Equity story
2018 results
Investor Presentation
April 2019
1. Polsat Group: unique composition of media and telco assets
Unique market strategy based on complementary business pillars

- **newly acquired**
  - >2.5m homes passed

- **own content production and broadcasting**
  - 33 internally produced TV channels

- **biggest Polish pay-TV platform**
  - 33% m/s built on DTH

- **satellite pay-TV**

- **NGA broadband for urban customers**

- **mobile services and devices**
  - LTE

- **online video**
  - >2.5m homes passed
  - 33% m/s built on DTH
  - >100 TV channels & VOD incl. sports live

- **cross-selling opportunities**

- **well-positioned for online video opportunities**

- **multiplay product**
We head towards creating a fully convergent TV and telco operator

- **FTA TV**
  - Broadcasting launch: 1992
- **pay TV**
  - Pay-TV launch: 2003
  - IPO: 2008
  - Joined the group: 2011
- **LTE strategy**
  - Frequencies acquired: 2007
  - LTE 1800 launched: 2010
  - Joined the group: 2016
- **mobile telco**
  - Acquired by major shareholder: 2011
  - Joined the group: 2014
- **video online**
  - Joined the group: 2012
- **NGA fixed broadband**
  - Joined the group: 2018
- **content streaming**
  - IPTV/OTT box: 2019

**Polsat Group today**
Control over key assets is essential for executing our long-term strategy

<table>
<thead>
<tr>
<th>Content production</th>
<th>Pay-TV &amp; mobile broadband</th>
<th>Mobile voice &amp; broadband</th>
<th>Online video</th>
<th>Fixed-line broadband</th>
</tr>
</thead>
</table>
| • ad sales and brokerage house  
• loyal viewers  
• diversified distribution  
• well-established brand  
• no1 player in sports  
• unique local content  
• TV production studios  
• broadcasting licenses | • multiplay offer based on own products  
• contracted customers  
• well-established brand  
• own sales channels  
• customer equipment factory  
• satellite broadcasting infrastructure  
• IPTV technology | • multiplay offer based on own products  
• contracted customers  
• well-established brand  
• own sales channels  
• countrywide mobile infrastructure, incl. towers  
• unique portfolio of frequencies | • potential for upselling to pay-TV and mobile customers  
• distribution through fixed and mobile technologies  
• additional window for monetizing sports content  
• key local content on exclusivity basis  
• internally developed online platform | • contracted customers  
• strong position on B2B market – key office buildings already wired  
• well-established brand  
• countrywide backbone network  
• >2.5 million HPs in own fixed access network (B2C) |
Unique convergent offer among media and telco providers

<table>
<thead>
<tr>
<th>Key content</th>
<th>nc+</th>
<th>upc</th>
<th>T.</th>
<th>orange</th>
<th>PLAY</th>
<th>pipla</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔️</td>
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</table>

<table>
<thead>
<tr>
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<th>nc+</th>
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<th>T.</th>
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<th>pipla</th>
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<tr>
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<th>nc+</th>
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<th>T.</th>
<th>orange</th>
<th>PLAY</th>
<th>pipla</th>
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</thead>
<tbody>
<tr>
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<tr>
<td>cable</td>
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<td>✔️</td>
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<tr>
<th>Broadband</th>
<th>nc+</th>
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<th>T.</th>
<th>orange</th>
<th>PLAY</th>
<th>pipla</th>
</tr>
</thead>
<tbody>
<tr>
<td>mobile (MVNO (limited scale))</td>
<td>✔️</td>
<td></td>
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</tr>
<tr>
<td>mobile (MVNO (planned))</td>
<td>✔️</td>
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<tr>
<td>fixed</td>
<td></td>
<td>✔️</td>
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<td></td>
</tr>
<tr>
<td>B2B – yes B2C – planned</td>
<td>✔️</td>
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<td></td>
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<tr>
<td>✔️</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Voice</th>
<th>nc+</th>
<th>upc</th>
<th>T.</th>
<th>orange</th>
<th>PLAY</th>
<th>pipla</th>
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<tr>
<td>fixed</td>
<td></td>
<td>✔️</td>
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<tr>
<td>B2B – yes B2C – decadent</td>
<td>✔️</td>
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</tbody>
</table>

Source: web pages of operators, UKE.
Note: (1) In 2018 T-Mobile signed wholesale agreements and plans to offer fixed broadband based on third party infrastructure.
2. Merging our customer bases provides us with opportunities
Our market strategy focuses on cross-selling services within our joint customer base.

3.3 million CPS contract customers
- core product: DTH pay-TV

3.6 million PLK contract customers
- core product: mobile

0.9 million Netia customers

Source: Company data
SmartDOM is our key proposition for the underdeveloped Polish multiplay market.

- **reliable mobile services**
  - plus
  - Push
  - LTE

- **NGA broadband for urban customers**
  - Netia

- **the best LTE Internet for home and mobile usage**
  - Plus
  - Polsat

- **production and aggregation of attractive content**
  - Polsat
  - Ipla
  - HD
  - Satellite

- **other products for households**
  - banking products, electricity, insurance, security and many others

- **extensive portfolio of end-user devices**

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9
Our multiplay strategy results in ARPU growth and strong customer loyalty.

Constantly growing base of multiplay customers

Higher number of contracted RGUs

ARPU per contracted customer up¹

Record low churn

Note: (1) contract ARPU based on previously applicable IAS 18 standard
3. Monetization of newly acquired football content
Our investments in premium sports providing additional fuel for incremental revenue

**NEW PREMIUM SPORTS CHANNELS**

- **Polsat Sport HD, Eleven Sports 1, Eleven Sports 2, Eleven Sports 3, Eleven Sports 4, Sport Extra HD, Sport Premium 1, Sport Premium 2**

**STATE-OF-THE-ART TV STUDIO**

- The most modern sports studio in Poland
- 700 m² of space
- 4x4K resolution
- 24-meter LED wall
- Augmented reality
- Interactive game analysis

**Retail offers**

- PSP pay TV packages upsold on top of basic pay-TV subscriptions
- Open OTT distribution via IPLA platform
- Mobile VAS offered with mobile voice and broadband
- Netia among very few fixed line operators offering PSP

**Wholesale offers**

- PSP channels offered to cab/sat operators
- nc+ and UPC promoting PSP channels among their customers
- ESN channels widely distributed in cab/sat offers and OTT platforms

**Sublicenses**

- Re-sale of selected matches to FTA channels of the public broadcaster
- Sale of rights for public broadcasting of our sports channels to pubs, hotels, etc.
Sports constitute only a part of our broad portfolio of internally produced TV channels.

<table>
<thead>
<tr>
<th>Category</th>
<th>Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>General interest</td>
<td><img src="image1" alt="POLSAT HD" />, <img src="image2" alt="SUPER HD" />, <img src="image3" alt="POLS HD" />, <img src="image4" alt="1 HD" />, <img src="image5" alt="4 HD" />, <img src="image6" alt="6 HD" /></td>
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<tr>
<td>Sports</td>
<td><img src="image7" alt="POLSAT SPORT PREMIUM 1 SUPER HD" />, <img src="image8" alt="POLSAT SPORT NEWS HD" />, <img src="image9" alt="POLSAT SPORT FIGHT HD" />, <img src="image10" alt="ELEVEN SPORTS 1" />, <img src="image11" alt="ELEVEN SPORTS 2" />, <img src="image12" alt="ELEVEN SPORTS 3" />, <img src="image13" alt="ELEVEN SPORTS 4" /></td>
</tr>
<tr>
<td>Movie</td>
<td><img src="image14" alt="FILM HD" />, <img src="image15" alt="Roksans" /></td>
</tr>
<tr>
<td>Music</td>
<td><img src="image16" alt="ESKA TV" />, <img src="image17" alt="ESKA TV EXTRA" />, <img src="image18" alt="MUSIC HD" />, <img src="image19" alt="DISCO POLO MUSIC" />, <img src="image20" alt="Polo TV" />, <img src="image21" alt="VOX TV" /></td>
</tr>
<tr>
<td>News</td>
<td><img src="image22" alt="NEWS HD" />, <img src="image23" alt="2 NEWS" />, <img src="image24" alt="superstacja" /></td>
</tr>
<tr>
<td>Lifestyle</td>
<td><img src="image25" alt="Cafe HD" />, <img src="image26" alt="PLAY HD" />, <img src="image27" alt="GAMES HD" />, <img src="image28" alt="DOKU HD" />, <img src="image29" alt="KUZINA" /></td>
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<tr>
<td>Cooperations</td>
<td><img src="image30" alt="NOWA TV" />, <img src="image31" alt="FOKUS TV" />, <img src="image32" alt="CRIME INVESTIGATION" />, <img src="image33" alt="JimJam" />, <img src="image34" alt="HISTORY POLSAT" />, <img src="image35" alt="NATURE POLSAT" />, <img src="image36" alt="EXPLORE POLSAT" />, <img src="image37" alt="TVOKAZIE" /></td>
</tr>
</tbody>
</table>
4. Resilient business model allowing for attractive shareholder renumeration
Focus on contracted services and customer loyalty provides a stable and resilient business model.

### RGU Structure
- **Contract Services**: 84%
- **Prepaid Services**: 16%

**Revenue Decomposition**
- **Contract Services**: 78%
- **Other**: 5%
- **Ad Revenues**: 12%
- **Prepaid Services**: 6%

### Total Revenue
- **2015**: 9,412
- **2016**: 9,650
- **2017**: 9,829
- **2018**: 10,686

**2018**: 10,686 (IFRS15+Netia)

**9,955 (IAS18)**

**Source**: Company data, pro forma for Aero2 acquisition; 2018 - based on currently applicable IFRS 15 standard and incl. Netia Group’s results.
Stable EBITDA combined with low CAPEX needs yields strong FCF

+ continued deleveraging and successful refinancing

adjusted recurring free cash flow

Source: Company data, 2014-2016 pro forma for Aero2 acquisition; 2018 based on currently applicable IFRS 15 standard and incl. Netia results
Major assumptions underlying the management of capital resources

**Main goal**

Stable dividend payouts to the Company’s shareholders
- Guaranteeing for the Company’s shareholders of attractive, foreseeable return on capital employed
- The level of return will be shaped with reference to the forms of secure investment of funds that are universally available on Polish market, especially by referencing to the level of interest offered by bank deposits while simultaneously including the premium for the risk associated with share pricing dynamics

**Additional goal**

Continuation of reduction of Polsat Group’s debt to the level of net debt/EBITDA <1.75x
- Assuming organic growth of the business, the target is achievable in the mid-term
Proposed dividend payouts in the years 2019-2021

<table>
<thead>
<tr>
<th>Dividend per share</th>
<th>Payout date</th>
</tr>
</thead>
<tbody>
<tr>
<td>at least <strong>0.93 PLN</strong></td>
<td>2019</td>
</tr>
<tr>
<td>at least <strong>0.93 PLN</strong></td>
<td>2020</td>
</tr>
<tr>
<td>at least <strong>0.93 PLN</strong></td>
<td>2021</td>
</tr>
</tbody>
</table>

Dividend payout in the amount of PLN 0.93 per share generates a return rate of around 4.1% annually, based on Cyfrowy Polsat’s average capitalization level in Q4’18.
5. Strong track record
Successful decade of Polsat Group on WSE

<table>
<thead>
<tr>
<th>Year</th>
<th>Market cap</th>
<th>Revenue</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>PLN 16.5 bn</td>
<td>PLN 10.7 bn</td>
<td>PLN 3.7 bn</td>
</tr>
<tr>
<td>2008</td>
<td>PLN 3.6 bn</td>
<td>PLN 1.1 bn</td>
<td>PLN 348 m</td>
</tr>
</tbody>
</table>

Note: Market cap as of March 25th 2019
Our strategic investments positively impacted the value of Polsat Group

CPS stock performance since IPO compared to WSE indexes

Indexed: May 6, 2008 = 100

Note: (1) Growth between May 6, 2008 and March 27, 2019
Our debtholders’ comfort is equally important to us.
Open dialogue with investors and brokers

14 brokers actively covering Polsat Group

2014-2018 avg variance of the previews consensus vs actuals:
- revenue: 0.9%
- EBITDA: 2.4%

Management Board and IR team welcome interactions with investors

Our IR activity in numbers:
- ca. 20 national & international conferences and roadshows annually
- ca. 270 meetings with investors annually
- regular visits to London, NY, Boston, Paris, Frankfurt, Prague, Stockholm, etc.
- quarterly result calls conducted in English

We were frequently awarded for our communication

Listed Company of the Year
Top Investor Relations

Best IR dept of a listed company – Poland
2018 All-Europe Executive Team

- Best IR Program
- Best CFO
- Best IR Professional (MEDIA sector, in the poll of sell-side representatives)
6. Appendix
Current market position on individual markets
Competitive environment

Pay-TV market in Poland
% share in the total number of paying subscribers\(^{(1)}\)

- Cable operators: 36%
- IPTV: 8%
- Other DTH operators: 23%
- Other DTH operators: 33%

Mobile market in Poland
Share of contracted SIM cards\(^{(2)}\)

- Play: 26.9%
- T-Mobile: 19.7%
- Other DTH Operator: 23%
- Orange: 28.5%

Audience share

- Polsat Group: 24.3%
- Discovery Group: 27.1%
- Other CabSat: 17.7%
- TVP Group: 21.4%
- Other DTT: 9.4%

Broadband access market in Poland
Share in the number of subscribers \(^{(3)}\)

- Netia: 8%
- UPC: 16%
- Multimedia Polska: 6%
- Toya: 2%
- Inea: 2%
- Orange: 27%
- Other: 31%

Source: NAM, All 16-49, all day, SHR%, 2018, including Live+2, internal analysis
Note: (1) As at 2018, based on own estimates, sector data and PMR estimates
(2) As at 2018, own estimates based on data published by other operators
(3) own estimates based on UKE ("Report on the telecommunications market in Poland in 2017")
Market development and forecasts

Total Polish mobile market value (bn PLN)

24.2 24.3 24.8 23.9 24.2 25.1 25.8 26.8 27.4 27.9 28.2

MTR reductions period
+2.3% CAGR

Total Polish TV ad market value (bn PLN)

3.7 3.7 3.5 3.3 3.4 3.5 3.6 3.6 3.9 4.0 4.1

Total number of pay-TV customers in Poland (million)

10.7 11.1 11.2 10.4 10.3 10.3 10.4 10.5 10.4 10.3

Polish ad market structure

Outdoor Print Radio Internet TV
53% 52% 52% 52% 53% 53% 52% 51% 51% 50% 49%

Source: PMR; Zenith, “Advertising Expenditure Forecasts – March 2019”
Strategic context of the investment in Netia
Netia perfectly fits into Polsat Group’s mission, vision and strategic goals.
Why did we buy Netia?

Valuable infrastructure
Complementary broadband technology, extensive backbone provides higher flexibility in further development of telecommunication network

Attractive customer base
Potential for upselling products on the B2C market, significant strengthening of competitive position on the B2B market

Completely new market
Existing wireline access network already reaching several dozen of the biggest cities in Poland
Cost-efficient combining of wireline and wireless technologies

- Netia’s extensive fiber network allows for selective connecting of new households but also for cost-efficient expansion of transmission capabilities of our mobile technologies.
- The final decision regarding the technologies to be employed locally depends in each case on the potential of a given market and its competitive situation, as well as the cost analysis.

Olkusz (36k inhabitants, 8.5k homes passed)

- Negative NPV for the new HPs; deployment of LTE2600
- HP area increase to be contemplated
Netia’s access network reaches ca. 180 cities in Poland

- With >2.5 million homes passed, Netia’s access network reaches a quarter of towns and cities in Poland
- Current level of commercialization of Netia’s B2C broadband infrastructure is only 15%\(^2\), while selected cable operators reach 50%
- The challenges that Netia faced in the past was its relatively small distribution network (ca. 40 POS’s, only in big cities) as well as very limited marketing activity

Source: Netia
Note: (1) Includes towns and places where Netia’s own access infrastructure reaches at least 100 locations (Homes Passed).
(2) The ratio of broadband Internet access services offered on the basis of own infrastructure to the number of Homes Passed.
Polsat’s extensive distribution and advertising potential helps in better monetization of Netia’s network.
Netia’s infrastructure provides us with access to a completely new market.
We have identified nearly 100 detailed initiatives

- **CP Group team**
  - 74 initiatives have been verified and priced
  - Responsibilities have been assigned
    - CP Group employees
    - Netia employees

- **Netia team**
  - 23 initiatives have been submitted → analysis and verification of their potential is in progress

**Steering Committee**

**Program Office**

⇒ regular monitoring
First positive effects of synergy effects already visible in Netia’s KPI’s

**On-net broadband penetration change**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Number of broadband on-net services</th>
<th>Penetration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>03.2017</td>
<td>379</td>
<td>14.87%</td>
</tr>
<tr>
<td>06.2017</td>
<td>376</td>
<td>14.74%</td>
</tr>
<tr>
<td>09.2017</td>
<td>372</td>
<td>14.59%</td>
</tr>
<tr>
<td>12.2017</td>
<td>371</td>
<td>14.53%</td>
</tr>
<tr>
<td>03.2018</td>
<td>370</td>
<td>14.51%</td>
</tr>
<tr>
<td>06.2018</td>
<td>369</td>
<td>14.45%</td>
</tr>
<tr>
<td>09.2018</td>
<td>370</td>
<td>14.52%</td>
</tr>
<tr>
<td>12.2018</td>
<td>376</td>
<td>14.73%</td>
</tr>
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</table>

**TV services**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Number of TV services ('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2017</td>
<td>186</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>192</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>196</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>202</td>
</tr>
<tr>
<td>Q4 2018</td>
<td>210</td>
</tr>
</tbody>
</table>

Source: Netia

Note: (1) Based on 2.55m HP in range that Netia communicated at the moment of „21 Century Network Project” start
We confirm the potential synergies in the amount of PLN 800 million (2018-2023)

**Revenue**
- Extension of smartDOM offer to include FTTH/DOCSIS
- Mutual upselling of products and services to B2C and B2B bases
- Improved efficiency of Netia’s sales by exploiting CP POS network
- VAS and new products offered by the Group, e.g. IPTV

**Operating expenses**
- Taking advantage of the economies of scale to optimize the content costs
- Higher efficiency of marketing activities
- Optimization of sales, customer care and customer retention costs
- Reduction of the number of POS’s (overlap)
- Reduction of technical costs, including the cost of wholesale access to external infrastructure and MVNO-related costs
- Integration of technical and IT departments
- Other, including back office

**CAPEX**
- Own production of set-top boxes, modems and routers
- Exploiting the negotiating power of the two companies
- Efficient investments into further development of the telecommunication network

**Synergies at EBITDA level**
- **Original estimates**
  - CAPEX synergies: min PLN 250m
  - Synergies at EBITDA level: of ca. PLN 550m
- **Revised estimates**
  - CAPEX synergies: of ca. PLN 200m
  - Synergies at EBITDA level: of ca. PLN 600m
Our frequencies and CAPEX profile
# Stable, favorable competitive position

Currently used for TV Broadcasting

**FUTURE 5G SPECTRUM**

<table>
<thead>
<tr>
<th>Band</th>
<th>Capacity</th>
<th>Duration</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>700 MHz</td>
<td>30 MHz</td>
<td></td>
<td></td>
</tr>
<tr>
<td>800 MHz</td>
<td>30 MHz</td>
<td></td>
<td></td>
</tr>
<tr>
<td>900 MHz</td>
<td>35 MHz</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1800 MHz</td>
<td>73.4 MHz</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2100 MHz</td>
<td>60 MHz</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.5-2.6 GHz</td>
<td>120 MHz</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4-3.6 GHz</td>
<td>200 MHz</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6-3.8 GHz</td>
<td>200 MHz</td>
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</tr>
</tbody>
</table>

**Currently used for TV Broadcasting**

**FUTURE 5G SPECTRUM (TDD)**

Partly allocated (per commune not countrywide); extremely fragmented

<table>
<thead>
<tr>
<th>Capacity</th>
<th>Duration</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 MHz TDD</td>
<td>31.12.2024</td>
<td>LTE</td>
</tr>
<tr>
<td>15 MHz</td>
<td>31.12.2027</td>
<td>2G/LTE</td>
</tr>
<tr>
<td>15 MHz</td>
<td>31.12.2028</td>
<td>2G/LTE</td>
</tr>
<tr>
<td>20 MHz</td>
<td>31.12.2030</td>
<td>2G/LTE</td>
</tr>
</tbody>
</table>

Source: UKE, own expertise

Only main frequencies are presented (excluding: Polkomtel’s 2.5MHz 420MHz, each of the 4 biggest MNO’s 5MHz 2100MHz TDD)
Capex potentially to go up to 11% of revenue in 2019 onwards

Cash CAPEX and guidance

<table>
<thead>
<tr>
<th>Year</th>
<th>(PLNm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>690</td>
</tr>
<tr>
<td>2015</td>
<td>811</td>
</tr>
<tr>
<td>2016</td>
<td>598</td>
</tr>
<tr>
<td>2017</td>
<td>739</td>
</tr>
<tr>
<td>2018</td>
<td>928</td>
</tr>
</tbody>
</table>

CAPEX decomposition in 2018

- Network: 52%
- UMTS annual fee
- 2.6GHz purchase
- 1.8GHz renewal
- CAPEX related to media business: 6%
- Administration and other expenditures: 8%
- IT: 35%

Frequencies related payments

<table>
<thead>
<tr>
<th>Year</th>
<th>(PLNm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>117</td>
</tr>
<tr>
<td>2015</td>
<td>119</td>
</tr>
<tr>
<td>2016</td>
<td>156</td>
</tr>
<tr>
<td>2017</td>
<td>121</td>
</tr>
<tr>
<td>2018</td>
<td>120</td>
</tr>
</tbody>
</table>

Source: 2014-2016 pro forma with Aero2
Long-term business performance trends
More than 30% of our customers use multiplay offers, which translates to further churn ratio decrease

- Consistent implementation of our multiplay strategy results in a stable increase in the number of bundled services customers by 285K YoY
- The number of RGUs owned by these customers increased to 5.38m
- A record low churn level – mainly due to our multiplay strategy
Multiplay supports the continuous growth of the number of services and ARPU

Contract RGUs EOP

Contract ARPU (PLN)

Nota: (1) ARPU calculated according to applicable accounting standard IAS 18
TV Polsat successfully monetizes its strong viewership results

Source: audience share: NAM, All 16-49, all day, SHR%; ad market share: revenue from advertising and sponsoring of TV Polsat Group according to Starcom’s definition; internal analysis

Note: (1) excluding partnership channels: Polsat Viasat Explore, Polsat Viasat Nature, Polsat Viasat History, JimJam, CI Polsat
(2) 2017-2018 - pro forma, TVN Group channels and Discovery Networks Europe; 2012-2016 – TVN Group
2018 operational performance

a. Broadcasting and TV production
**Viewership of our channels in 2018**

- Polsat Group’s viewership in line with its long-term strategy

### Audience shares\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main channels</strong></td>
<td>11.4%</td>
<td>12.2%</td>
<td>6.9%</td>
<td>6.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12.9%</td>
<td>14.9%</td>
<td>7.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Thematic channels</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Dynamics of audience share results\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Polsat Group</strong></td>
<td>23.9%</td>
<td>24.3%</td>
<td>27.1%</td>
<td>27.1%</td>
<td>20.5%</td>
<td>21.4%</td>
<td>18.1%</td>
<td>17.7%</td>
<td>10.4%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

**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 and Superstacja (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
Revenue from TV advertising and sponsorship generated by Polsat Group grew in line with the television advertising and sponsorship market.

As a result, our share in the TV advertising and sponsorship market reached 27.2%.

Source: Starcom, spot advertising and sponsorship; TV Polsat; internal analysis
Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Starcom’s definition.
2018 operational performance

b. Services to individual and business customers
More than 30% of our customers use multiplay offers, which translates to further churn ratio decrease

- Consistent implementation of our multiplay strategy results in a stable increase in the number of bundled services customers by 285K YoY
- The number of RGUs owned by these customers increased to 5.38m
- A record low churn level – mainly due to our multiplay strategy

![Number of multiplay customers graph](chart.png)

![Churn graph](chart2.png)
The number of contract services increased by over 200K in Q4’18 alone

• An increase in the number of contract services by 574K YoY
• 413K 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)
• Stable base of mobile Internet services
Strong growth of ARPU thanks to the consistent implementation of the multiplay strategy

• ARPU increase by 2.6% 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, stable prepaid ARPU

- The base of prepaid services remained under the influence of seasonal factors and the decision to sell the a2mobile brand
- a2mobile customers continue using Polkomtel’s network and generate wholesale revenues (not included in the reported KPIs)
- High and stable ARPU level

![ARPU Chart](chart.png)

- Pay TV
- Internet
- Mobile telephony

<table>
<thead>
<tr>
<th></th>
<th>Q4'17</th>
<th>Q3'18</th>
<th>Q4'18</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARPU in PLN</td>
<td>20.1</td>
<td>20.8</td>
<td>20.3</td>
</tr>
</tbody>
</table>

+1.0%
2018 financial results
Results of the Group in 2018
Based on currently applicable IFRS 15 standard and incl. Netia Group’s results

**Revenue**
- 2017: 9,664
- 2018: 10,686
- Increase: +10.6%

**EBITDA**
- 2017: 3,453
- 2018: 3,698
- Increase: +7.1%

**LTM FCF**
- 2017: 1,688
- 2018: 1,495
- Decrease: -11.5%

**Net debt/EBITDA LTM**
- 2017: 2.91x
- 2018: 2.73x

Source: Consolidated financial statements for the year ended December 31, 2018 and own estimates relating to 2017
Note: Netia S.A. consolidated as of May 22, 2018

incl. Netia PLN +223m
Dynamic development of the revenue stream
Based on currently applicable IFRS 15 standard and incl. Netia Group’s results

Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (mPLN)</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Q1</td>
<td>9,664</td>
<td></td>
</tr>
<tr>
<td>2017 Q2</td>
<td>+14</td>
<td>+182</td>
</tr>
<tr>
<td>2017 Q3</td>
<td></td>
<td>+384</td>
</tr>
<tr>
<td>2017 Q4</td>
<td></td>
<td>+442</td>
</tr>
<tr>
<td>2018</td>
<td>10,686</td>
<td>+11% +1,022 m</td>
</tr>
</tbody>
</table>

Source: Consolidated financial statements for the year ended December 31, 2018 and internal analysis
EBITDA built as a result of organic growth and positive contribution from acquisition projects

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

EBITDA

<table>
<thead>
<tr>
<th>(m PLN)</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>EBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,453</td>
<td>36%</td>
<td>+17</td>
<td>+31</td>
<td>+109</td>
<td>+88</td>
</tr>
<tr>
<td>3,698</td>
<td>35%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**YoY change**
+7%
+245m

- Netia consolidation
- Eleven Sports Network consolidation
- Polsat Sport Premium sales start

Source: Consolidated financial statements for the year ended December 31, 2018 and internal analysis
Stable, strong cash flow generated in Q4'18

<table>
<thead>
<tr>
<th>mPLN</th>
<th>Q4'18</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operating activities</td>
<td>939</td>
<td>2,915</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>-638</td>
<td>-1,836</td>
</tr>
<tr>
<td>Payment of interest on loans, borrowings, bonds, finance lease and commissions</td>
<td>-76</td>
<td>-419</td>
</tr>
<tr>
<td><strong>FCF after interest</strong></td>
<td>225</td>
<td>660</td>
</tr>
<tr>
<td>Acquisition of stakes/shares</td>
<td>339</td>
<td>809</td>
</tr>
<tr>
<td>One-off financing costs</td>
<td>-</td>
<td>26</td>
</tr>
<tr>
<td><strong>Adjusted FCF after interest</strong></td>
<td>564</td>
<td>1,495</td>
</tr>
</tbody>
</table>

**Adjusted FCF after interest**

- Increase in short-term liabilities
- Decrease in short-term liabilities
- Increase in the level of inventory
- EBITDA increase
- UMTS fee
- Coupon for CP bonds
- Higher CAPEX

<table>
<thead>
<tr>
<th></th>
<th>Q4'17</th>
<th>Q1'18</th>
<th>Q2'18</th>
<th>Q3'18</th>
<th>Q4'18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LTM PLN 1,495 m</strong></td>
<td>578</td>
<td>275</td>
<td>394</td>
<td>261</td>
<td>564</td>
</tr>
</tbody>
</table>

Source: Consolidated financial statements for the year ended December 31, 2018 and internal analysis
Stable cash resources despite intensive investments and acquisitions

FCF 2018: PLN 1,495 m

- Cash and cash equivalents at the beginning of the period: 1,172.0 m
- Net cash from operating activities: +2,915.1 m
- Net cash used in investing activities: -1,027.0 m
- Payment of interest on loans, borrowings, bonds, finance lease and commissions: -419.0 m
- Acquisition of stakes/shares: -808.5 m
- Repayment of loans and borrowings: -1,282.2 m
- Loans and borrowings inflows: +635.3 m
- Other: -7.0 m
- Cash and cash equivalents at the end of the period: 1,178.7 m

Source: Consolidated financial statements for the year ended December 31, 2018 and internal analysis
Note: (1) Expenses on the acquisition of property, plant and equipment and intangible assets
(2) Excluding „Acquisition of stakes/shares”
# The Group’s debt

<table>
<thead>
<tr>
<th>mPLN</th>
<th>Carrying amount as at 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined Term Facility</td>
<td>9,599</td>
</tr>
<tr>
<td>Revolving Facility Loan</td>
<td>600</td>
</tr>
<tr>
<td>Series A Notes</td>
<td>1,018</td>
</tr>
<tr>
<td>Leasing and other</td>
<td>42</td>
</tr>
<tr>
<td><strong>Gross debt</strong></td>
<td><strong>11,259</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents&lt;sup&gt;1&lt;/sup&gt;</td>
<td>(1,179)</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td><strong>10,080</strong></td>
</tr>
<tr>
<td>EBITDA LTM&lt;sup&gt;2&lt;/sup&gt;</td>
<td>3,698</td>
</tr>
<tr>
<td><strong>Total net debt / EBITDA LTM</strong></td>
<td><strong>2.73x</strong></td>
</tr>
<tr>
<td>Weighted average interest cost&lt;sup&gt;3&lt;/sup&gt;</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

<sup>1</sup> This item comprises cash and cash equivalents, including restricted cash, as well as short-term deposits.

<sup>2</sup> In accordance with the requirements of the Combined SFA, EBITDA LTM includes the EBITDA figures calculated according to IFRS 15. In parallel, the definition adopted under the Combined SFA excludes the impact of the introduction of IFRS 16, which will become binding starting from January 1, 2019. The above exclusion concerns both the calculation of EBITDA LTM and the calculation of debt.

<sup>3</sup> Prospective average weighted interest cost of the Combined SFA (including the Revolving Facility Loan) and the Series A Notes, excluding hedging instruments, as at December 31, 2018 assuming WIBOR 1M of 1.64% and WIBOR 6M of 1.79%.

<sup>4</sup> Nominal value of the indebtedness as at December 31, 2018 (excluding the Revolving Facility Loan and leasing).

---

**Debt structure**

- **by instrument type**
  - Notes 10%
  - Banking debt 90%

- **by currency**
  - PLN 100%

**Debt maturing profile**

<table>
<thead>
<tr>
<th>(mPLN)</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amended Combined SFA</strong></td>
<td>1,018</td>
<td>1,018</td>
<td>2,018</td>
<td>6,627</td>
</tr>
<tr>
<td><strong>Series A Notes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

Source: Consolidated financial statements for the year ended December 31, 2018 and internal analysis
Additional information
## Shareholding structure

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of shares</th>
<th>% of shares</th>
<th>Number of votes</th>
<th>% of votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zygmunt Solorz, through</td>
<td>366,720,780</td>
<td>57.34%</td>
<td>540,267,031</td>
<td>65.97%</td>
</tr>
<tr>
<td>Reddev Investments Limited</td>
<td>298,656,832</td>
<td>46.70%</td>
<td>472,203,153</td>
<td>57.66%</td>
</tr>
<tr>
<td>Embud2 Sp. z o.o. Sp. K.A.</td>
<td>58,000,000</td>
<td>9.07%</td>
<td>58,000,000</td>
<td>7.08%</td>
</tr>
<tr>
<td>Karswell Limited</td>
<td>10,000,000</td>
<td>1.56%</td>
<td>10,000,000</td>
<td>1.22%</td>
</tr>
<tr>
<td>Argumenol Investment Company Limited</td>
<td>63,948</td>
<td>0.01%</td>
<td>63,948</td>
<td>0.01%</td>
</tr>
<tr>
<td>Others</td>
<td>272,825,236</td>
<td>42.66%</td>
<td>278,696,486</td>
<td>34.03%</td>
</tr>
<tr>
<td>Total</td>
<td>639,546,016</td>
<td>100.00%</td>
<td>818,963,517</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Note: As at April 26, 2018
## KPIs – retail customer services

### CONTRACT SERVICES

<table>
<thead>
<tr>
<th>SEGMENT OF SERVICES TO INDIVIDUAL AND BUSINESS CUSTOMERS(1)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of RGUs(2) (contract + prepaid)</td>
<td>16,531,833</td>
<td>16,216,128</td>
<td>16,522,597</td>
</tr>
<tr>
<td><strong>Total number of PREPAID SERVICES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RGU saturation per one churn</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of customers</strong></td>
<td>5,893,225</td>
<td>5,872,150</td>
<td>5,787,154</td>
</tr>
<tr>
<td><strong>ARPU per customer</strong>(3) acc. to IFRS 15 (PLN)</td>
<td>87.0</td>
<td>88.1</td>
<td>90.7</td>
</tr>
<tr>
<td><strong>ARPU per customer</strong>(3) acc. to IAS 18 (PLN)</td>
<td>88.7</td>
<td>89.1</td>
<td>90.9</td>
</tr>
<tr>
<td><strong>Churn per customer</strong>(4)</td>
<td>9.8%</td>
<td>9.6%</td>
<td>9.7%</td>
</tr>
<tr>
<td><strong>RGU saturation per one customer</strong></td>
<td>2.20</td>
<td>2.22</td>
<td>2.25</td>
</tr>
</tbody>
</table>

### PREPAID SERVICES

<table>
<thead>
<tr>
<th>SEGMENT OF SERVICES TO INDIVIDUAL AND BUSINESS CUSTOMERS(1)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of RGUs, including:</td>
<td>3,787,667</td>
<td>3,270,338</td>
<td>3,270,338</td>
</tr>
<tr>
<td><strong>Total number of CONTRACT SERVICES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total number of RGUs, including:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pay TV</strong></td>
<td>35,754</td>
<td>79,306</td>
<td>79,306</td>
</tr>
<tr>
<td><strong>Mobile telephony</strong></td>
<td>3,495,733</td>
<td>2,972,443</td>
<td>2,972,443</td>
</tr>
<tr>
<td><strong>Internet</strong></td>
<td>256,180</td>
<td>218,589</td>
<td>218,589</td>
</tr>
<tr>
<td><strong>ARPU per total prepaid RGU</strong>(5) (PLN)</td>
<td>17.7</td>
<td>18.6</td>
<td>19.9</td>
</tr>
</tbody>
</table>

---

1) Customer - natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a contract model.
2) RGU (revenue generating unit) - single, active service of pay TV, Internet Access or mobile telephony provided in contract or prepaid model.
3) ARPU per customer - average monthly revenue per customer generated in a given settlement period (including interconnect revenue).
4) Churn - termination of the contract with Customer by means of the termination notice, collections or other activities resulting in the situation that after termination of the contract the Customer does not have any active service provided in the contract model. Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of the termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.
5) ARPU per total prepaid RGU - average monthly revenue per prepaid RGU generated in a given settlement period (including interconnect revenue).
## Key financial data

<table>
<thead>
<tr>
<th>mPLN</th>
<th>2017</th>
<th>2018¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Revenue</td>
<td>2,388.6</td>
<td>2,469.9</td>
</tr>
<tr>
<td>Retail revenue</td>
<td>1,542.7</td>
<td>1,533.3</td>
</tr>
<tr>
<td>Wholesale revenue</td>
<td>562.1</td>
<td>652.3</td>
</tr>
<tr>
<td>Sale of equipment</td>
<td>248.6</td>
<td>243.3</td>
</tr>
<tr>
<td>Other revenue</td>
<td>35.2</td>
<td>41.0</td>
</tr>
<tr>
<td>Operating costs</td>
<td>-1,938.2</td>
<td>-1,962.8</td>
</tr>
<tr>
<td>Technical costs and cost of settlements with telecommunication operators</td>
<td>-468.2</td>
<td>-483.5</td>
</tr>
<tr>
<td>Depreciation, amortization, impairment and liquidation</td>
<td>-472.3</td>
<td>-446.7</td>
</tr>
<tr>
<td>Cost of equipment sold</td>
<td>-323.6</td>
<td>-318.8</td>
</tr>
<tr>
<td>Content costs</td>
<td>-264.3</td>
<td>-298.4</td>
</tr>
<tr>
<td>Distribution, marketing, customer relation management and retention costs</td>
<td>-211.1</td>
<td>-215.9</td>
</tr>
<tr>
<td>Salaries and employee-related costs</td>
<td>-127.8</td>
<td>-133.7</td>
</tr>
<tr>
<td>Cost of debt collection services and bad debt allowance and receivables written off</td>
<td>-19.3</td>
<td>-16.3</td>
</tr>
<tr>
<td>Other costs</td>
<td>-51.6</td>
<td>-49.5</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td>6.8</td>
<td>9.9</td>
</tr>
<tr>
<td>Net profit from operating activities</td>
<td>457.2</td>
<td>517.0</td>
</tr>
<tr>
<td>Gain/loss on investment activities, net</td>
<td>30.5</td>
<td>-14.4</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-185.5</td>
<td>-113.3</td>
</tr>
<tr>
<td>Share of the profit of associates accounted for using the equity method</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Gross profit for the period</td>
<td>302.2</td>
<td>389.3</td>
</tr>
<tr>
<td>Income tax</td>
<td>-30.8</td>
<td>-107.6</td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>271.4</td>
<td>281.7</td>
</tr>
<tr>
<td>EBITDA</td>
<td>929.5</td>
<td>963.7</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>38.9%</td>
<td>39.0%</td>
</tr>
</tbody>
</table>

Note: 1) Data presented in accordance with IAS 18 standard - they do not include the impact of the standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, applicable from January 1, 2018.
### Glossary

<table>
<thead>
<tr>
<th><strong>RGU (Revenue Generating Unit)</strong></th>
<th>Single, active service of pay TV, Internet Access or mobile telephony provided in contract or prepaid model.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer</strong></td>
<td>Natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a <strong>contract model</strong>.</td>
</tr>
<tr>
<td><strong>Contract ARPU</strong></td>
<td>Average monthly revenue per <strong>Customer</strong> generated in a given settlement period (including interconnect revenue).</td>
</tr>
<tr>
<td><strong>Prepaid ARPU</strong></td>
<td>Average monthly revenue per <strong>prepaid RGU</strong> generated in a given settlement period (including interconnect revenue).</td>
</tr>
</tbody>
</table>
| **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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