



Press release
Warsaw, 24 August 2017

Cyfrowy Polsat sums up Q2 2017

Further growth of contract services, growth of revenue and profitability

Cyfrowy Polsat Group posted very good operational results in all segments and recorded growth of financial results for Q2 2017. Most important recent events included the acquisition of exclusive rights to the coverage of the UEFA Champions League and UEFA Europa League matches in the years 2018-2021 in all content distribution channels as well as the payment of PLN 205 million of dividend. As a result of the consistent execution of its strategy, the Group's revenue increased in Q2 to PLN 2.470 bn, EBITDA grew to PLN 964 million while free cash flow reached PLN 1.770 bn in the 12-month period.

Major operating and financial figures in Q2 2017

- Regular growth of saturation of the customer base with integrated services:
 - as many as 24% of the Group's contract customers use the multiplay offer,
 - there are nearly 1.4 million of integrated services customers (growth by 18% YoY),
 - the number services (RGUs) used by this group increased to over 4 million,
 - low churn, at the level of 8.6%.
- Stable base of 5.8 million contract customers, with each of these customers using an average of 2.31 services from the Group's portfolio. Average revenue per contract customer (ARPU) grew by 1.4% YoY, reaching PLN 89.6.
- Strong growth of contract services – by 539 thousand YoY, to over 13.4 million:
 - In the mobile telephony segment the number of contract services increased by 252 thousand YoY, reaching over 6.8 million. The growth is the outcome of the favorable influence of the multiplay strategy as well as temporary, intensified migration of customers from the prepaid segment.
 - Thanks to good sales of Multiroom and paid OTT services (including IPLA package subscriptions), the number of contract services for pay TV increased by 203 thousand, reaching over 4.8 million
 - The base of mobile Internet access services increased by 84 thousand YoY, and reached the level of nearly 1.8 million.



Financial data are presented according to International Financial Reporting Standards methodology (IFRS) for the 3-month period ended June 30, 2017.



- The prepaid service base, which reflects the number of active users, remained stable at nearly 2.9 million while the segment's ARPU grew dynamically, by 8.5% YoY, reaching PLN 20.5.
- Polsat Group's channels enjoyed high interest in the commercial group with the achieved results being in line with the Group's long-term strategy – 24.9% audience share in Q2 and 24.5% in H1 2017, consisting of, respectively, 12.6% and 12.7% shares of the Group's main channel and 12.3% and 11.8% shares of its thematic channels.
- TV Polsat Group's revenue from TV advertising and sponsoring for Q2 increased by 0.5% YoY (meanwhile overall revenue on the market dropped by 1.2%), and reached 307 million. As a result the Group's share in the TV advertising market increased to 27.6%. During the first half of the year the TV Polsat Group recorded growth of revenue by 1.1% YoY (while the total market lost 0.5%), with the respective revenue figure reaching PLN 541 million and market share growing to 26.7%.

TV Polsat Group's performance should be viewed as very strong, bearing in mind the high base effect – a year ago TV Polsat broadcasted the UEFA EURO 2016 football tournament in June and July, which had a favorable impact on last year's revenue.

- The average monthly number of users of Poland's biggest web TV, IPLA, was 3.5 million, both in Q2 as well as during the entire first half of 2017.
- The Group posted very good financial results:
 - Revenue: PLN 2.470 bn, growth by 1.1% YoY,
 - EBITDA: PLN 964 million, growth by 3.1% YoY,
 - EBITDA margin: 39%, growth by 0.7 pp YoY,
 - Net profit: PLN 282 million, growth by 22% YoY,
 - Free cash flow, after repayment of interest on loans and bonds: PLN 1.770 bn in the 12-month period, i.e. growth by 26% YoY,
 - Another pre-term repayment of part of the debt – redemption of zero-coupon Litenite Notes with interest at 10% per annum for a total of PLN 945 million,
 - Overall net debt/EBITDA ratio decreased significantly, down to 2.74x.

*“The second quarter of the year was the time of consistent execution of our strategy across all business segments, which brought the expected effect in the form of very good operational results as well as growth of the Group's revenue and EBITDA,” says **Tobias Solorz, CEO of Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.** “As a media-and-telecommunications group, whose main goal is to effectively distribute multimedia content via all available channels, we have made a strategic decision to acquire exclusive rights to UEFA Champions League and UEFA Europa League for the years 2018-2021 for all fields of exploitation. Over the 3 years viewers will be able to watch in excess of 1000 matches only in Polsat channels and on Cyfrowy Polsat platform. For us it is an extremely important project which we have embarked on with thought of constant improvement of the quality of our offer as well as growth of customer satisfaction with all our services.”*



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Services provided to residential and business customers

“In line with the assumptions of our multiplay strategy, in Q2 we increased the saturation of our base with integrated services, we also noted growth of average revenue per contract customer and managed to maintain a low churn ratio,” sums up **Tobias Solorz**. “It was yet another quarter of significant growth of the number of contract services for mobile telephony, pay TV and mobile Internet access. Already nearly one quarter of our customer base uses integrated services while the low churn ratio and growth of average revenue per contract customer prove not only the efficiency of our efforts and the attractiveness of our offer but are also a sign of satisfaction of our customers with the services we provide to them.

	Q2		
	2017	2016	Change in %
Total number of RGUs (contract and prepaid) ⁽¹⁾	16,273,840	16,711,541	-2.6%
CONTRACT SERVICES			
EOP total number of RGUs, including:	13,419,539	12,880,725	4.2%
Pay TV, including:	4,835,534	4,632,246	4.4%
Multiroom	1,058,982	972,771	8.9%
Mobile telephony	6,810,999	6,559,223	3.8%
Internet access	1,773,006	1,689,256	5.0%
Total number of contract customers	5,819,386	5,862,310	-0.7%
ARPU per customer [PLN]	89.6	88.4	1.4%
Churn	8.6%	9.0%	-0.4 pp
RGU saturation per customer	2.31	2.20	5.0%
PREPAID SERVICES ⁽¹⁾			
EOP total number of RGUs, including: ⁽¹⁾	2,854,301	3,830,816	-25.5%
Pay TV	57,183	73,544	-22.2%
Mobile telephony	2,616,592	3,473,228	-24.7%
Internet access	180,526	284,044	-36.4%
ARPU per prepaid RGU [PLN]	20.5	18.9	8.5%

Note (1): Reduction of the number of RGUs for prepaid services, and consequently reduction of the entire number of RGUs, is the outcome of the so-called anti-terrorist law which obligated telecommunication operators to discontinue the provision of services for the prepaid SIMs which had not been registered by their users. This factor affected all mobile operators on the Polish market.



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“By consistently pursuing the assumed business goals, and while increasing saturation of the customer base with integrated services as well as the average revenue per contract customer, we have achieved very good financial results in the segment of services provided to residential and business customers. We saw growth of revenue, EBITDA and EBITDA margin while keeping the costs under control, just as we did in previous quarters,” comments **Katarzyna Ostap-Tomann, the Management Board Member responsible for finance in Cyfrowy Polsat S.A., Polkomtel Sp. z o.o., and Telewizja Polsat Sp. z o.o.**

Financial results of the segment of services provided to residential and business customers in Q2 2017

PLN millions	Q2 2017	Change YoY
Revenue	2 140	+3%
Operating costs *	1 342	+1%
EBITDA	808	+7%
EBITDA margin	37.8%	+1.4 p.p.

** Excluding depreciation, amortization, impairment and liquidation costs*

Broadcasting and TV production segment

While analyzing the Q2 2017 results of the broadcasting and TV production segment, one should bear mind the high reference point as a year ago, during June and July, TV Polsat Group’s channels broadcasted the UEFA EURO 2016 tournament, which positively influenced audience levels, advertising revenue as well as total revenue and EBITDA of the broadcasting and TV production segment.

“The broadcasting and TV production segment’s performance, both in Q2 and the first half of the year, were aligned with our long-term strategy. Overall audience figures for TV Polsat Group was 24.9% in Q2 2017 for viewers from age bracket 16-49, with TV Polsat stations’ share at 12.6% and our thematic channels’ share of 12.3%,” says **Maciej Stec, Management Board Member of Cyfrowy Polsat S.A. and Telewizja Polsat Sp. z o.o.** *“It has been yet another quarter during which we have observed better dynamics of revenue from TV advertising and sponsoring than the overall market figures. Our revenue once again demonstrated growth on a stable market.”*



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	Q 2		
	2017	2016	Change pp/%
Audience share¹, including:	24.9%	25.3%	-0.4 pp
POLSAT (main channel)	12.6%	13.8%	-1.2 pp
Thematic channels	12.3%	11.6%	0.7 pp
Revenue from advertising and sponsoring² (in PLN millions)	307	306	0.5%
Share in TV advertising market²	27.6%	27.1%	0.5 p.p.
Spending on TV advertising³ (in PLN millions)	1 115	1 129	-1.2%

¹ NAM, audience share in the group: all aged 16-49, round the clock, including Live+2 (viewership results include 2 additional days of time-shifted viewing).

² TV Polsat Group's revenue from advertising and sponsoring, according to Starcom (formerly SMG Starlink)

³ Own estimates based on Starcom data

⁴ Starcom, preliminary data, advertising and sponsoring

“Financial results of the broadcasting and TV production segment for Q2 2017 are very good, with high EBITDA and a 40% EBITDA margin worth underlining. We owe these results to very good audience figures, a balanced programming policy and cost discipline. While analyzing these results, please remember that they remained under the strong impact of the so-called “high base effect,” resulting from the financial success of UEFA EURO 2016 coverage in TV Polsat channels in June and July last year,” says **Katarzyna Ostap-Tomann**. “Comparison of these results with the data for the corresponding quarter of 2015 offers a more reliable view. By doing so we will observe growth of both revenue and EBITDA in this segment by over ten percent.”

Financial results of the broadcasting and TV production segment in Q2 2017.

PLN millions	Q2 2017	Change YoY
Revenue	389	-14%
Operating costs *	234	-13%
EBITDA	155	-14%
EBITDA margin	40%	-0.1 pp

* The expenses do not account for depreciation and amortization, loss of value and liquidation



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Cyfrowy Polsat Group's financial results

Cyfrowy Polsat Group's financial results in Q2 2017

PLN millions	Q2 2017	Change YoY
Revenue	2 470	+1.1%
Operating costs *	1 516	+0.1%
EBITDA	964	+3.1%
EBITDA margin	39%	+0.7 pp

* The expenses do not account for depreciation and amortization, loss of value and liquidation

*It's been yet another very good quarter from the point of view of the whole Group's financial results which reflected the consistently executed strategy and effective cost control. We saw growth of the Group's revenue as well as of EBITDA and EBITDA margin. Stable and high free cash flow is once again worth noting. Thanks to this we could take all necessary business actions as well as regularly reduce the Group's debt. The Group's very good financial condition has once again enabled us to accelerate debt repayment while at the same time paying out the dividend for 2016 in the amount of PLN 205 million, in line with our dividend policy," sums up **Katarzyna Ostap-Tomann**.*

Contact for the media:

Olga Zomer
Press Spokesperson
Tel.: (22) 356 60 35, 507 096 883
E-mail: ozomer@cyfrowypolsat.pl

Contact for investors/analysts:

Bartłomiej Drywa
Investor Relations Director
Tel.: (22) 356 60 04, 668 625 971
E-mail: bdrywa@cyfrowypolsat.pl

Details of the conference call:

Date: 24 August 2017
Time: 16.00 hrs. (Warsaw), 15.00 hrs. (London), 10.00 hrs. (New York)
Phone number: +44 203 043 2440 (international)
22 295 3528 (in Poland)
Conference call code: 99703717#
The conference call will be in English.



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