



TELEWIZJA INTERNET TELEFON

Results for Q3'11

15 November 2011

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.

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Introduction

Important events



- Launch of commercial LTE Internet service of speed up to 100 MB/s from only PLN 30 per month
- First live sport event broadcast within pay-per-view (PPV) service – Adamek vs Klitschko Live Boxing WBC title fight for PLN 40
- Novelties in our offer:
 - USB 320 GB hard disc enabling to add PVR functionality to set-top-box
 - Multiroom paid service enabling subscribers to watch simultaneously different channels from the purchased TV package on two different TV sets under one subscription fee
- Over 1.5 million subscribers with HD set-top-box
- Conditional agreement concerning acquisition of 100% shares in INFO-TV-FM



- Start of exploitation of rights to broadcast T-Mobile Ekstraklasa
- Success of autumn scheduling of Telewizja Polsat channels

Summary of operational results



- Number of DTH subscribers increased by 228 ths (YoY) to 3,506,077
- Number of MVNO users increased by 77 ths (YoY) to 136 ths (99% in post-paid)
- Number of Internet users increased by 39 ths (YoY) to 54 ths
- Family Package ARPU amounted to PLN 44.7 and Mini Package ARPU to PLN 13.8 in Q3'11
- Stable and low churn rate of 9.4%



- Audience share increased in Q3'11 by 9.9% (YoY) to 21.2%
- TV advertising market increased in Q3'11 by 2.2% (YoY) to 23.7%

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Operational results

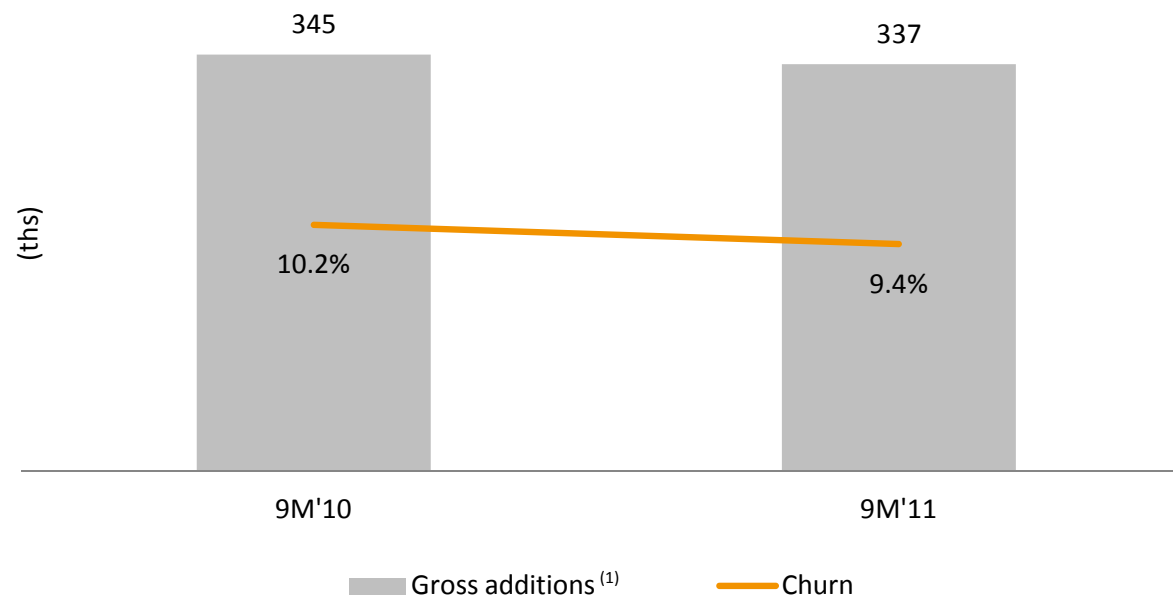
Retail business segment

High sales and stable churn



- 337 ths gross additions in 9M'11
- Decrease in churn due to:
 - High level of consumer satisfaction
 - Efficient retention programmes

Gross additions and churn rate



Note: We define "churn rate" as the ratio of the number of contracts terminated during a 12-month period to the average number of contracts during such 12-month period. The number of terminated contracts is net of churning subscribers entering into a new contract with us no later than the end of the same 12-month period.

⁽¹⁾ excluding internal churn

Retail business segment

Increase in subscriber base



- On annual basis our subscriber base increased by 228 ths to **3.51 million** as of the end of Q3'11

Subscribers — Family/Premium Package

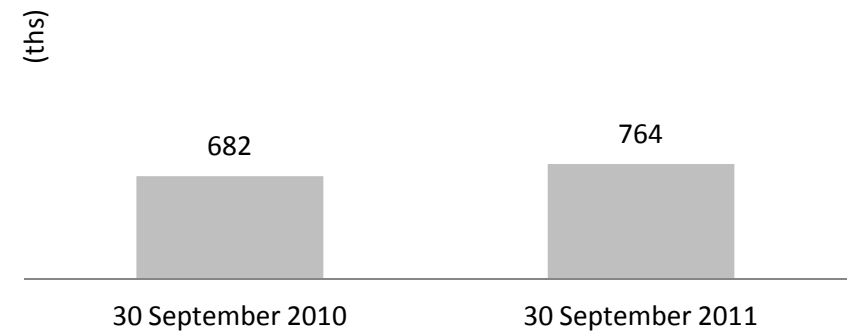


Churn rate (%)
(12 months)

11.6%

10.2%

Subscribers — Mini Package



Churn rate (%)
(12 months)

4.3%

6.4%

Note: We define “churn rate” as the ratio of the number of contracts terminated during a 12-month period to the average number of contracts during such 12-month period. The number of terminated contracts is net of churning subscribers entering into a new contract with us no later than the end of the same 12-month period.

Retail business segment

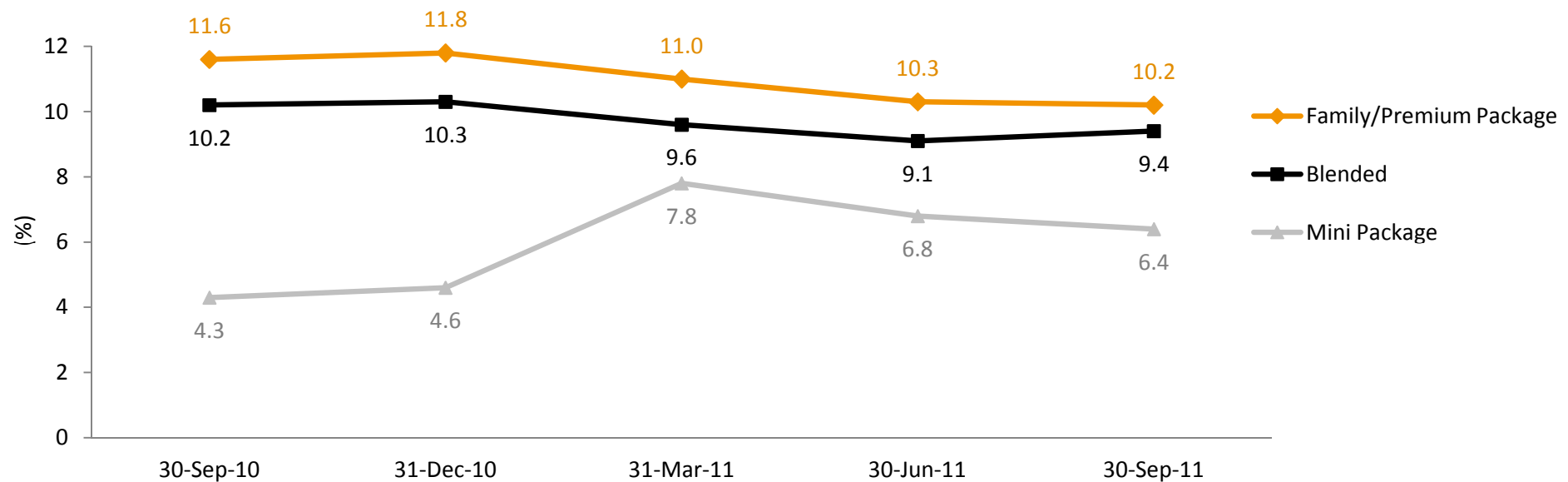
Low churn resulting from high consumer satisfaction



Churn rate (blended) amounted 9.4%

- Family Package churn rate decreased (YoY) to 10.2%
- Mini Package churn rate increased (YoY) to 6.4%

Churn (12 months)



Note: We define "churn rate" as the ratio of the number of contracts terminated during a 12-month period to the average number of contracts during such 12-month period. The number of terminated contracts is net of churning subscribers entering into a new contract with us no later than the end of the same 12-month period.

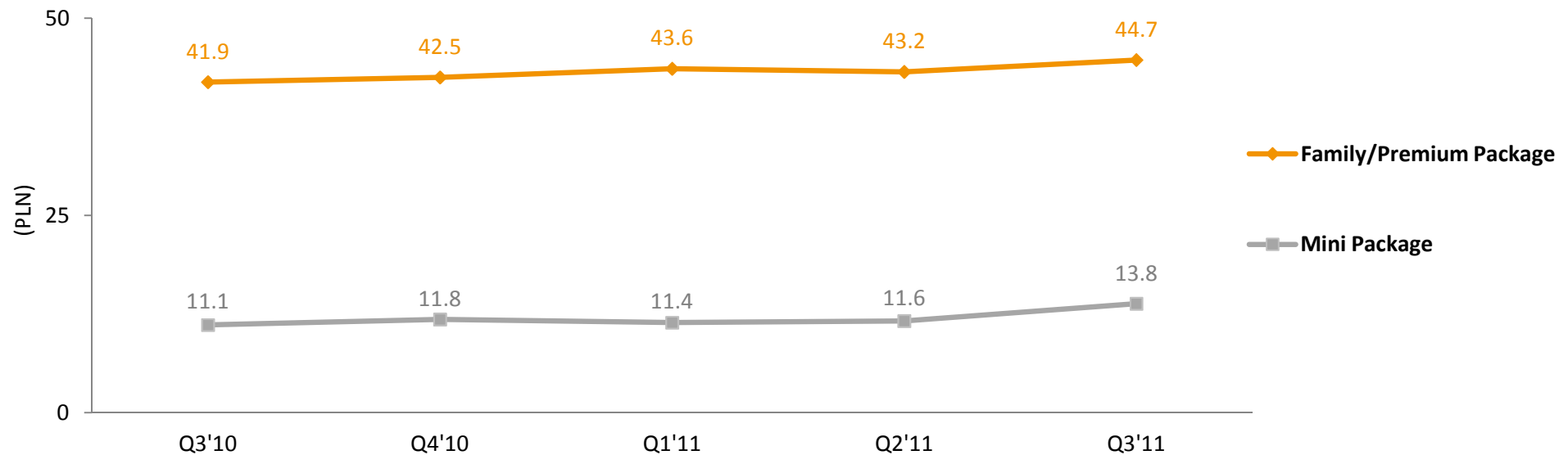
Retail business segment

Stable increase in ARPU



- Family Package ARPU amounted to PLN 44.7 in Q3'11, including PLN 0.8 from PPV (Adamek-Klitschko fight)
- Mini Package ARPU amounted to PLN 13.8 in Q3'11, including PLN 0.2 from PPV (Adamek-Klitschko fight)

ARPU



Note: We define "ARPU" as the average net revenue per subscriber to whom we rendered services calculated as a sum of fees paid by our subscribers for our services divided by the average number of subscribers to whom we rendered services in the reporting period.

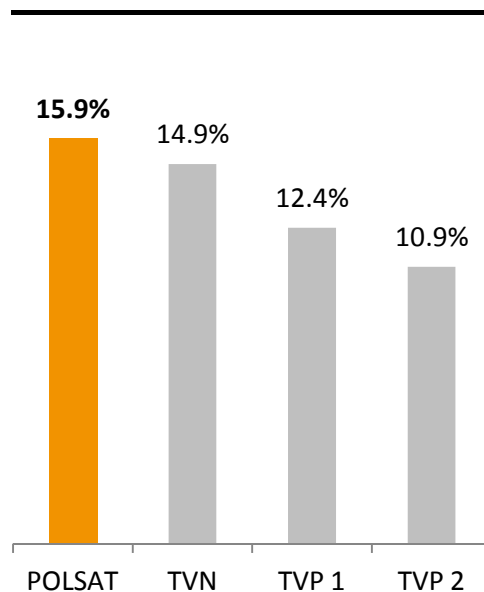
TV broadcasting and production segment

Growth in audience share (Q3'11)

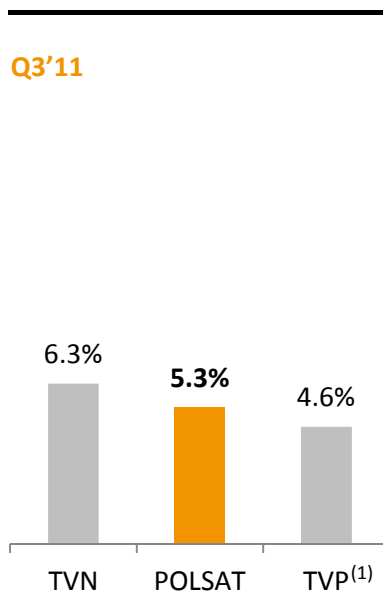


- TV Polsat Group was again the only one to increase its audience share
 - Audience share in Q3'11 increased by 9.9% (YoY) to 21.2%
 - Main Polsat channel was the leader with 15.9% audience share
 - Audience share of Polsat thematic channels in Q3'11 increased by 51.4% (YoY) to 5.3%

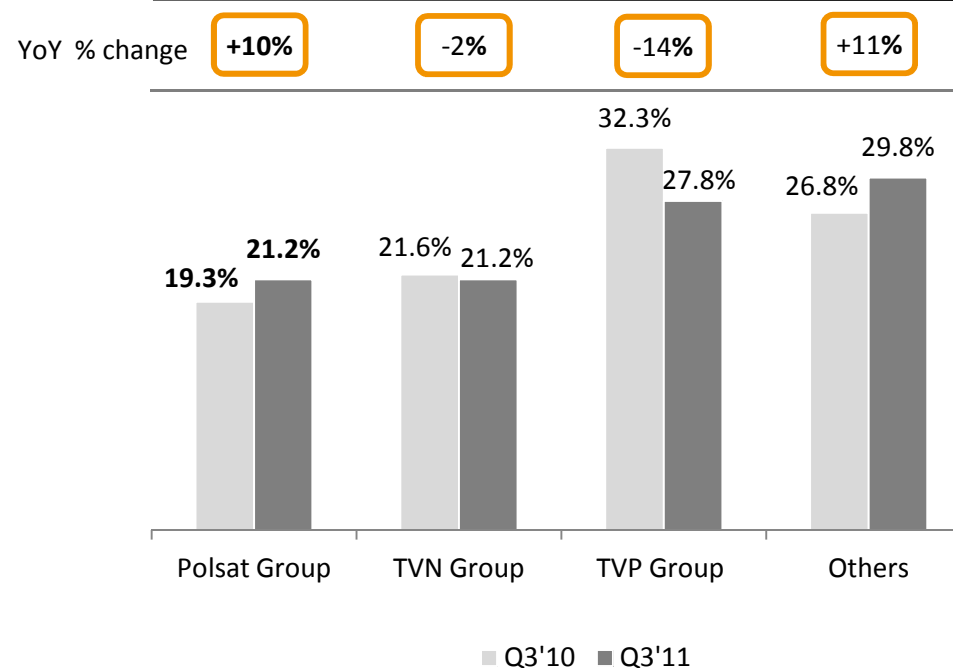
Audience share of main channels



Audience share of thematic channels



Dynamics of audience share results



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

Note: (1) Includes a nationwide DTT channel TVP Info, whose audience share is 2.7%

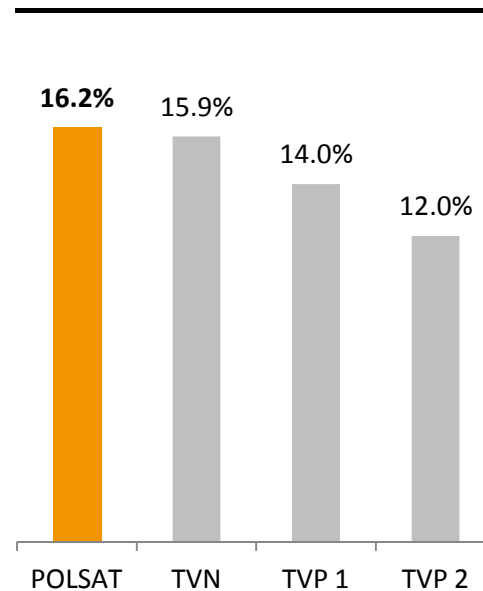
TV broadcasting and production segment

Growth in audience share (9M'11)

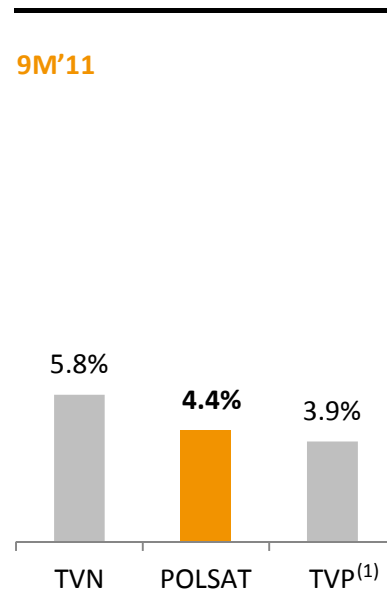


- TV Polsat Group was the only one to increase its audience share
 - Audience share in 9M'11 increased by 8.8% (YoY) to 20.6%
 - Main Polsat channel was the leader with 16.2% audience share
 - Audience share of Polsat thematic channels in 9M'11 increased by 38.0% (YoY) to 4.4%

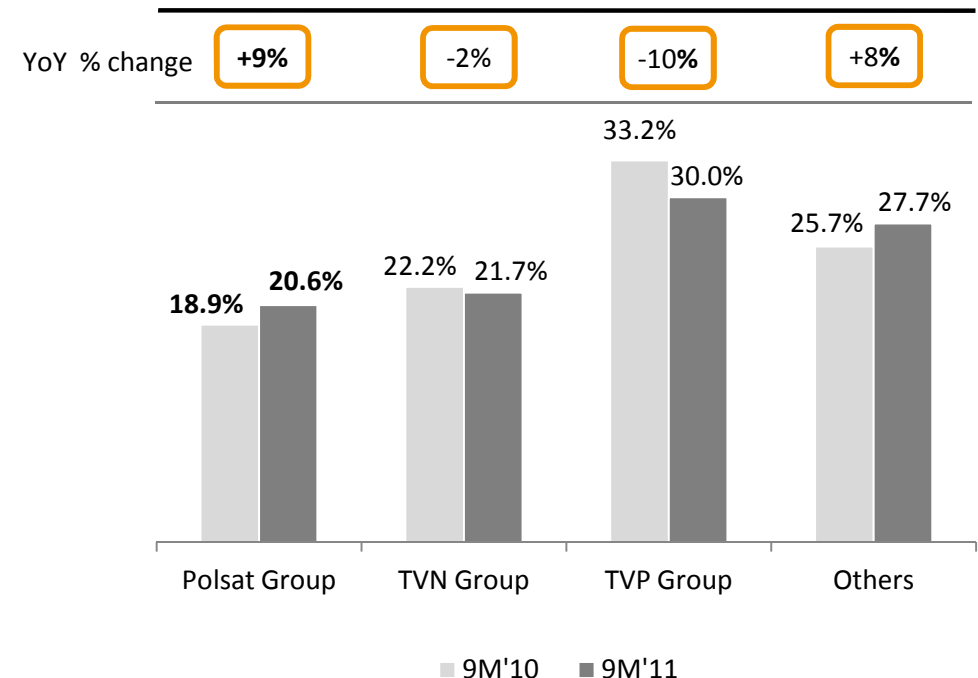
Audience share of main channels



Audience share of thematic channels



Dynamics of audience share results



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

Note: (1) Includes a nationwide DTT channel TVP Info, whose audience share is 2.3%

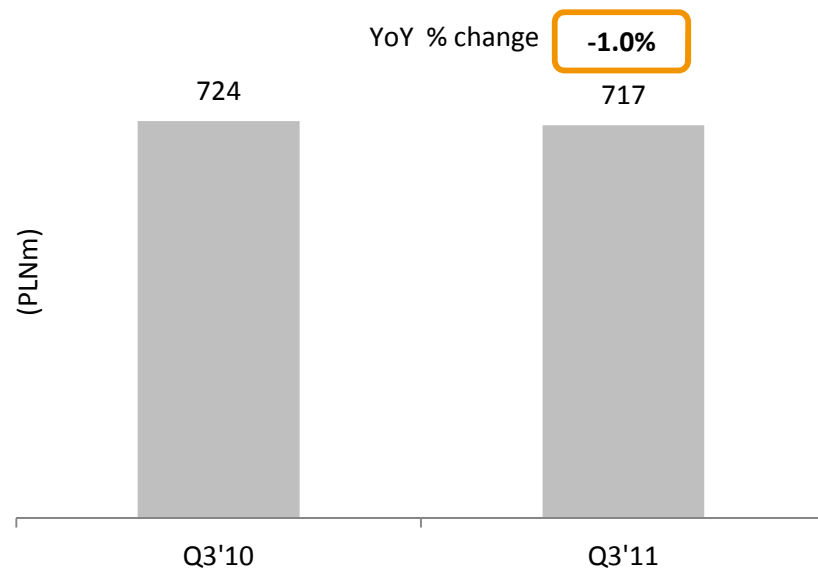
TV broadcasting and production segment

Growth in TV ad market share (Q3'11)

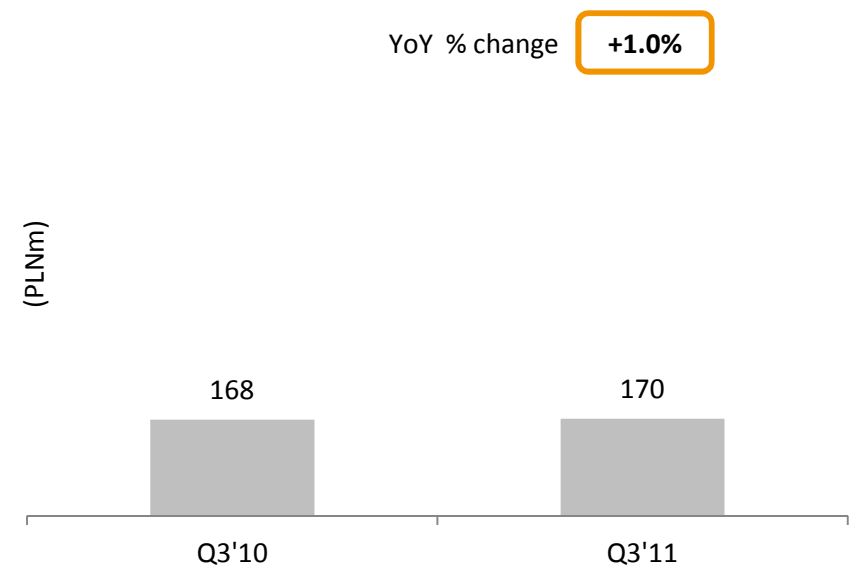


- TV advertising and sponsoring market in Q3'11 declined by 1% (YoY)
- Revenues from advertising and sponsoring of TV Polsat Group increased by 1% in Q3'11, while the market declined and their market share in Q3'11 was 23.7%

Expenditures on TV advertising and sponsoring



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



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

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

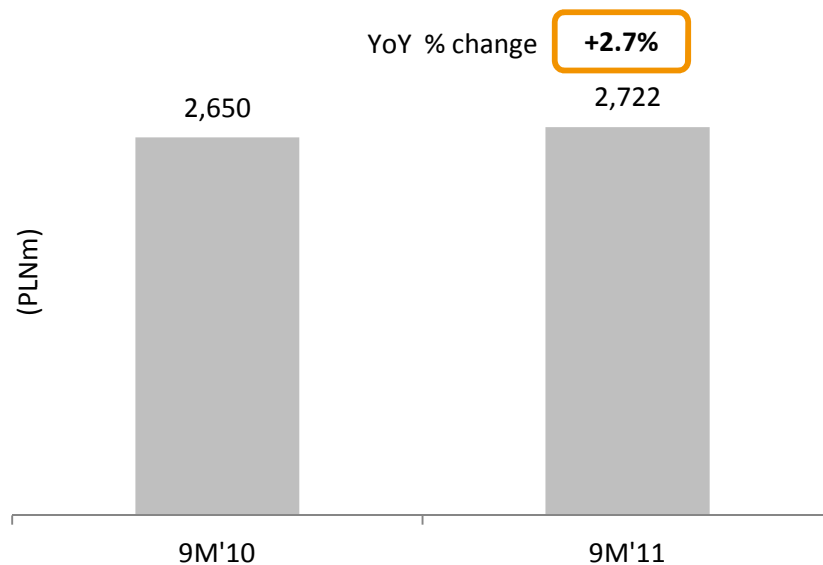
TV broadcasting and production segment

Growth in TV ad market share (9M'11)

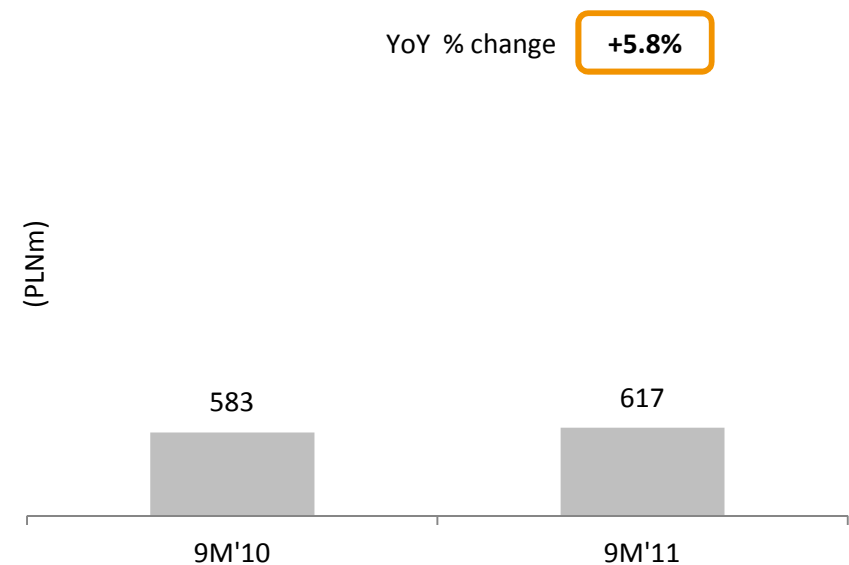


- TV advertising and sponsoring market in 9M'11 grew YoY by 2.7%
- Revenues from advertising and sponsoring of TV Polsat Group outperformed the market by over **2x** (5.8%), and their market share in 9M'11 was 22.7%

Expenditures on TV advertising and sponsoring



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



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

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

Very good financial results of the Group...

in PLN m	Q3 2011	YoY change	
Revenue	616	↑ 68%	• The increase in revenue and EBITDA mainly resulting from consolidation of TV Polsat Group
EBITDA	196	↑ 89%	• EBITDA margin reflects also partially realized synergies
EBITDA margin	31.9%	↑ 3.4pp	• Net loss due to financial costs primarily resulting from the valuation of Senior Notes denominated in euro
Net profit/loss	-62	↓ >-100%	

...also achieved thanks to growing results of „old” Cyfrowy Polsat business



in PLN m	Q3 2011	YoY change	
Revenue	416	↑ 14%	For the first time in history revenue from retail business exceeded PLN 400 m
EBITDA	142	↑ 37%	The highest quarterly EBITDA in the history of Cyfrowy Polsat
EBITDA margin	34.2%	↑ 5.7pp	Net loss due to financial costs primarily resulting from the valuation of Senior Notes denominated in euro
Net profit/loss	-82	↓ >-100%	

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Financial results

Profit and loss in Q3'11

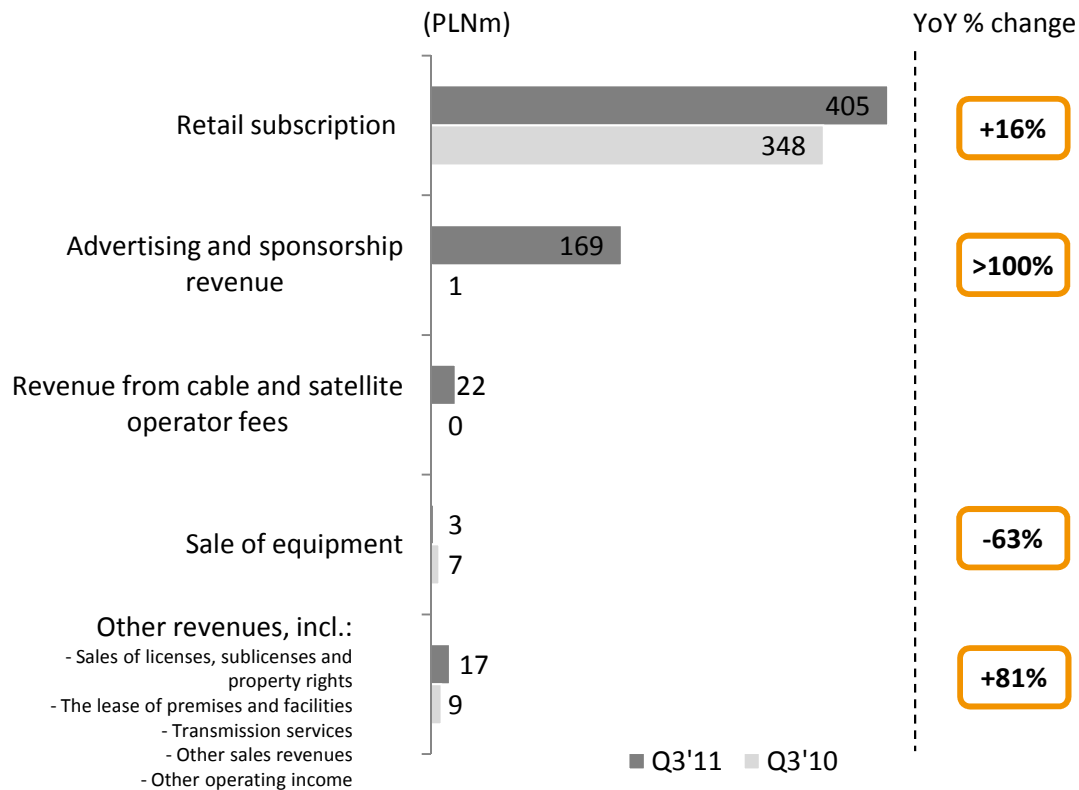
in PLN m	Q3'11	Q3'10	Change	Reasons
Revenue	616	366	250	<ul style="list-style-type: none"> — Consolidation of TV Polsat Group, including above all <ul style="list-style-type: none"> ⊕ Advertising and sponsorship revenue ⊕ Revenue from cable and satellite operators — 7.2% increase in average number of subscribers — 6.7% increase in Family Package ARPU — 24.3% increase in Mini Package ARPU — Increase in telecommunication revenues
Costs ⁽¹⁾	420	262	158	<ul style="list-style-type: none"> — Consolidation of TV Polsat Group <ul style="list-style-type: none"> ⊕ New cost positions: <ul style="list-style-type: none"> - Cost of internal and external TV production and amortization of sport rights - Amortization of purchased film licenses — Increase in: <ul style="list-style-type: none"> - Depreciation, amortization and impairment - Salaries and employee-related costs - Broadcasting and signal transmission costs - Distribution, marketing, customer relation management and retention costs <p>All resulting from consolidation of TV Polsat Group or business development</p>
EBITDA	196	104	93	
<i>Margin %</i>	<i>31.9%</i>	<i>28.5%</i>	<i>3.4pp</i>	
Net profit	-62	68	-130	
<i>Margin %</i>	<i>-10.1%</i>	<i>18.8%</i>	<i>-28.9pp</i>	

Profit and loss in 9M'11

in PLN m	9M'11	9M'10	Change	Reasons
Revenue	1,656	1,118	538	<ul style="list-style-type: none"> — Consolidation of TV Polsat Group, including above all <ul style="list-style-type: none"> • Advertising and sponsorship revenue • Revenue from cable and satellite operators — 7.1% increase in average number of subscribers — 4.3% increase in Family Package ARPU — 12.8% increase in Mini Package ARPU — Increase in telecommunication revenues
Costs ⁽¹⁾	1,118	783	335	<ul style="list-style-type: none"> — Consolidation of TV Polsat Group <ul style="list-style-type: none"> • New cost positions: <ul style="list-style-type: none"> - Cost of internal and external TV production and amortization of sport rights - Amortization of purchased film licenses — Increase in: <ul style="list-style-type: none"> - Depreciation, amortization and impairment - Salaries and employee-related costs - Distribution, marketing, customer relation management and retention costs - Bad debt allowance and receivables written-off - Broadcasting and signal transmission costs
EBITDA	538	335	203	
<i>Margin %</i>	<i>32.7%</i>	<i>30.3%</i>	<i>2.4pp</i>	
Net profit	84	222	-138	
<i>Margin %</i>	<i>5.1%</i>	<i>20.0%</i>	<i>-14.9pp</i>	All resulting from consolidation of TV Polsat Group or business development

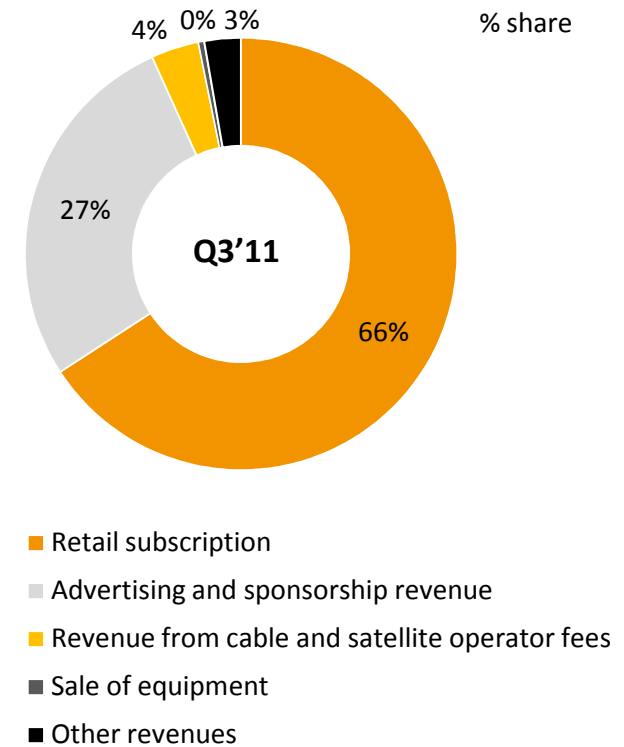
Revenue structure in Q3'11

Revenue in Q3'11 vs. Q3'10



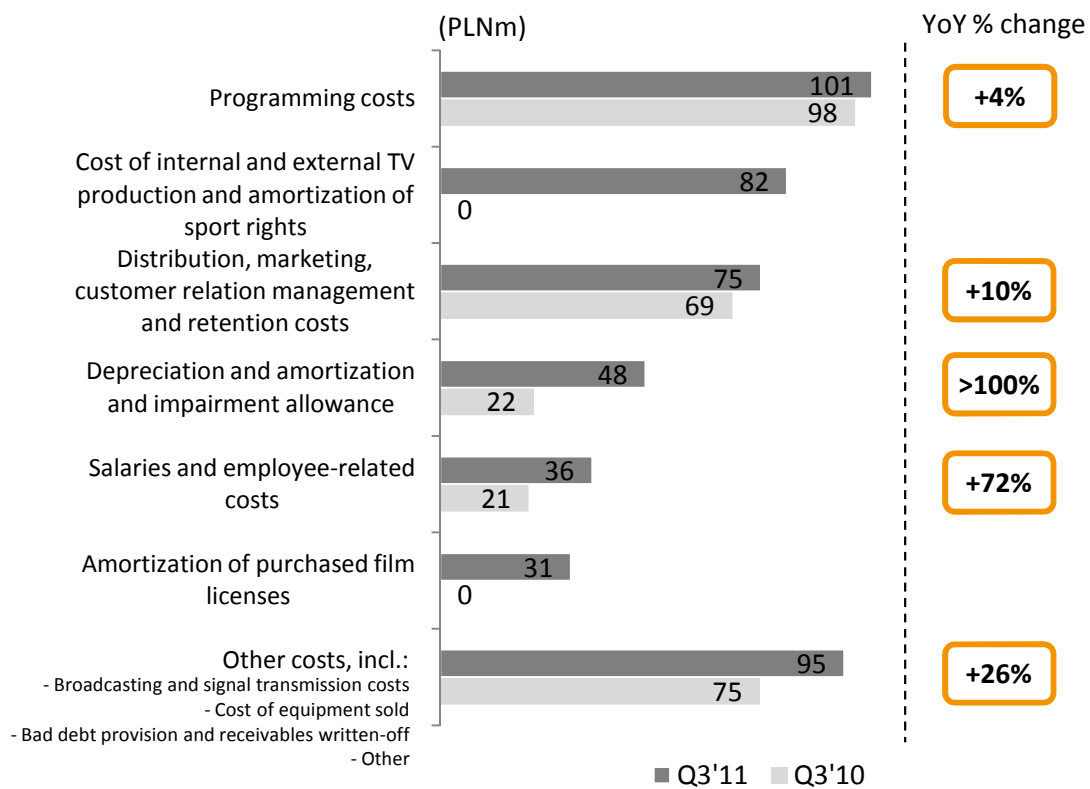
Total
 Q3'11 PLN 616 m
 Q3'10 PLN 366 m | **+68%**

Revenue breakdown



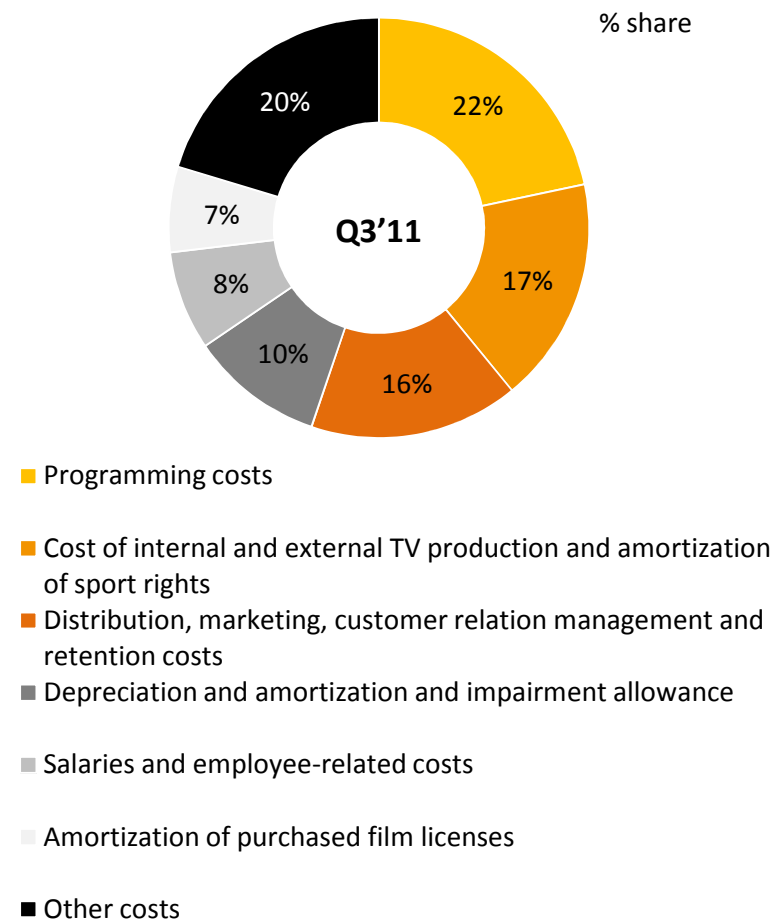
Cost structure in Q3'11

Operating costs in Q3'11 vs. Q3'10



Total
 Q3'11 PLN 468 m
 Q3'10 PLN 284 m | **+65%**

Operating costs breakdown

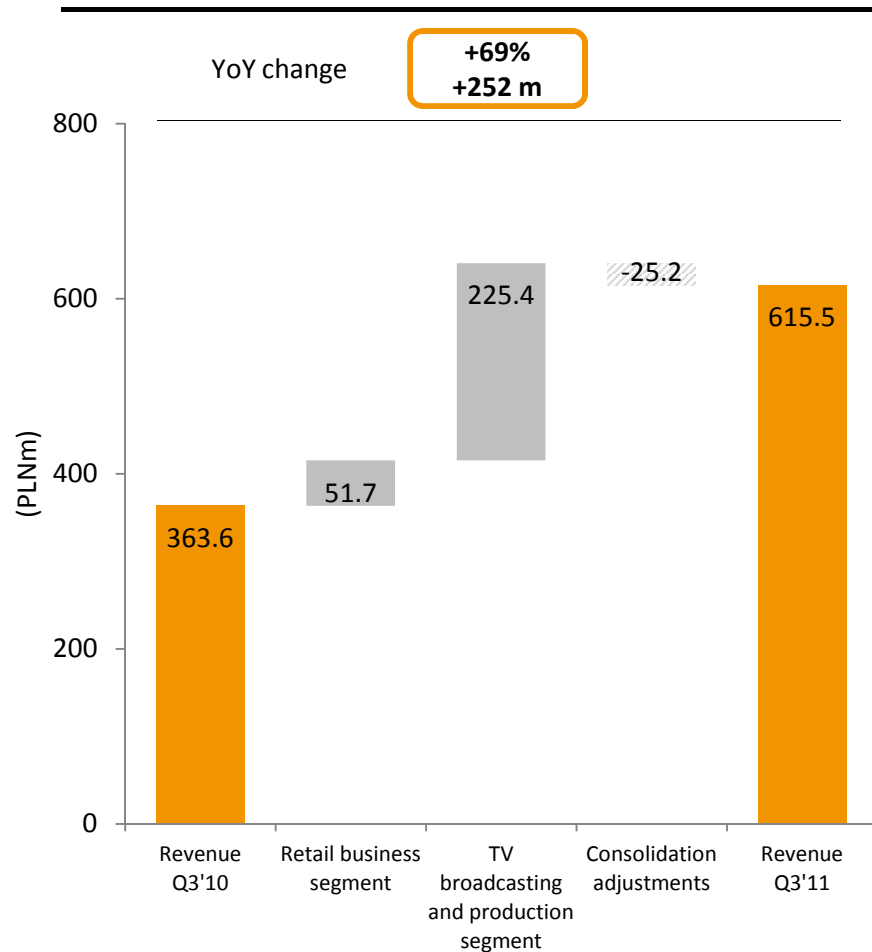


Revenue and EBITDA

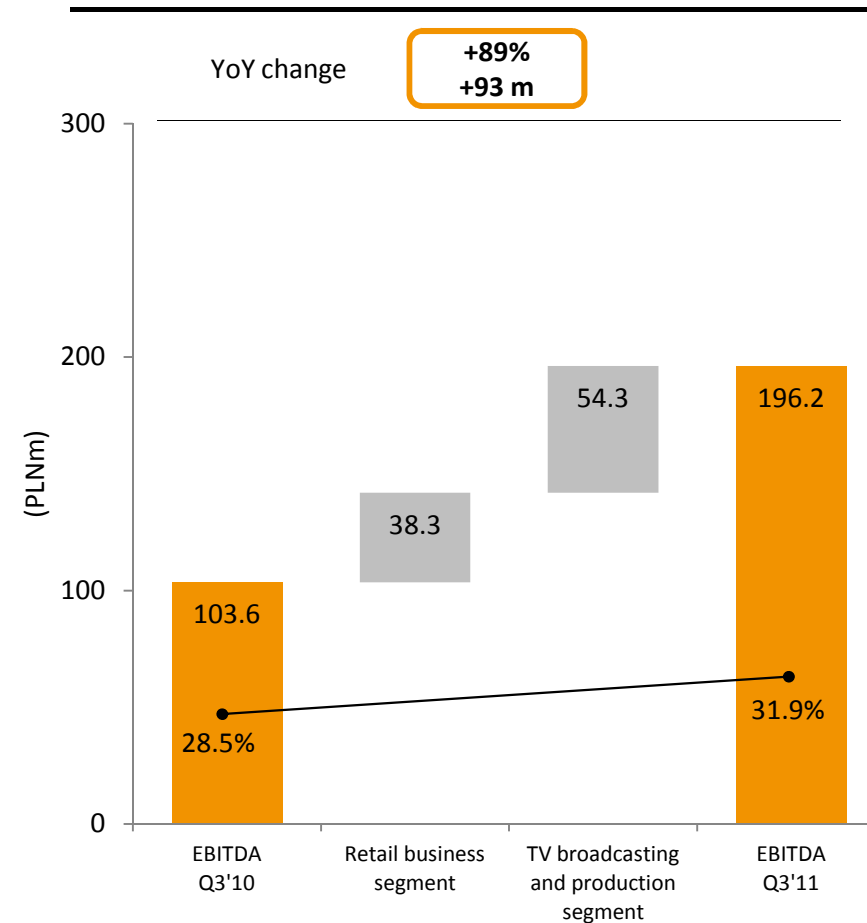
Growth drivers in Q3'11



Revenue⁽¹⁾



EBITDA



●—● EBITDA margin

Source: Interim condensed consolidated financial statements for the 3 and 9 month period ended 30 September 2011 and internal analysis
 Note: (1) Revenue does not include „Other operating income”

TV Polsat Group

Summary P&L (Q3'11)



in PLN m	Q3'11	Q3'10	Change	Reasons
Revenue	226	213	13	<ul style="list-style-type: none"> — Increase in revenue from cable and satellite operator fees — Increase in advertising and sponsoring revenue
Costs ⁽¹⁾	172	153	19	<ul style="list-style-type: none"> — Higher costs of autumn scheduling in connection with an earlier start of the 2nd edition of our talent show <i>Must Be the Music – Tylko muzyka</i> — Higher <i>Cost of internal and external TV production and amortization of sport rights</i> in connection with the rights to broadcast T-Mobile Ekstraklasa and Men's and Women's European Volleyball Championship — Higher costs due to the weakening of the Polish zloty
EBITDA margin%	24.1%	28.2%	-4.1 pp	
Net profit margin%	9.3%	6.8%	2.5 pp	

TV Polsat Group

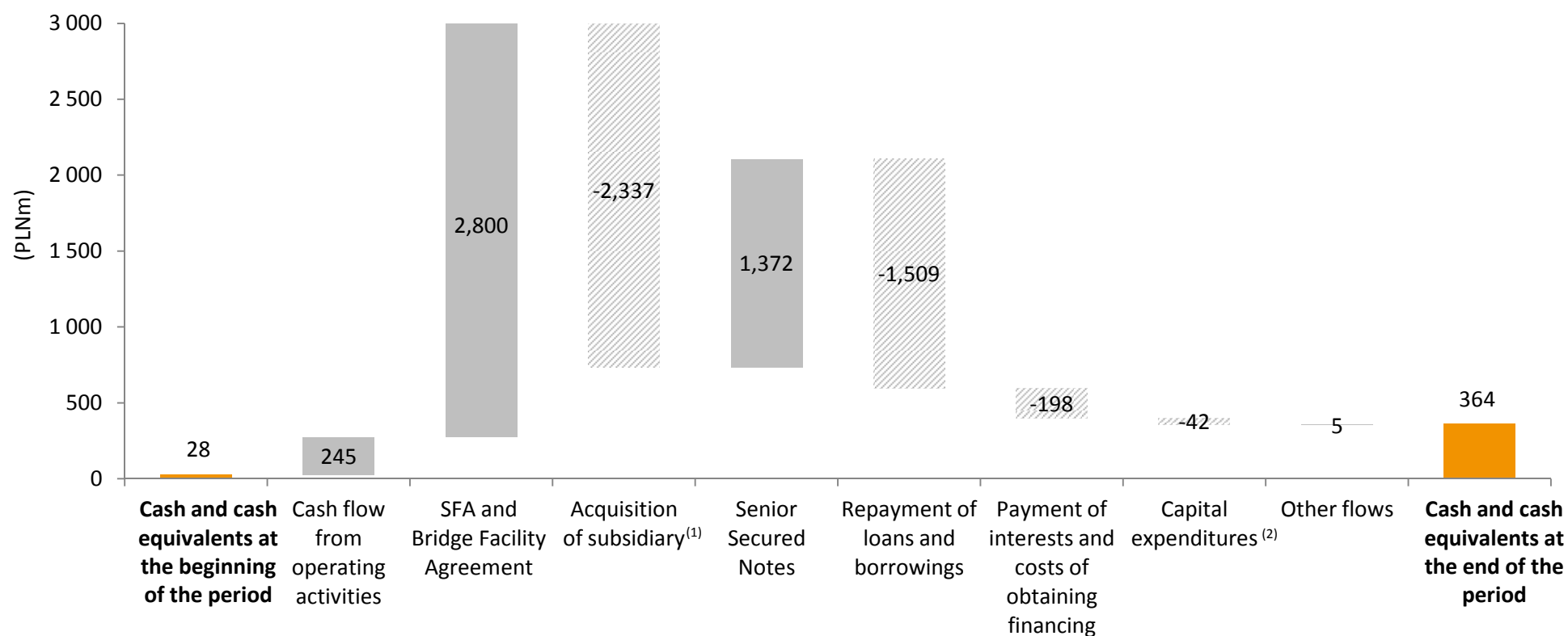
Summary P&L (9M'11)



in PLN m	9M'11	9M'10	Change	Reasons
Revenue	779	689	90	<ul style="list-style-type: none"> — Increase in revenue from cable and satellite operator fees — Increase in advertising and sponsoring revenue
Costs ⁽¹⁾	541	475	66	<ul style="list-style-type: none"> — Costs under control
EBITDA margin%	238 30.6%	214 31.2%	24 -0.6 pp	<ul style="list-style-type: none"> — Slight decrease in EBITDA margin due to weaker performance in Q3 2011
Net profit margin%	156 20.1%	158 23.0%	-2 -2.9 pp	

Cash flow in 9M'11

Net cash flow, cash position and debt – 9M'11



🌐 Total debt at the end of the period amounted to PLN 2.795 m (Term loan/Senior Secured Notes)

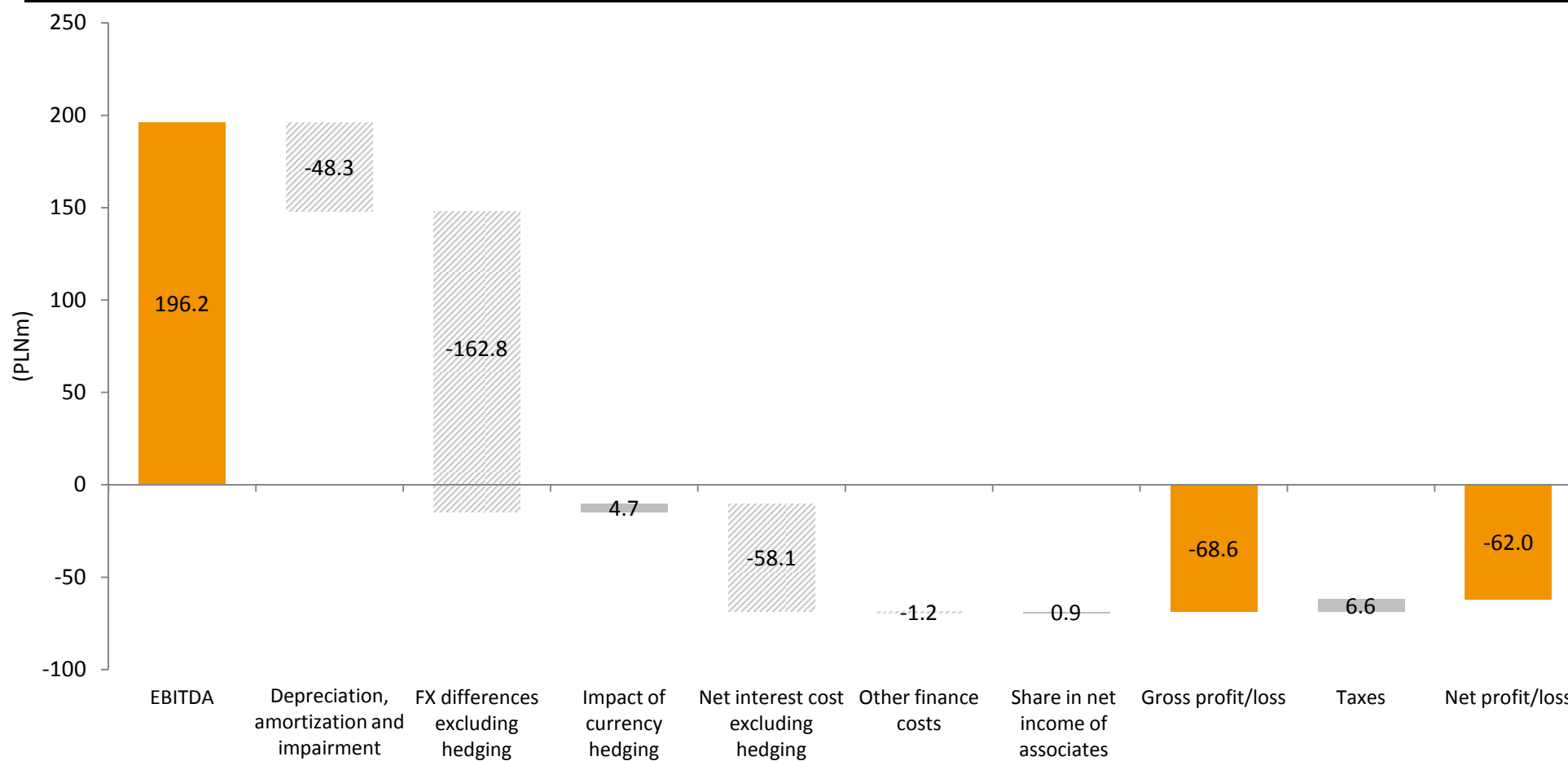
Source: Interim condensed consolidated financial statements for the 3 and 9 month period ended 30 September 2011 and internal analysis

Note: (1) Acquisition of TV Polsat for PLN 2,600 m net of cash acquired

(2) Excluding expenditures on set-top-boxes and modems leased to subscribers

Items below EBITDA Q3'11

Amortization, finance income and costs and taxes – Q3'11



Financial indebtedness

in PLN m	30.09.2011	Maturity
Senior facility ⁽¹⁾	1,248	2015
Eurobonds ⁽¹⁾	1,547	2018
Leasing	1	2016
Cash and equivalents	364	-
Net Debt	2,432	
Comparable 12M EBITDA ⁽²⁾	794	
Net Debt / 12M EBITDA	3.06	

Currency structure of debt



Eurobonds Rating

Standard & Poor's	BB-, stable outlook
Moody's	Ba3, stable outlook

Source: Interim condensed consolidated financial statements for the 3 and 9 month period ended 30 September 2011 and internal analysis

Note: (1) Balance sheet value of debt outstanding

(2) EBITDA including Telewizja Polsat

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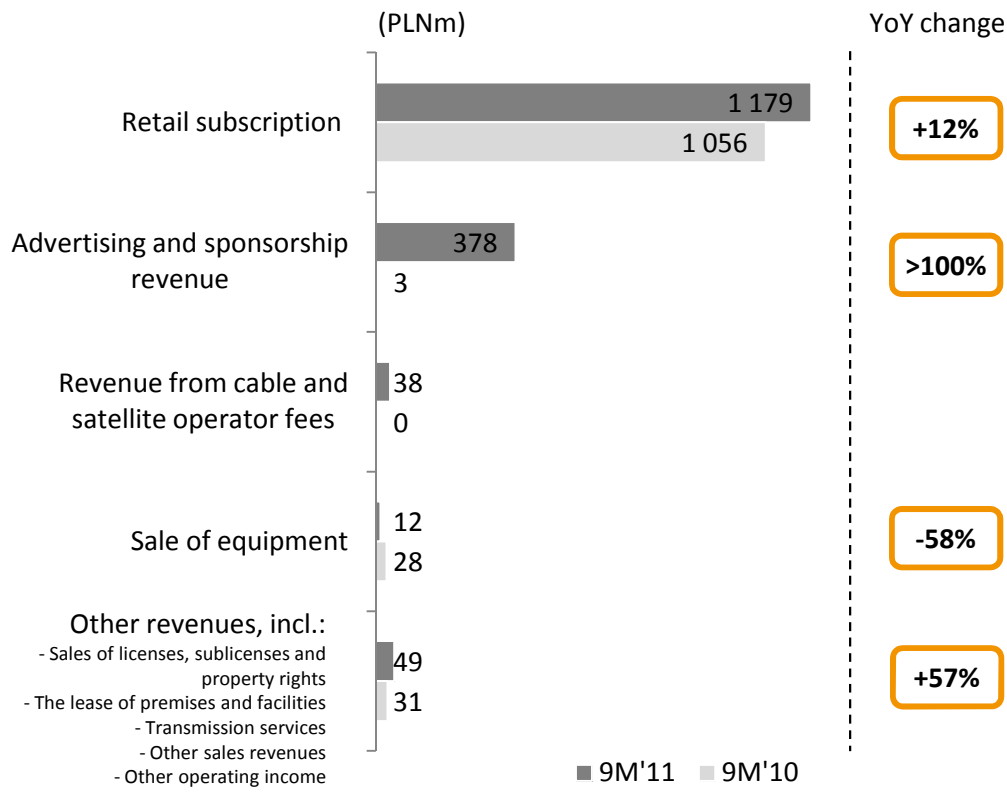
Q&A

5

Appendix

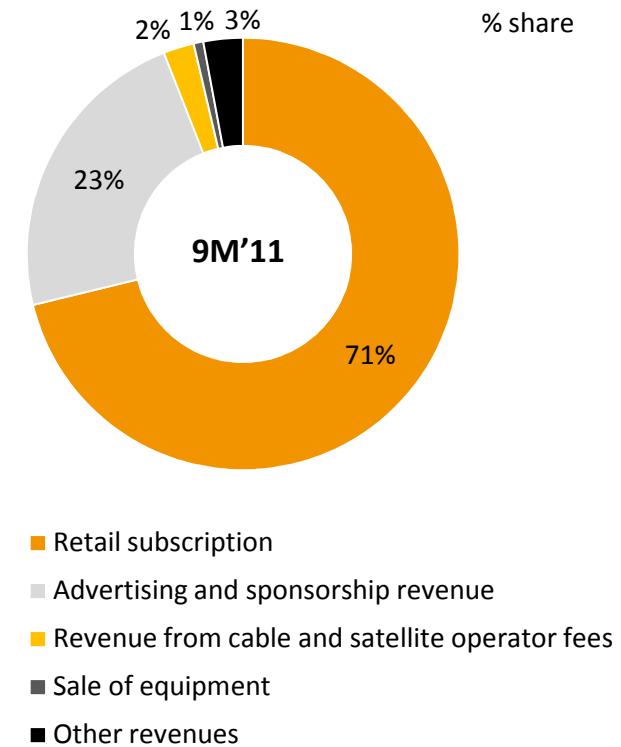
Revenue structure in 9M'11

Revenue in 9M'11 vs. 9M'10



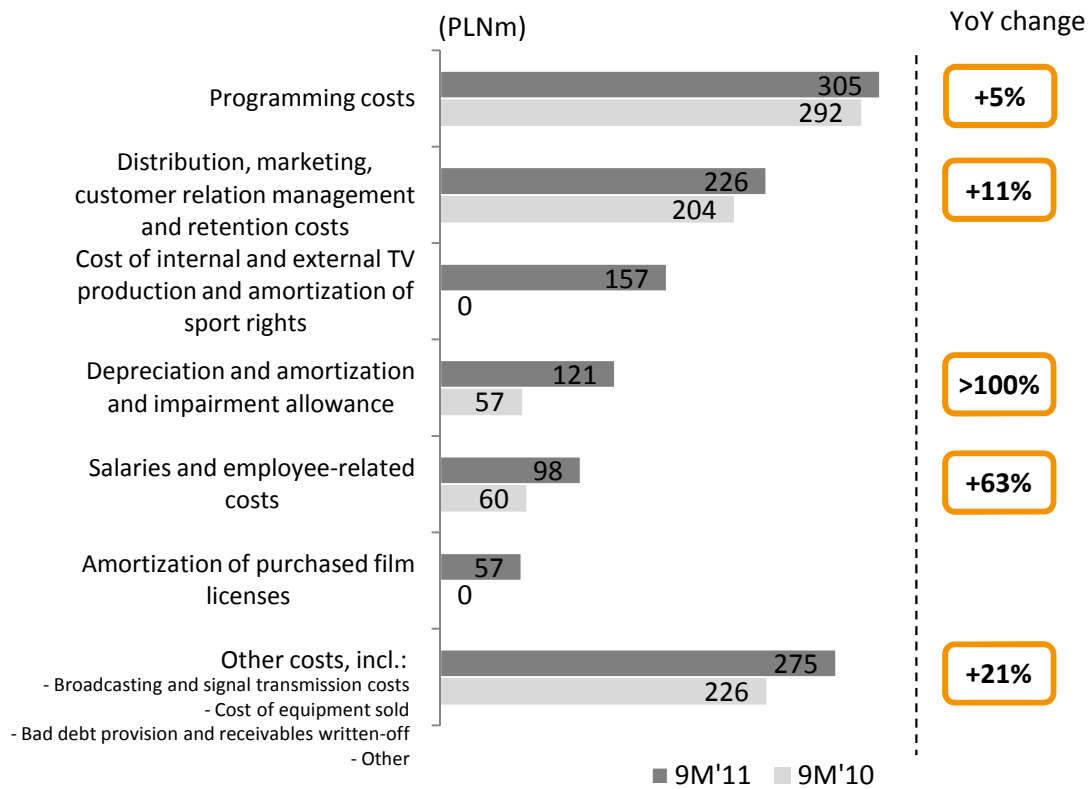
Total
 9M'11 PLN 1,656 m
 9M'10 PLN 1,118 m
+48%

Revenue breakdown



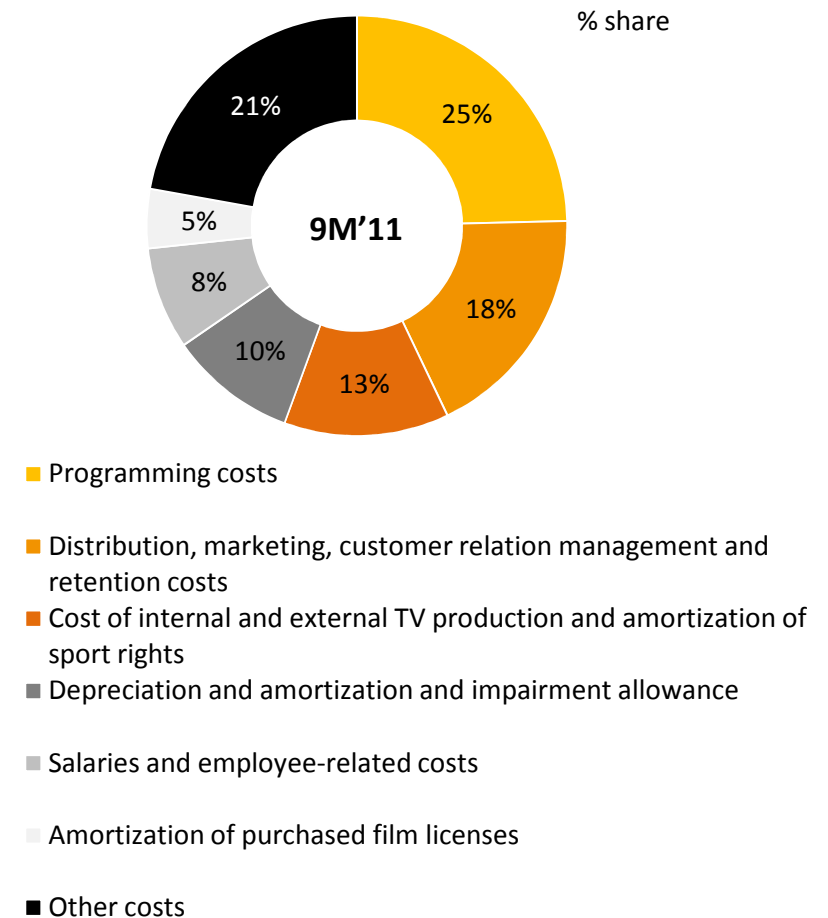
Costs structure in 9M'11

Operating costs in 9M'11 vs. 9M'10



Total
 9M'11 PLN 1,239 m
 9M'10 PLN 840 m
+48%

Operating costs breakdown

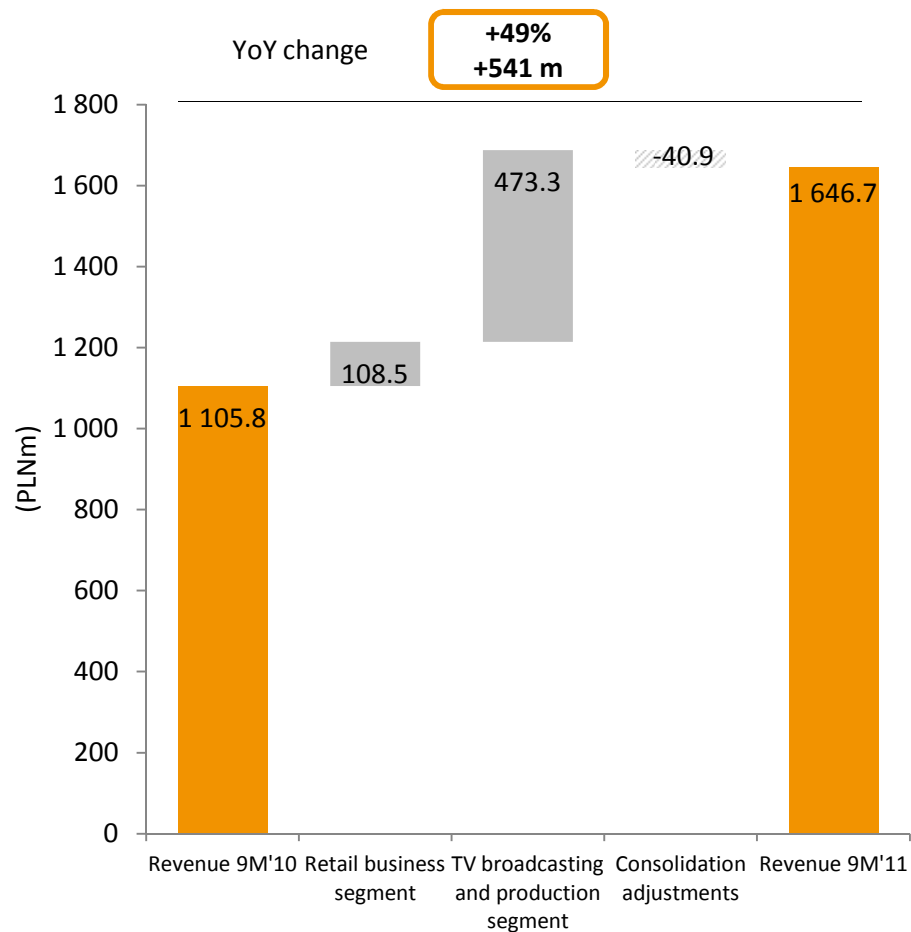


Revenue and EBITDA

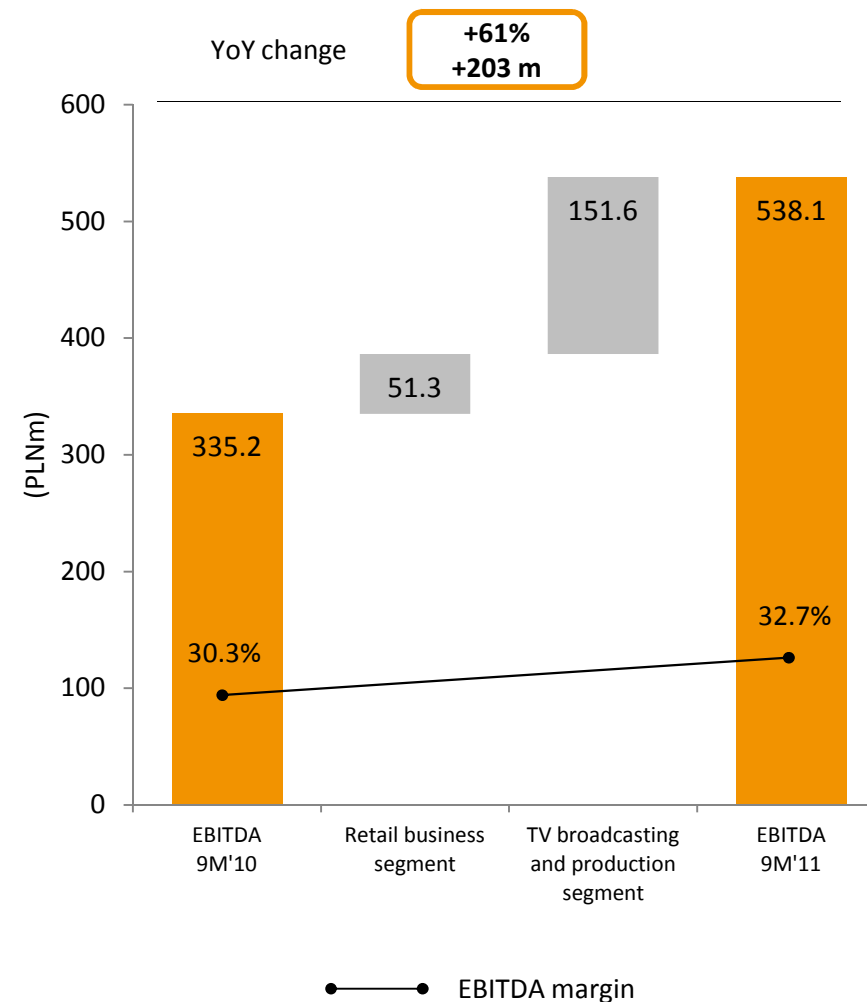
Growth drivers in 9M'11



Revenue⁽¹⁾



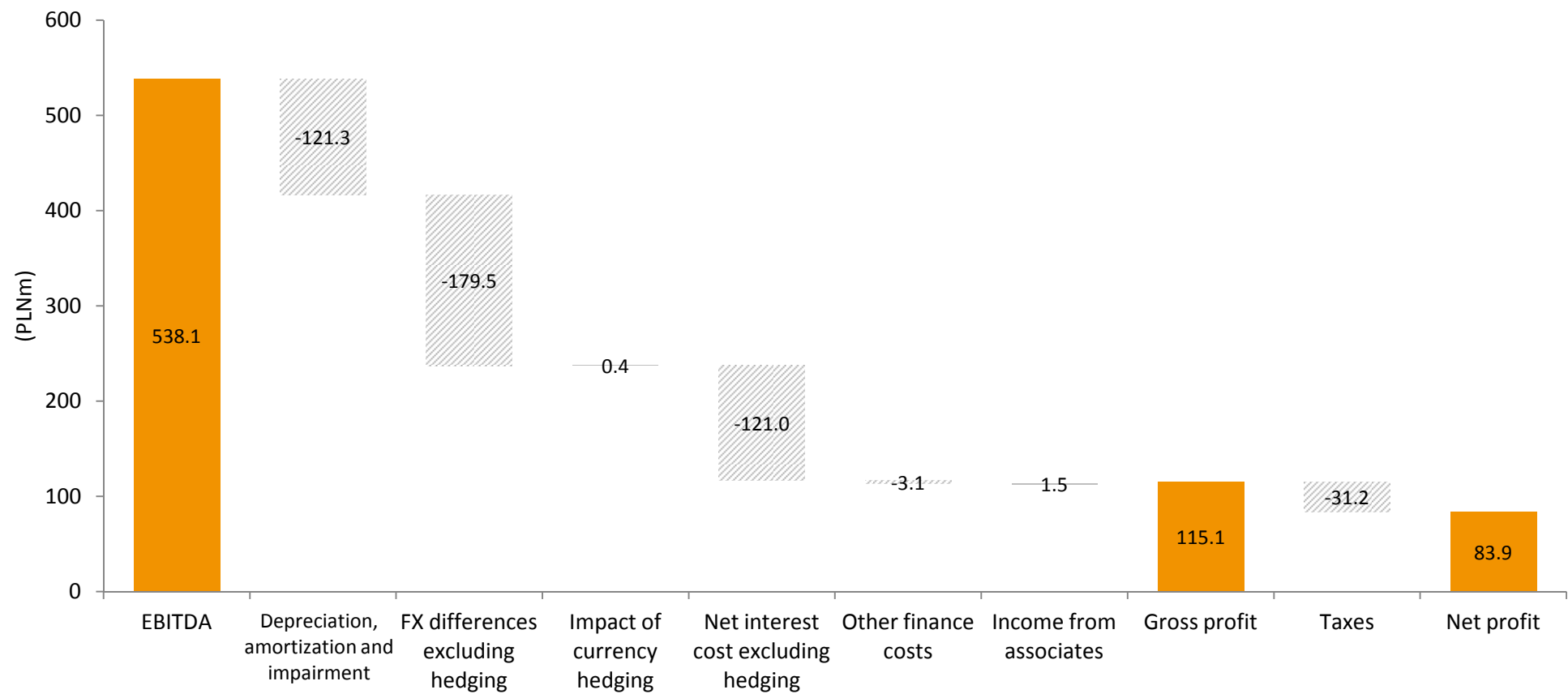
EBITDA



Source: Interim condensed consolidated financial statements for the 3 and 6 month period ended 30 June 2011 and internal analysis
 Note: (1) Revenue does not include „Other operating income”

Items below EBITDA 9M'11

Amortization, finance income and costs and taxes – 9M'11



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