Cyfrowy Polsat Group
Credit Agricole, 8th Annual Global High Yield Conference

11th March 2015, London

Cyfrowy Polsat S.A. Capital Group
Disclaimer

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As consolidation of the results of Metelem Holding Company Limited, the company indirectly controlling Polkomtel, started from 7 May 2014, the Company has decided to adjust the method of presentation of its operational data so as to align it with the new structure and mode of operation of our Group. The presentation contains the new set of key performance indicators (KPI’s), covering our operations in the fields of telecommunications and pay TV. The operational indicators from before that period are only of informational nature and they demonstrate the impact that Metelem Group’s operational performance, Polkomtel’s results in particular, would have the Group’s operational results, had Metelem Group been part of Polsat Group during these periods. The KPI’s are illustrative only and due to their nature they only present a hypothetical situation, hence they do not present the Group’s actual operational results for specific periods.
Contents

1. Who we are
2. Our market strategy
3. Renegotiation of the agreement with Midas
4. Operational performance
5. Financial results
6. Objectives for 2015
1. Who we are
Who we are

We are one of the largest Polish companies and a leading media and telecommunications group in the region

Polsat Group

Poland’s largest and Europe’s fourth largest satellite platform

One of the leading mobile networks in Poland and the leader in implementing innovative solutions

Leading commercial broadcaster in Poland in terms of both audience and advertising market shares

Leader of the online video market in Poland
Pay-TV and telecommunication

• Leader among all pay-TV operators both in terms of the number of subscribers and profitability
• Leading market share in contracted subscribers in the telco segment – and again most profitable telecom in Poland
• Focus on retail customers and mass market products in both pay-TV and telco business

Pay-TV market in Poland
% share in the total number of paying subscribers
- Cable operators 42%
- IPTV 3%
- Other DTH operators 23%

Mobile market in Poland
share of contracted SIM cards
- Play 20.6%
- T-Mobile 24.1%
- Orange 27.2%
- Plus 28.1%

Note: As of end of 2014, own estimates based on data published by other operators.
TV broadcasting and video online

- Portfolio of 26 channels, providing us with 23.7% audience share
- Strong position on the TV ad market, with 25.1% market share
- IPLA – our own online video platform, with 4.3m users in 2014

**TV ad market share**

- Polsat Group 25.1%
- Others 74.9%

**Audience share**

- Polsat Group 23.7%
- TVN Group 22.0%
- CabSat 21.9%
- Other DTT 8.3%
- Others 74.9%

Source: NAM, All 16-49, all day, SHR%, 2014; Starlink, airtime and sponsoring; TV Polsat internal analysis; IPLA – internal analysis, average number of unique users of the IPLA website/application
Leader of wireless broadband market

1. The biggest LTE network coverage – 80% of population

2. 800 MHz LTE coverage to be offered soon

3. Power LTE – real competition for fixed-line Internet access
## Unique offering

<table>
<thead>
<tr>
<th></th>
<th>NC+</th>
<th>UPC</th>
<th>T-</th>
<th>Orange</th>
<th>PLAY</th>
<th>Plus</th>
<th>Cyfrogmy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key content</strong></td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>X</td>
<td>-</td>
</tr>
<tr>
<td><strong>Smartphones</strong></td>
<td>-</td>
<td>-</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>-</td>
<td>X</td>
</tr>
<tr>
<td><strong>Video</strong></td>
<td>X</td>
<td>X</td>
<td>-</td>
<td>X</td>
<td>-</td>
<td>X</td>
<td>-</td>
</tr>
<tr>
<td><strong>Broadband</strong></td>
<td>-</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Voice</strong></td>
<td>-</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>-</td>
<td>X</td>
</tr>
</tbody>
</table>

### In-Home
- **Video**
- **Broadband**
- **Voice**

### Out-of-Home
- **Video**
- **Broadband**
- **Voice**

Source: Operator’s websites; products and services provided with its own infrastructure, or using MVNO model.
Our Key Performance Indicators

6.1m contract customers

2.01 RGU per customer

PLN 87.2 ARPU per customer

16.5m RGU

12.3m contract services

4.1m prepaid services

10.4m telephony

4.5m pay TV

1.6m Internet

24.5% audience share

24.8% ad market share
Our 2014 financials (pro forma)

**PLN 9,705m**
Revenue

**PLN 3,787m**
EBITDA

39.0%
EBITDA margin

**PLN 1,173m**
FCF after interest

3.0x
Net debt/EBITDA
Largest listed TMT Group on WSE

Source: 1) stooq.pl, as of March 6, 2015
2. Our market strategy
Our strategy

- Utilizing the potential of the largest customer base in Poland and unique portfolio of products and services
- Multiplay strategy was the foundation of sales synergies estimated at a total of PLN 2bn until the end of 2019
Multiplay offer based on simple communication

- Pay-TV, mobile telephony and Internet – all services bundled under smartDOM offer
- smartDOM offer is now available to both existing and new customers of the Group
- A simple and flexible mechanism which offers clear benefits to customers contracting additional services offered by the Group
- The program was recently extended with a dedicated offer for business customers: smartFIRMA
Success of the multiplay strategy

- 569K of smartDOM customers at the end of Q4’14
- Total number of RGUs contracted by this group of customers amounts to 1.753m
- In Q4’14 alone, customers of smartDOM program purchased 394K additional services (RGU)

Number of smartDOM customers

(THOU. CUSTOMERS)

Q1'14 | Q2'14 | Q3'14 | Q4'14
---|---|---|---
34 | 172 | 382 | 569
Multiplay strategy has a positive impact on all our product lines

**Mobile telephony**
- our aspirations: to stabilize the base

**Pay-TV**
- to sustain organic growth

**Internet**
- to grow fast based on our competitive advantage

### Contract RGUs EOP

<table>
<thead>
<tr>
<th></th>
<th>Q1'13</th>
<th>Q2'13</th>
<th>Q3'13</th>
<th>Q4'13</th>
<th>Q1'14</th>
<th>Q2'14</th>
<th>Q3'14</th>
<th>Q4'14</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTE</td>
<td>6,942</td>
<td>6,891</td>
<td>6,835</td>
<td>6,779</td>
<td>6,714</td>
<td>6,645</td>
<td>6,588</td>
<td></td>
</tr>
</tbody>
</table>

### Quarterly net adds

<table>
<thead>
<tr>
<th></th>
<th>Q1'13</th>
<th>Q2'13</th>
<th>Q3'13</th>
<th>Q4'13</th>
<th>Q1'14</th>
<th>Q2'14</th>
<th>Q3'14</th>
<th>Q4'14</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTE</td>
<td>-38</td>
<td>-50</td>
<td>-57</td>
<td>-56</td>
<td>-65</td>
<td>-69</td>
<td>-29</td>
<td></td>
</tr>
</tbody>
</table>

### Q1'13 Q2'13 Q3'13 Q4'13 Q1'14 Q2'14 Q3'14 Q4'14
Our strategic goal is the continuous growth of the number of services and ARPU growth.
Result: we keep the leading positions on our key focus markets

Pay-TV market
share in paid subscriptions

- Cable operators: 42%
- Other DTH operators: 23%
- IPTV: 3%
- Other operators: 23%

32%

Mobile market
share in contracted SIMs

- Pay: 20.6%
- T-Mobile: 24.1%
- Other DTH operators: 23%
- Orange: 27.2%

28.1%

Note: As of end of 2014, own estimates based on data published by other operators.
Market outlook

• Our strategic goal assumes the highest possible saturation of our customer base with integrated services

• A large group of our customers lives in less urbanized areas, where multiplay offers have been practically unavailable so far

• Mutual benefits resulting from the multiplay offer both for the customer and the operator

Source: European Commission - E-Communications Household Survey, March 2014
3. Renegotiation of the agreement with Midas
Key commercial arrangements between Cyfrowy Polsat Group and Midas

- **Network sharing agreement** signed between Midas and Polkomtel enables access to selected elements of the other party’s network infrastructure. The agreement was crucial for fast and cost efficient rollout of LTE/HSPA+ network.

- Based on the **wholesale agreement** Cyfrowy Polsat Group, through Polkomtel, orders data packages of specified size (GB measured) to be used in future with specified payments schedule. A price of 1 GB depends on the cumulative size of an order placed.

Commercial cooperation with Midas Group – key arrangements
Growth rate of our base of contract Internet access services increased to nearly 40% YoY

- The multiplay strategy has accelerated the rate of acquisition of new Internet RGUs, despite the fact that in the meantime other players entered the LTE market
- At the same time the number of smartphone users who actively use data transmission is growing rapidly
- As a result, in December 2014, 4.6m of the cards logged into our network were actively using data transmission
- This success also has a cost dimension: in 2014 our customers – by using Internet tariffs and transferring data via smartphones – consumed 83m GBs, which were purchased by Cyfrowy Polsat and Polkomtel from Midas Group

Source: (1) Public reports and presentations of Midas S.A. Group, www.midasnfi.pl
Renegotiation of the agreement with Midas was critical for maintaining the value within Cyfrowy Polsat Group

- As a result of placing Order No. 4 for 1.6b GBs (to be used in the 4-year period, starting from January 2015) a unit settlement rate has been reduced to the level of PLN 2.40/GB
- Improvement of commercial terms of cooperation with Midas Group will have a positive impact on the profitability of Cyfrowy Polsat Group in the forthcoming years
- Applying of PLN 2.40/GB rate to settle the cost of the consumed GBs in Q4’14 alone would translate into an improvement of EBITDA of Cyfrowy Polsat Group by PLN 83m and, consequently, the growth of EBITDA margin by 3.3pp
4. Operational performance
3.1 Services to individual and business customers
Loyal contract customer base

- Our customer base remains at the stable level of 6.1m
- Effective execution of the multiplay strategy has a direct, positive impact on the growth of the rate of RGU saturation per customer and ARPU per customer
- Low churn ratio of 9.1%
Growing number of contracted services

- Base of RGU contract services mainly affected by:
  - Cross-selling of core services to the combined customer base of Cyfrowy Polsat and Polkomtel within the smartDOM program
  - Multiroom Program driving the dynamic growth of the number of pay TV services provided
  - Rapidly growing impact of mobile internet services

- In the contract and prepaid model we already have a total of 1.6m of mobile Internet RGUs, which makes us an undisputed leader of this market.
Prepaid services

- After a seasonal intensification of usage during the summer holidays (Q3), the number of telecommunication RGUs decreased slightly in Q4’14
- ARPU for prepaid RGU in Q4’14 increased YoY by 4% to PLN 18.2

![Graph showing prepaid services](image-url)
3.2 Broadcasting and TV production segment
Viewership of our channels in 2014

- Our main TV channel (Polsat) is the leader in viewership in the commercial group.
- Total viewership results of Polsat channels in accordance with our long-term strategy.

Source: NAM, All 16-49, all day, SHR%; internal analysis
Note: Polsat Group viewership in the 2013 includes the viewership results of TV4 and TV6 channels starting from September 1, 2013.
Position on the advertising market in 2014

• Polsat TV revenue from TV advertising and sponsoring is growing much faster than the market.
• Additionally, positive impact of TV4 and TV6 consolidated since September’13.
• Our share in the TV advertising market increased from 23.6% to 25.1%.
• Pro-forma growth of revenue from TV advertising and sponsoring(2) by 6.5%.

Market expenditures on TV advertising and sponsoring

2013: 3,608 PLN m, 2014: 3,810 PLN m, +5.6%

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

2013: 853 PLN m, 2014: 958 PLN m, +12.3%

Source: Starlink, airtime and sponsoring; TV Polsat; internal analysis.
Note: (1) Revenue from advertising and sponsoring of TV Polsat Group according to Starlink’s definition.
(2) 2013 proforma, TV Polsat Group, Polskie Media S.A. (broadcaster of TV4, TV6)
5. Financial results

Please note the chapter includes financial data with Metelem/Polkomtel Group consolidation since May 7th, 2014, unless stated otherwise.
Group’s financial results in 2014

<table>
<thead>
<tr>
<th>in PLN m</th>
<th>2014</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,410</td>
<td>155%</td>
</tr>
<tr>
<td>Operating costs(^{(1)})</td>
<td>4,681</td>
<td>146%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>2,738</td>
<td>162%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>37.0%</td>
<td>1.1 pp</td>
</tr>
<tr>
<td>Net profit</td>
<td>292</td>
<td>(44%)</td>
</tr>
</tbody>
</table>

- Increase in major bottom-line items as a result of consolidation of Metelem group’s results effective from 7 May 2014
- Net profit under the pressure from Metelem group’s additional interest-related costs as well as the one-off cost items associated with the early repayment of CP fixed-term loan, CP Senior Notes, and the negative impact of PLK Senior Notes valuation

Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis
Note: (1) Costs exclude depreciation, amortization, impairment and liquidation
Results in the segment of services to individual and business customers in 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>6,326</td>
<td>226%</td>
</tr>
<tr>
<td>Operating costs(^{(1)})</td>
<td>4,001</td>
<td>214%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>2,334</td>
<td>249%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>36.9%</td>
<td>2.5 pp</td>
</tr>
<tr>
<td>Net profit</td>
<td>129</td>
<td>(75%)</td>
</tr>
</tbody>
</table>

- Excluding the effect of consolidation of Metelem, revenue increased by 6%, mainly due to higher revenue from telecommunication services and higher fees for pay TV services.
- Cost growth dynamics, excluding the impact of Metelem consolidation, mainly driven by:
  - Investments in customer base, associated with the purchase of distribution rights to FIVB World Championship via CP platform
  - Additional customer acquisition costs in smartDOM offer
  - Higher cost of data transmission, mainly due to growth of the number of mobile Internet service users
- Net profit impacted by additional interest-related costs of Metelem group, cost of refinancing of CP debt and the dividend received from Polsat TV

Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis
Note: (1) Costs exclude depreciation, amortization, impairment and liquidation
Results of broadcasting and TV production segment in 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,258</td>
<td>15%</td>
</tr>
<tr>
<td>Operating costs(^1)</td>
<td>855</td>
<td>14%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>404</td>
<td>6%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>32.1%</td>
<td>(2.8pp)</td>
</tr>
<tr>
<td>Net profit</td>
<td>332</td>
<td>7%</td>
</tr>
</tbody>
</table>

- Increase in adjusted revenue\(^2\) of 5%, mainly due to higher revenue from advertising and sponsoring of thematic channels as well as higher number of external channels serviced by Polsat Media
- Adjusted costs\(^2\) would be at the same level YoY
- Adjusted EBITDA\(^2\) would increase YoY by PLN 56 m, EBITDA margin would be 33.8%

Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis
Note: (1) Costs exclude depreciation, amortization, impairment and disposal
(2) Adjusted for disposal of RS TV, acquisition of Polskie Media, FIVB World Championship
## Cashflow statement in 2014

<table>
<thead>
<tr>
<th>Item</th>
<th>PLN (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>342.2</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>1,973.9</td>
</tr>
<tr>
<td>Loans incurred</td>
<td>-2,275.9</td>
</tr>
<tr>
<td>Repayment of loans and borrowings</td>
<td>-1087.1</td>
</tr>
<tr>
<td>Payment of interest on loans, borrowings, bonds, Cash Pool, finance lease and commissions</td>
<td>-872.2</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>-102.9</td>
</tr>
<tr>
<td>Acquisition of subsidiaries, net of cash acquired</td>
<td>1,800.4</td>
</tr>
<tr>
<td>CAPEX(^{(1)})</td>
<td>-335.4</td>
</tr>
<tr>
<td>1800 MHz license renewal/UMTS annual fee</td>
<td>-365.4</td>
</tr>
<tr>
<td>Other cash flows</td>
<td>-116.9</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>1,747.9</td>
</tr>
</tbody>
</table>

Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis

Note: (1) Excluding expenditures on set-top-boxes leased to subscribers
## Reconciliation of FCF after interest

<table>
<thead>
<tr>
<th>Description</th>
<th>Q4’14</th>
<th>2014 pro forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operating activities</td>
<td>652</td>
<td>2.974</td>
</tr>
<tr>
<td>Net cash from/(used in) investing activities</td>
<td>-69</td>
<td>-1.086</td>
</tr>
<tr>
<td>Payment of interest on loans, bonds, Cash Pool(^{(1)})</td>
<td>-138</td>
<td>-1.113</td>
</tr>
<tr>
<td>FCF after interest</td>
<td>444</td>
<td>774</td>
</tr>
<tr>
<td>Short-term deposits</td>
<td>-30</td>
<td></td>
</tr>
<tr>
<td>One-off payment related to 1800MHz concession</td>
<td></td>
<td>365</td>
</tr>
<tr>
<td>One-off cash settlement of PIK PLK interest</td>
<td></td>
<td>34</td>
</tr>
<tr>
<td>Adjusted FCF after interest</td>
<td>414</td>
<td>1.173</td>
</tr>
</tbody>
</table>

### Adjusted FCF after interest in 2014 (pro forma)\(^{(2)}\)

\[\text{HY PLK coupon, payments for 2013 CAPEX} \quad \text{last HY CPS coupon} \quad \text{HY PLK coupon, annual UMTS fee}\]

Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis

Note: (1) Includes impact of hedging instruments, excludes early redemption costs and amounts paid for costs related to the new financing; (2) Adjusted for transitory VAT settlements
The Group’s debt as at 31 December 2014

<table>
<thead>
<tr>
<th>in PLN m</th>
<th>Carrying amount</th>
<th>Nominal value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term Loan (PLN)</td>
<td>2,293</td>
<td>2,330</td>
</tr>
<tr>
<td>Revolving Loan</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>PLK Loan – Tranche A (PLN)</td>
<td>1,937</td>
<td>1,944</td>
</tr>
<tr>
<td>PLK Loan – Tranche B (PLN)</td>
<td>3,077</td>
<td>3,096</td>
</tr>
<tr>
<td>PLK Loan – Tranche C (PLN)</td>
<td>1,599</td>
<td>1,610</td>
</tr>
<tr>
<td>PLK Revolving Loan</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Senior Notes PLK EUR¹</td>
<td>2,860</td>
<td>2,312</td>
</tr>
<tr>
<td>Senior Notes PLK USD²</td>
<td>2,155</td>
<td>1,754</td>
</tr>
<tr>
<td>Leasing</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Cash and cash equivalents³</td>
<td>1,748</td>
<td>1,748</td>
</tr>
<tr>
<td>Net debt</td>
<td>12,291</td>
<td>11,417</td>
</tr>
<tr>
<td>EBITDA LTM, pro-forma⁴</td>
<td>3,787</td>
<td>3,787</td>
</tr>
<tr>
<td>Net debt / EBITDA LTM</td>
<td>3.2x</td>
<td>3.0x</td>
</tr>
</tbody>
</table>

¹ Nominal value of PLK Senior Notes of EUR 542.5 m, as converted based on the average NBP exchange rate from 31 December 2014 of 4.2623 PLN/EUR. Carrying amount estimated to fair value at the moment of purchase of Metelem.
² Nominal value of PLK Senior Notes of PLK USD 500 m, as converted based on the average NBP exchange rate from 31 December 2014 of 3.5072 PLN/USD. Carrying amount estimated to fair value at the moment of purchase of Metelem.
³ The item contains cash and cash equivalents, including restricted cash and short-term deposits.
⁴ EBITDA LTM, pro-forma, includes consolidated pro-forma EBITDA of Cyfrowy Polsat Group on the assumption of consolidation of Metelex Group’s results during the period of past 12 full months.
⁵ Nominal value of debt, excl. RCF

Source: Consolidated financial statements for the year ended December 31, 2014 and internal analysis.
The potential impact of debt refinancing of Polsat Group

Reduction of interest

- Replacing PLK HY Notes with 11.75% coupon (EUR) and 11.625% coupon (USD) with debt with costs at the market level could potentially ensure savings on interest in the range of ca. PLN 300m annually
- Margins in the SFA CPS agreement are also substantially lower than in the SFA PLK agreement concluded one year before

Higher flexibility

- Removing restrictions with respect to the transfer of funds between Eileme 2 Group and the remaining companies of Cyfrowy Polsat Group would allow more effective management of the group’s liquidity, allowing for further integration of Cyfrowy Polsat and Polkomtel

Limitation of the debt’s balance sheet valuation

- Valuation of HY PLK Notes in relation to their market value was performed as at the date of acquisition of Metelem Group, which resulted in a carrying amount of these notes to exceed their nominal value by PLN 949m at 31 December 2014
- Refinancing of HY PLK Notes would eliminate this difference, thus resulting in the reduction of the carrying amount of our debt
6. Objectives for 2015
Our expectations and goals for 2015

Segment of services to individual and business customers

- Increase of the total number of sold services (RGU) and saturation of the customer base with integrated services
- Consistent building of ARPU per customer

Broadcasting and TV production segment

- Continuing the strategy which assumes maintaining of audience shares and increase of revenue from advertising at least in line with growth dynamics of the TV advertising market

Financial results

- Maintaining strong margins, further optimization of the cost base
- Consistent reduction of the company’s indebtedness, supported by a stable level of free cash flows
7. Appendix
# 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 prepaid <strong>RGU</strong> generated in a given settlement period (including interconnect revenue)</td>
</tr>
<tr>
<td><strong>Churn</strong></td>
<td>Termination of the contract with <strong>Customer</strong> by means of the termination notice, collections or other activities resulting in the situation that after termination of the contract the <strong>Customer</strong> does not have any active service provided in the <strong>contract model</strong>.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Usage definition (90-day for prepaid RGU)</strong></td>
<td>Number of reported RGUs of prepaid services under the mobile telephony and Internet Access means 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.</td>
</tr>
<tr>
<td></td>
<td>In practice this means that within the last 90 days a given card had to be inserted to a phone or another device which was active and was able to make or receive call, message, data transmission session. 90-day usage definition thus eliminates inactive cards.</td>
</tr>
<tr>
<td></td>
<td>Based on the aforementioned definition each year UKE collects data of the mobile operators in Poland in order for the European Commission to prepare a comparison of actual penetration of mobile telecommunication services in the EU countries (the so-called Digital Agenda report).</td>
</tr>
</tbody>
</table>
Projects in progress

Marketing

• Monetization of the joint customer base of the Group by maximizing sale of services under SmartDOM offer
• Consistent product and pricing strategy for respective products offered by both companies
• Optimization of marketing spend – combined campaigns for PLK and CP brands
• Uniform marketing of the Internet offer – Power LTE
• Optimized structure of media spending
• Optimization of organizational structure and internal processes within the new group

Customer service and retention

• Creating joint call center
• Re-allocation of resources to cheaper locations, staff recruitment in smaller towns
• Common customer service standards – higher efficiency, higher customer satisfaction
• Unification of commission systems, more effective motivation for customer service representatives

IT

• Economies of scale – joint hardware and software purchases
• Integration of IT infrastructure
• Introduction to PLK of CP’s in-house solutions supporting offer-and-sales-related processes
• Unification of IT systems architecture
• Starting a process of unification of systems, e.g. billing

Sales

• Increasing the efficiency of sales of CP and PLK products in both networks
• Reduction of the total number of points of sale
• Unification of sales processes within a point of sale
• Building common logistics and warehousing systems
• Joint training and education
• Unification of commission systems, more effective motivation for the sales network
## 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>Reddev Investments Limited (1), including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- privileged registered shares</td>
<td>154,204,296</td>
<td>24.11%</td>
<td>306,709,172</td>
<td>37.45%</td>
</tr>
<tr>
<td>- ordinary bearer shares</td>
<td>152,504,876</td>
<td>23.85%</td>
<td>305,009,752</td>
<td>37.24%</td>
</tr>
<tr>
<td></td>
<td>1,699,420</td>
<td>0.27%</td>
<td>1,699,420</td>
<td>0.21%</td>
</tr>
<tr>
<td>Argumenol Investment Company Limited (2)</td>
<td>28,415,173</td>
<td>4.44%</td>
<td>28,415,173</td>
<td>3.47%</td>
</tr>
<tr>
<td>Embud Sp. z o.o. (2)</td>
<td>29,648,775</td>
<td>4.64%</td>
<td>29,648,775</td>
<td>3.62%</td>
</tr>
<tr>
<td>Karswell Limited (2)</td>
<td>157,988,268</td>
<td>24.70%</td>
<td>157,988,268</td>
<td>19.29%</td>
</tr>
<tr>
<td>Sensor Overseas Limited (3), including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- privileged registered shares</td>
<td>54,921,546</td>
<td>8.59%</td>
<td>81,662,921</td>
<td>9.97%</td>
</tr>
<tr>
<td>- ordinary bearer shares</td>
<td>26,741,375</td>
<td>4.18%</td>
<td>53,482,750</td>
<td>6.53%</td>
</tr>
<tr>
<td></td>
<td>28,180,171</td>
<td>4.41%</td>
<td>28,180,171</td>
<td>3.44%</td>
</tr>
<tr>
<td>Others</td>
<td>214,367,958</td>
<td>33.52%</td>
<td>214,539,208</td>
<td>26.20%</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: (1) Reddev Investments Limited is a direct subsidiary of Pola Investments Limited controlled by TiVi Foundation, the dominant entity of which is Mr. Zygmunt Solorz-Zak
(2) Entity controlled by Mr. Zygmunt Solorz-Zak.
(3) The dominant entity of Sensor Overseas Limited is the EVO Holding Ltd., a subsidiary EVO Foundation.
As of 7 January 2015
Sample of our DTH offer

- **FAMILY MAX HD**
  - Price: PLN 49.90
  - # of channels: 101

- **SPORT HD**
  - Price: PLN 10.00
  - # of channels: 131

- **FILM HD**
  - Price: PLN 30.00
  - # of channels: 106

- **HBO HD**
  - Price: PLN 19.90
  - # of channels: 54

- **CINEMAX HD**
  - Price: PLN 89.90

- **iplaMIX**

- **VOD Home Movie Rental**

Note: as of 26.11.2014; (1) including promotional channels; (2) temporary promotional packages
Portfolio of our TV channels

<table>
<thead>
<tr>
<th>DTT</th>
<th>Cab/Sat</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of channels</td>
<td>No. of channels</td>
</tr>
<tr>
<td>TV Polsat Group</td>
<td>TV Polsat Group</td>
</tr>
<tr>
<td></td>
<td>Cab/Sat market</td>
</tr>
<tr>
<td>4</td>
<td>26</td>
</tr>
<tr>
<td>24</td>
<td>ca. 200</td>
</tr>
</tbody>
</table>
Spectrum competitive landscape

<table>
<thead>
<tr>
<th>Frequency Range</th>
<th>Polkomtel</th>
<th>Midas</th>
<th>T-Mobile</th>
<th>Orange</th>
<th>Sferia</th>
</tr>
</thead>
<tbody>
<tr>
<td>800 MHz</td>
<td>5MHz</td>
<td>5MHz</td>
<td>7MHz</td>
<td>5MHz</td>
<td>25 MHz</td>
</tr>
<tr>
<td>total: 30MHz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>900 MHz</td>
<td>5MHz</td>
<td>5MHz</td>
<td>3MHz</td>
<td>6 MHz</td>
<td>5MHz</td>
</tr>
<tr>
<td>total: 35MHz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1800 MHz</td>
<td>19.6MHz</td>
<td>15MHz</td>
<td>12.4MHz</td>
<td>9.6MHz</td>
<td>7.2MHz</td>
</tr>
<tr>
<td>total: 73.4MHz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2100 MHz</td>
<td>15MHz</td>
<td>15MHz</td>
<td>15MHz</td>
<td>15MHz</td>
<td>15MHz</td>
</tr>
<tr>
<td>total: 60MHz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2500/2600 MHz</td>
<td>50 MHz TDD</td>
<td></td>
<td></td>
<td>70 MHz FDD</td>
<td></td>
</tr>
<tr>
<td>total: 120MHz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Polkomtel and Midas jointly

Source: UKE. The graph includes a simplified picture, only main frequencies are presented (excluded: Polkomtel’s 2.5MHz 420MHz, Orange’s 5Mhz 450Mhz, each 4 biggest MNO’s 5MHz 2100MHz TDD).
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