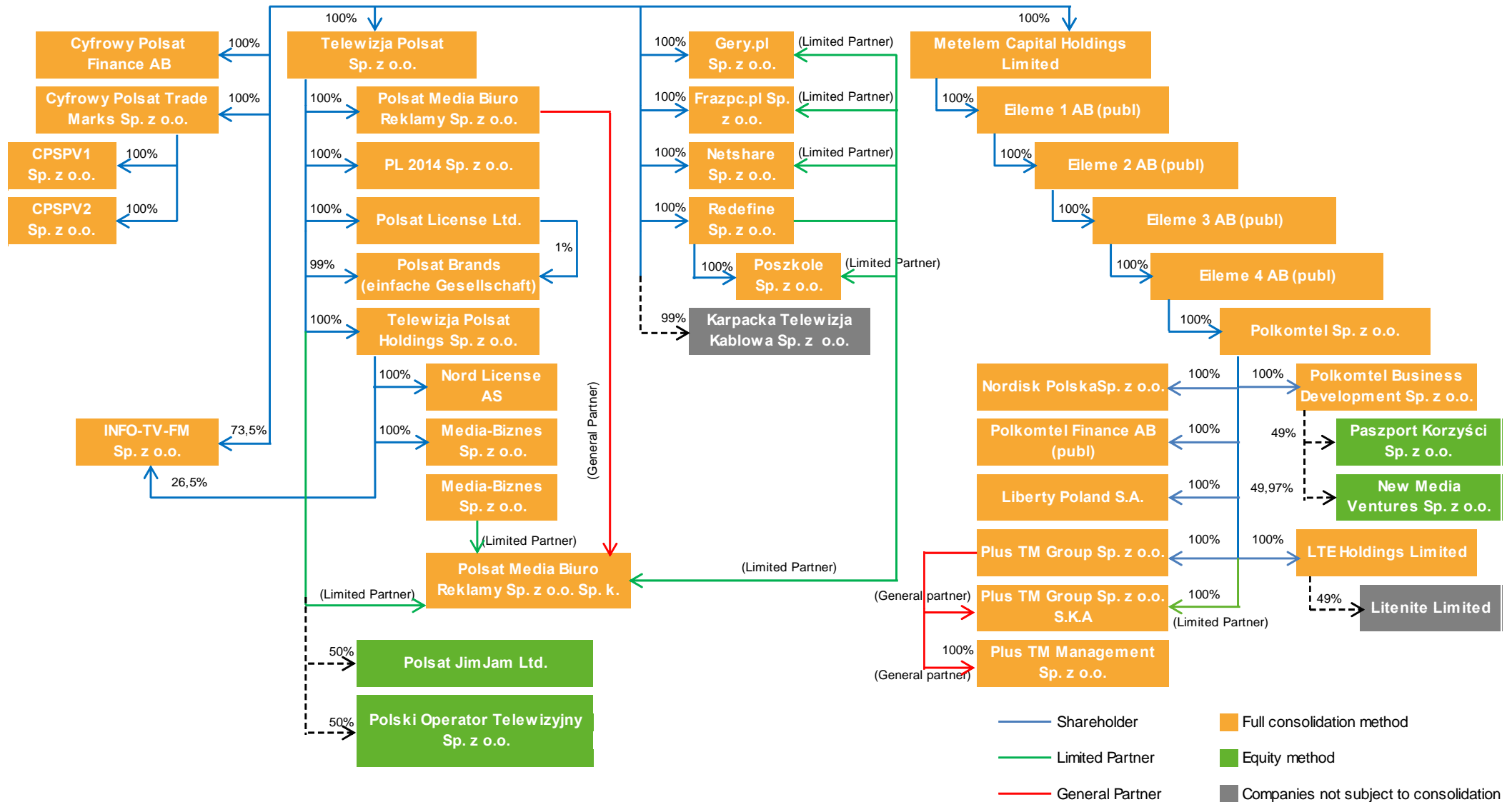
- Economies of scale – joint hardware and software purchases
- Integration of IT infrastructure
- Introduction to PLK of CP's in-house solutions supporting offer-and-sales-related processes
- Unification of IT systems architecture
- Starting a process of unification of systems, e.g. billing

Sales

- Increasing the efficiency of sales of CP and PLK products in both networks
- Reduction of the total number of points of sale
- Unification of sales processes within a point of sale
- Building common logistics and warehousing systems
- Joint training and education
- Unification of commission systems, more effective motivation for the sales network



Capital Group



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%
Argumenol Investment Company Limited ⁽²⁾	28,415,173	4.44%	28,415,173	3.47%
Embud Sp. z o.o. ⁽²⁾	29,648,775	4.64%	29,648,775	3.62%
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 Investments Limited is a direct subsidiary of Pola Investments Limited controlled by TiVi Foundation, the dominant entity of which is 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 7 January 2015



Sample of our DTH offer



nVOD + Multiroom HD

FAMILY MAX HD

of channels ⁽¹⁾

101

Price (PLN)

49.90

+

SPORT HD

+

CINEMAX HD

131

Family Max HD + 10.00

+

FILM HD

+

HBO HD

+

HBO GO

+

CINEMAX HD

106

Family Max HD + 30.00

+

iplaMIX

+

VOD Home Movie Rental ⁽²⁾

Premium offer

PLN 89.90

nVOD

Rodziny HD

of channels

54

Price (PLN)

19.90

Note: as of 26.11.2014; (1) including promotional channels; (2) temporary promotional packages



Portfolio of our TV channels



DTT



No. of channels

TV Polsat Group	DTT market
4	24

Cab/Sat



No. of channels

TV Polsat Group	Cab/Sat market
26	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).





Contact

Investor Relations

Łubinowa 4A
03-878 Warsaw

Phone: +48 (22) 356 6004 / +48 (22) 426 85 62 / +48 (22) 356 65 20

Email: ir@cyfrowypolsat.pl / ir@plus.pl

www.cyfrowypolsat.pl



Notes

