Structure of new financing of Polsat Group

September 22nd, 2015

Cyfrowy Polsat S.A. Capital Group
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Contents

1. Refinancing in a broader context
2. Key parameters of the new financing
3. Short-term impact
4. Summary
5. Q&A
1. Refinancing in a broader context
Multiple external factors and Polsat Group’s internal activities supported refinancing...

**Favourable macro perspectives for Poland**

- Historically low local interest rates and stable EUR/PLN rate
  - High appetite of financial institutions for corporate debt
    - high liquidity in the Polish banking sector
    - a demand for corporate bonds after regulatory changes relating to pension funds
    - favourable perception built by Polish corporates on EUR/USD bonds markets

**Strong relations between Polsat Group and financial institutions**

- continued cooperation with local banking sector
- ongoing communication with bondholders and rating agencies
- consistent deleveraging policy

**Source:** GUS, Eurostat, NBP
...nevertheless broader environment was a major source of risks for the project

Sizeable weakening of EUR and PLN against USD

February 2015 – a launch of still unfinished 800/2600MHz auction

July 2015 – Greek referendum in the investors’ spotlight

August 2015 – China slow down exerts negative pressure on financial markets

Source: NBP
Refinancing will be fully finalized in January 2016

- Beginning of preliminary analyses regarding refinancing of the entire existing debt
- Issuance of unsecured CP bonds
- Scheduled drawing PLN 4.8 bn of the New SFA
- Scheduled redemption of PLK USD/EUR HY Notes
- Scheduled finalization of the refinancing process

April 2015

- Commencing negotiations with financing institutions regarding conclusion of new senior term loans

June 2015

- Conclusion of the New Senior Facilities Agreements
- Drawing PLN 6.7 bn of the New SFA
- Full repayment of the old CP & PLK SFAs

September 2015

July 2015

January 2016
Historically largest corporate financing in the Polish zloty

Source: own study based on Thomson Reuters
### Broad consortium of financial institutions involved in the New SFA

**Borrowers**

- Bank Polski
- Bank Zachodni WBK
- ING
- Societe Generale
- Corporate & Investment Banking
- PZU
- BNP Paribas
- Bank Pekao
- Credit Agricole
- DNB
- Raiffeisen
- POLBANK
- HSBC
- Goldman Sachs
- Citi
- Handlowy
- MFG
- CaixaBank
- ERSTE Group
- Deutsche Bank

**Legal and financial advisors**

- GT Greenberg Traurig
- Trigon

**Consortium of 20 financial institutions**

**Global coordinators**

- Bank Polski
- Bank Zachodni WBK
- ING
- Societe Generale
- Corporate & Investment Banking

**Remaining entities within the consortium**

- PZU
- BNP Paribas
- Bank Pekao
- Credit Agricole
- DNB
- Raiffeisen
- POLBANK
- HSBC
- Goldman Sachs
- Citi
- Handlowy
- MFG
- CaixaBank
- ERSTE Group
- Deutsche Bank
2. Key parameters of the new financing
Key parameters of the new financing

<table>
<thead>
<tr>
<th></th>
<th>New SFA</th>
<th>Series A Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nominal / Currency</strong></td>
<td>PLN 11.5 bn + PLN 1 bn (RCF)</td>
<td>PLN 1 bn</td>
</tr>
<tr>
<td><strong>Tenure</strong></td>
<td>5 years, partly amortized</td>
<td>6 years, bullet repayment</td>
</tr>
<tr>
<td><strong>Borrowers / Issuer</strong></td>
<td>Cyfrowy Polsat, Polkomtel</td>
<td>Cyfrowy Polsat</td>
</tr>
<tr>
<td><strong>Interest / Coupon</strong></td>
<td>WIBOR + margin dependent on leverage ratio</td>
<td>WIBOR + 250bps margin step-up if leverage ratio &gt;3.5x</td>
</tr>
<tr>
<td><strong>Interest period</strong></td>
<td>Quarterly(^{(1)})</td>
<td>Semi-annual (January/July)</td>
</tr>
<tr>
<td><strong>Security</strong></td>
<td>Secured (as long as leverage &gt;1.75x)</td>
<td>Unsecured</td>
</tr>
</tbody>
</table>
| **Financial covenants** | Leverage secured <3.5x  
Total leverage <4.2x  
Interest cover >2.0x  
Debt service cover >1.2x | Leverage ratio <4.5x  
Interest cover >1.5x |

Note: (1) With an option to pay in monthly or semi-annual periods.
## New vs old financing comparison

<table>
<thead>
<tr>
<th></th>
<th>Old financing</th>
<th>New financing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lowered blended interest cost</strong></td>
<td>6.6%</td>
<td>3.6%</td>
</tr>
<tr>
<td><strong>Improved currency structure</strong></td>
<td>19% EUR, 15% USD, 66% PLN</td>
<td>100% PLN</td>
</tr>
<tr>
<td><strong>Increased RCF</strong></td>
<td>PLN 500 mln (CP) + PLN 300 mln (PLK)</td>
<td>PLN 1 bn (CP+PLK)</td>
</tr>
<tr>
<td><strong>Diversification of financing sources</strong></td>
<td>banks + EUR/USD bond investors</td>
<td>banks + PLN bond investors</td>
</tr>
<tr>
<td><strong>Unification of covenants</strong></td>
<td>2 divergent sets of covenants for CP and PLK</td>
<td>one common set of covenants</td>
</tr>
<tr>
<td><strong>Limitation of security packages</strong></td>
<td>broad list of securities; separate packages regarding CP and PLK</td>
<td>limited and unified list of securities, potentially securities to be released once leverage &lt;1.75x</td>
</tr>
<tr>
<td><strong>Increased operating and financial flexibility for the Group</strong></td>
<td>separated credit pools, limited cash flows among companies of Polsat Group</td>
<td>ease of cash transfers within the Group</td>
</tr>
<tr>
<td><strong>Increased flexibility regarding potential future indebtedness</strong></td>
<td>limited possibilities of drawing new financing</td>
<td>&quot;evergreen&quot; structure</td>
</tr>
<tr>
<td><strong>Increased flexibility regarding potential future investments</strong></td>
<td>highly limited baskets for investments</td>
<td>significantly bigger baskets for investments</td>
</tr>
<tr>
<td><strong>Impact on credit ratings</strong></td>
<td>ratings under pressure of numerous limitations resulting from separated debt pools</td>
<td>increased flexibility and decreased interest cost expected to support perspective of ratings</td>
</tr>
</tbody>
</table>
Modification of the indebtedness structure will be executed in 2 steps

<table>
<thead>
<tr>
<th>end of 2Q’15</th>
<th>intermediate (3-4Q’15)</th>
<th>after refinancing (1Q’16 onwards)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PLN mln</td>
<td>nominal value</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CP Group (excl. PLK)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SFA (PLN)</td>
<td>2,178</td>
<td></td>
</tr>
<tr>
<td>RCF</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>PLK Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SFA (PLN)</td>
<td>6,020</td>
<td></td>
</tr>
<tr>
<td>RCF</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>PLK High Yield Notes EUR(^{1}/)USD(^{2})</td>
<td>4,158</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interim condensed consolidated financial statements for the 3 and 6 month periods ended 30 June 2015 and internal analysis

Note: (1) Nominal value of PLK Senior Notes of EUR 542.5 m, as converted based on the average NBP exchange rate from 30 June 2015 of 4.1944 PLN/EUR.
(2) Nominal value of PLK Senior Notes of PLK USD 500 m, as converted based on the average NBP exchange rate from 30 June 2015 of 3.7645 PLN/USD.
(3) After repayment scheduled for 31 March 2016.
Final effects of the refinancing surpassed our initial assumptions

Reduction of blended interest cost\(^{(1)}\)

Interest savings\(^{(2)}\)

Note: (1) Concerns blended costs of CP Group and PLK Group indebtedness, applying current WIBOR rates.
(2) Based on initial nominal of PLN 12.5 bn and leverage ratio as reported at 30 June 2015.

approx. PLN 380 mln per annum
Margin grid promotes further deleveraging of Polsat Group

Margins in reference to leverage level\(^{(1)}\)

Note: (1) Leverage ratio is tested on a quarterly basis, new margin set after a change of leverage level is reported (no backwards corrections implemented).
Ordered maturity profile of the new indebtedness

Old debt maturity profile\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value (PLN mln)</td>
<td>228</td>
<td>1,264</td>
<td>1,114</td>
<td>3,666</td>
<td>1,926</td>
<td>4,158</td>
</tr>
</tbody>
</table>

New debt maturity profile\(^2\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value (PLN mln)</td>
<td>858</td>
<td>963</td>
<td>1,068</td>
<td>1,173</td>
<td>7,439</td>
<td>1,000</td>
</tr>
</tbody>
</table>

- Extended maturity of the new financing guarantees increased flexibility for further development
- At the same time the New SFA guarantees full flexibility in reference to voluntary prepayments

Note: (1) Nominal value of the debt, excl. RCF as at 1H'15.
(2) Nominal value of the debt, after finalization of the refinancing and HY Notes redemption.
3. Short-term impact
One-offs relating to the refinancing

<table>
<thead>
<tr>
<th>PLN mln</th>
<th>P&amp;L impact</th>
<th>CF impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write-off of HY Notes valuation surplus(^{(1)})</td>
<td>+780</td>
<td>3Q 2015</td>
</tr>
<tr>
<td>Recognition of HY Notes call option cost(^{(2)})</td>
<td>-242</td>
<td>3Q 2015</td>
</tr>
<tr>
<td>Write-off of old SFAs organization costs</td>
<td>-66</td>
<td>3Q 2015</td>
</tr>
</tbody>
</table>

Notes:
1. 3Q 2015 write-off as presented includes most of existing surplus in HY Notes valuation to fair value at the moment of Metelem acquisition, while remaining part will be recognized through P&L until the date of the HY Notes redemption;
2. An equivalent of 5.875\% of the nominal value of EUR Notes and 5.813\% of USD Notes, converted based on 4.1994 and 3.7315, respectively, per PLN exchange rates; subject to change according to future f/x fluctuations.
Interest payments schedule for 2016-2017

- HY interest
- New SFA interest
- CP Bonds interest

(PLN mln)
4. Summary
Summary

- The biggest so far fully PLN based corporate refinancing in Poland
- Noticeable increase in flexibility relating to both operational activities, as well as further development
- Significantly increased potential for generating FCF as a consequence of PLN 380 mln per annum reduced interest costs
- Continued deleveraging policy
5. Q&A
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