Financial results
Q1 2018

10 May 2018

Cyfrowy Polsat S.A. Capital Group

Disclaimer

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

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.

Agenda

1. Key events
2. Operating results
3. Financial results
4. Summary and Q&A

1. Key events

Key events

Very good results of Polsat Group's TV channels

Exceptional proposal for fans of the Champions League – all live matches and two dedicated sports channels Polsat Sport Premium

Very good operating results – good reception of the new offer

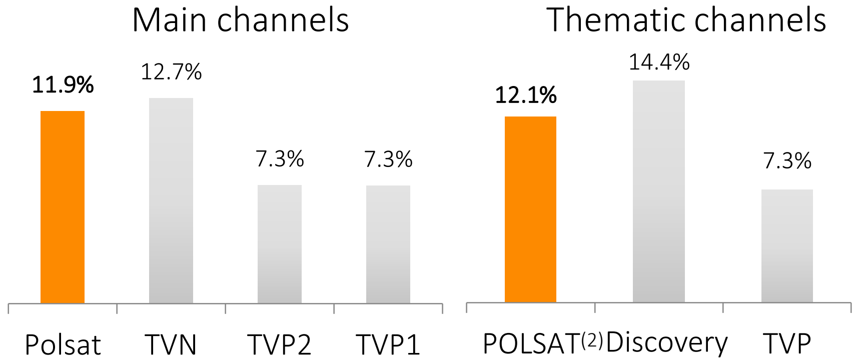
2. Operating results

2.1 Broadcasting and TV production segment

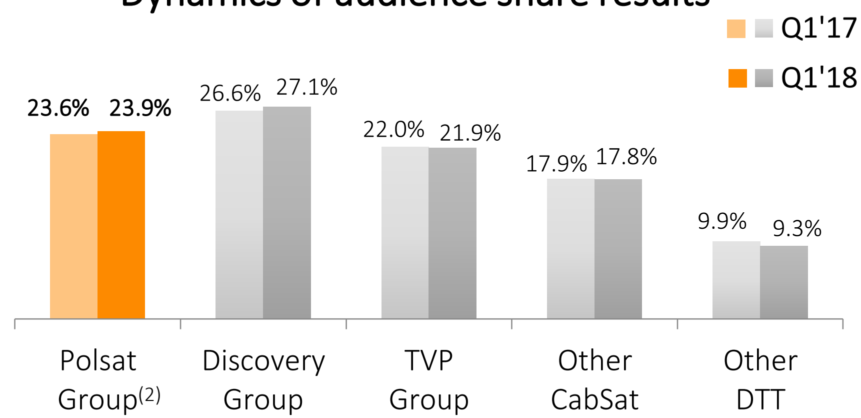
Viewership of our channels in Q1'18

- Polsat Group's viewership in line with its strategy
- Discovery Group's viewership includes TVN channels

Audience shares(1)



Dynamics of audience share results(1)



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

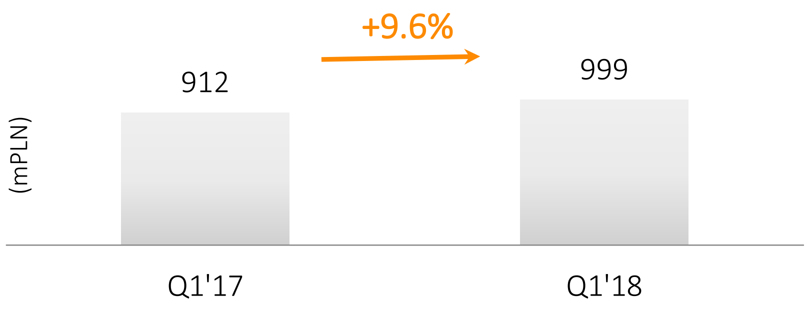
Note: (1) Audience shares include both live broadcasting and broadcasting during 2 consecutive days (i.e. Time Shifted Viewing)

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

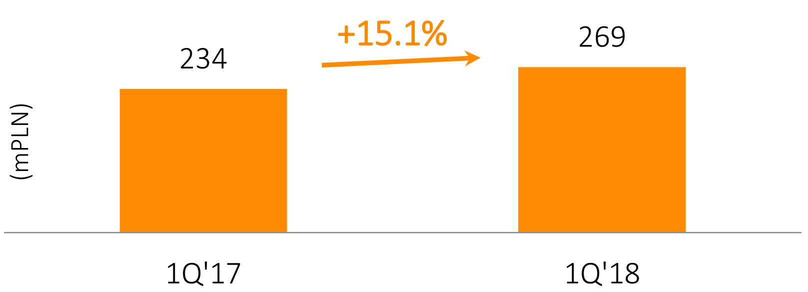
Position on the advertising market in Q1’18

- Revenue from TV advertising and sponsorship generated by Polsat Group grew by 15.1% while the market grew by 9.6% YoY
- Dynamic growth of revenues of Polsat Group supported by the fast achievement of synergies announced at the time of the acquisition of the new TV channels
- In effect, our share in the TV advertising and sponsorship market increased to 26.9%

Market expenditures on TV advertising and sponsorship



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

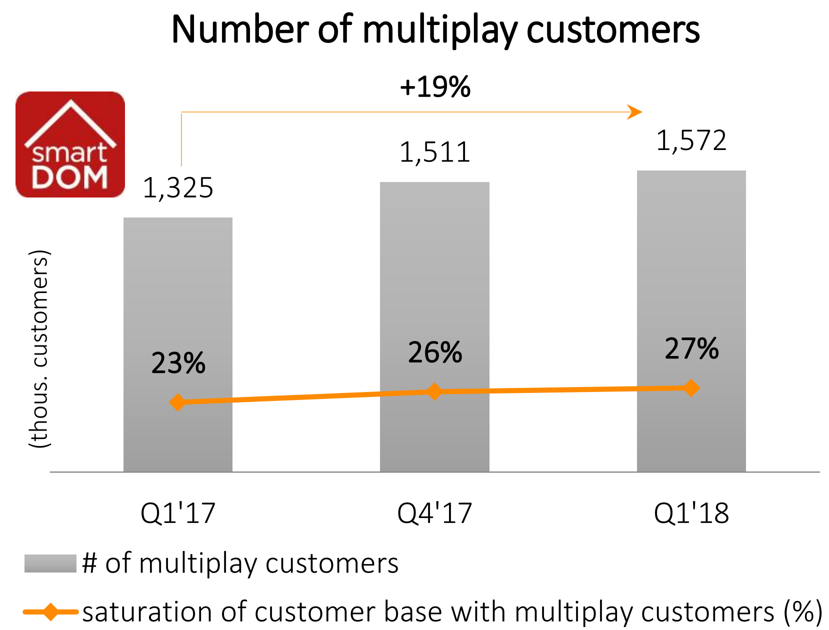


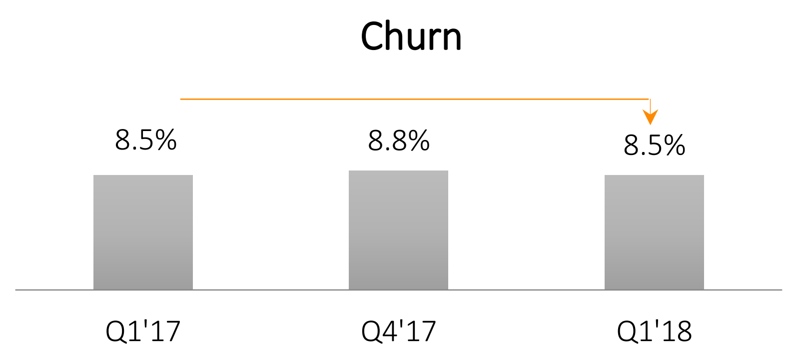
Source: Starcom, preliminary data, spot advertising and sponsorship; TV Polsat; internal analysis
Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Starcom’s definition

2.2 Services to individual and business customers

Already nearly 1.6 million of our customers use multiplay offers

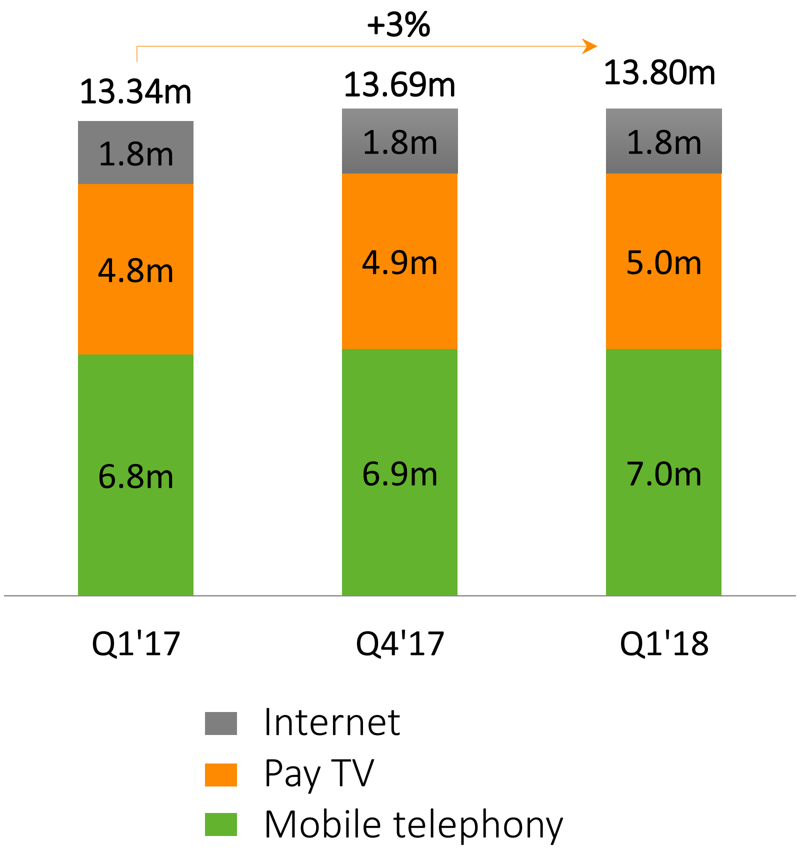
- Consistent implementation of the multiplay strategy results in a stable increase in the number of customers of bundled services by 247K YoY
- The number of RGUs owned by these customers increased to 4.7m
- Low, stable churn, mainly due to our multiplay strategy





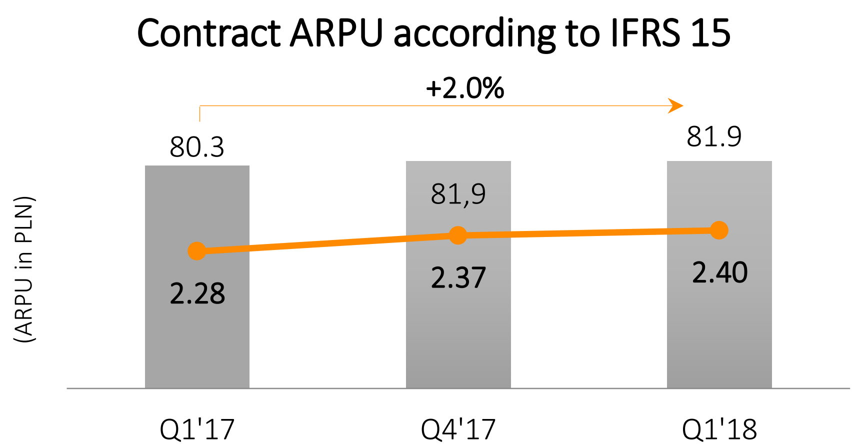
Stable growth in contract services

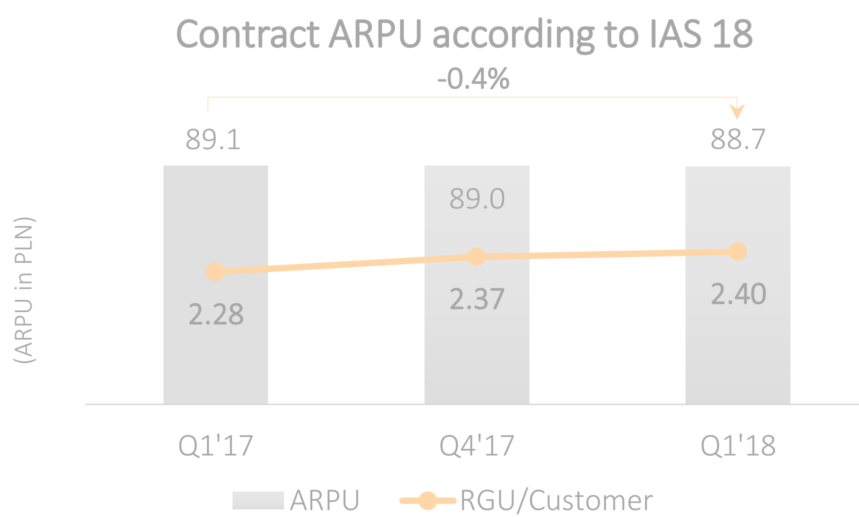
- Increase in the number of contract services by 459K YoY
- 213K additional contracts for voice services (YoY) thanks to the positive effect of our multiplay strategy and the new, simple tariffs launched by Plus in February 2018
- Pay TV RGUs increased by 198K YoY (multiroom and paid OTT effect)
- Further growth in Internet access RGUs by 48K YoY



Growth ARPU in spite of RLAH regulation

- ARPU increase by 2.0% YoY[1] despite the negative impact of the RLAH regulation
- Effective upselling of products under our multiplay strategy continues to be reflected in the growing RGU saturation per customer ratio

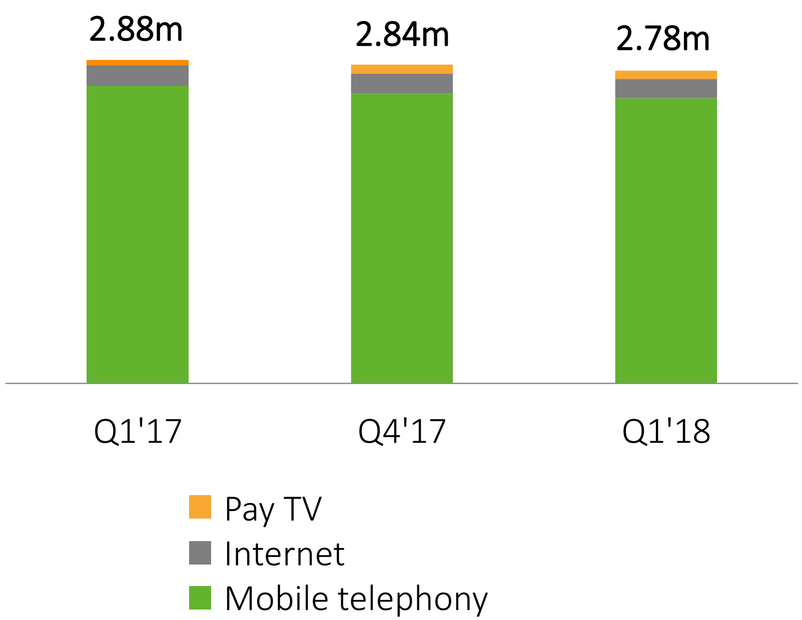


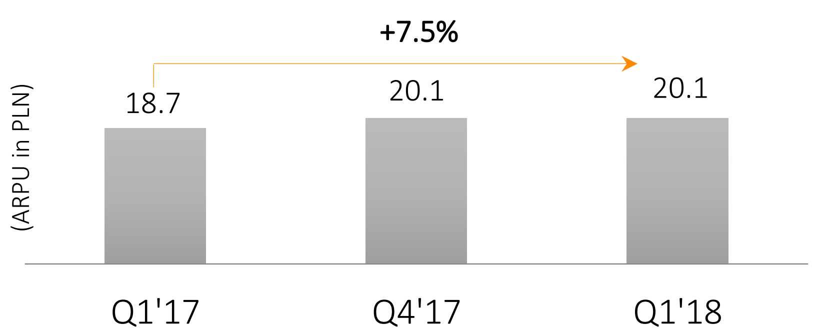


Nota: (1) ARPU calculated according to applicable accounting standard IFRS 15

Growing ARPU, stable prepaid base

- Stable prepaid base of 2.8m services, reflecting the actual number of users of prepaid services
- Dynamic growth of ARPU resulting largely from the expiration of the effect of registration-related promotions

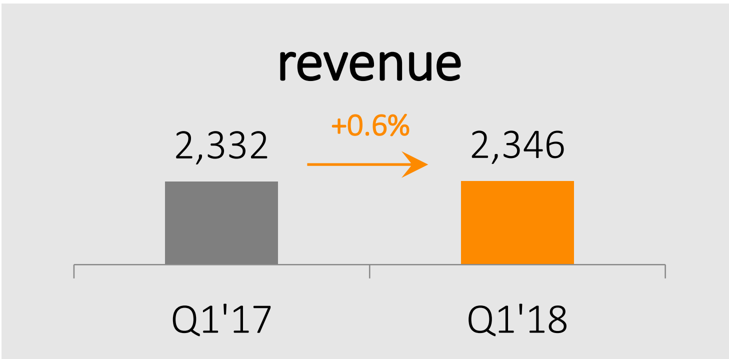


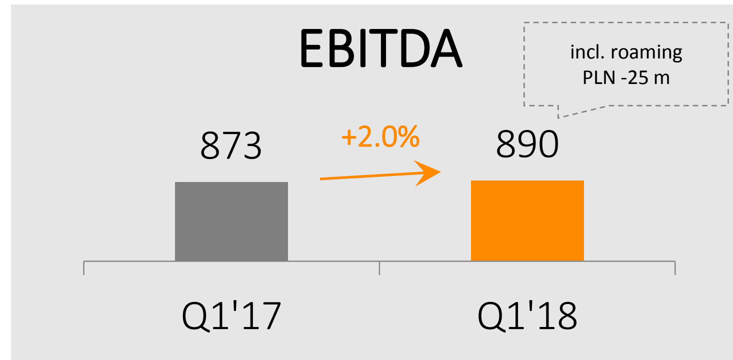


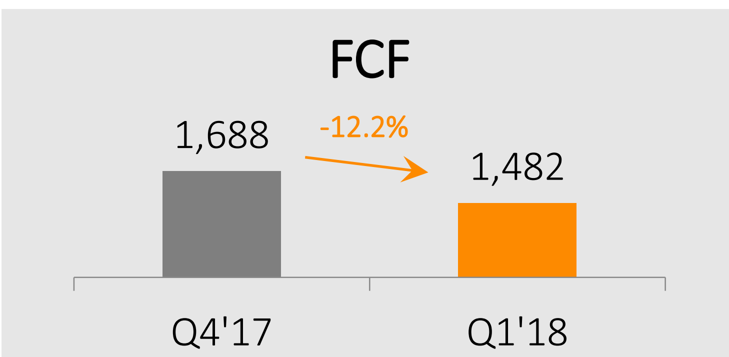
3. Financial results

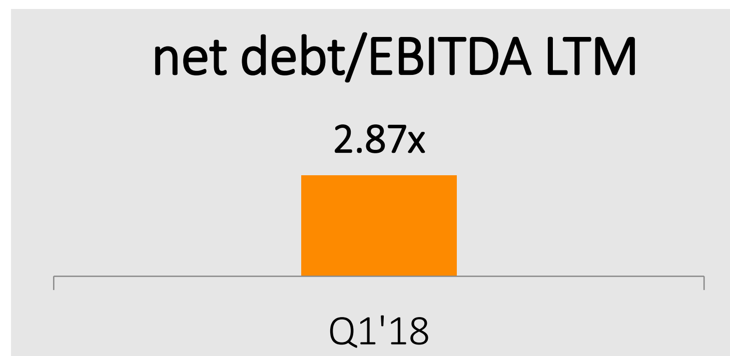
Results of the Group in Q1’18

Based on currently applicable IFRS 15 standard





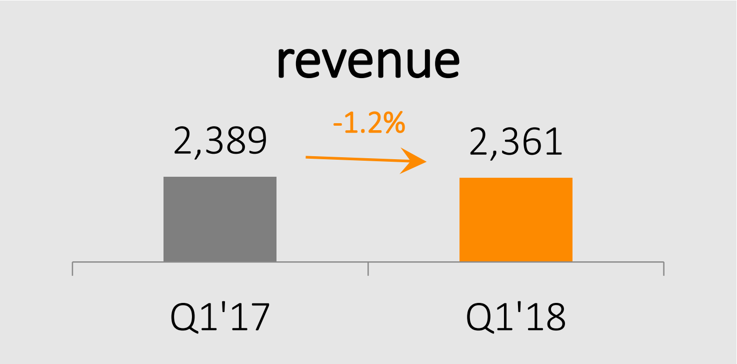


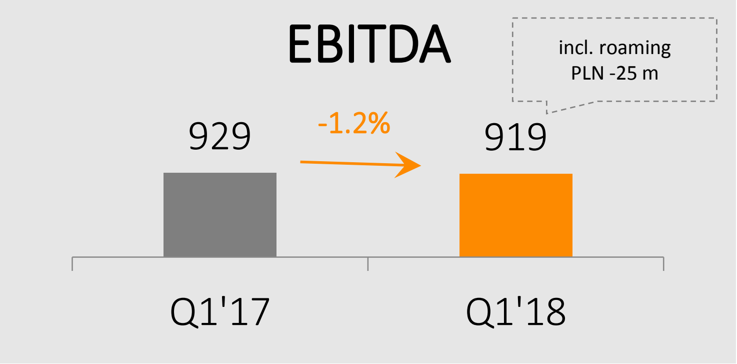


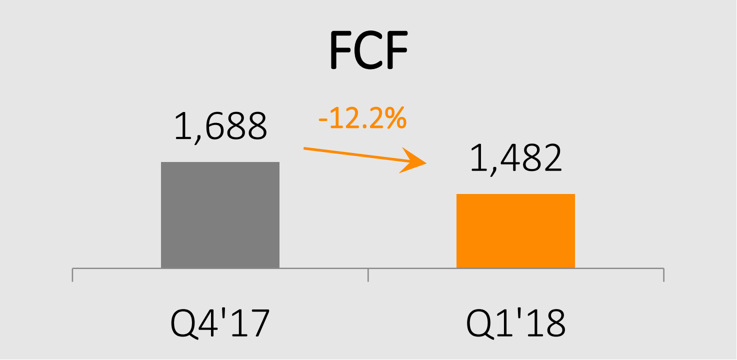
Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and own estimates relating to Q1’17.

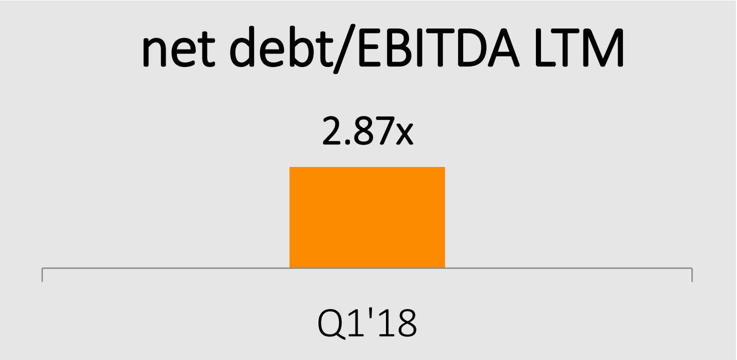
Results of the Group in Q1'18

Based on hitherto applicable IAS 18 standard









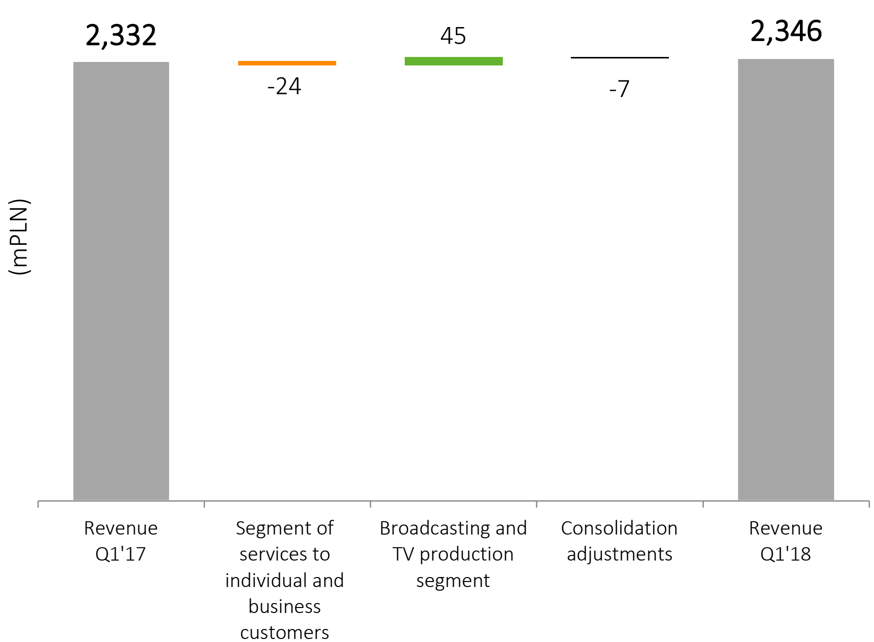
Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses

Revenue and EBITDA – change drivers

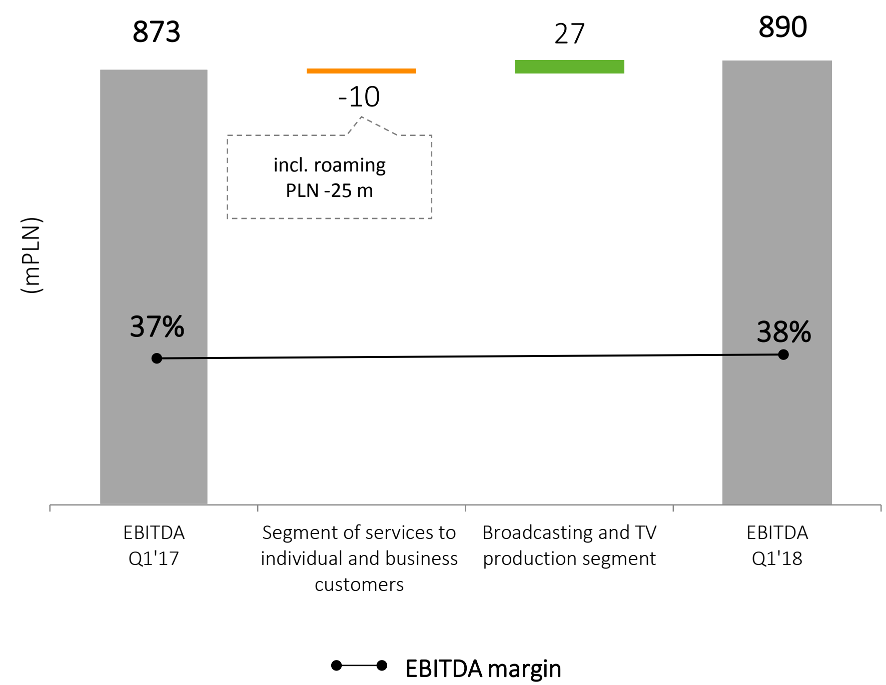
Based on currently applicable IFRS 15 standard

Revenue

YoY change **+1% +14 m**



YoY change **+2% +17 m**



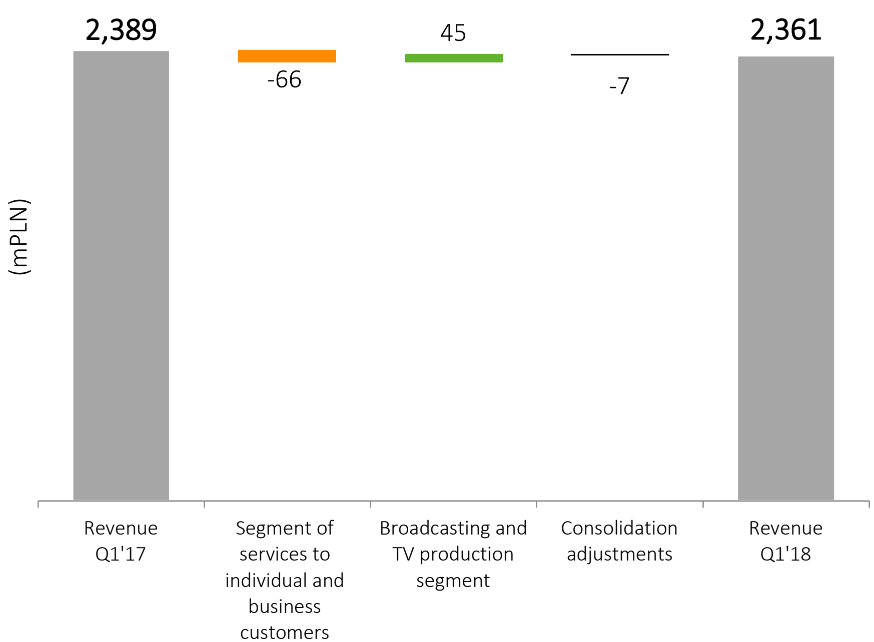
Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and own estimates relating to Q1'17

Revenue and EBITDA – change drivers

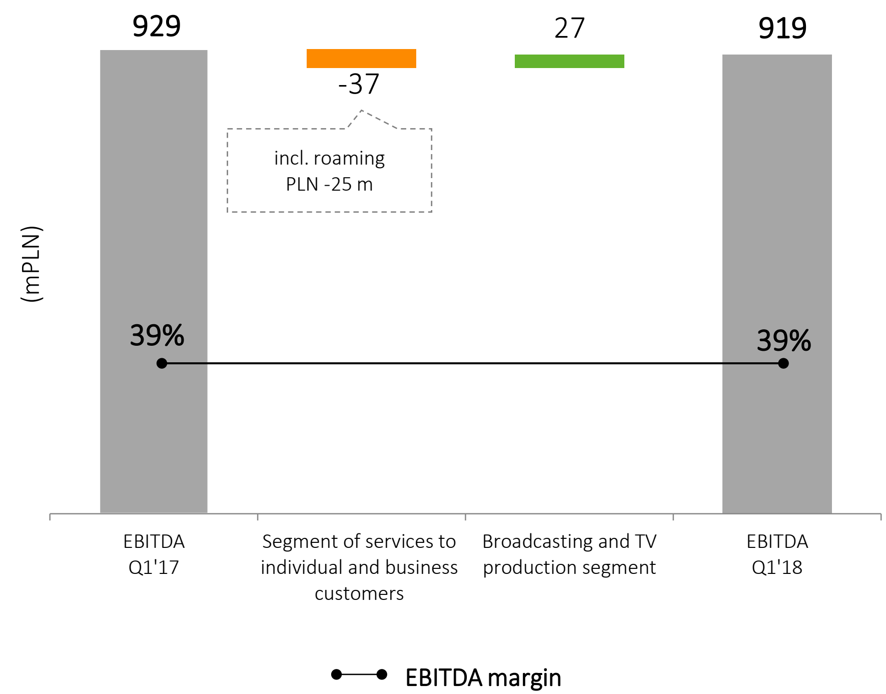
Based on hitherto applicable IAS 18 standard

Revenue

YoY change	-1% -28 m

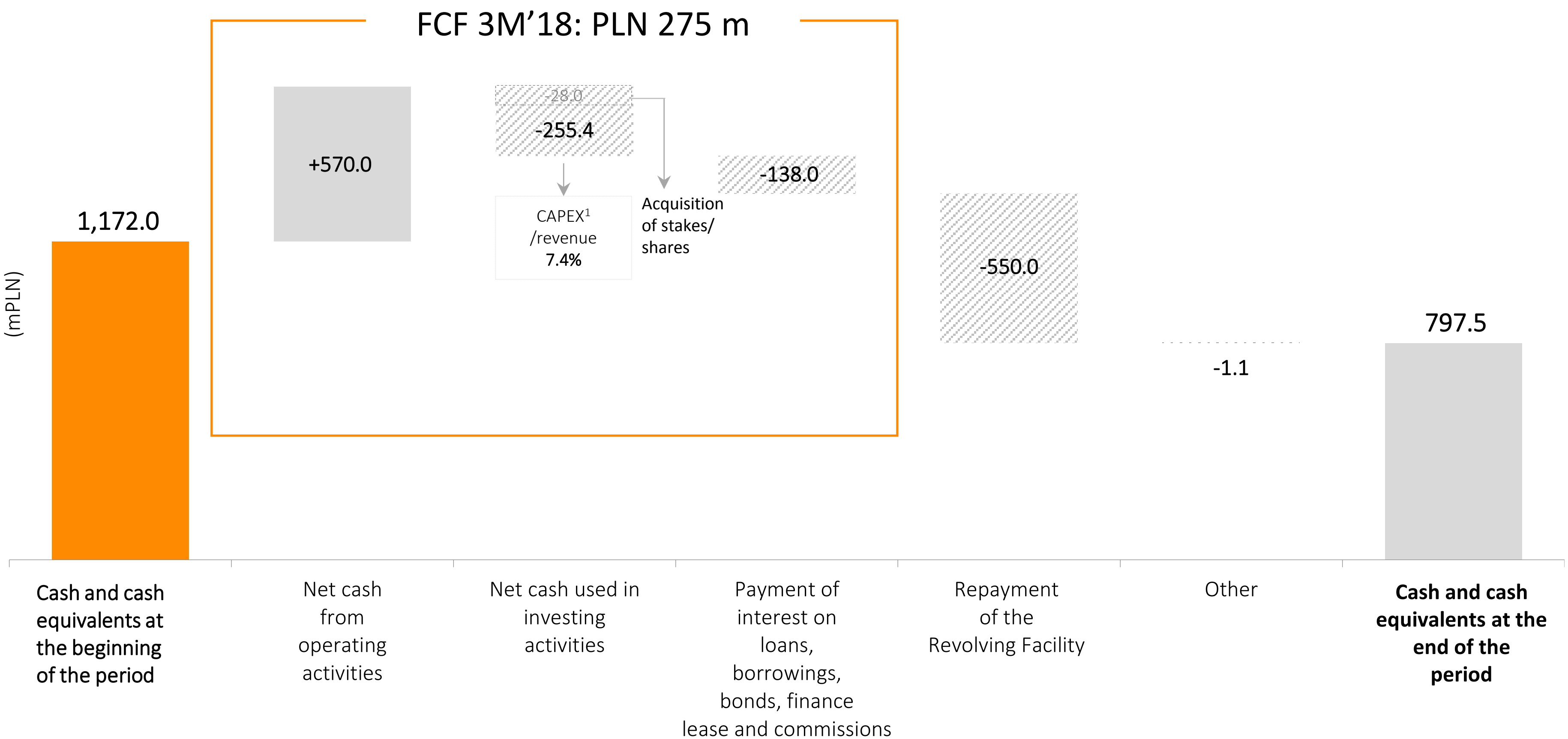


YoY change	-1% -10 m



Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses

Cash flow statement in Q1'18

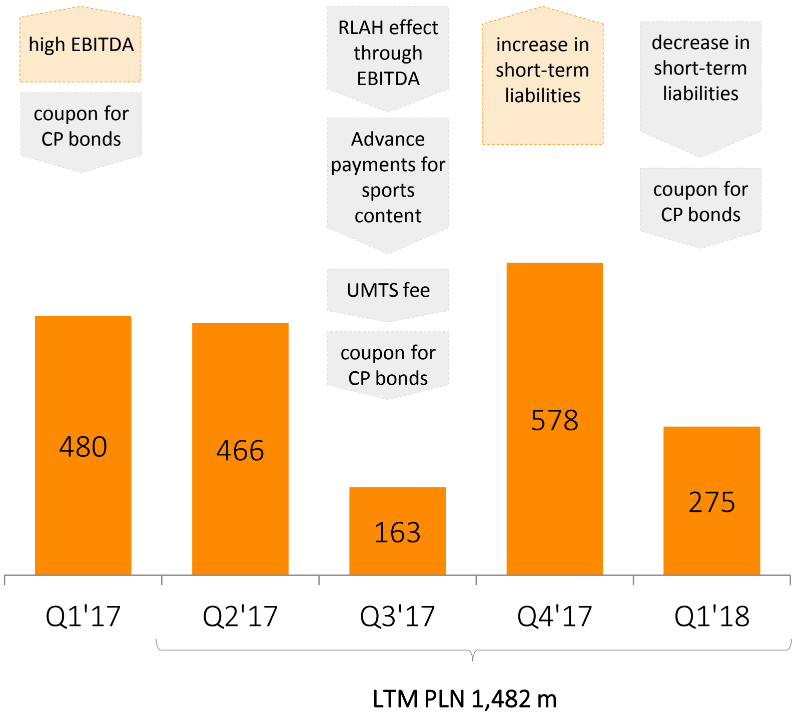


Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses
Note: (1) Expenses on the acquistion of property, plant and equipment and intangible assets

FCF – result in line with expectations

mPLN	Q1'18
Net cash from operating activities	570
Net cash used in investing activities	-255
Payment of interest on loans, borrowings, bonds, finance lease and commissions	-138
FCF after interest	**177**
Acquisition of stakes/shares	28
Investment funds outflows	45
One-off financing costs	26
Adjusted FCF after interest	**275**

Adjusted FCF after interest



Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses

The Group's debt

mPLN	Carrying amount as at 31 March, 2018
Combined Term Facility	9,578
Revolving Facility Loan	450
Series A Notes	1,007
Leasing and other	28
Gross debt	**11,062**
Cash and cash equivalents[1]	(797)
Net debt	**10,265**
EBITDA LTM[2]	3,578
Total net debt / EBITDA LTM	**2.87x**
Weighted average interest cost[3]	3.3%

[1] This item comprises cash and cash equivalents, including restricted cash, as well as short-term deposits.

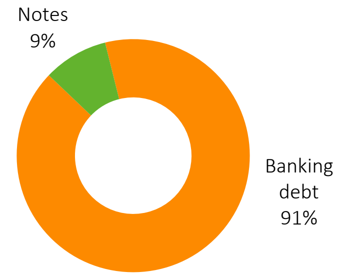
[2] In accordance with the requirements of the Combined Term Agreement EBITDA LTM takes into account the value of EBITDA for the second, third and fourth quarter of 2017 calculated on the basis of IAS 18 (in force until 31 December 2017) and EBITDA for the first quarter of 2018 years calculated on the basis of IFRS 15 (effective from January 1, 2018).

[3] Prospective average weighted interest cost of the Combined SFA (including the Revolving Facility Loan) and the Series A Notes, excluding hedging instruments, as at March 31, 2018 assuming WIBOR 1M of 1.64% and WIBOR 6M of 1.78%.

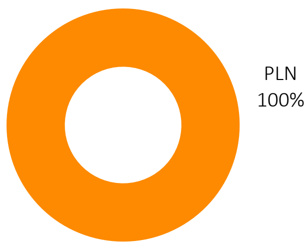
[4] Nominal value of the indebtedness as at 31 March 2018 (excluding the Revolving Facility Loan and leasing).

Debt structure[4]

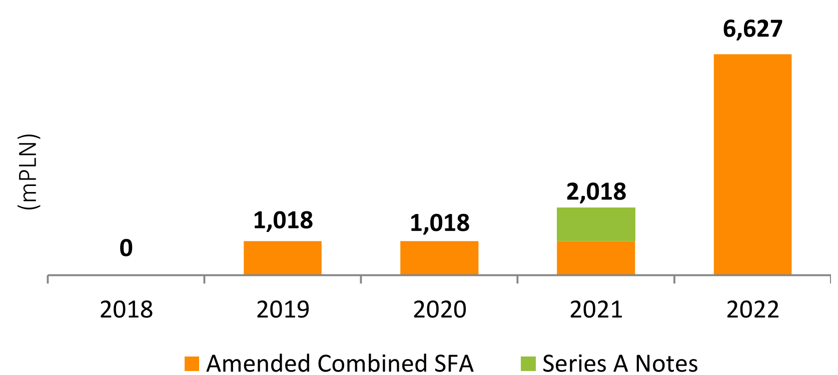
by instrument type



by currency



Debt maturing profile[4]



Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses

4. Summary and Q&A

Summary

Very good operating and sales results of both our business segments

Very good financial results, supported by quickly generated synergies from the newly acquired TV channels

Champions League and Europa League in Polsat Sport Premium channels already in August 2018

10 years of Cyfrowy Polsat on the Warsaw Stock Exchange: 4.5x higher capitalization, 9x increase in revenue and 10x increase in EBITDA

5. Additional information

Results of the segment of services to individual and business customers

Based on hitherto applicable IAS 18 standard

mPLN	Q1'18[1]	*YoY change*
Revenue	2,064	*-3%*
Operating costs[2]	1,287	*-2%*
EBITDA	784	*-5%*
EBITDA margin	38.0%	*-0.6pp*

- The level of revenue is a reflection of lower retail revenue and lower sales of equipment, accompanied by the simultaneous growth of wholesale revenue
- Costs were mainly shaped by lower costs of equipment sold as well as by higher technical costs and cost of settlements with telecommunication operators, and also by higher cost of salaries and employee-related costs

Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses
Note: (1) Based on hitherto applicable accounting standards
(2) Costs exclude depreciation, amortization, impairment and liquidation

Results of the broadcasting and TV production segment

Based on hitherto applicable IAS 18 standard

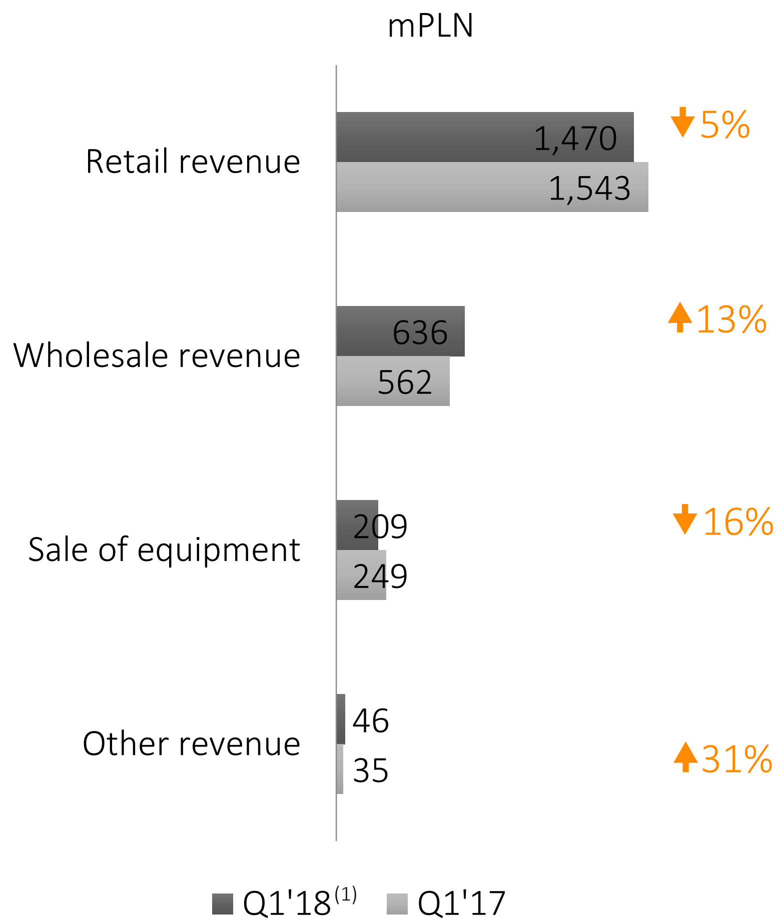
mPLN	Q1'18[1]	*YoY change*
Revenue	350	*15%*
Operating costs[2]	215	*6%*
EBITDA	135	*25%*
EBITDA margin	38.6%	*3.2pp*

- The results of this segment were shaped by the dynamic growth of revenue from advertising and sponsorship, coming from organic growth supported by the favorable contribution of the newly acquired TV channels and the quick achievment of the synergies announced at the time of the acquisition

Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses
Nota: (1) Based on hitherto applicable accounting standards
(2) Costs exclude depreciation, amortization, impairment and liquidation

Revenue structure

Based on hitherto applicable IAS 18 standard

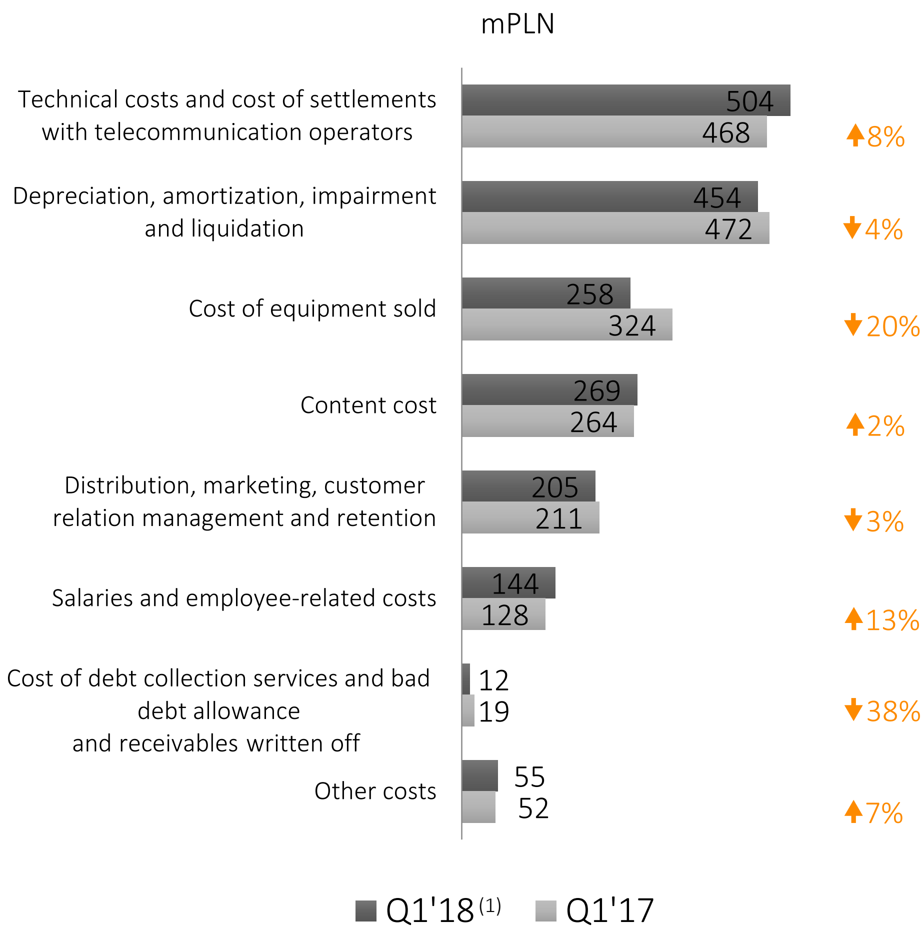


- The decrease of **retail revenue** was primarily due to lower revenue from voice services. In particular, the erosion of revenue from voice services resulted from the full implementation of the *Roam Like at Home* regulation, which imposed the levelling of retail roaming charges with domestic charges from June 2017, and the change in the model of offering equipment to retail customers. The decrease in retail revenue was partially compensated by higher revenue from pay TV.
- The increase in **wholesale revenue was** primarily due to higher advertising revenue, resulting from the increased pricing of TV advertising observed on the market in the first quarter of 2018 and the simultaneous inclusion of new TV channels to the Group's portfolio as well as higher revenue from interconnection services, which in turn was the result of the increasing volume of traffic exchanged with other networks.
- Lower revenue from **sale of equipment**, mainly due to a lower volume of sales of the end-user equipment, reflected also in the lower cost of equipment sold.

Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses
Nota: (1) Based on hitherto applicable accounting standards

Operating costs structure

Based on hitherto applicable IAS 18 standard



- Increase in **technical costs** mainly as a result of higher costs of purchasing traffic in international roaming, related to a significant increase in the volume of traffic generated by Poles (effect of the *Roam Like at Home* regulation), as well as higher interconnection costs due to the growing volume of calls terminated by our customers in networks of other operators.
- Decrease in **amortization costs,** among others due to the termination of the amortization period of certain intangible assets, recognized upon the acquisition of Polkomtel in 2014, which was partially offset by shortening of the amortization period of certain tangible assets.
- Lower **cost of equipment sold** as a consequence of a lower volume of sales of end-user devices.
- Higher **salaries and employee-related costs** due to, among others, concluded acquisitions and the related increase in Group's headcount as well as an increase in average salary per employee (including a bonus provision).
- Lower **cost of debt collection services and bad debt** allowance mainly due to a lower cost of write-offs on off-billing receivables.

Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses
Nota: (1) Excluding the impact of IFRS15

Implementation of IFRS 15 – impact on ARPU from contract services

PLN	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
contract ARPU based on hitherto applicable accounting standards	89.1	89.6	88.4	89.0	88.7
contract ARPU after the implementation of IFRS 15	80.3	81.2	80.5	81.9	81.9

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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