



Press release
Warsaw, March 4, 2015

Cyfrowy Polsat Capital Group in 2014 – successful integrated offer and very good financial performance

Cyfrowy Polsat Capital Group posted very good operational and financial results for Q4 and for the whole of 2014. On pro forma basis the 2014 revenue exceeded PLN 9.7 bn, with EBITDA of nearly PLN 3.8 bn and EBITDA margin at the level of 39%. In Q4 alone the revenue reached PLN 2.521 bn while EBITDA amounted to PLN 837 mill. The group continued to record very fast growth of the number of mobile Internet access services and organic growth of the number of pay TV services while the mobile segment clearly stabilized.

Such performance has enabled Cyfrowy Polsat Capital Group to maintain the leadership on its key markets:

- No. 1 on the pay TV market, with a share estimated at 32%,
- No. 1 on the mobile market in the contract segment (contract mobile voice and Internet services) – estimated share of 28.1%,
- No. 1 on the TV market, with total viewership of 24.5% in the commercial group and a 24.8% share in the TV advertising market in Q4 2014.

Cyfrowy Polsat Group in 2014:

- the total number of active revenue generating services (RGUs) increased to 16.5 million, including:
 - 75% being contract services, which guarantees higher revenue stability in the future and higher customer loyalty,
- excellent sales results of smartDOM program:
 - 569 thousand customers have joined the program,
 - The number of RGUs in this group of customers is 1.753 million,
 - In Q4 alone, customers of smartDOM program purchased 394 thousand additional services,
 - Positive influence of the communication on the sale of standard (single-play) offers,
 - SmartDOM program has a positive impact on ARPU per contract customer.
- Stable contract base of 6.1 million:
 - The number of contract RGUs increased to 12.3 million,
 - In Q4 ARPU per contract customer increased to 87.2 PLN,
 - Saturation with active RGUs has been growing systematically and reached 2.01 per customer,
 - Low churn ration of 9.1%,



Financial data are presented according to International Financial Reporting Standards methodology (IFRS) and concern periods of 3 and 12 months ended 31 December 2014.



- Thanks to the success of the Power LTE offer, the number of mobile Internet services increased to 1.6 million, thus making Cyfrowy Polsat Capital Group the unquestioned market leader:
 - 86% of Internet access services are provided in the contract model.
- In 2014 POLSAT TV channel was a leader in viewership with a share 13.3% in the commercial group while the total viewership share of Polsat TV amounted to 23.7%; Polsat TV's share in TV advertising market increased by 1.5 percentage points to 25.1% year-to-year, with revenues reaching PLN 958 million, with the results growing at much faster pace than the market,
- The average monthly number of users of IPLA, the biggest Polish Internet TV, was around 4.3 million,
- Solid financial performance (pro forma results accounting for a year of Polkomtel's presence in the Group):
 - Revenue: PLN 9.705 bn,
 - EBITDA: PLN 3.787 bn,
 - EBITDA margin: 39%,
 - free cashflow (after payment of interest on loans and bonds): PLN 1.173 bn PLN,
 - Debt/EBITDA ratio: 3.0x,
- Financial results accounting for consolidation of Polkomtel starting from May 7, 2014:
 - Revenue: PLN 7.410 bn,
 - EBITDA: PLN 2.738 bn,
 - EBITDA margin: 37%,
 - Net profit: PLN 292 mill.,
- Acquisition of key rights to sports events: PlusLiga and Orlen Liga volleyball matches, the men's and women's European Championship in volleyball in the years 2015 and 2017, men's volleyball World League matches,
- Implementation of HD Voice technology for mobile voice services as well as successful tests of the following technologies: LTE Broadcast, Voice over LTE, LTE-Advanced and the multi-camera service in IPLA,
- Consent of Cyfrowy Polsat's Extraordinary General Meeting to potential launch of a Corporate Bonds Issue Program with a value of up to PLN 1 billion,
- Pre-term additional repayment of part of Polkomtel's long-term loan, in the amount of PLN 200 million,
- A new brand called Plush – featuring prepaid and mix options with unlimited voice calls and SMS's – an offer addressed to young customers,
- Entering the 800 MHz and 2600 MHz spectrum reservation auctions by Polkomtel,
- Renegotiation of the agreement with Midas Group, resulting in reduction of the settlement rate for data transmission to PLN 2.4 per GB, effective January 1, 2015.



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– In 2014 we consistently pursued our strategy, which has been confirmed by our operational and financial results. This would not have been possible without the successful operational integration of Cyfrowy Polsat and Polkomtel. We have a loyal base of contract customers, systematically growing number of contract services and we are starting to see signs of success in sale of integrated services, offered as part of our smartDom program which has been joined by nearly 600 thousand customers in less than a year. The program has led to the growth of the level of saturation of RGUs and to the growth of ARPU. Time again, as a market leader we presented new solutions in the form of trials, including LTE Broadcast, Voice over LTE, LTE-Advanced with transfer rates of up to 300 Mbps and the multi-camera service in IPLA Internet TV. In January 2015 the footprint of our LTE network extended over a territory inhabited by as much as 80% of Poland’s population,” says **Tomasz Gillner-Gorywoda, CEO of Cyfrowy Polsat S.A. and General Director of Polkomtel Sp. z o.o.**

Segment of services provided to individual and business customers in Q4 2014

– Thanks to the smartDOM program we have been able to successfully upsell our core services, i.e. TV, Internet access and mobile telephony, to our existing contract customers in the business and individual customer segments, which resulted in growth of the RGU to 2.01 and growth of ARPU to PLN 87.2. The growing base of mobile Internet users and the increased interest in the Multiroom service contributed to the growth of overall number of contract services, sums up **Tobias Solorz, the CEO of Polkomtel Sp. z o.o. and the Vice-President of the Management Board of Cyfrowy Polsat S.A.**

In Q4 2014 Cyfrowy Polsat Group had:

- A stable base of contract customers, numbering 6.1 million:
 - the number of contract RGUs increased to 12.3 million (6.6 million mobile voice services, 4.4. million TV services and 1.4 million Internet access services),
 - ARPU per contract customer increased to PLN 87.2 ,
 - RGU ratio continued to increase systematically, reaching 2.01 per customer,
 - low churn ratio of 9.1%,
- Active prepaid base was 4.1 million, including:
 - 3.8 million mobile voice services,
 - 0.1 million TV services,
 - 0.2 million Internet access services,
 - ARPU per prepaid customer: PLN 18.2.

– Consolidation of the results with Metelem group led to growth of revenue, costs and EBITDA of the entire segment, however what is important the revenues also increased organically thanks to higher revenue from telecommunication services which was mainly generated by excellent sale of mobile Internet services and pay TV services. Upon eliminating the effect of consolidation with Metelem, the growth dynamics of costs was a consequence of customers’ high interest in the smartDOM program as well growth of the number of mobile Internet users,” comments **Tomasz Szelaąg, the CFO and Management Board Member of Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.**



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Financial results for the segment of services provided to individual and business customers in Q4 2014

PLN mill.	Q4 2014	change y/y
Revenue	2,213	347%
Costs*	1,489	340%
EBITDA	723	351%
EBITDA margin	32.7%	0.3 p.p.
Net profit	(64)	n/a

* Costs do not include amortization and depreciation, loss of value and liquidation

Broadcasting and TV production segment in Q4 2014

“Thanks to the success of our autumn programming and higher viewership of thematic channels, both POLSAT TV station and Polsat Group were viewership leaders in the commercial group in the fourth quarter of 2014. Compared to the analogous period of 2013, we have increased our revenue from advertising and sponsoring in line with our expectations while accomplishing these results thanks to effective sales strategy on the growing advertising market,” says **Maciej Stec, a Management Board Member of Cyfrowy Polsat S.A. and Telewizja Polsat Sp. z o.o.**

In Q4 2014 Polsat TV was the viewership leader with overall share of 24.5% in the commercial group. Its main TV channel, POLSAT, was the most frequently watched general TV channel and achieved market share of 13.7% while the thematic channels had market share of 10.9%. Revenue from advertising and sponsoring amounted to PLN 285 mill., putting Polsat Group’s share in the TV advertising market at 24.8%,

“Growth of the revenue from this segment of our operations has been accomplished thanks to organic growth, new channels in our offer as well as bigger number of external channels in the portfolio of Polsat Media’s advertising office. We continued to manage our programming offer in a very balanced way, while the higher cost dynamics was the outcome of bigger capital expenditures for programs shown by TV4 and TV6 as well as of higher amortization of rights to sports programs,” comments **Katarzyna Ostap-Tomann, Management Board Member and CFO of Telewizja Polsat Sp. z o.o.**



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Financial results of broadcasting and TV production segment for Q4 2014

PLN mill.	Q4 2014	change y/y
Revenue	352	4%
Costs*	236	8%
EBITDA	114	(4%)
EBITDA margin	32.4%	(2.6 p.p.)
Net profit	93	(3%)

* Costs do not include amortization and depreciation, loss of value and liquidation

Cyfrowy Polsat Group's financial results for Q4 and for the entire 2014

Cyfrowy Polsat Group's results for Q4 and for the entire 2014.

	Q4 2014	Change y/y	2014	Change y/y
Revenue	2,521	215%	7,410	155%
Costs*	1,682	221%	4,681	146%
EBITDA	837	204%	2,738	162%
EBITDA margin	33.2%	(1.2 p.p.)	37%	1.1 p.p.
Net profit	14	(92%)	292	(44%)

* Costs do not include amortization and depreciation, loss of value and liquidation



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– Our Group’s financial performance, both in Q4 and in the entire 2014, was in line with our expectations and was the outcome of a consistently pursued strategy. We owe the growth of major balance sheet items to consolidation of Metelem Group’s results starting from May 7, 2014 but revenue also increased without including this effect. Thanks to a balanced investment policy we have controlled the costs while noting high EBITDA margins. Free cashflow is a strong item. The new rate for settlements with Midas Group will have positive impact on our future results. Our goal for this year is to maintain high margins, continue the process of cost base optimization and consistent reduction of the Group’s debt, which will be supported by stable free cashflow,” comments **Tomasz Szeląg**.



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