Financial results
Q3 2018

8 November 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.

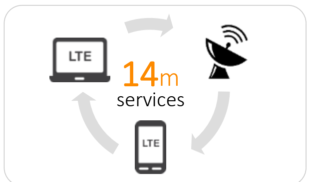
Agenda

1. Key events in Q3'18
2. Operating results
3. Financial results
4. Summary and Q&A

1. Key events in Q3'18

Key events in Q3’18

Consistent implementation of our multiplay strategy has resulted in excellent sales results and record-low churn level



For the first time in history we are providing over 14m contract services

First quarter of full consolidation of Netia and Eleven Sports Network results

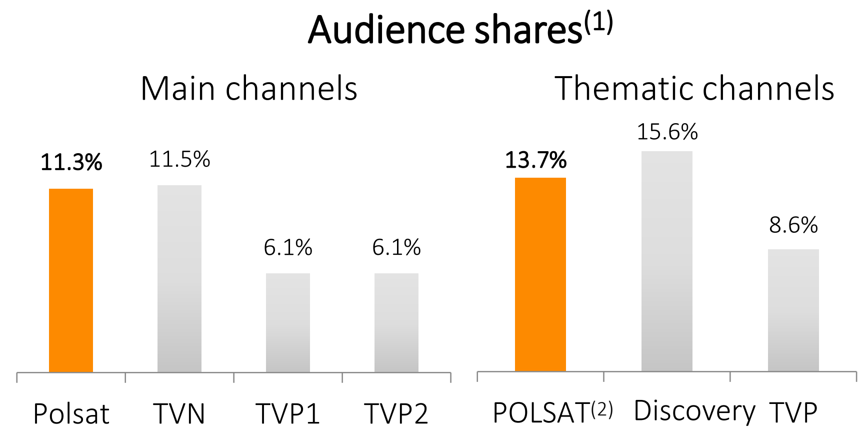
Very good sales results of Polsat Sport Premium channels based on the UEFA Champions League

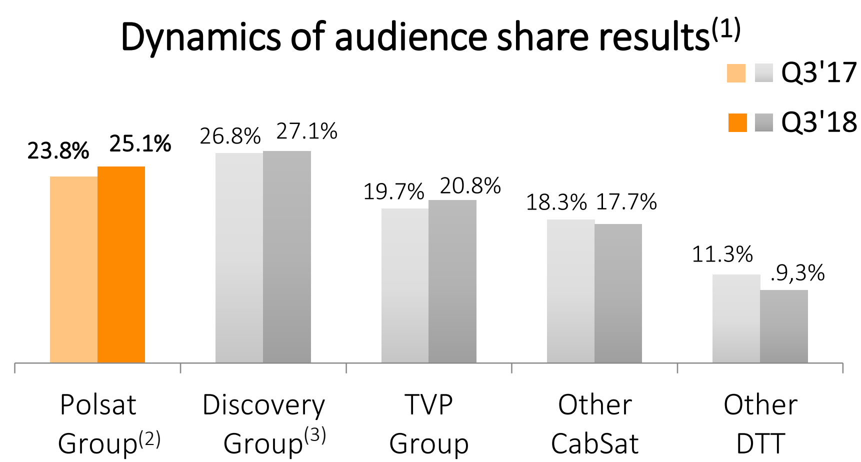
2. Operating results

2.1 Broadcasting and TV production segment

Viewership of our channels in Q3’18

- Polsat Group’s viewership in line with its strategy despite the temporary impact of The FIFA World Cup 2018





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)

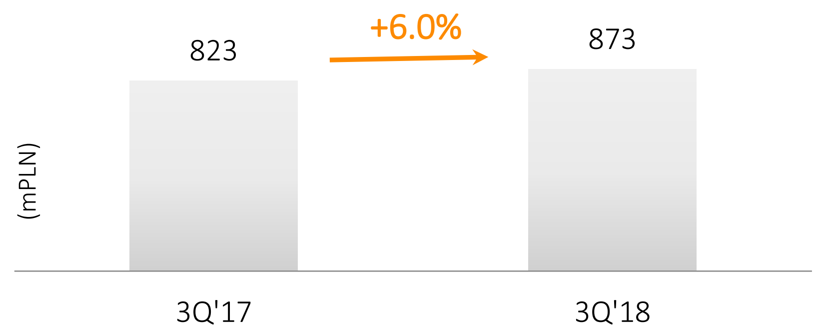
(2) Including Eleven channels (from June 2018), excluding partnership channels: Polsat Viasat Explore, Polsat Viasat Nature, Polsat Viasat History, JimJam, CI Polsat

(3) Pro forma, TVN Group channels and Discovery Networks Europe

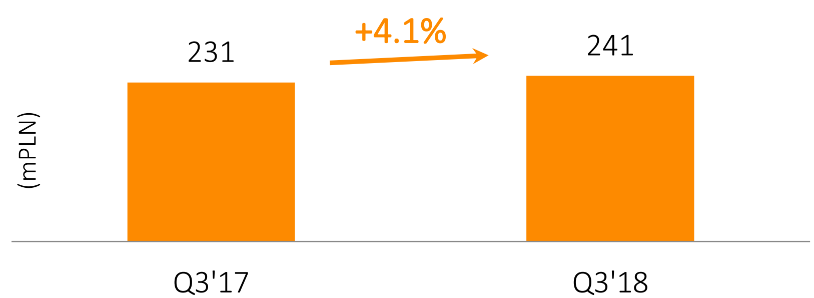
Position on the advertising market in Q3'18

- Revenue from TV advertising and sponsorship generated by Polsat Group grew by 4.1% while the market – benefiting from the effect of The FIFA World Cup – grew by 6% YoY
- As a result, our share in the TV advertising and sponsorship market reached 27.6%

Market expenditures on TV advertising and sponsorship



Revenue from advertising and sponsorship of TV Polsat Group[1]

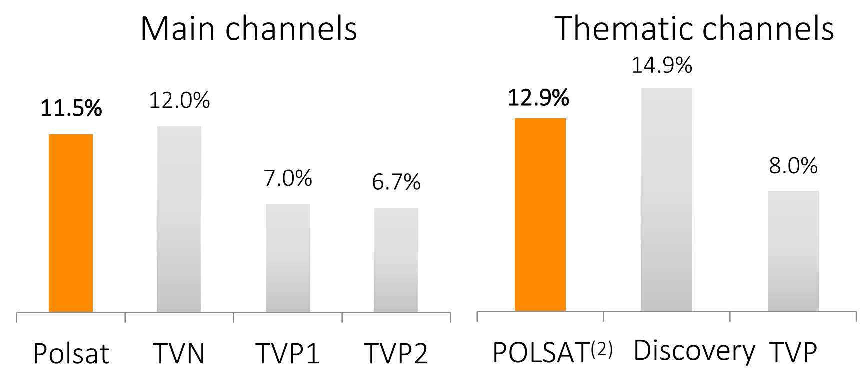


Source: Starcom, preliminary data, spot advertising and sponsorship; TV Polsat; internal analysis
Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Starcom's definition

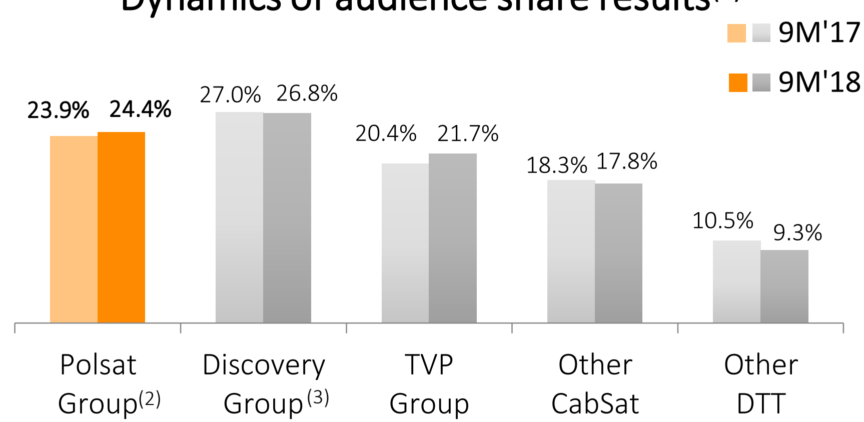
Viewership of our channels in 9M’18

- Polsat Group’s viewership in line with its strategy

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)

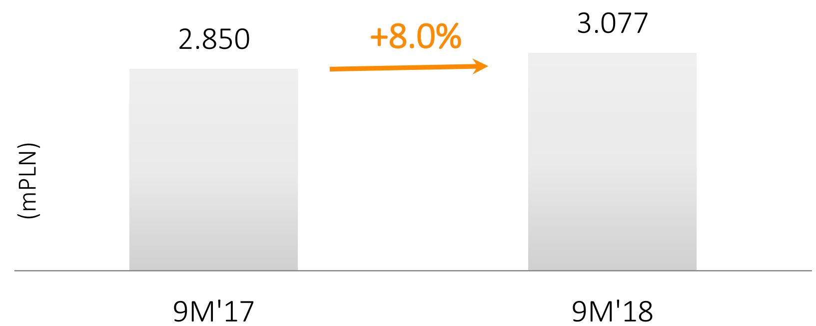
(2) Including Eleven channels (from June 2018), excluding partnership channels: Polsat Viasat Explore, Polsat Viasat Nature, Polsat Viasat History, JimJam, CI Polsat

(3) Pro forma, TVN Group channels and Discovery Networks Europe

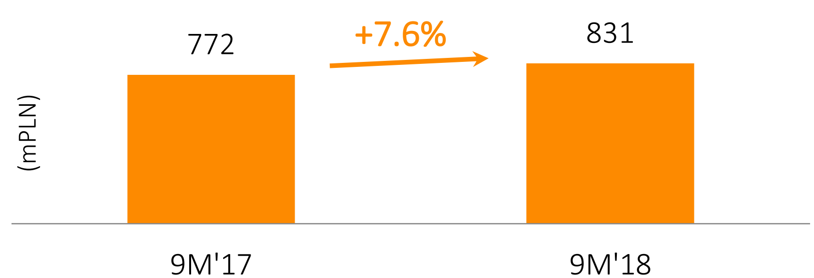
Position on the advertising market in 9M’18

- Revenue from TV advertising and sponsorship generated by Polsat Group grew by 7.6% while the market grew by 8% YoY
- Dynamic growth of Polsat Group revenues supported by the quick execution of synergies announced at the time of the acquisition of the new TV channels
- As a result, our share in the TV advertising and sponsorship market increased to 27.0%

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

Our investments in premium sports providing additional fuel for incremental revenue

NEW PREMIUM SPORTS CHANNELS

POLSAT SPORT NEWS HD
POLSAT SPORT EXTRA HD
POLSAT SPORT FIGHT HD
POLSAT SPORT HD
ELEVEN SPORTS 1
ELEVEN SPORTS 2
ELEVEN SPORTS 3
POLSAT SPORT PREMIUM 1 SUPER HD
ELEVEN SPORTS 4
POLSAT SPORT PREMIUM 2 SUPER HD

UEFA CHAMPIONS LEAGUE
UEFA EUROPA LEAGUE
SERIE A TIM
LaLiga
BUNDESLIGA

STATE-OF-THE-ART TV STUDIO

- The most modern sports studio in Poland
- 700 m^2 of space
- 4x4K resolution
- 24-meter LED wall

- Augmented reality
- Interactive game analysis

Results of the broadcasting and TV production segment

mPLN	**Q3'18**	***YoY change***
Revenue	375	*23%*
Operating costs[1]	281	*31%*
EBITDA	94	*3%*
EBITDA margin	25.1%	*-4.7pp*

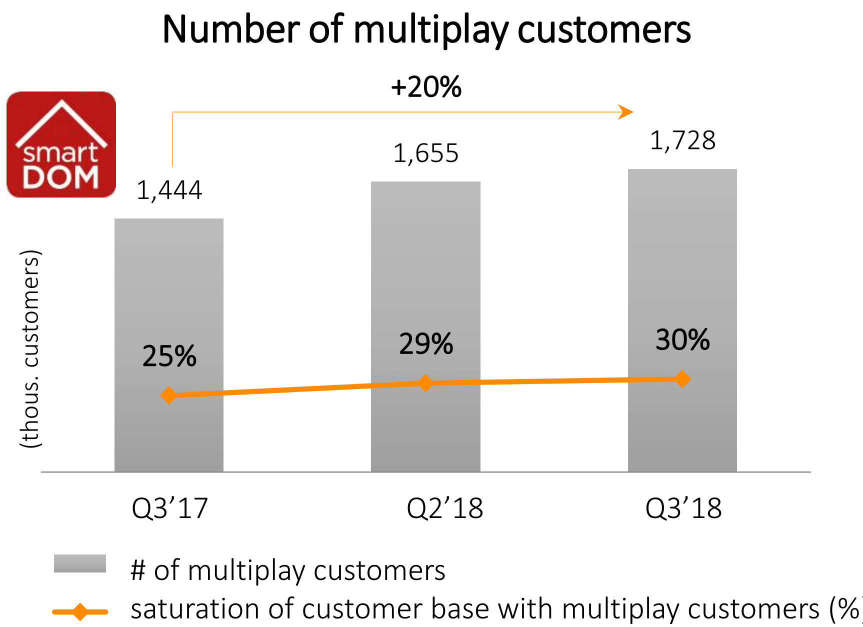
- The results achieved by the segment have been shaped by the addition of new sports channels to our wholesale portfolio, including Eleven Sports Network and Polsat Sport Premium packages

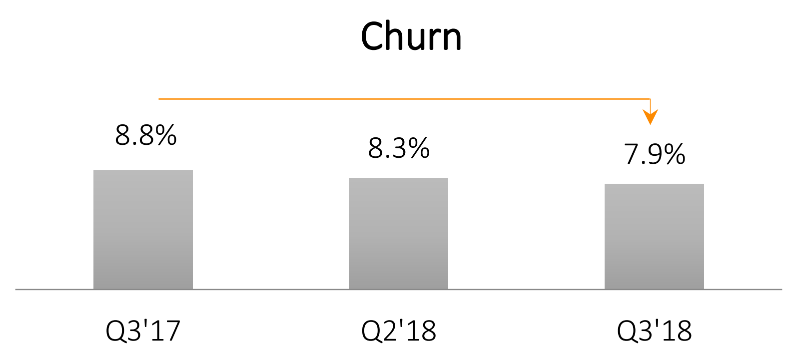
Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and internal analyses
Note: (1) Costs exclude depreciation, amortization, impairment and liquidation

2.2 Services to individual and business customers

As many as 30% of our customers use multiplay offers, which translates to record-low churn

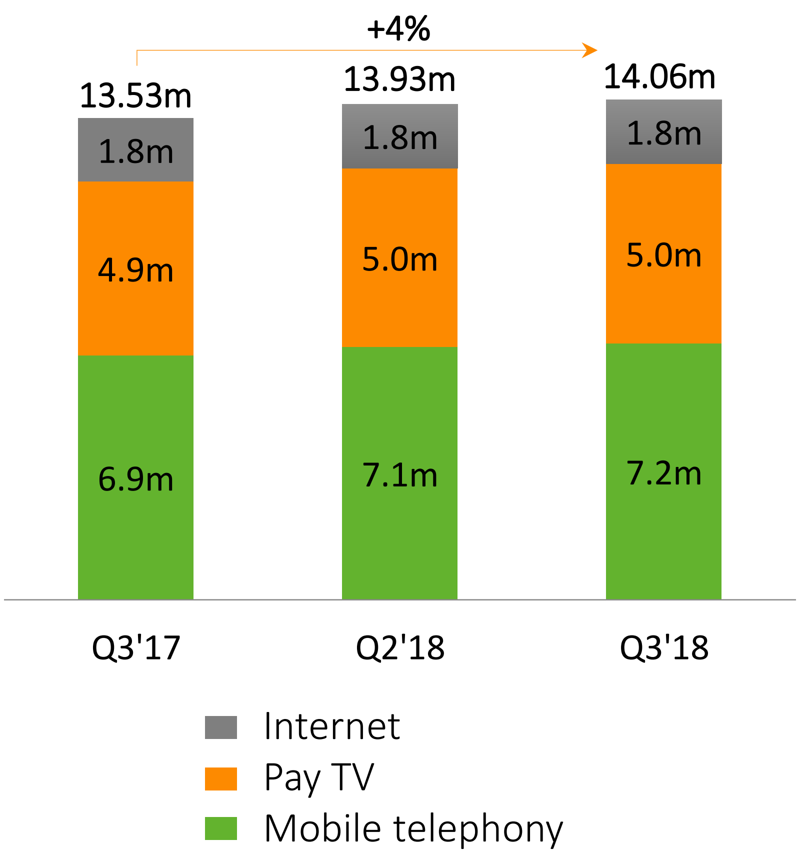
- Consistent implementation of our multiplay strategy results in a stable increase in the number of bundled services customers by 284K YoY
- The number of RGUs owned by these customers increased to 5.17m
- Low, stable churn, mainly due to our multiplay strategy





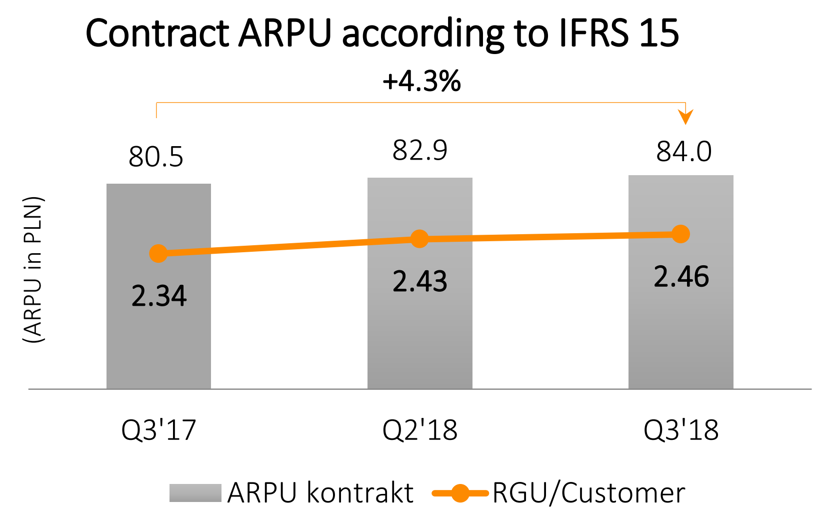
The number of contract services has exceeded 14m

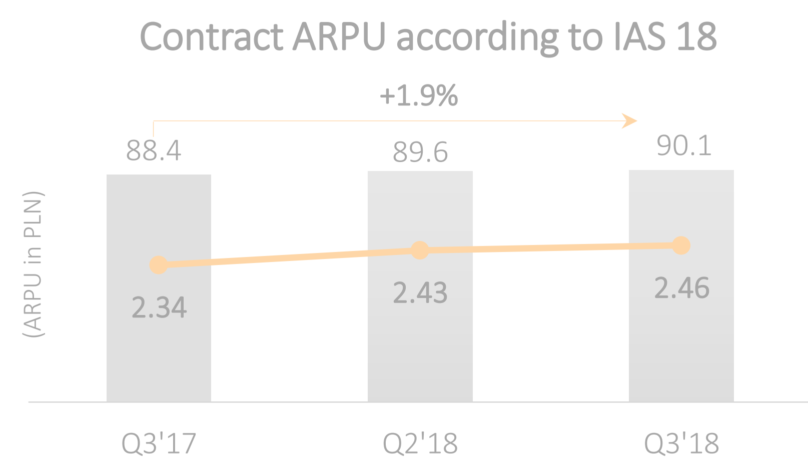
- An increase in the number of contract services by 527K YoY
- 344K additional voice services RGUs YoY as a result of positive impact of our multiplay strategy and the new simple Plus tariffs which were launched in February 2018, supported by good sales in the B2B segment (m2m)
- Pay TV RGUs increased by 156K YoY (multiroom and paid OTT effect)
- Further growth in Internet access RGUs by 27K YoY



Strong growth of ARPU thanks to the consistent implementation of the multiplay strategy

- ARPU increase by 4.3% YoY[1]
- Effective upselling of products under our multiplay strategy continues to be reflected in the growing RGU saturation per customer ratio

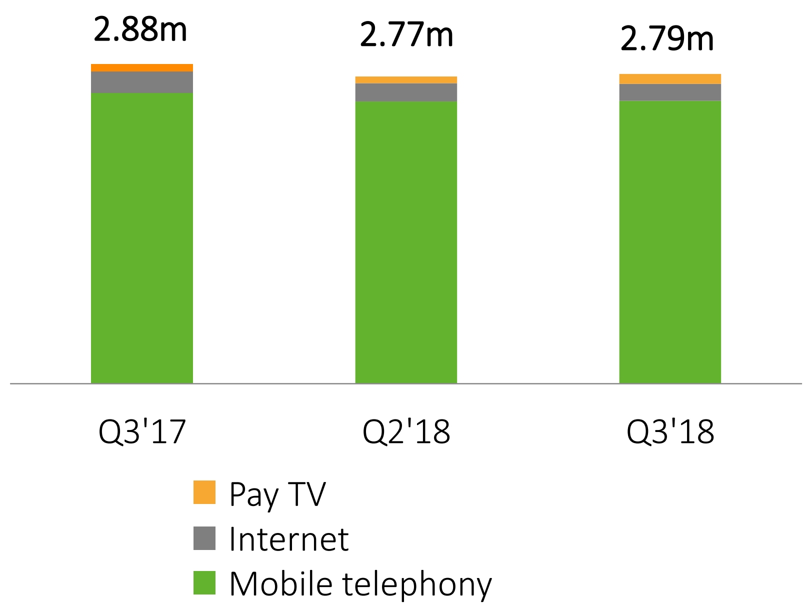


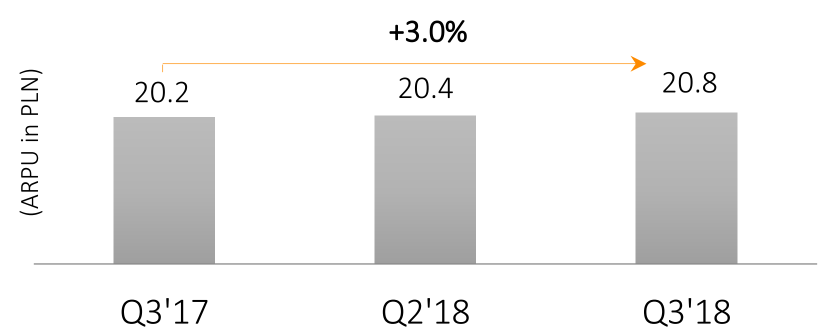


Nota: (1) ARPU calculated according to applicable accounting standard IFRS 15

High ARPU, stable prepaid base

- Stable prepaid base of 2.8m services, reflecting the actual number of users of prepaid services
- High and stable level of ARPU

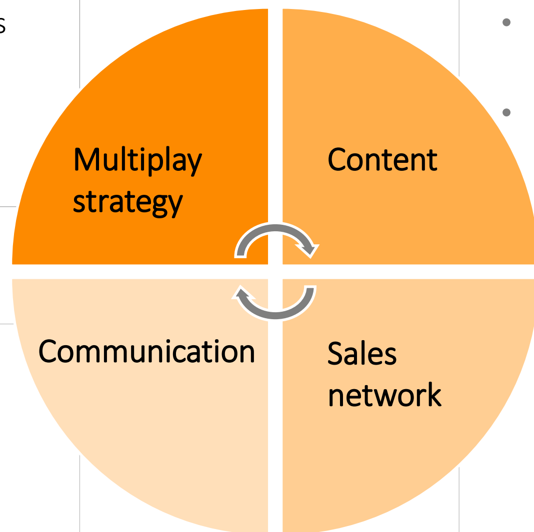




The strategic initiatives implemented after taking control of Netia are bringing the first results

- Fiber optic Internet up to 900 Mb/s extends our smartDOM offering
- SmartDOM to be offered to Netia customers soon

- Netia's start set enriched with Polsat TV channels
- Polsat Sport Premium channels available to Netia's customers at attractive price



- Netia's new communication platform
- SmartDOM expanded by the addition of Netia's fiber optic Internet up to 900 Mb/s

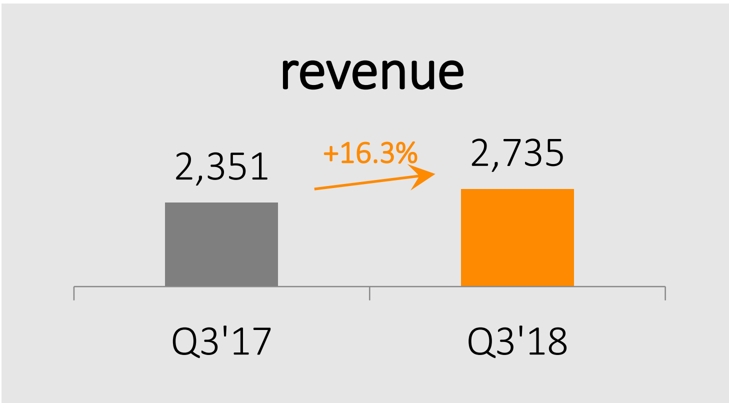
Netia's offer is available at 470 points of sale of Polsat Group

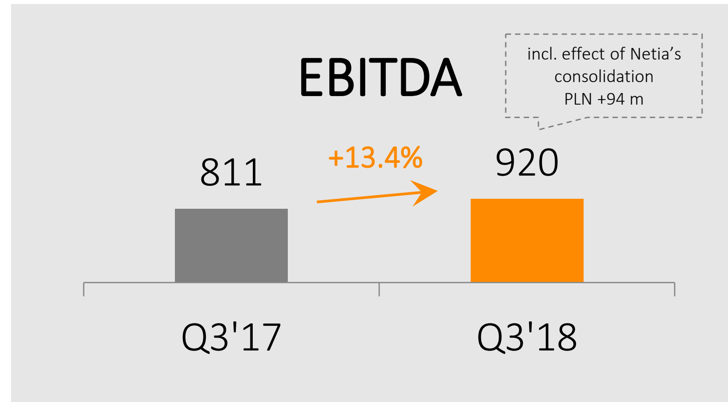
- Last quarter was the first in 11 quarters with growth of the user base of the Internet access provided by Netia via its own network
- The user base of Netia's pay TV services is growing at an increasing pace and has exceeded 200 thousand with a simultaneous dynamic growth of ARPU (+7%)
- Long-awaited growth of the total number of services provided via Netia's own network

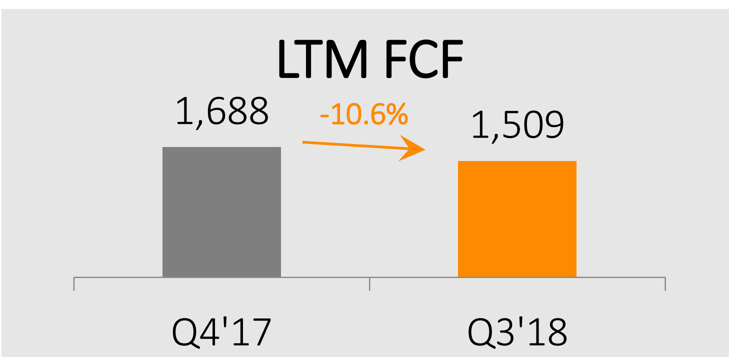
3. Financial results

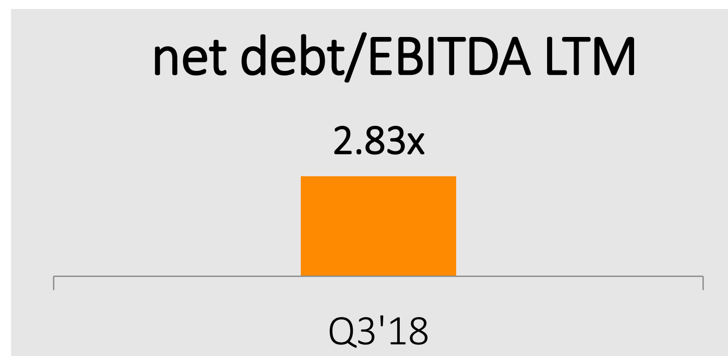
Results of the Group in Q3’18

Based on currently applicable IFRS 15 standard and incl. Netia Group’s results









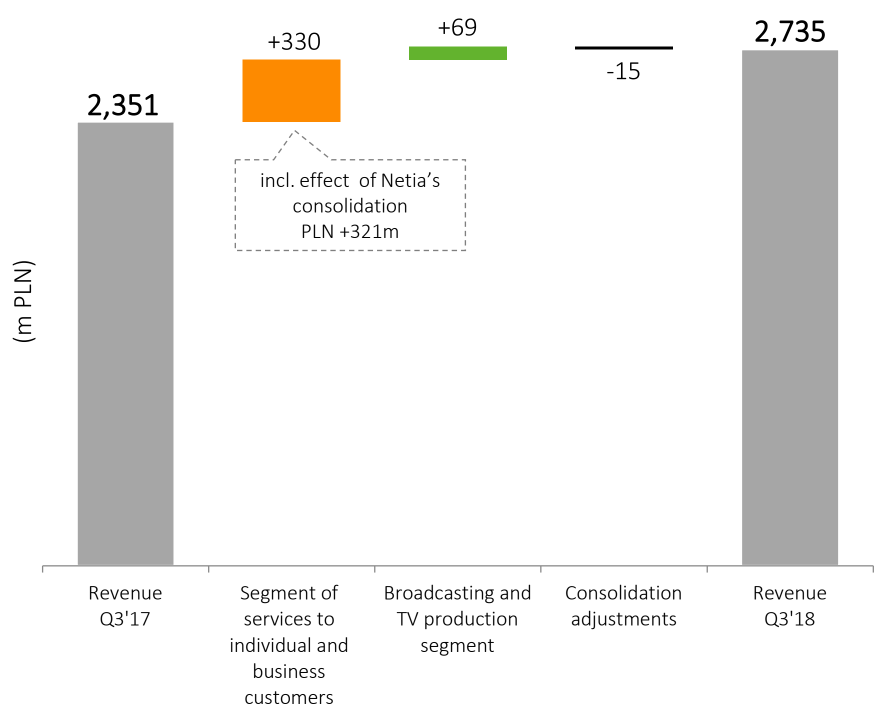
Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and own estimates relating to Q3’17
Note: Netia S.A. consolidated as of May 22, 2018

Revenue and EBITDA – change drivers

Based on currently applicable IFRS 15 standard and incl. Netia Group's results

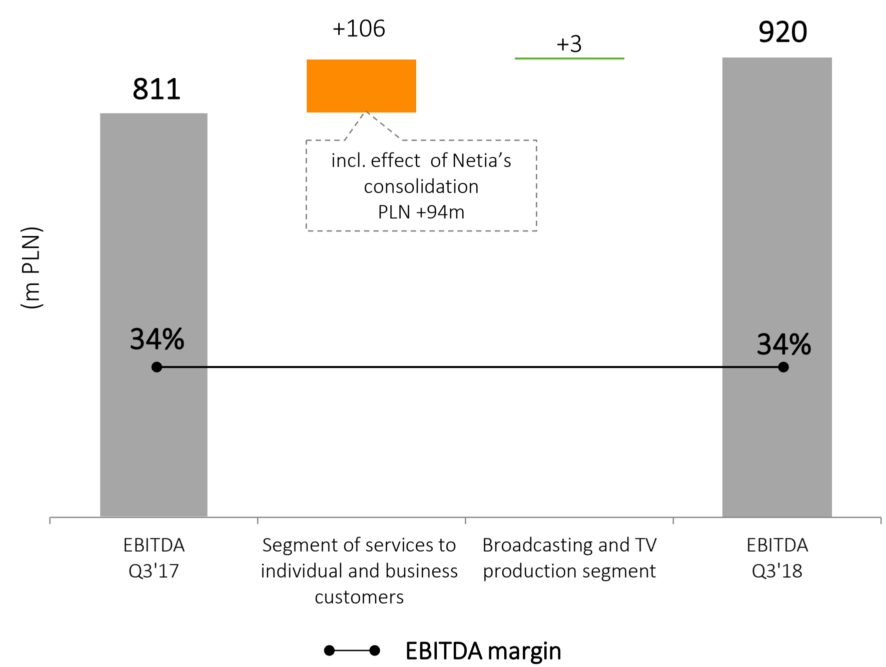
Revenue

YoY change **+16% +384 m**



EBITDA

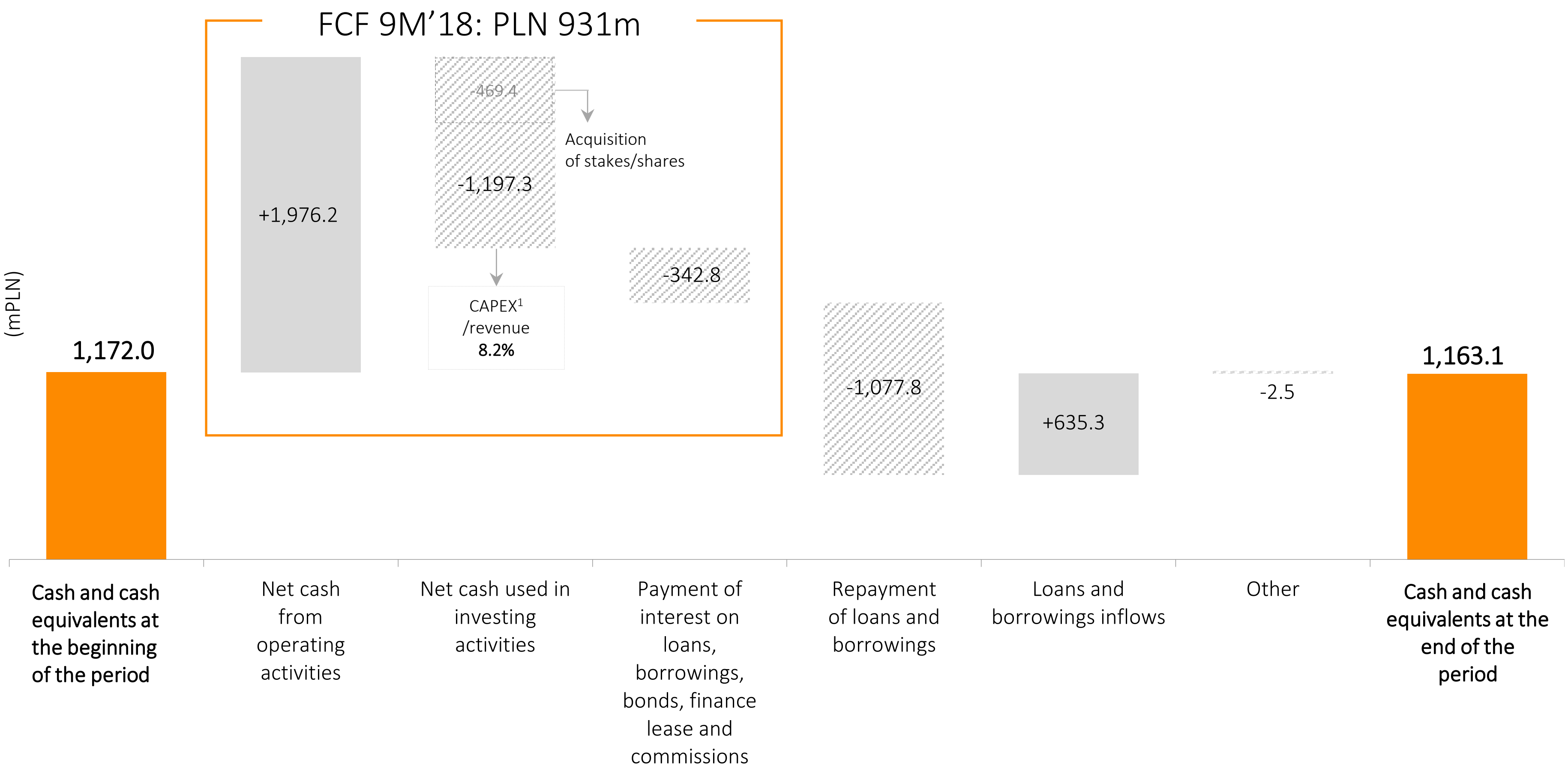
YoY change **+13% +109 m**



Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and own estimates relating to Q3'17

Note: Netia S.A. consolidated as of May 22, 2018

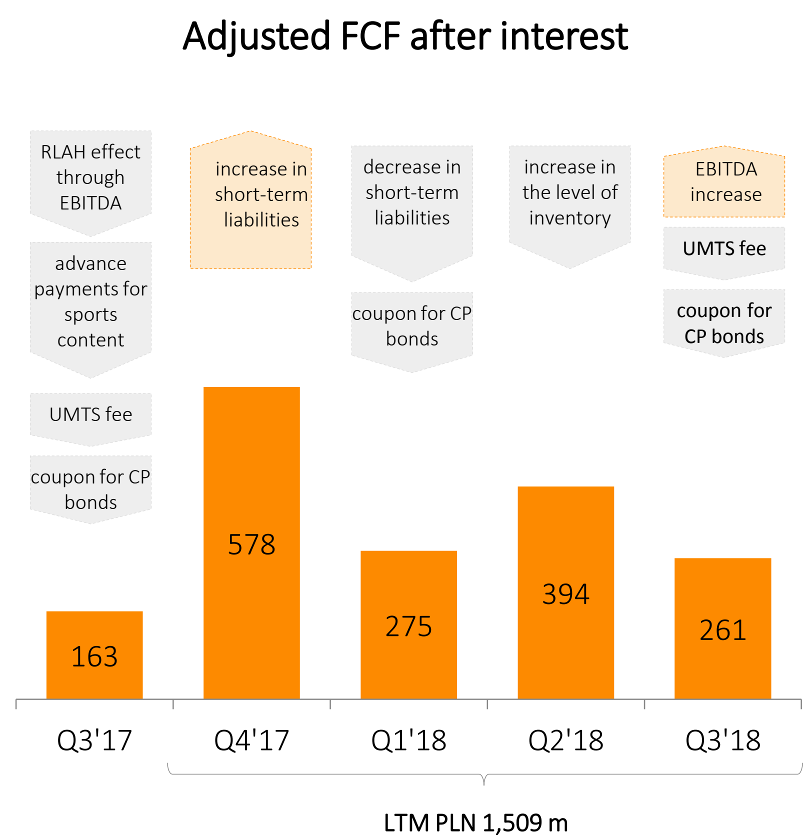
Cash flow statement in 9M'18



Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and internal analyses
Note: (1) Expenses on the acquisition of property, plant and equipment and intangible assets

FCF – quarter reflects high EBITDA and seasonal factors

mPLN	Q3’18	9M’18
Net cash from operating activities	756	1,976
Net cash used in investing activities	-560	-1,197
Payment of interest on loans, borrowings, bonds, finance lease and commissions	-112	-343
FCF after interest	**85**	**436**
Acquisition of stakes/shares	177	469
One-off financing costs	-	26
Adjusted FCF after interest	**261**	**931**



Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and internal analyses

The Group's debt

mPLN	Carrying amount as at 30 September 2018
Combined Term Facility	9,596
Revolving Facility Loan	800
Series A Notes	1,007
Leasing and other	43
Gross debt	**11,446**
Cash and cash equivalents[1]	(1,163)
Net debt	**10,283**
EBITDA LTM[2]	3,629
Total net debt / EBITDA LTM	**2.83x**
Weighted average interest cost[3]	3.3%

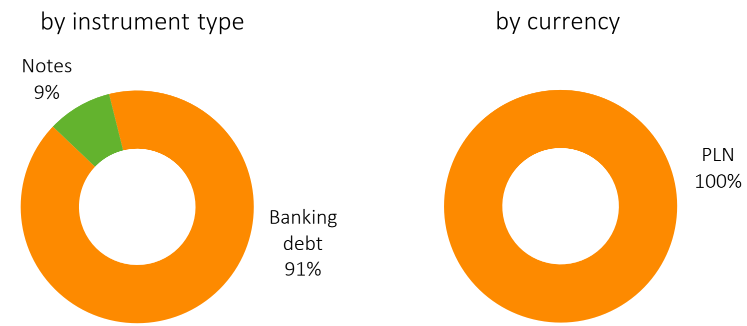
[1] This item comprises cash and cash equivalents, including restricted cash, as well as short-term deposits.

[2] In accordance with the requirements of the Combined SFA, EBITDA LTM includes the EBITDA figures for Q4 of 2017 calculated according to IAS 18 (binding until 31 December 2017) and the EBITDA figure for Q1, Q2 and Q3 of 2018 calculated according to IFRS 15 (binding from 1 January 2018).

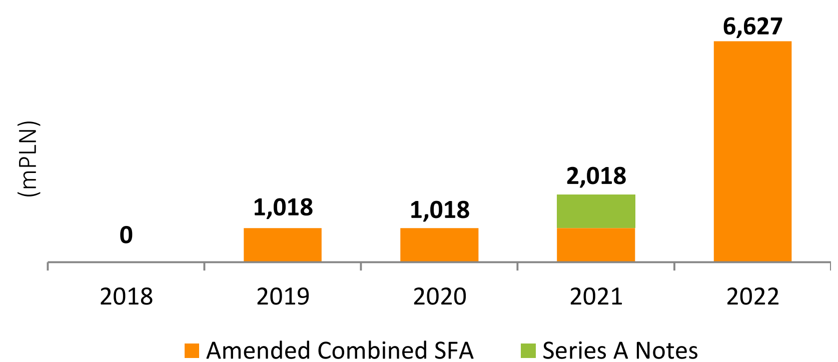
[3] Prospective average weighted interest cost of the Combined SFA (including the Revolving Facility Loan) and the Series A Notes, excluding hedging instruments, as at 30 September 2018 assuming WIBOR 1M of 1.64% and WIBOR 6M of 1.79%.

[4] Nominal value of the indebtedness as at 30 September 2018 (excluding the Revolving Facility Loan and leasing).

Debt structure[4]



Debt maturing profile[4]



Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and internal analyses

4. Summary and Q&A

Summary

Very good operating and sales results in the segment of services provided to residential and business clients

Strong financial performance, reflecting the healthy condition of the group's business

Commencement of multifaceted monetization of the broadcasting rights to UEFA Champions League and UEFA Europa League

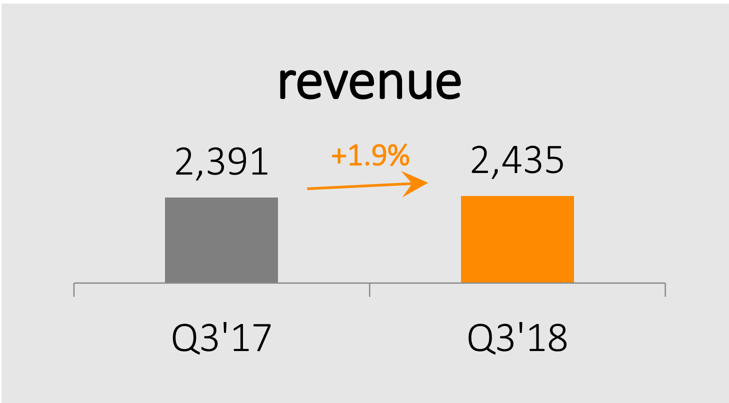
Very attractive offers prepared for Polsat Group customers for the Christmas season

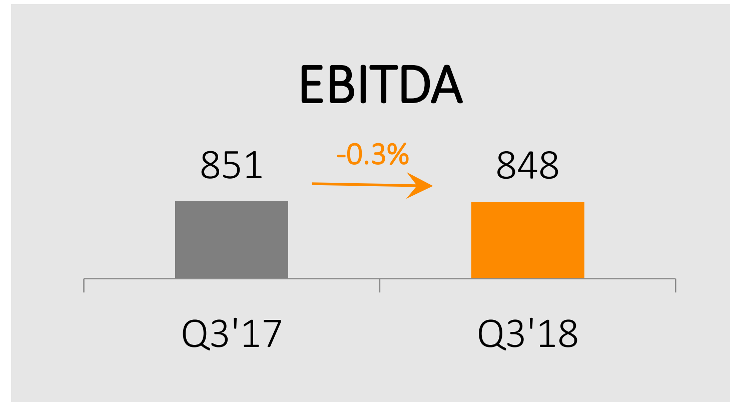
5. Additional information:

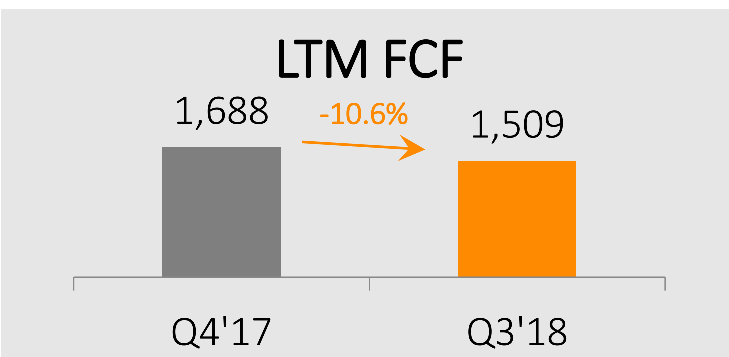
financial results based on previously applicable IAS 18 standard and excl. Netia Group’s results

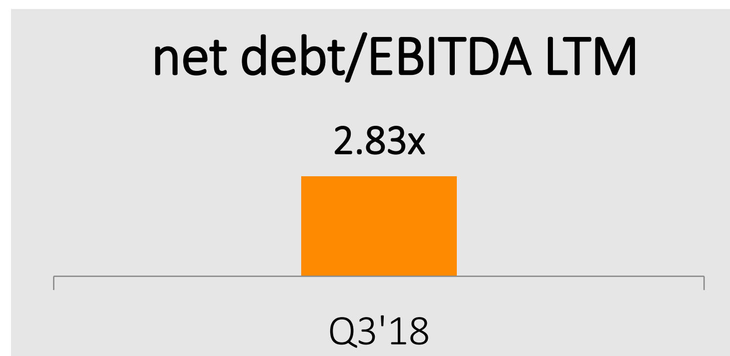
Results of the Group in Q3'18

Based on previously applicable IAS 18 standard and excl. Netia Group's results[1]









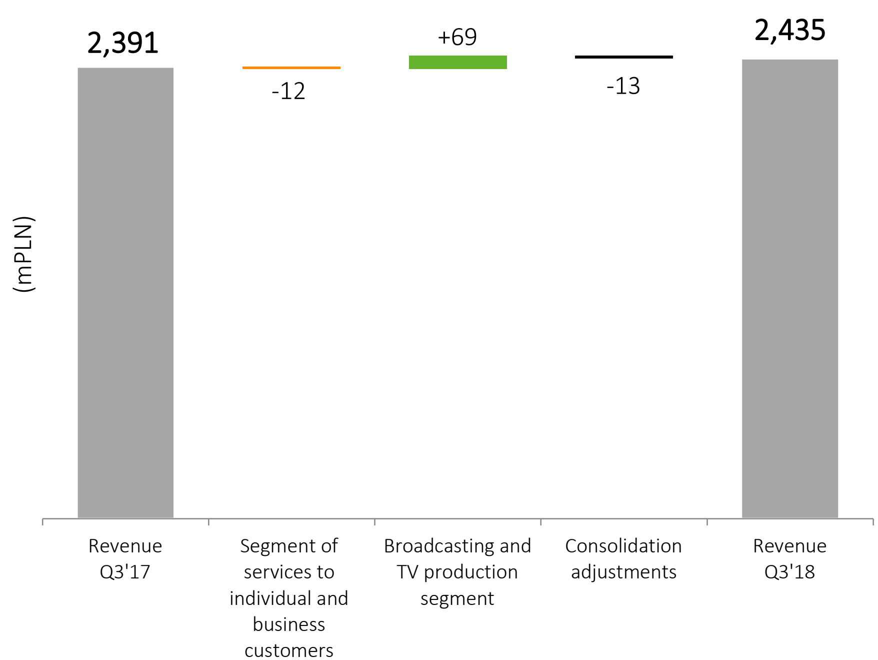
Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and internal analyses
Note: (1) Applies to Revenues and EBITDA

Revenue and EBITDA – change drivers

Based on previously applicable IAS 18 standard and excl. Netia Group's results

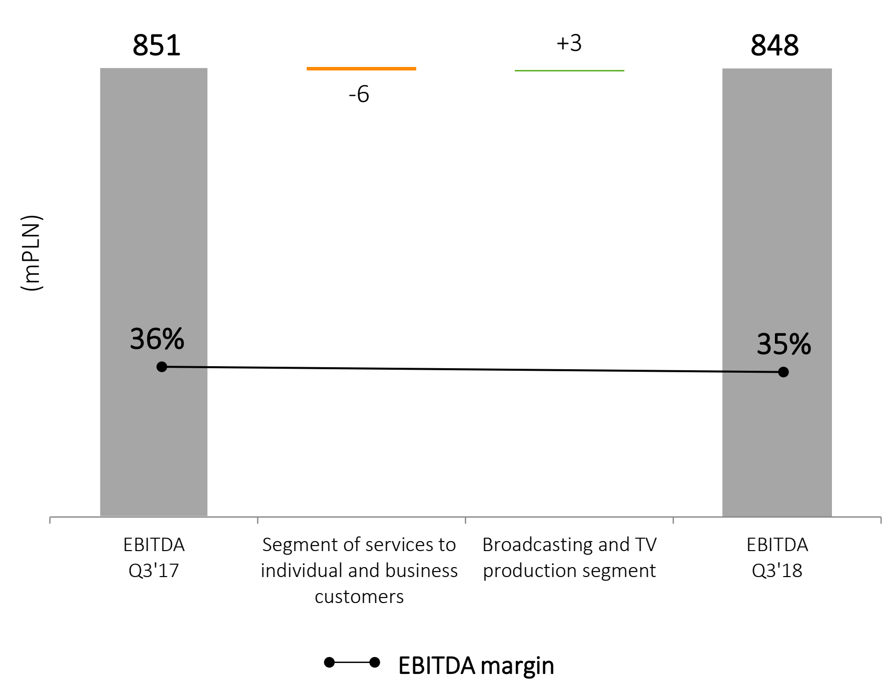
Revenue

YoY change **+1.9% +44m**



EBITDA

YoY change **-0.3% -3m**



Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and internal analyses

Results of the segment of services to individual and business customers

Based on previously applicable IAS 18 standard and excl. Netia Group's results

mPLN	Q3'18[1]	*YoY change*
Revenue	2,127	*-1%*
Operating costs[2]	1,378	*-1%*
EBITDA	754	*-1%*
EBITDA margin	35.4%	*-0.1pp*

- The level of revenue reflects an increase in wholesale revenue with a simultaneous decrease in revenues from sale of equipment and the progressive stabilization of retail revenues
- Costs were mainly shaped by lower costs of equipment sold as well as by higher technical costs and cost of settlements with telecommunication operators

Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and internal analyses
Note: (1) Based on previously applicable accounting standards
(2) Costs exclude depreciation, amortization, impairment and liquidation

Results of the broadcasting and TV production segment

Based on previously applicable IAS 18 standard and excl. Netia Group's results

mPLN	**Q3'18(1)**	*YoY change*
Revenue	375	*23%*
Operating costs(2)	281	*31%*
EBITDA	94	*3%*
EBITDA margin	25.1%	*-4.7pp*

- The results achieved by the segment have been shaped by the addition of new sports channels to our wholesale portfolio, including Eleven Sports Network and Polsat Sport Premium packages

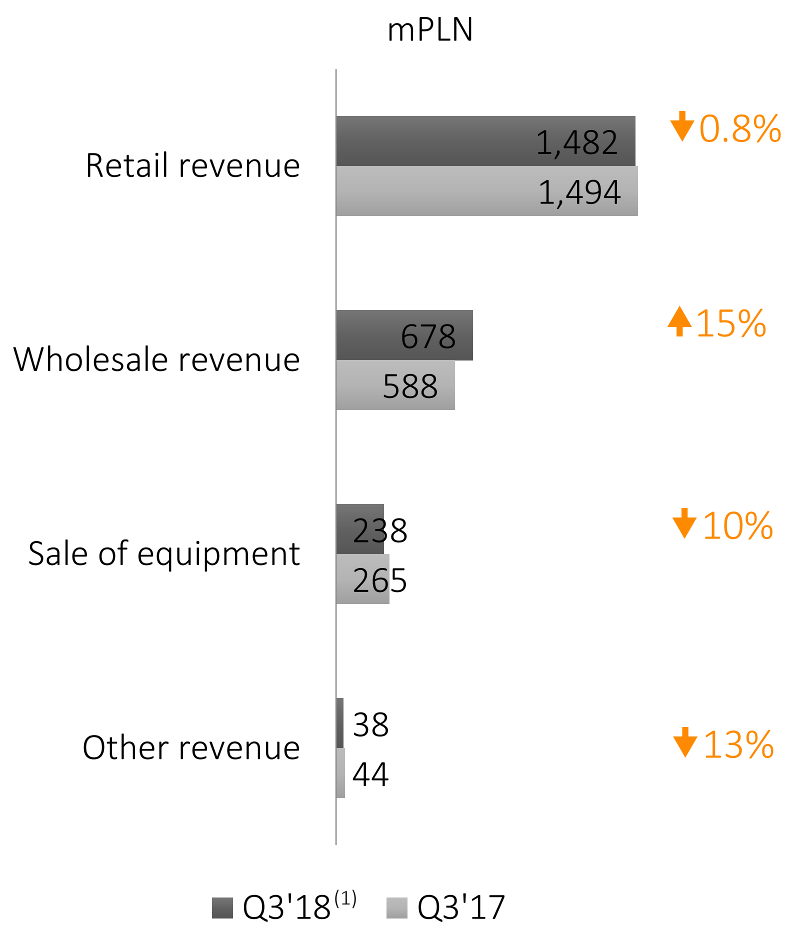
Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and internal analyses

Note: (1) Based on previously applicable accounting standards

(2) Costs exclude depreciation, amortization, impairment and liquidation

Revenue structure

Based on previously applicable IAS 18 standard and excl. Netia Group's results

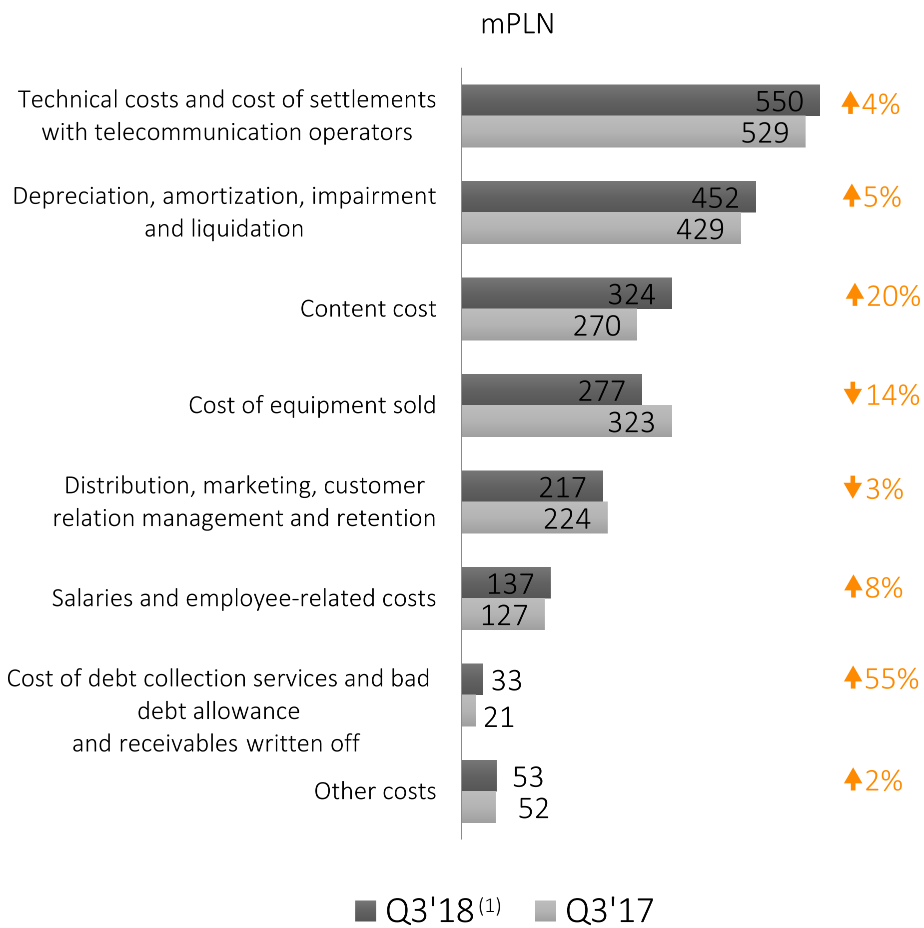


- Stable level of **retail revenue** primarily due to lower revenue from voice services which was compensated by higher revenue from pay TV and data transmission services.
- The increase in **wholesale revenue was** primarily due to the inclusion of new TV channels to our wholesale offering, in particular the Eleven Sports Network and Polsat Sport Premium packages, which resulted in higher revenue from cable and satellite operators. Furthermore, we recorded higher revenue from interconnection services due the increasing volume of traffic exchanged with other networks, as well as higher advertising revenue and higher revenue from the sale of programming sublicenses.
- Lower revenue from **sale of equipment**, mainly due to a lower volume of sales of end-user devices, which was also reflected in the lower cost of equipment sold.

Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and internal analyses
Note: (1) Based on previously applicable accounting standards

Operating costs structure

Based on previously applicable IAS 18 standard and excl. Netia Group's results



- Increase in **technical costs** mainly as a result of higher interconnection costs due to a higher volume of calls terminated by our customers in networks of other operators as well as higher costs of telecommunications network maintenance.
- Increase in **amortization costs,** among others due to the shortening of the amortization period of certain tangible assets.
- Increase in **content costs** was mostly the result of higher cost of internal and external production and amortization of sports rights due to, among others, the consolidation of the Eleven Sports Networks channels and the launch of the Polsat Sport Premium channels.
- Decrease in the **cost of equipment sold** as a consequence of a lower volume of sales of end-user devices.

Source: Consolidated financial statements for the 9 month period ended 30 September 2018 and internal analyses
Note: (1) Based on previously applicable accounting standards

Implementation of IFRS 15 – impact on ARPU from contract services

PLN	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
contract ARPU based on previously applicable accounting standards	89.1	89.6	88.4	89.0	88.7	89.6	90.1
contract ARPU after the implementation of IFRS 15	80.3	81.2	80.5	81.9	81.9	82.9	84.0

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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