



Equity story

Q2'20 results

Investor Presentation

September 2020

Cyfrowy Polsat S.A. Capital Group



N E T I A



1. Executive summary and strategic directions



Mission of Polsat Group



Who we are

We are the leading provider of entertainment and telecommunication in Poland.

Our mission

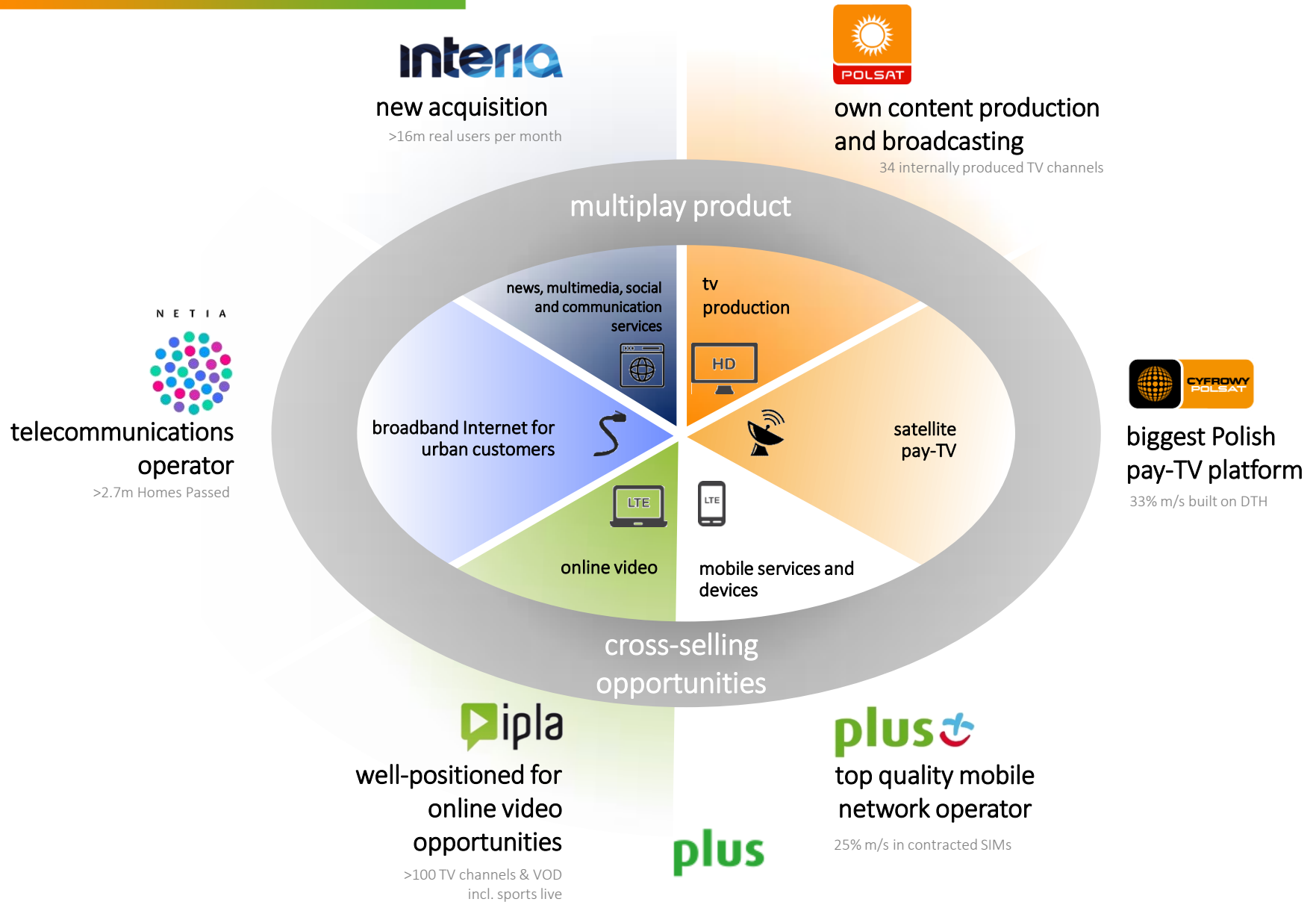
Our mission is to create and deliver the most attractive TV content, telecommunication products and other services for the home, as well as individual and business customers, using state-of-the-art technologies to provide top quality multiplay services that match the changing needs of our customers, while maintaining the highest possible level of their satisfaction.



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Our assets



Strategic idea for the coming years



Internet for everyone

Mobile, Home mobile/ODU IDU/, Fiber optic

Content/Television for everyone

Satellite, IPTV (closed network), OTT (open network)

Telephone for everyone

Plus/Plush – subscription and prepaid services available across Poland



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Our services – For everyone. Everywhere.



Television

For everyone. Everywhere.



New
distribution
markets

Internet

For everyone. Everywhere.



5G
now
and
here

New
distribution
markets

Telephone

For everyone. Everywhere.



VAS upselling = building customer value



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Our content – emotions for everyone



General interest



Sports



Movie



Music



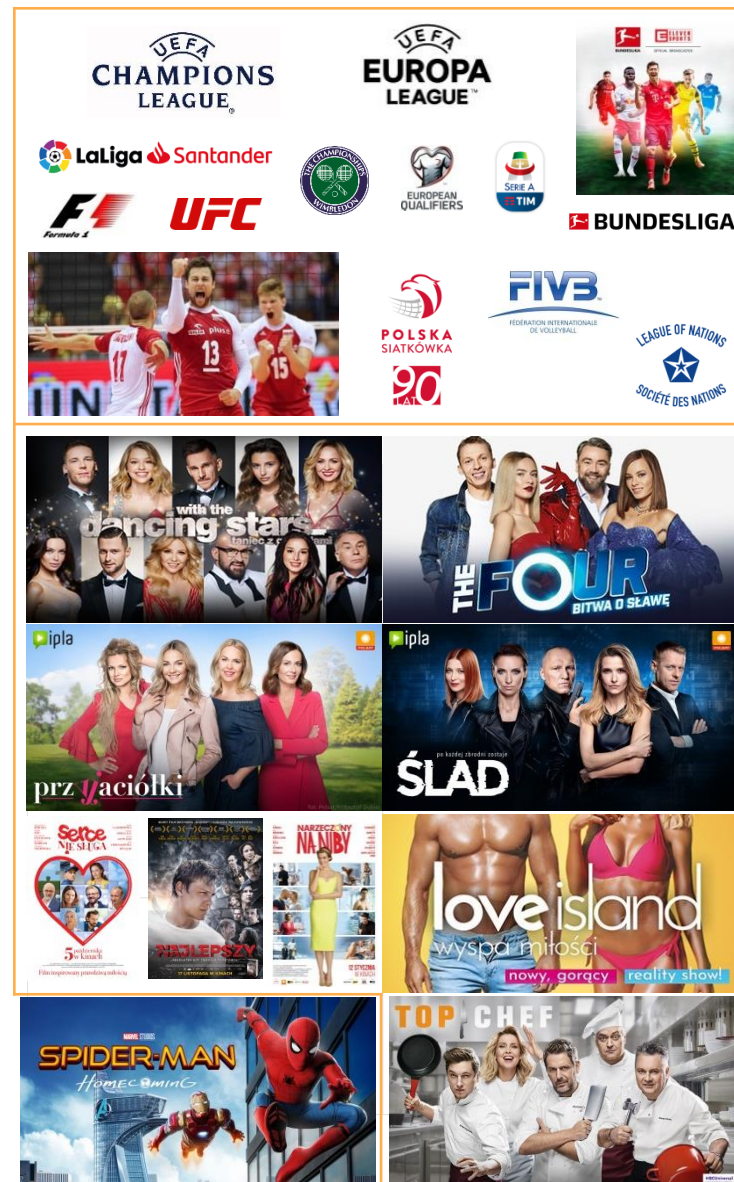
News



Lifestyle



Cooperating channels



Sports

Own/local productions

smartDOM strategy: combining a wide portfolio of services with content, i.e. emotions



SERVICES = CONVENIENCE
/COMMODITIES/



- Providing stable services against a flat, monthly access fee while ensuring satisfactory quality



CONTENT = EMOTIONS
/ENTERTAINMENT/



- Addressing all important audience segments
- Fresh content every day
- On all distribution platforms

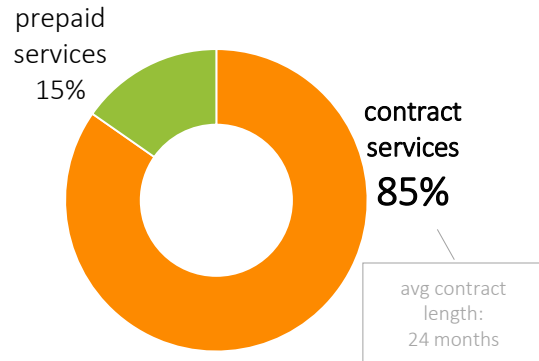


VALUE FOR MONEY OFFER

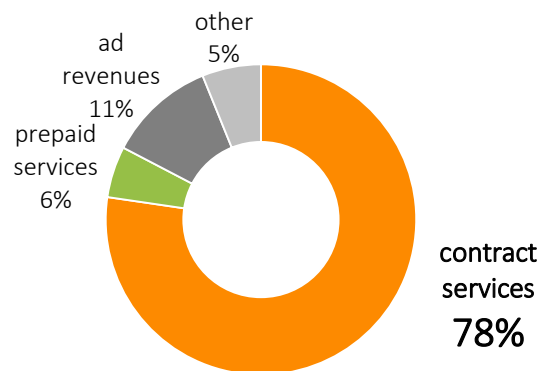
Focus on contracted services and customer loyalty provides a stable business model



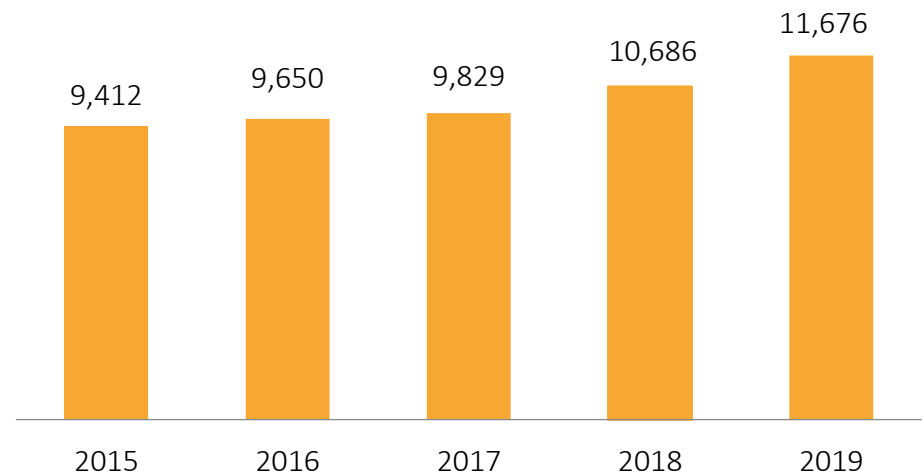
RGU structure



revenue decomposition



total revenue



Source: Company data, pro forma for Aero2 acquisition; 2018 - based on currently applicable IFRS 15 standard and incl. Netia Group's results



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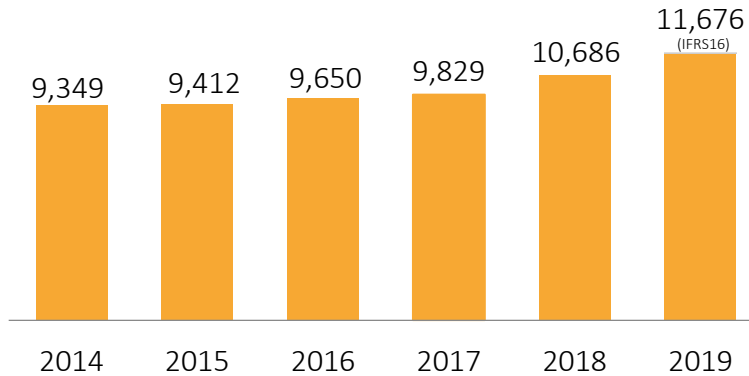
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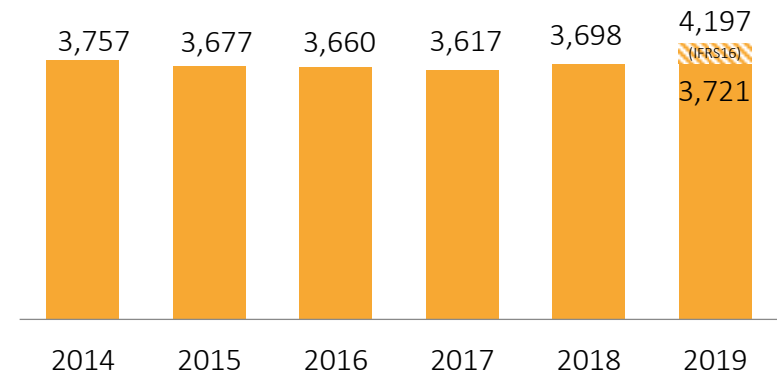
Stable EBITDA combined with low CAPEX needs yields strong recurring FCF



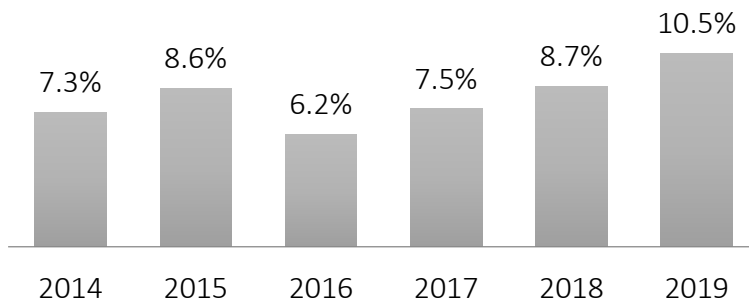
total revenue



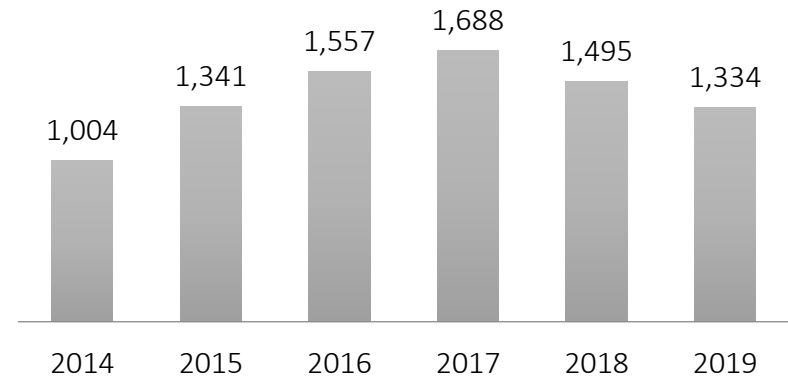
EBITDA



CAPEX intensity



adjusted free cash flow



Source: Company data, 2014-2016 pro forma for Aero2 acquisition



Stable company providing attractive returns to shareholders



The largest database of contract customers in the country

46% of households in Poland have at least one of our services¹

smartDOM as a platform for successive building of values and loyalty

New distribution markets

- IPTV and DVBT + OTT
- Fiber optic / cable
- VAS upselling

High, stable financial results

>11.5 bn PLN in revenues
4.2 bn PLN of EBITDA
~1.5 bn PLN of FCF²

Attractive dividend

at least **PLN 0.93** per share³
recurring strong FCF allows for **further debt reduction**

Note: (1) Source: Market Situation Survey 2018. Representative sample of households in Poland, n= 5,494. Study carried out using the individual CAPI interview method. Study conducted by IQS Sp. z o.o.

(2) Revenue and EBITDA based on FY'19, FCF based on 2017-2019 average.

(3) Based on 2019-2021 dividend policy.



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2. Our background and competitive position

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We head towards creating a fully convergent TV and telco operator



Control over key assets is essential for executing our long-term strategy



Content production

- ad sales and brokerage house
- loyal viewers
- diversified distribution
- well-established brand
- no. 1 player in sports
- unique local content
- TV production studios
- broadcasting licenses



Satellite & Internet-based pay-TV

- multiplay offer based on own products
- contracted customers
- well-established brand
- own sales channels
- own set-top-box factory
- satellite broadcasting infrastructure
- IPTV/OTT technology



Mobile voice & broadband

- multiplay offer based on own products
- contracted customers
- well-established brand
- own sales channels
- countrywide mobile infrastructure, incl. towers
- unique portfolio of frequencies



Online video

- 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



Fixed-line broadband

- ca. 2.7m HPs in own fixed access network (B2C)
- contracted customers
- strong position on B2B market – key office buildings already wired
- well-established brand
- 20k km of countrywide backbone network














































Internet media

- leading player on the Polish market of new generation media
- ca. 60% of Internet users in Poland
- services are used by over 16m real users every month
- number of page views of the Interia Group's websites exceeds 1.4 bn per month

Unique convergent offer among media and telco providers



									
Key content									
Mobile devices									
Pay-TV / video	satellite								
	cable								
Broadband	mobile	MVNO (limited scale)	MVNO						
	fixed			B2B – yes B2C – indirectly ¹		B2C – indirectly			
Voice	mobile	MVNO (limited scale)	MVNO						
	fixed			B2B – yes B2C – indirectly ¹					

Source: web pages of operators, UKE.

Note: (1) In 2019 T-Mobile started providing fixed BB based on third party infrastructure.

The first and only commercial 5G network in Poland!



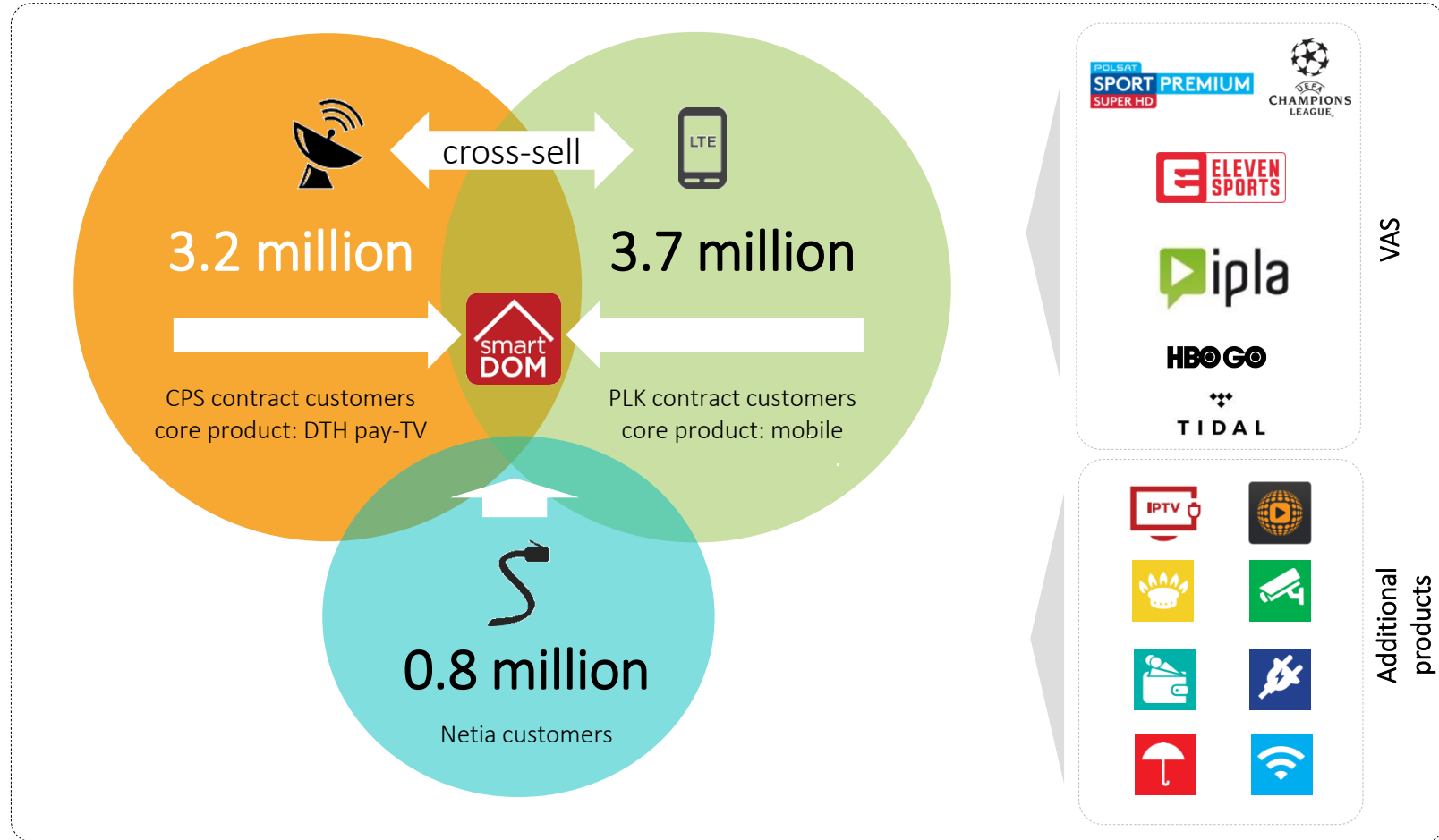
5G in Plus – available here and now!!!

- On May 11 Plus launched the first commercial 5G network in Poland, operating in 2.6 GHz TDD frequency band which supports data transfer rates of up to 600 Mbps
 - The 2.6 GHz frequency band enables transmission of higher volumes of data at higher speeds while covering wider areas with fast data transfer
- Nearly 900k people in 7 cities have already come within Plus's 5G network coverage, with an additional 2m people in Warsaw and the capital city urban area being able to enjoy the new service soon
 - 100 base transceiver stations operate in 7 cities (Warsaw, Lodz, Gdansk, Poznan, Szczecin, Wroclaw, Katowice)
 - The second stage assumes the roll out of over 600 additional 5G base stations in Warsaw and surrounding towns
- Ultimately Plus 5G network will be rolled out using all the available frequency bands



3. Merging our customer bases provides us with opportunities

Our market strategy focuses on cross-selling services within our joint customer base



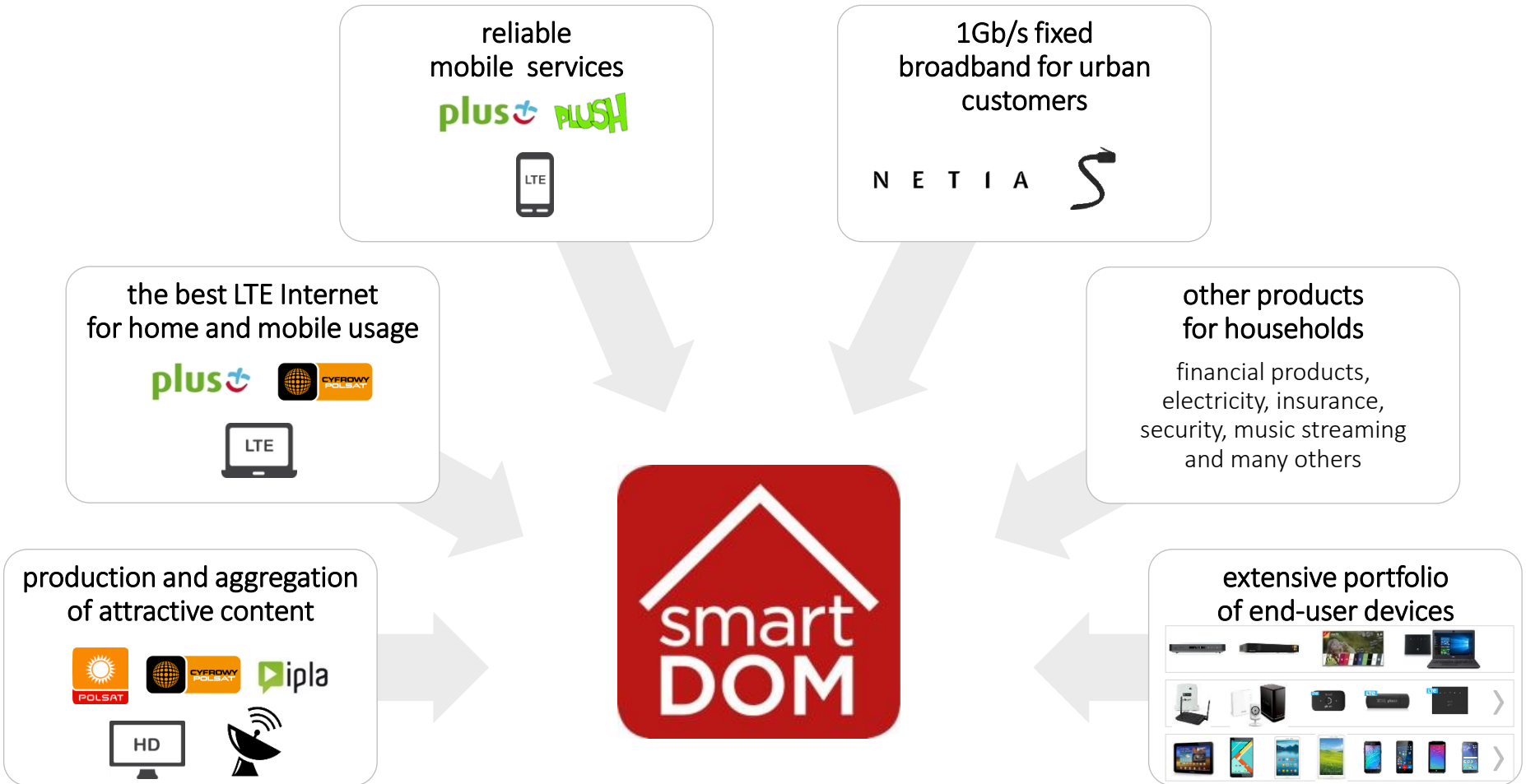
Source: Company data



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SmartDOM is our key proposition for the underdeveloped Polish multiplay market



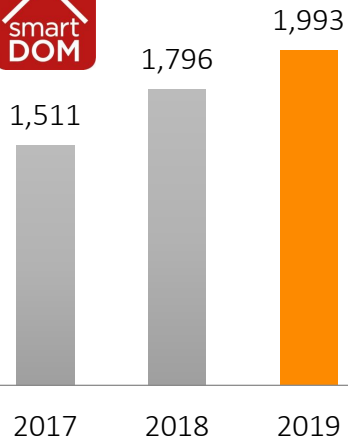
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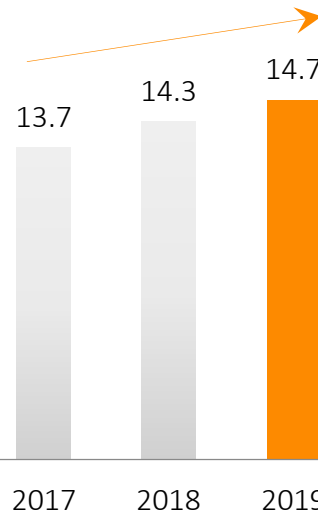
Our multiplay strategy results in ARPU growth and strong customer loyalty



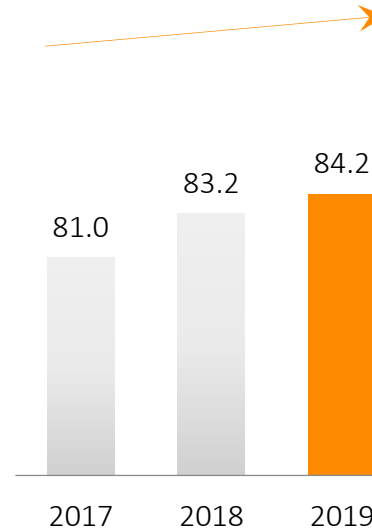
Constantly growing base of multiplay customers



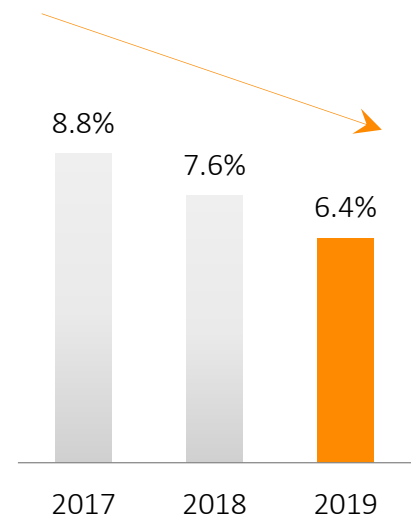
Higher number of contracted RGUs



ARPU per contracted customer up



Record low churn



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4. Dividend policy



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 in reference to the forms of secure investment of funds that are universally available on the Polish market, especially by referencing to the level of interest offered by bank deposits while simultaneously including the premium for 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



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Proposed dividend payouts in the years 2019-2021



Dividend per share	Payout date	
0.93 PLN	2019	executed
1.00 PLN	2020/2021	approved
at least 0.93 PLN	2021	

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

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Successful decade of Polsat Group on WSE



Market cap¹

Revenue

EBITDA

LTM

PLN 18.4 bn

PLN 11.7 bn

PLN 4.2 bn

5.1x

11x

12x

2008
IPO

PLN 3.6 bn

PLN 1.1 bn

PLN 348 m

Note: (1) Market cap as of August 17, 2020



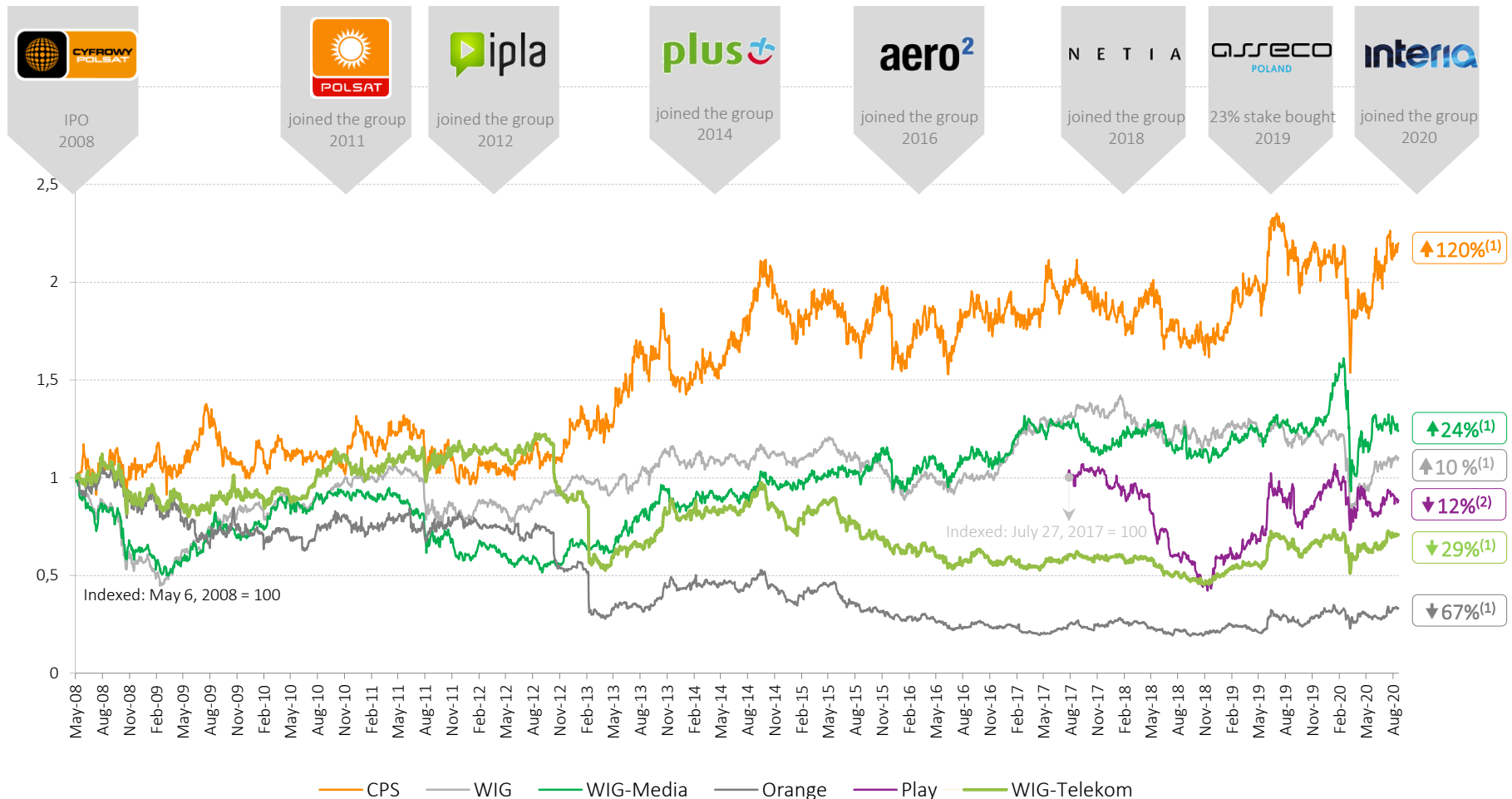
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Our strategic investments positively impacted the value of Polsat Group



CPS stock performance since IPO compared to WSE indexes



Note: ⁽¹⁾ Dynamics between May 6, 2008 and August 24, 2020

⁽²⁾ Dynamics between July 27, 2017 and August 24, 2020

Our debtholders' comfort is equally important to us



ratings
assigned
2011



joined the group
2014



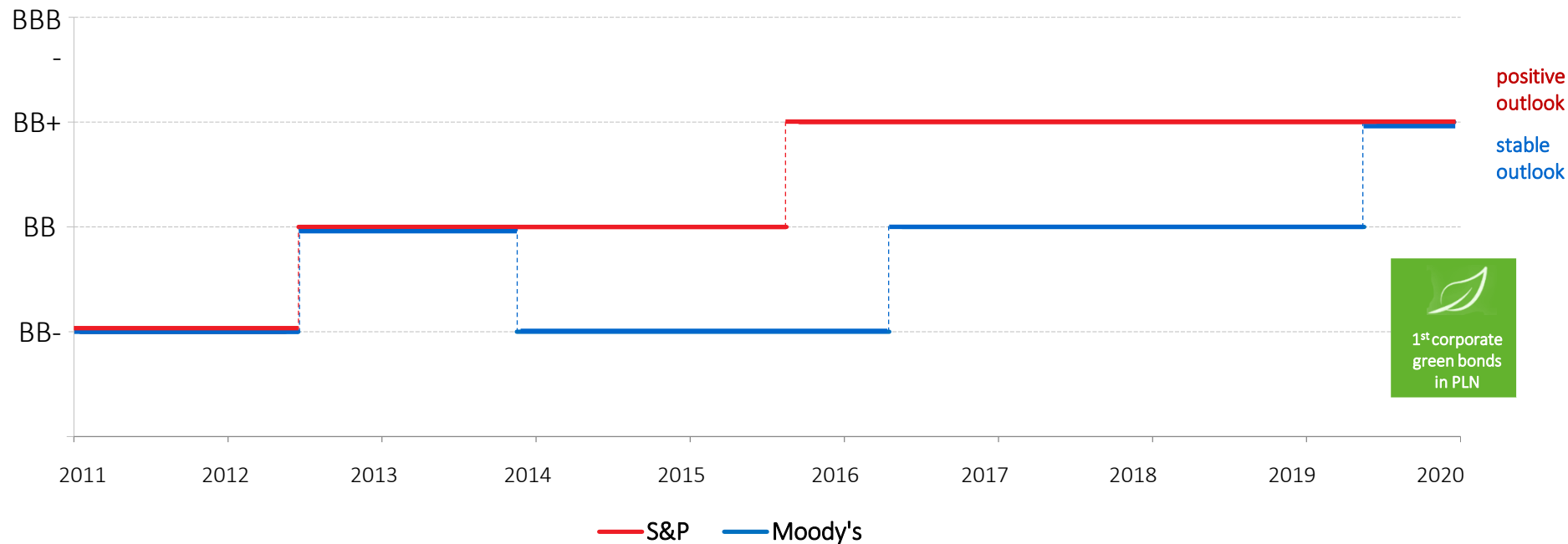
joined the group
2016

N E T I A

joined the group
2018



23% stake bought
2019



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We communicate transparently

Open dialogue with investors and brokers

14 brokers actively covering Polsat Group



2014-Q2'20 avg variance of the previews consensus vs actuals:

- revenue: 1.0%
- EBITDA: 2.1%

Management Board and IR team welcome interactions with investors

Our IR activities in numbers:

- ca. 20 national & international conferences and roadshows annually
- ca. 220 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

CEE Capital Markets Awards
"Distinguishing top public companies listed in Central Eastern Europe"

Best IR dept of a listed
company – Poland

2018 All-Europe Executive Team

Institutional Investor

- Best IR Program
 - Best CFO
 - Best IR Professional
- (MEDIA sector, in the poll of sell-side representatives)

6. Appendix

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Current market position on individual markets

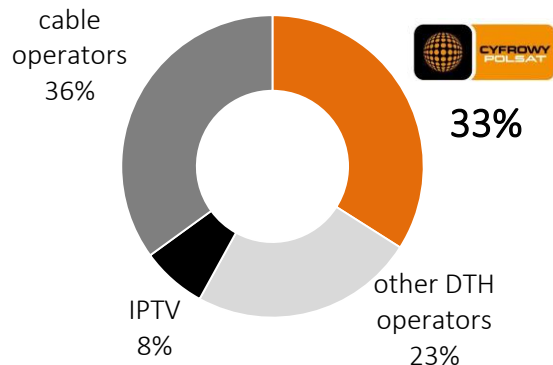


Competitive environment

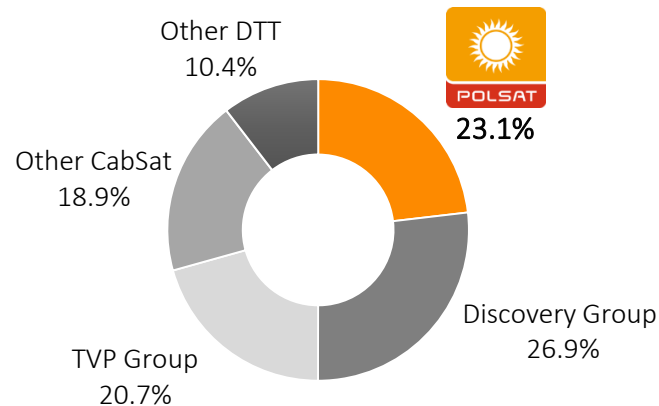


Pay-TV market in Poland

% share in the total number of paying subscribers⁽¹⁾

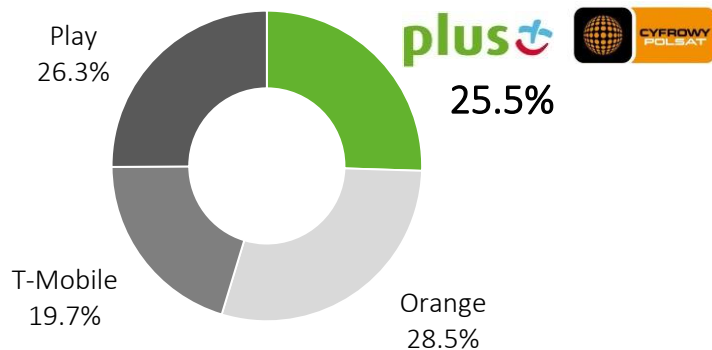


Audience share



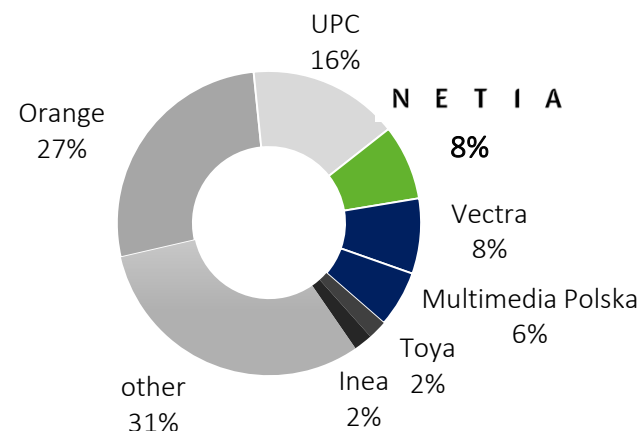
Mobile market in Poland

share of contracted SIM cards⁽²⁾



Fixed broadband market in Poland

share in the number of subscribers⁽³⁾



Source: NAM, All 16-49, all day, SHR%, H1'20, including Live+2, internal analysis

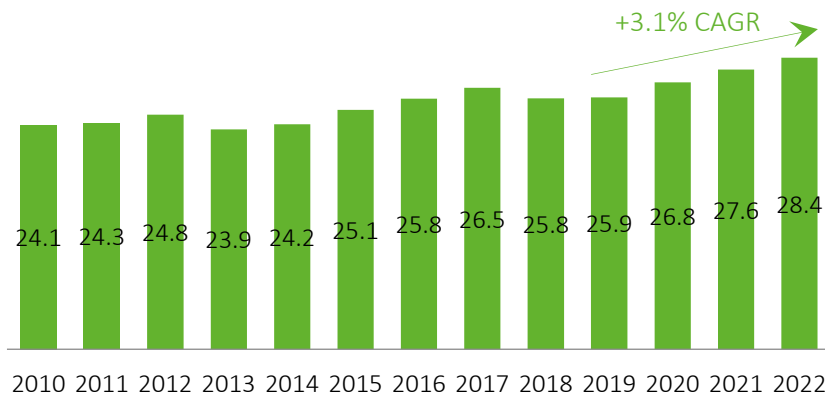
Note: (1) As at 2018, based on own estimates, sector data and PMR estimates

(2) As at 2019, own estimates based on data published by other operators

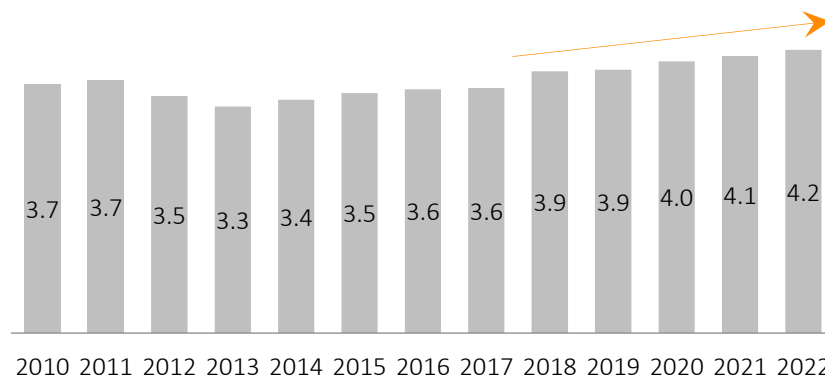
(3) Own estimates based on UKE („Report on the telecommunications market in Poland in 2019”), incl. off-net customers.

Market development and forecasts

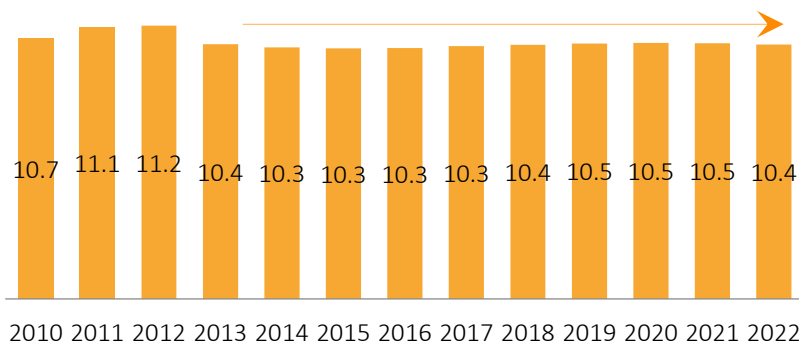
Total Polish mobile market value (bn PLN)



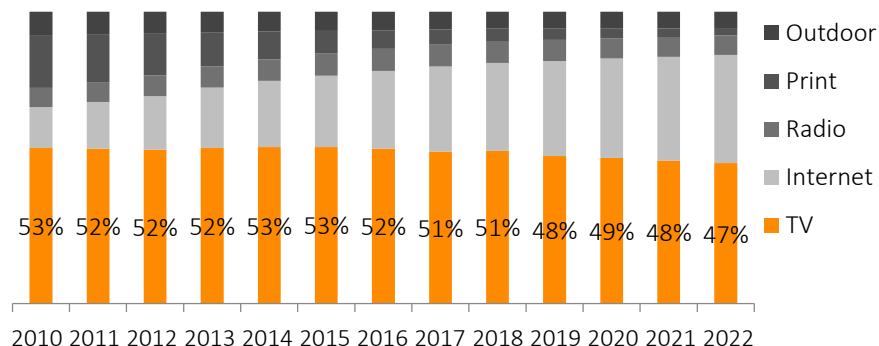
Total Polish TV ad market value (bn PLN)



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



Polish ad market structure



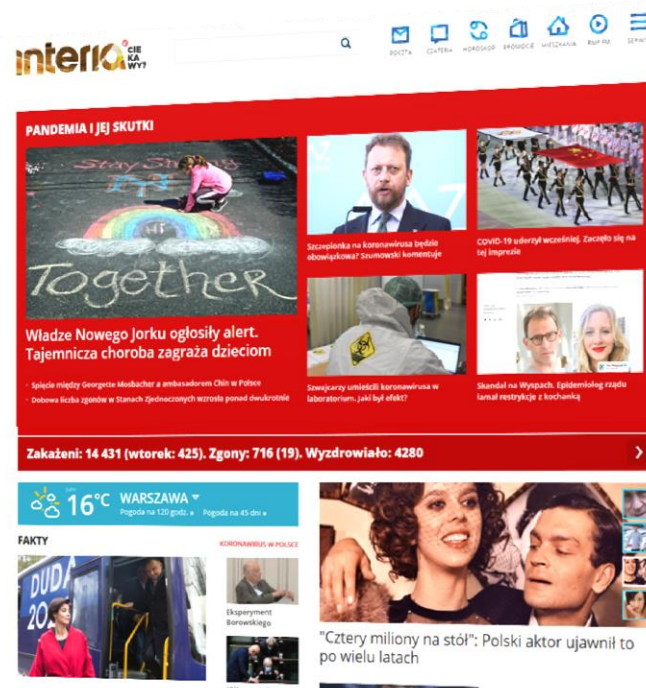
Source: PMR; Zenith, "Advertising Expenditure Forecasts – December 2019"

Strategic acquisition of Interia.pl

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Strategic acquisition of Interia

- A strategic decision aimed at Polsat Group taking a significant position in the Internet
- A well-managed business with a competent team
- Additional channel for distribution and monetization of the content currently produced for the needs of TV Polsat's channels
- Significant strengthening of the position on the dynamically growing on-line advertising market
- Concentration of marketing efforts in the Internet for the entire portfolio of Polsat Group's products and services



Interia Group business at a glance



- Interia Group is the TOP3 leading Media Tech Group and one of the biggest digital companies in Poland
- The company operates one of the biggest horizontal portals with an email system and news, thematic portals as well mobile applications and tools generating revenue across a wide variety of different income streams

interia

Selected KPIs

~100

websites

~100

mobile
applications

60%

internet users
reach in Poland

>16.5m

real users
per month

60%

Interia brand
awareness across
Poland

>1.3bn

monthly page
views

Investment into Interia.pl opens an extensive range of Internet categories for our further exploitation



Main Page & App

Horizontal portal & App



Highlights

- Among top 3 Polish horizontal portals
- Created in 2000, thus benefitting from strong brand recognition
- 4.5m users daily on avg

Webmail & Apps

Services & Apps



Highlights

- 2.6m of active email accounts monthly
- strongly loyalizing service resulting in long-term regular usage
- 67% growth of paid accounts in the last 3 years
- 4+/5 app store ratings for email apps

News & weather category

Selected services & Apps



Highlights

- One of the most important categories of covering all current news from Poland and the rest of the world
- Potential for synergic gains through utilization of content produced for PolsatNews.pl
- Strong no.1 in the Weather services

Thematic news categories

Selected services & Apps



Highlights

- Other news category includes further thematic categories covering current affairs from Poland and the rest of the world
- 4th place in the Sport category with a potential for synergic growth through PolsatSport.pl content integration

Lifestyle categories

Selected services & Apps



Highlights

- Lifestyle categories include primarily domains and vortals with useful advices for woman and men on topic such as: fashion, beauty, celebrities, kitchen, home, health, diet and travel
- 1st place in the Services for men in Poland, 4th place in the Services for women in Poland

Entertainment categories

Selected services & Apps



Highlights

- An extensive portfolio around entertainment, mainly focused on news and reviews from the world of movies, music, games and others
- 2nd place in the Music category in Poland, 5th in the Movie category

18.2m

users per month

68%

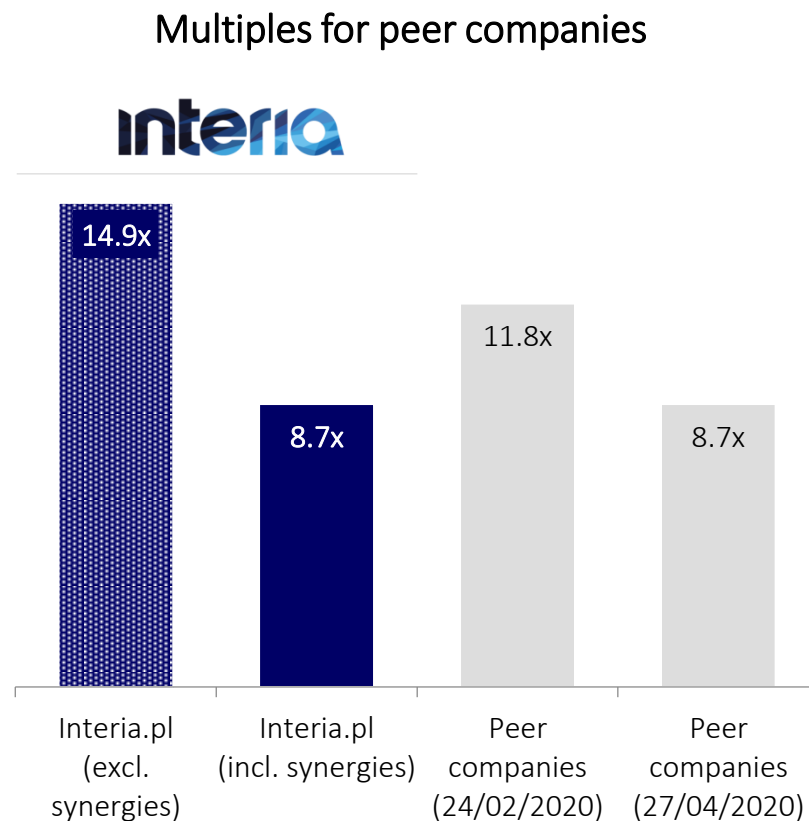
internet users reach in Poland

1.5bn

monthly page views

Multiples for peer companies

- The acquisition price of PLN 422m implies an EV/EBITDA 2019 multiple in the range of 8.7x, accounting for synergies



Note: Peer companies: WP, Agora, Mail.ru.

The multiple of 8.7x has been calculated on the basis of adjusted EBITDA 2019 in the amount of PLN 28.1m and accounting for synergies in the range of PLN 20 m

We plan to double Interia's EBITDA in the mid-term



An additional channel for the monetization of content currently produced for the needs of the 34 Polsat family channels



Cost optimization by insourcing the online marketing campaigns run by Plus, Cyfrowy Polsat, IPLA, Netia or in TV Polsat's channels



Polsat Media Biuro Reklamy advertising office will assure more efficient sales of Interia's advertising space



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Strategic alliance of Cyfrowy Polsat and Asseco Poland – local TMT sector leaders

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Strategic alliance of two Polish TMT sector leaders



- #1 on the Polish media and telecommunications market
- 28 years of continued business development
- provides services to 46% of Polish households
- effective strategy allowed to outpace all local competitors
- full spectrum of products provides content, connectivity and other services for the home
- full range of key assets
- new areas of growth (geographic- and product-wise)
- 11-year success story on the WSE

assecO

- #1 software producer in Poland and CEE
- #6 software producer in Europe
- 30 years of experience in the IT sector
- 25K employees, including 5K in Poland
- 4.8K employees engaged in R&D
- rich experience in the TMT sector gained on the Polish and international markets
- focus on proprietary software for key economy sectors
- one of Polsat Group's key partners in the past
- 15-year success story on the WSE

Our organizations have a lot in common

Polish companies that perfectly manage international competition on a local market

Benefits of the project from Cyfrowy Polsat's perspective



- Opting for a local partner, strongly engaged in the implementation of Polsat Group's IT environment, as a way to **diversify risk in the IT area**
- **Polsat Group's focus on core media and telecommunications activities.** Asseco shall ensure the highest level of IT solutions and services
- Ensuring the possibility to influence the **directions of development in prospective areas of technology** (payments, cybersecurity, business intelligence, 5G, etc.) thanks to the capital alliance
- **Guarantee of support for dynamically developing operations of Polsat Group** thanks to the significant competence potential of Asseco
- Execution opportunities for **new products and services** thanks to Asseco's scale of operations
- Asseco's international experience **an inspiration for further development of services provided by Polsat Group**
- Shares of Asseco Poland, with a dividend yield of approximately 5%, represent an **outstanding capital investment for Cyfrowy Polsat**

Today Polsat Group's IT area generates nearly PLN 400m of costs annually¹



CP Group's IT area in numbers²

- Along with the development of operations, the complexity of Polsat Group IT area grows dramatically
- Providing products tailored to the needs of our customers **will generate further pressure on cost increases in the IT area**
- High expertise in IT area will be also crucial for **success of B2B projects run by Netia and Polkomtel**

522 FTEs	175 IT partners and subcontractors	295 projects run in 2019
Operator services 24x7x365	62.6K incidents solved annually	5.5K problems solved annually
120K calls to service desk annually	82K product offers	447 applications
5,267 servers	9,134 TB of gross capacity on disk arrays	10K PC computers in maintenance

Note: (1) includes software + hardware
(2) concerns Polkomtel and Cyfrowy Polsat



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Asseco's TMT offering in Poland



Software:

- 1 CRM
- 2 Automation of business processes
- 3 Business Intelligence
- 4 Middleware, EAI
- 5 Added services
- 6 Billing
- 7 E-commerce websites
- 8 Network assets management

Capabilities:

- 1 Complex implementations
- 2 Integrator Projects
- 3 System maintenance

References – media



References – telecoms



Over **350 engineers** highly experienced in the execution of the most complex and demanding projects within the telecommunications and media sectors

Asseco's international TMT references

Current shareholding structure of Asseco Poland S.A.



Shareholder	Number of shares and votes at GMS	Voting interest at GMS
Adam Góral (founder and CEO)	8 083 000	9.74%
Cyfrowy Polsat S.A.	19 047 373	22.95%
AVIVA Otwarty Fundusz Emerytalny Aviva Santander	8 301 733	10.00%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	4 171 121	5.03%
Other shareholders	43 397 076	52.29%
Total	83 000 303	100%

Source: own compilation based on Asseco Poland website (<https://inwestor.asseco.com/o-asseco/akcjonariat/>)

Strategic context of the investment in Netia



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

Netia's infrastructure provides us with access to a completely new market



satellite TV (DTH)

cable TV (IPTV)

LTE home Internet

1Gb/s fixed-line broadband

mobile telephony

video online

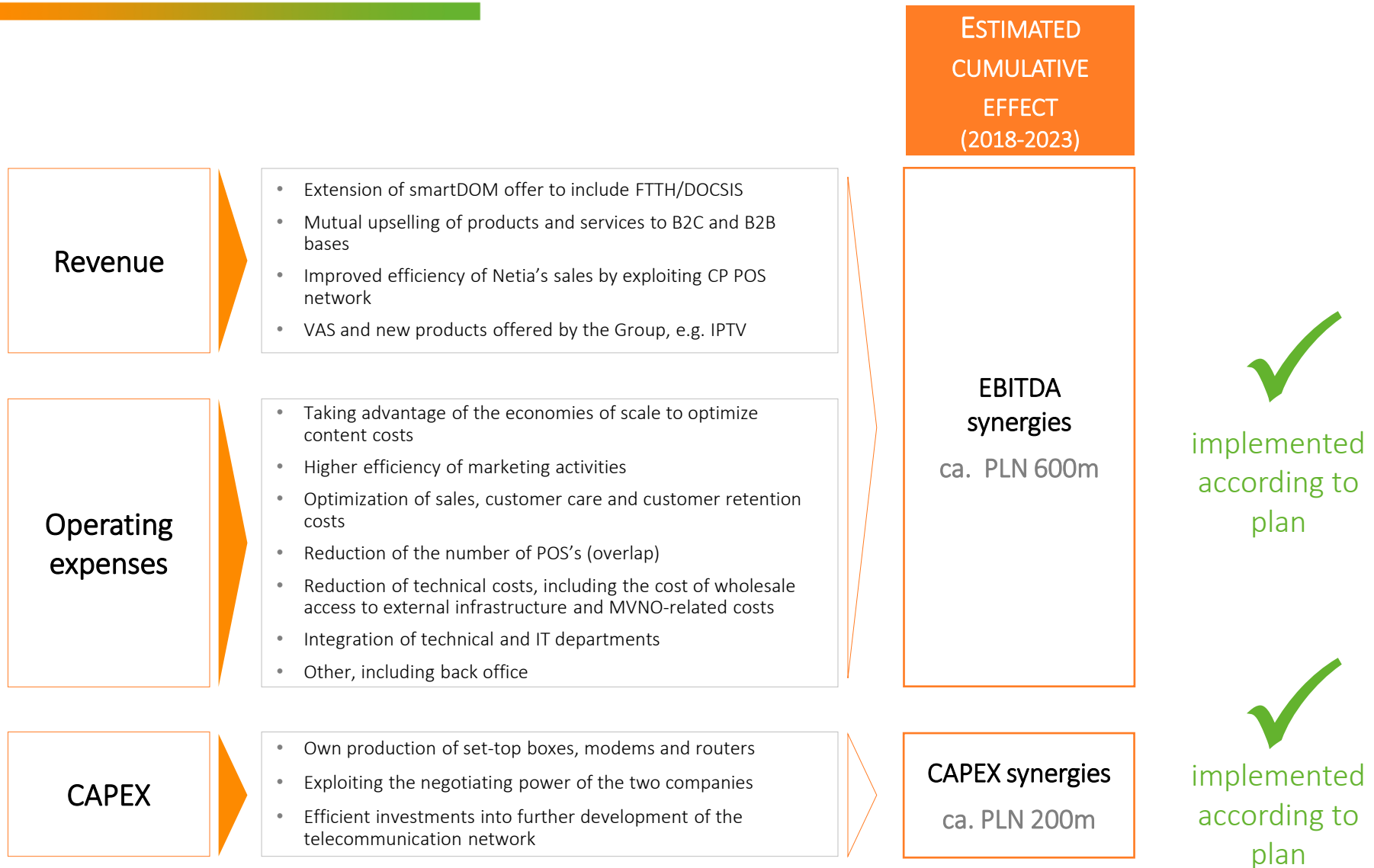
Source: company's data



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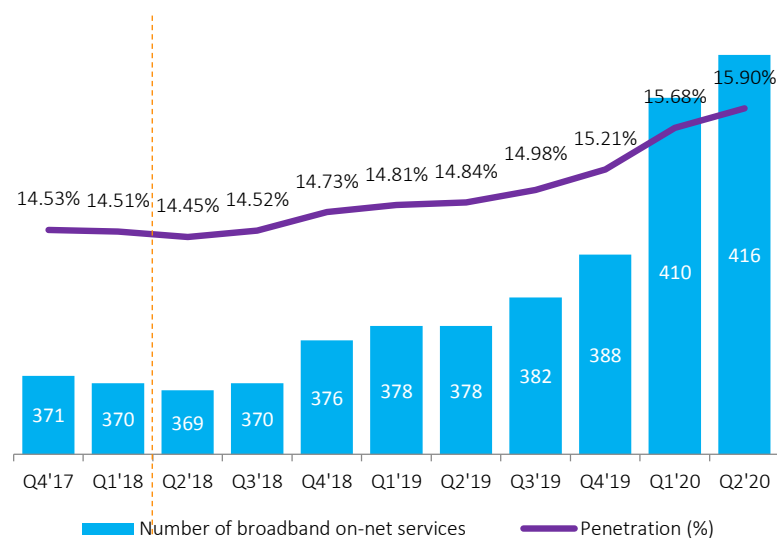
Implementation of synergies in cooperation with Netia according to plan



Positive effects of synergies already visible in Netia's KPIs...

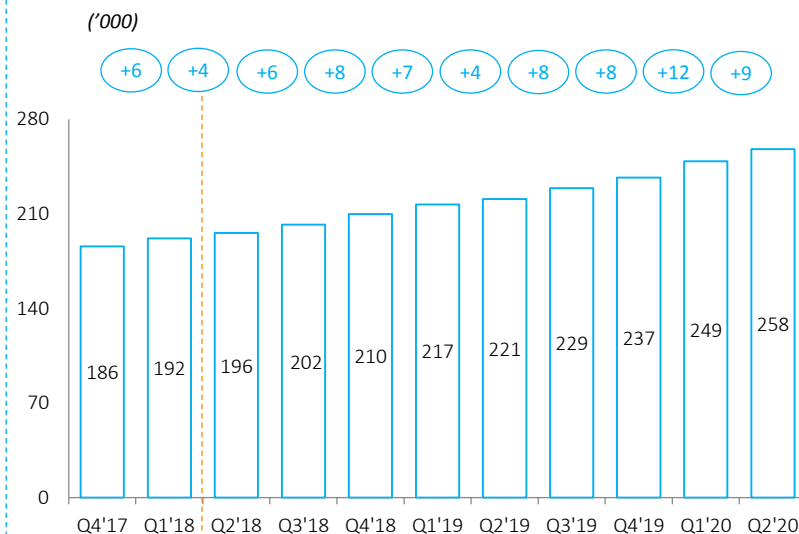


On-net broadband penetration change¹



May'18 – Cyfrowy Polsat takes over control of Netia

TV services



May'18 – Cyfrowy Polsat takes over control of Netia

Source: Netia

Note: (1) Based on 2.55m HP in range that Netia communicated at the moment of „21 Century Network Project” start



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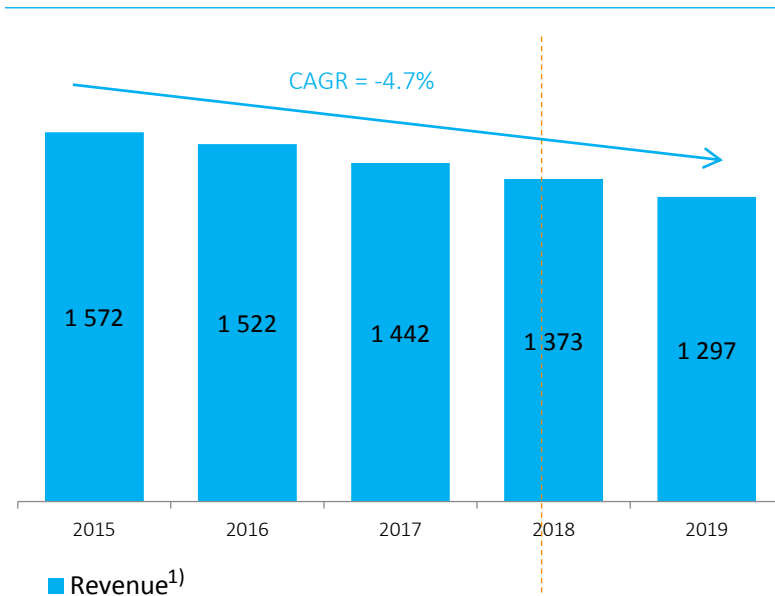
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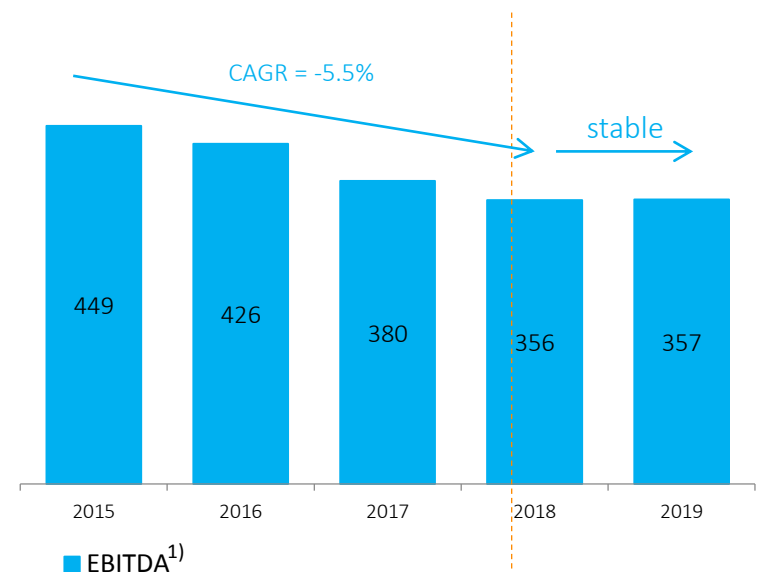
... and Netia's financial results

Revenue still under structural pressure...



May'18 – Cyfrowy Polsat takes over control of Netia

...but EBITDA already stabilizing as a result of implemented synergies

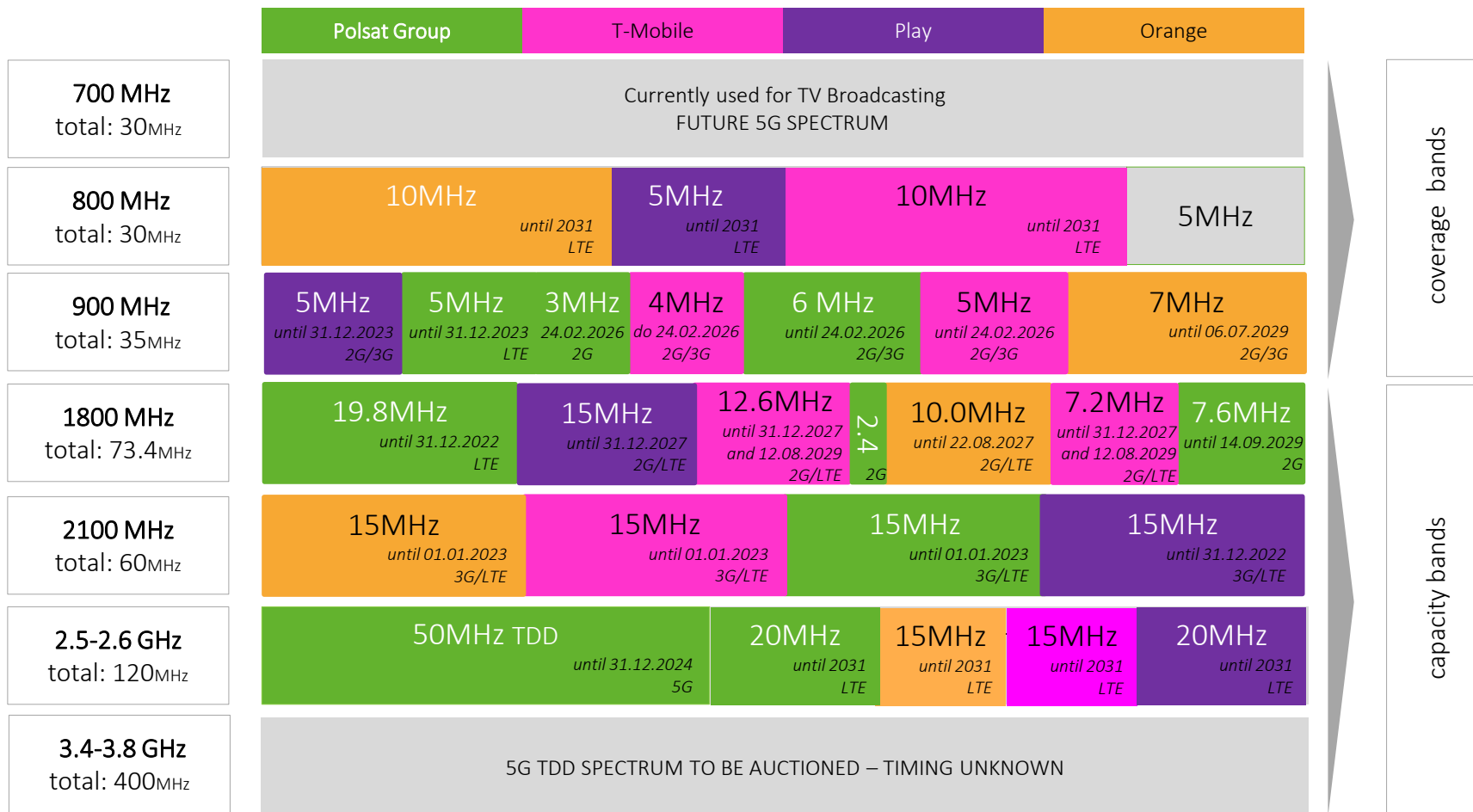


May'18 – Cyfrowy Polsat takes over control of Netia

Our frequencies and CAPEX profile

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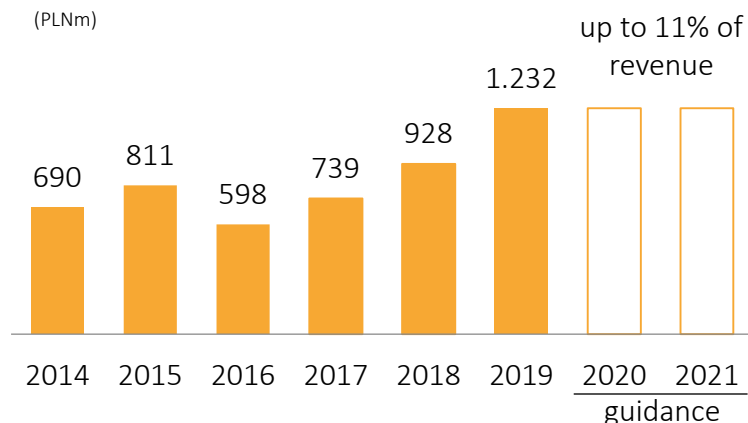
Stable, favorable competitive position



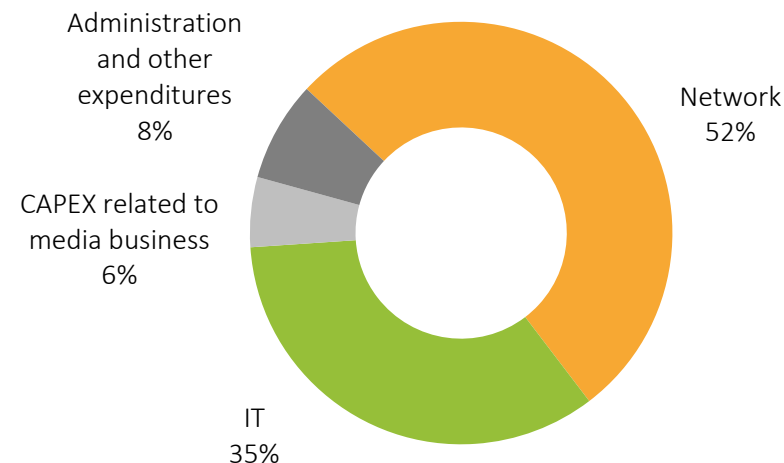
Capex guidance goes up to 11% of revenue after Netia acquisition



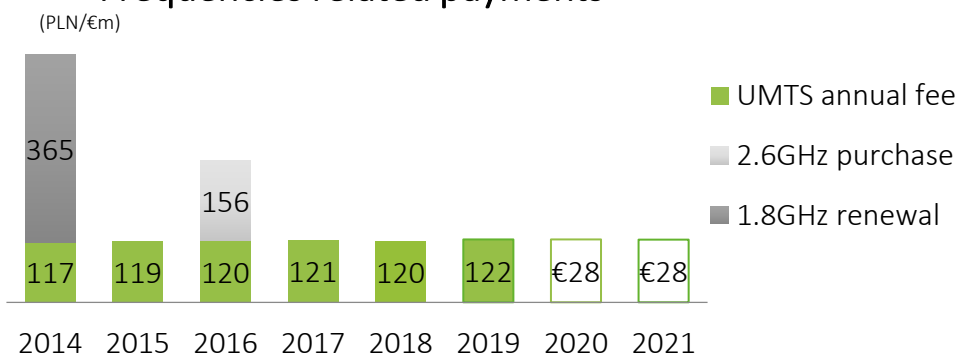
Cash CAPEX and guidance



CAPEX decomposition in 2019



Frequencies related payments



Source: 2014-2016 pro forma with Aero2



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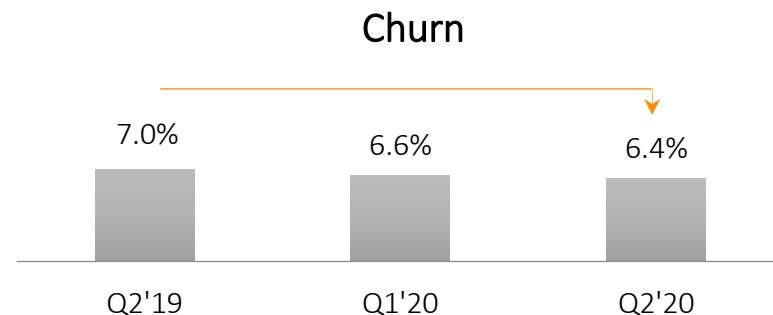
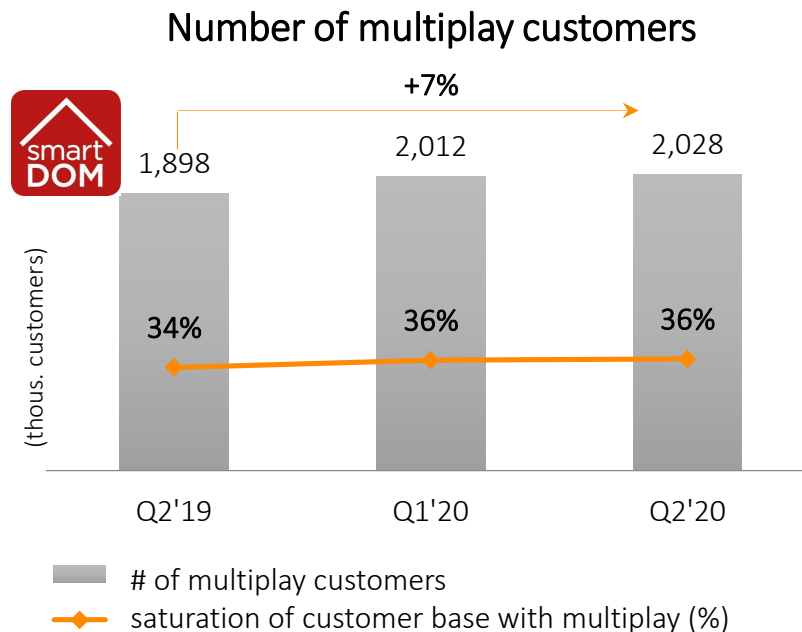
Long-term business performance trends



Over 2 million customers of multiplay offer



- Consistent implementation of our multiplay strategy results in a stable increase in the number of customers with bundled services by 130K YoY
- The number of RGUs owned by these customers increased to 6.19m
- Another quarter of very low churn level – mainly due to our multiplay strategy



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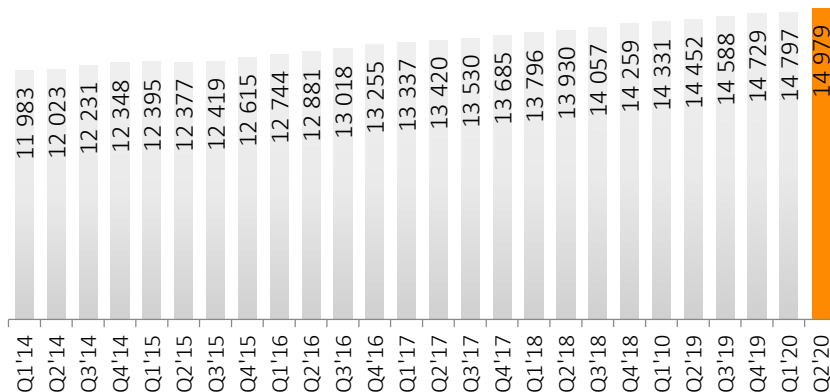
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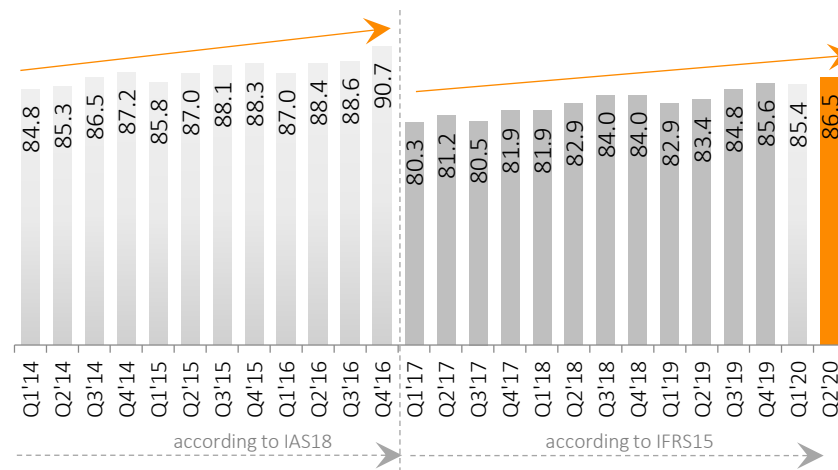
Multiplay supports the continuous growth of the number of services and ARPU



Contract RGUs EOP



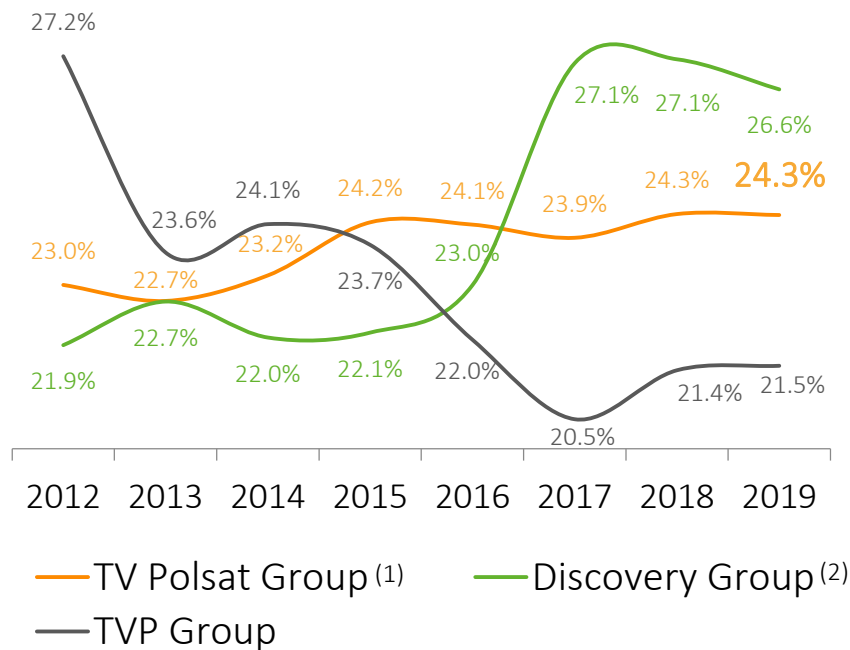
Contract ARPU (PLN)



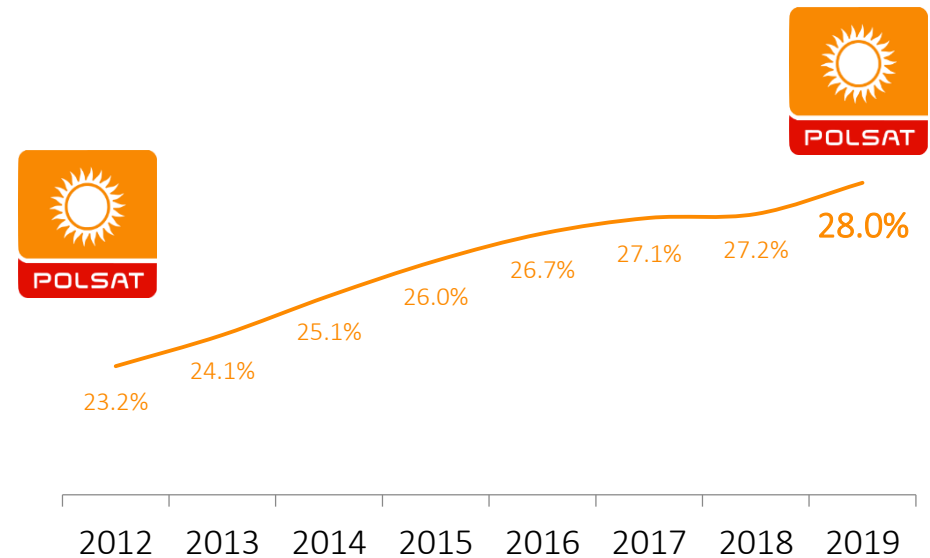
TV Polsat successfully monetizes its strong viewership results



Audience shares



TV ad market shares



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



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Q2'20 operational performance

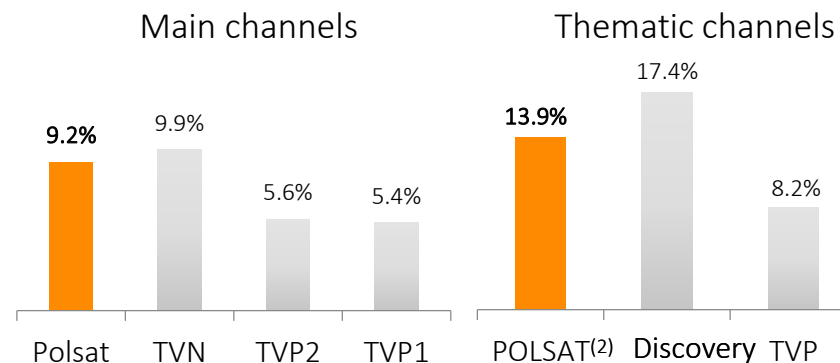
a. Broadcasting and TV production



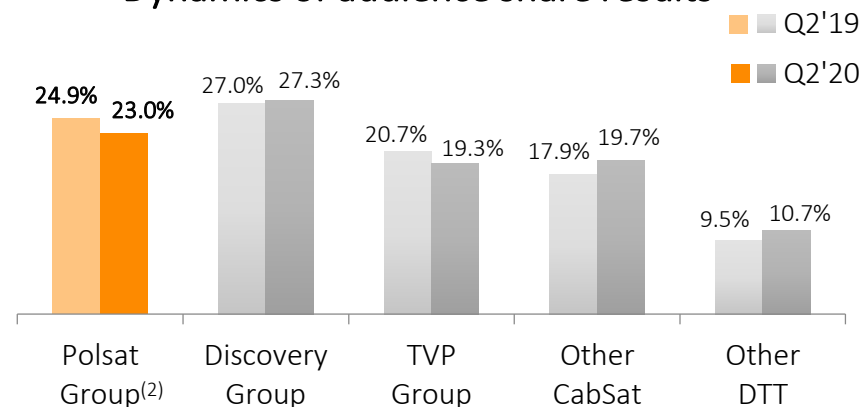
Viewership of our channels in Q2'20

- Polsat Group and its main TV channel were among the audience leaders in the commercial viewers' group, in spite of the unprecedented situation forcing us to withhold the broadcasting of the spring programming schedule and in spite of delays affecting numerous sports events

Audience shares⁽¹⁾



Dynamics of audience share results⁽¹⁾



Source: NAM, All 16-49, all day, SHR%, including Live+2⁽¹⁾, internal analysis

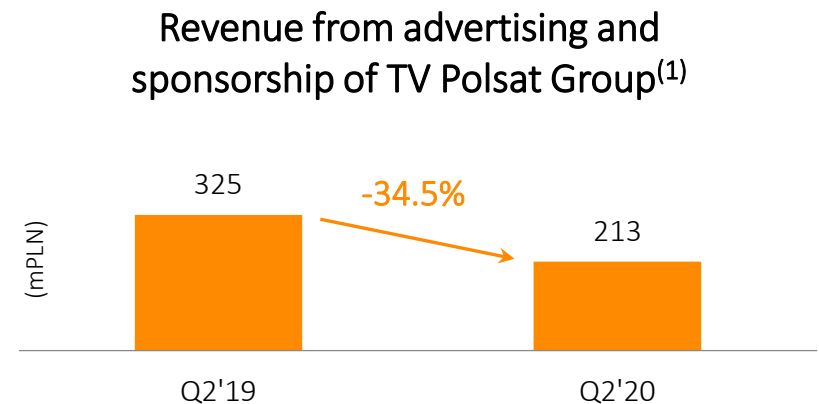
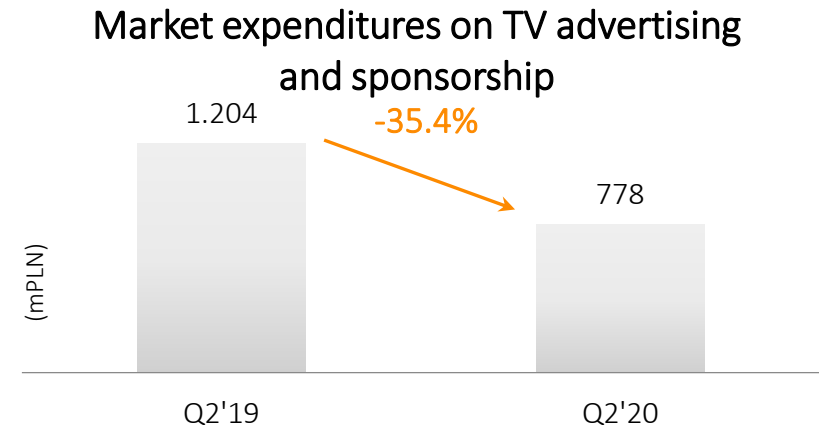
Note: (1) Audience shares include both live broadcasting and broadcasting during 2 consecutive days (i.e. Time Shifted Viewing)

(2) excluding partnership channels: Polsat Viasat Explore, Polsat Viasat Nature, Polsat Viasat History, JimJam, CI Polsat, Focus TV, Nowa, TV Polsat Comedy Central Extra

Position on the advertising market in Q2'20



- The dynamics of advertising and sponsorship revenues of TV Polsat Group in line with the market trend
- Our share in the TV advertising and sponsorship market increased to 27.4%



Source: Starcom, preliminary data, spot advertising and sponsorship; TV Polsat; internal analysis
Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Starcom's definition



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Results of the broadcasting and TV production segment in Q2'20



mPLN	Q2'20	YoY change	
Revenue	412	-108	-21%
Operating costs ⁽¹⁾	293	-66	-18%
Adjusted EBITDA ⁽²⁾	122	-39	-24%
Adjusted EBITDA margin	29.7%	-1.4pp	-

- Quick adjustment of the cost side to the condition of the advertising market has enabled substantial reduction of the pressure on EBITDA

Source: Consolidated financial statements for the 6-month period ended 30 June 2020 and internal analyses

Note: (1) Costs exclude depreciation, amortization, impairment and liquidation

(2) EBITDA excl. one-off costs related to COVID-19, incl. donations



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Q2'20 operational performance

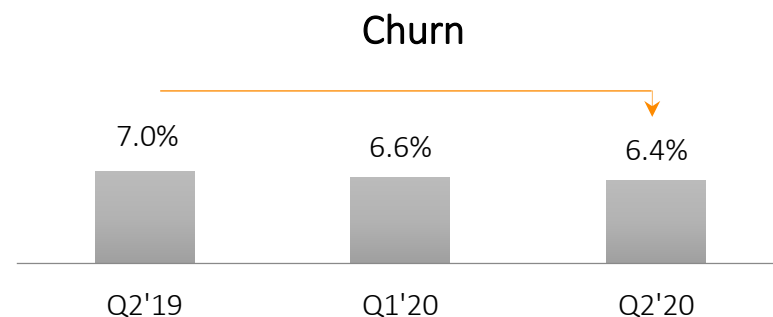
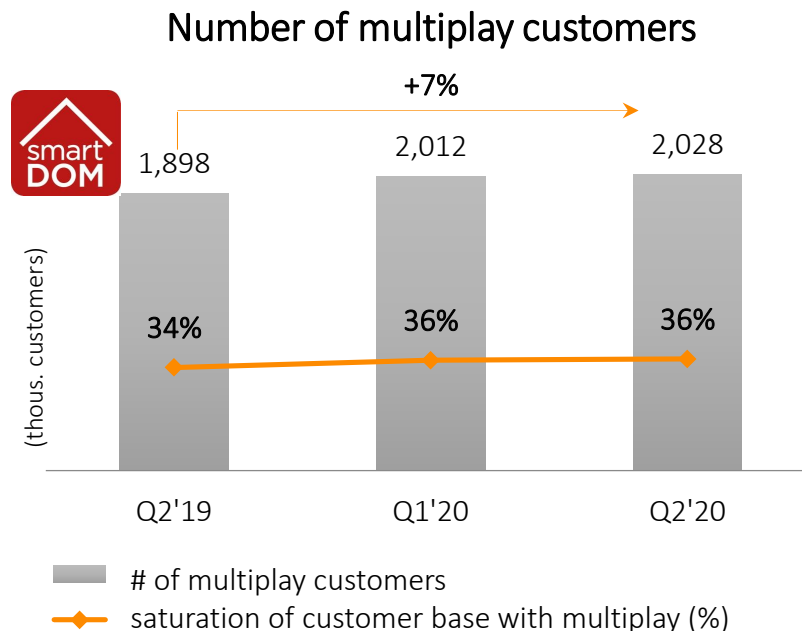
b. Services to individual and
business customers



Over 2 million customers of multiplay offer



- Consistent implementation of our multiplay strategy results in a stable increase in the number of customers with bundled services by 130K YoY
- The number of RGUs owned by these customers increased to 6.19m
- Another quarter of very low churn level – mainly due to our multiplay strategy



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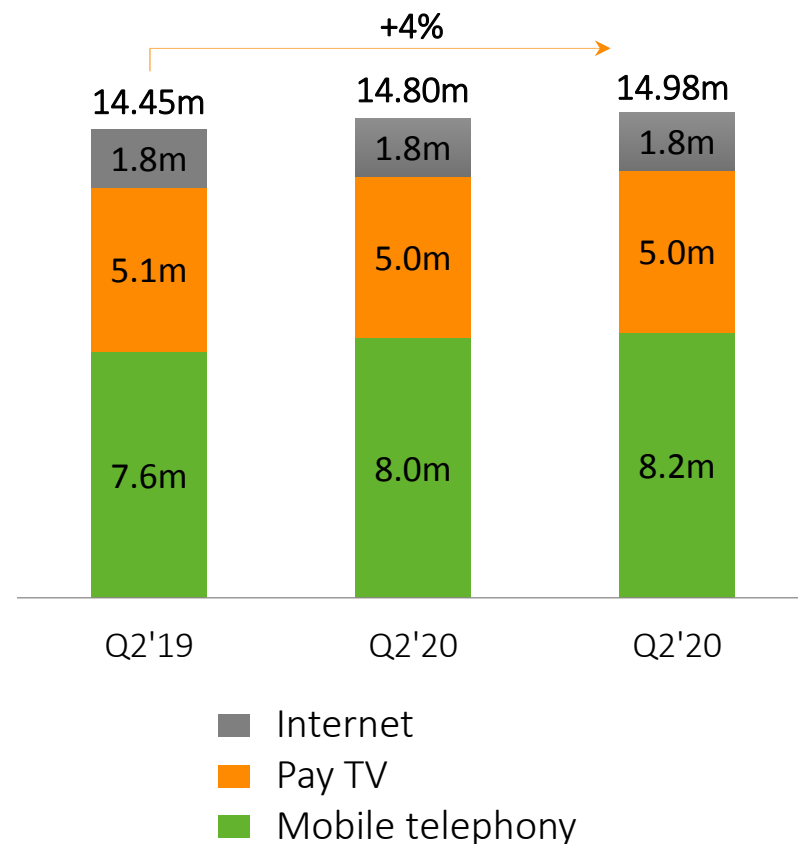
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We maintained very high growth dynamics of contract services despite limitations in the sales network



- Increase in the number of contract services by 528K YoY
- Dynamic growth of voice services as a result of positive impact of our multiplay strategy and the introduction of attractive tariffs addressed to contract customers, as well as by high demand among business customers for m2m services
- Stable base of pay TV and Internet services



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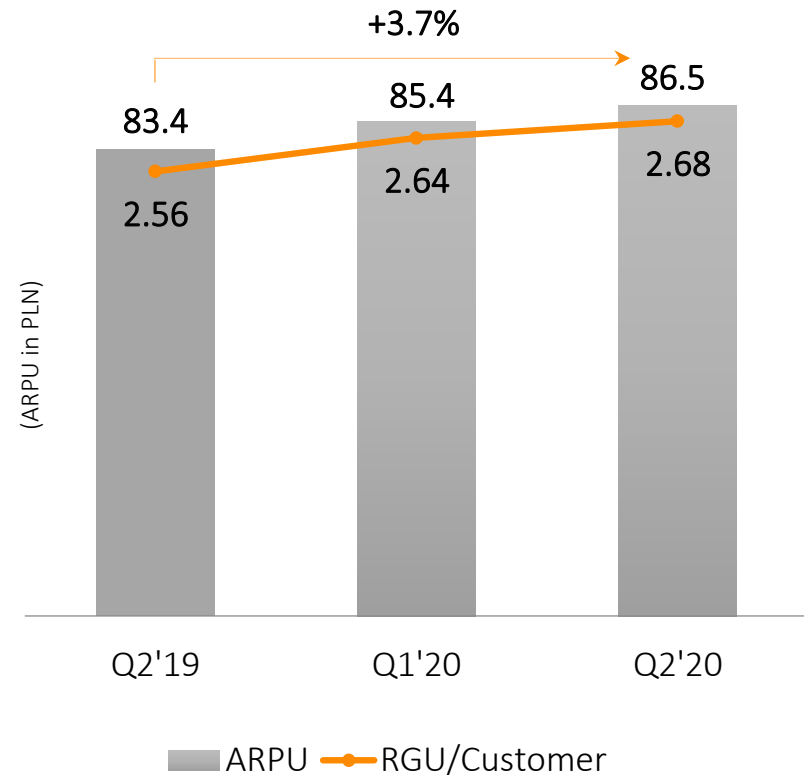
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Growth of ARPU thanks to the consistent implementation of the multiplay strategy



- 3.7% YoY increase in ARPU resulting from the consistent building of the value of the existing customer base and increase in revenues from interconnection settlements, related to a significant increase in voice traffic during the coronavirus epidemic
- Effective upselling of products under our multiplay strategy continues to be reflected in the growing RGU saturation per customer ratio



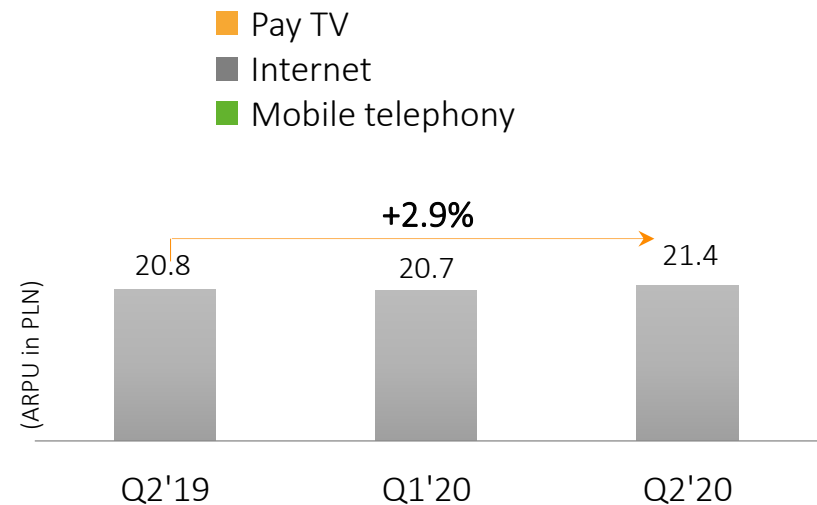
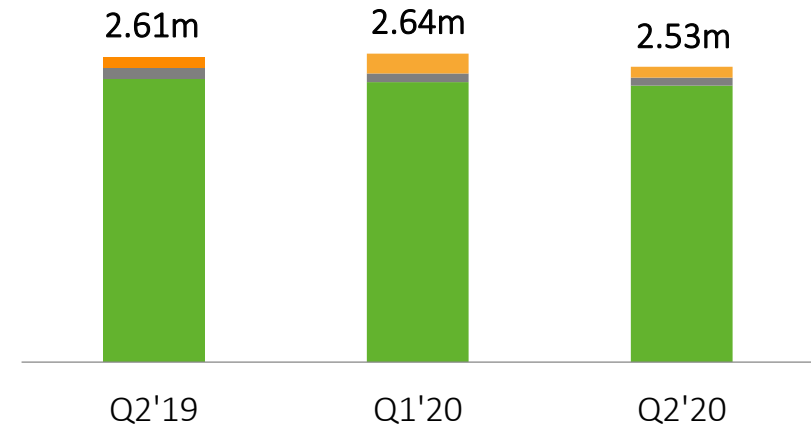
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Lockdown restricted the possibilities of distribution of prepaid starter kits



- The decrease in prepaid services was largely due to the closure of part of our sales network during the lockdown caused by the COVID-19 pandemic and the lower number of foreigners visiting Poland
- Growing ARPU level is due to the higher number of voice calls and the resulting higher interconnect settlements



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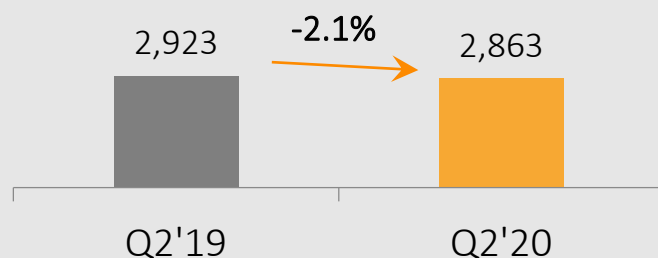


Q2'20 financial performance

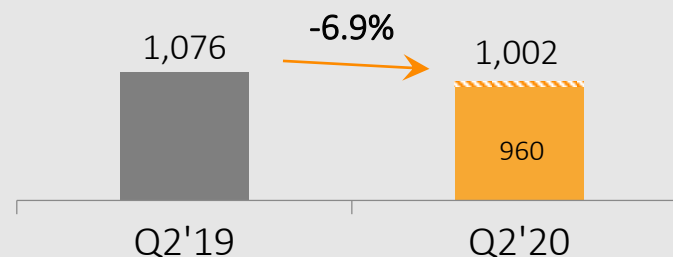


Results of the Group in Q2'20

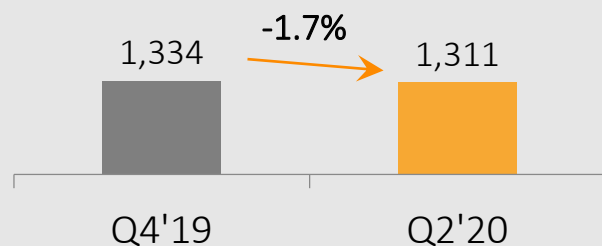
revenue



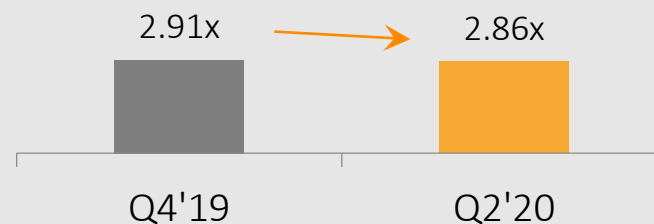
EBITDA and adjusted EBITDA¹



LTM FCF



net debt/EBITDA LTM

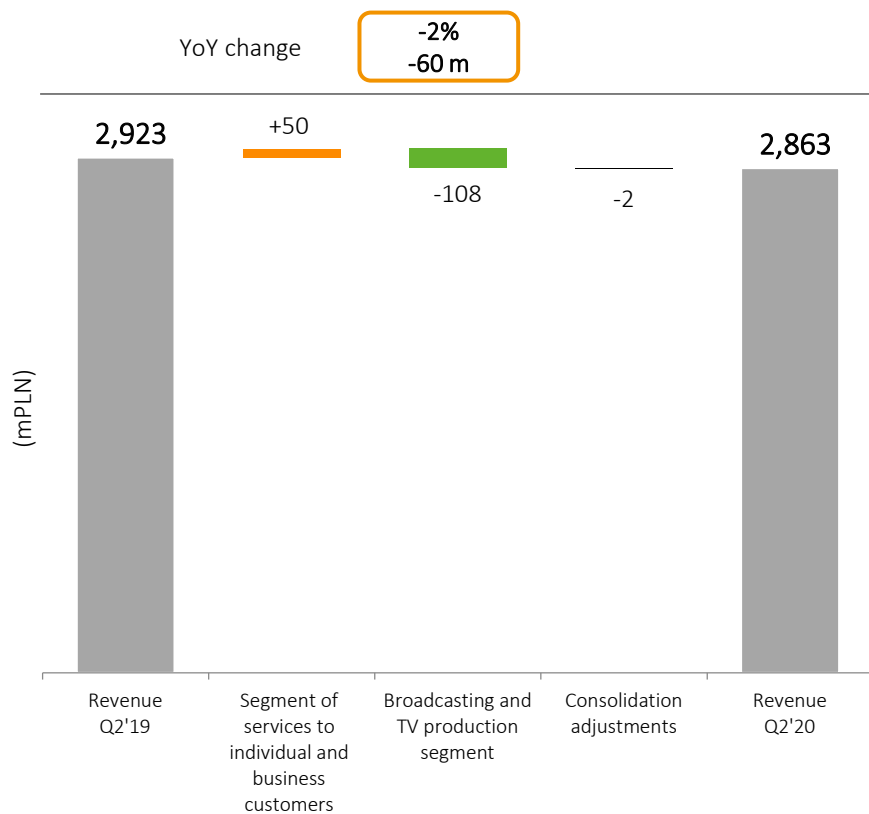


Source: Consolidated financial statements for the 6-month period ended 30 June 2020 and internal analyses

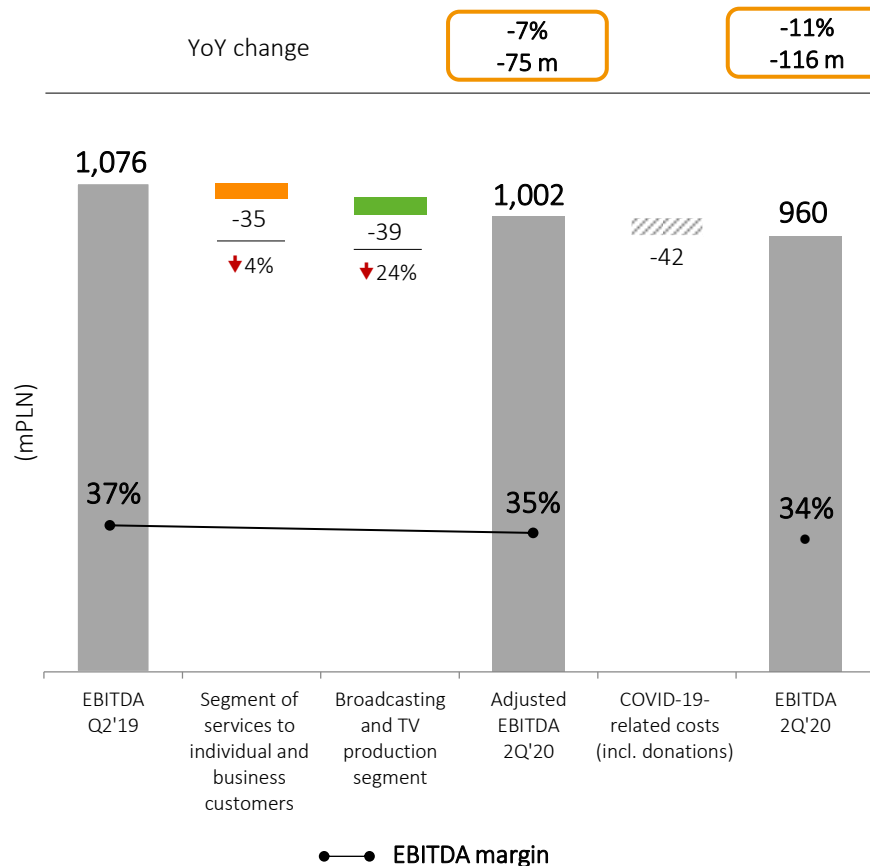
Note: (1) EBITDA excl. one-off costs related to COVID-19 (incl. donations) in the amount of PLN 41.5m

Revenue and EBITDA – change drivers

Revenue



Adjusted EBITDA¹ and EBITDA



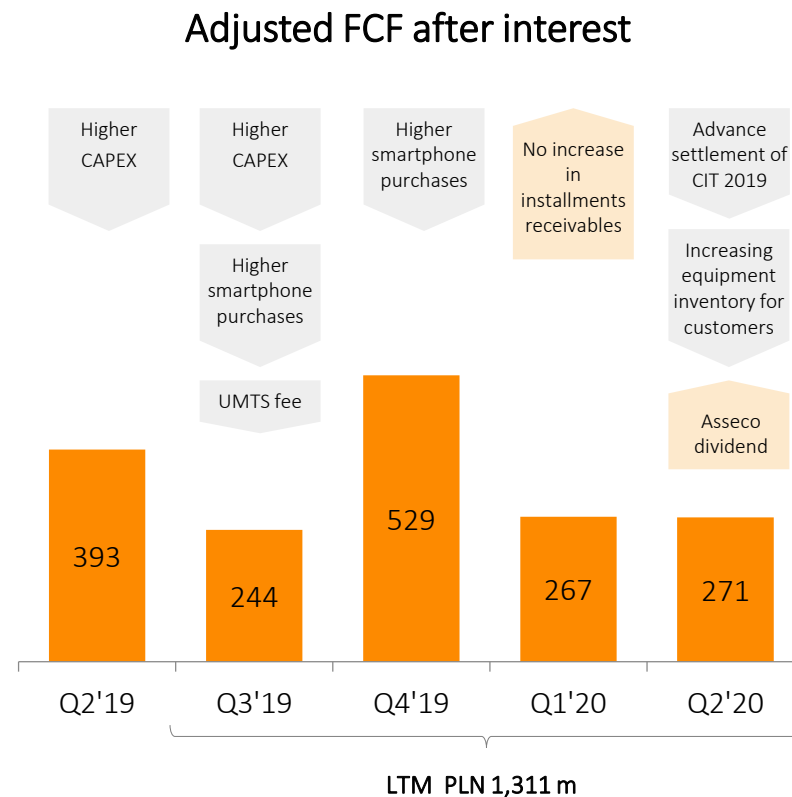
Source: Consolidated financial statements for the 6-month period ended 30 June 2020 and internal analyses

Note: (1) EBITDA excl. one-off costs related to COVID-19 (incl. donations) in the amount of PLN 41.5m

Stable cash flow generated



mPLN	Q2'20	6M'20
Net cash from operating activities	574	1.353
Net cash used in investing activities	-180	-544
Payment of interest on loans, borrowings, bonds and commissions	-109	-193
Payment of lease liabilities and interest	-88	-207
FCF after interest	197	409
Acquisition projects	0	56
Bank fees and other costs of organizing refinancing	32	32
COVID-19-related costs (incl. donations)	42	42
Adjusted FCF after interest	271	539



Source: Consolidated financial statements for the 6-month period ended 30 June 2020 and internal analyses



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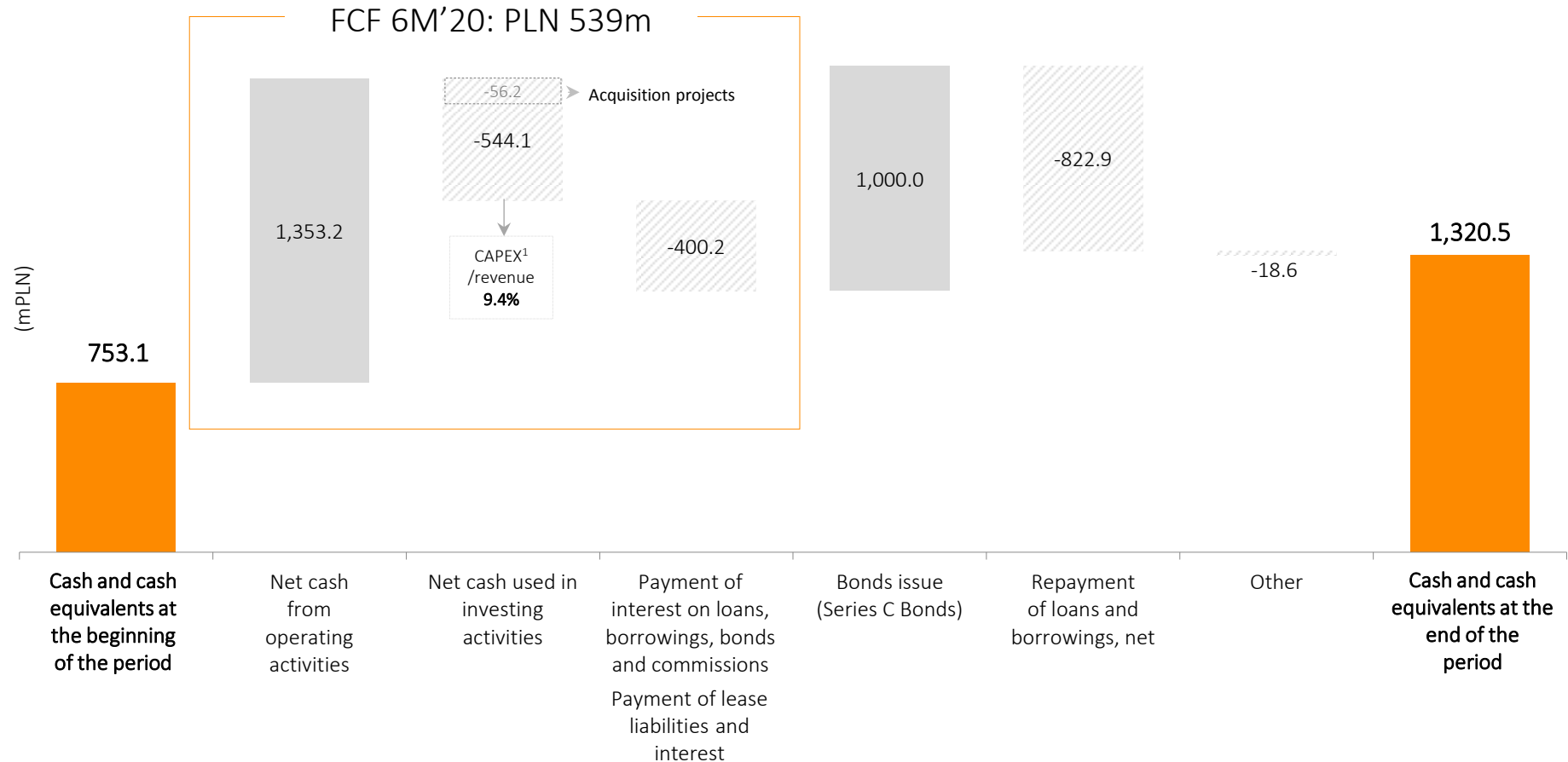
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Increased level of cash was used to finance the acquisition of Interia.pl



Source: Consolidated financial statements for the 6-month period ended 30 June 2020 and internal analyses

Note: (1) Expenses on the acquisition of property, plant and equipment and intangible assets



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The Group's debt

mPLN	Carrying amount as at 30 June 2020
SFA (Tranche A and B)	9,283
Revolving Credit Facility (RCF)	335
Series B and C Bonds	2,007
Leasing and other	1,445
Gross debt	13,070
Cash and cash equivalents ¹	(1,321)
Net debt	11,749
EBITDA LTM ²	4,111
Total net debt / EBITDA LTM	2.86x
Weighted average interest cost ³	1.9%

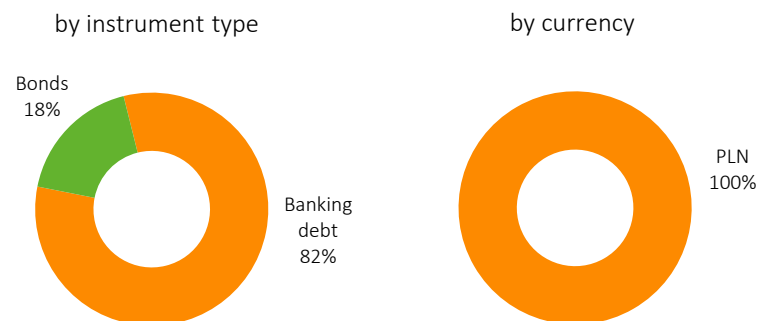
¹ This position comprises cash and cash equivalents, incl. restricted cash, as well as short-term deposits.

² In accordance with the requirement of the SFA, the EBITDA LTM calculation includes the adjusted EBITDA amount in the second quarter of 2020, i.e., without the COVID-19 related costs, including donations.

³ Prospective average weighted interest cost of the SFA (including the Revolving Credit Facility) and the Series B and Series C Bonds, excluding hedging instruments, as at June 30, 2020 assuming WIBOR 1M of 0.23% and WIBOR 6M of 0.28%.

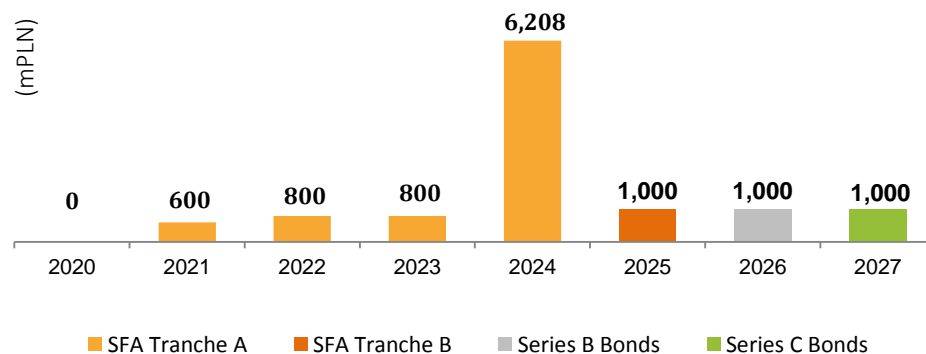
⁴ Nominal value of the indebtedness as at 30 June 2020 (excl. the Revolving Facility Loan and leasing).

Debt structure⁴



Debt maturing profile⁴

As at 30 June 2020



Our business has demonstrated high resistance to the disruptions caused by COVID-19



- Our **diversified and subscription-based** business model assures predictable and **stable revenue streams**
- Continued **high demand for communication services and home entertainment** has not suffered, even in spite of the temporary closure of part of our sales network
- Reduced cross-border mobility exerts **temporary pressure on roaming revenues** and sales of prepaid starter kits
- TV and the Internet are the advertising channels that are **most resistant to the turbulences caused by COVID-19**, currently the prospects for the third quarter seem to be improving significantly
- We continuously generate **high cash flows**, which assures **security** in terms of current liquidity

Polsat Group's stable and safe business model allows comfortable day-to-day operations while simultaneously supporting the Polish society in the struggle against the pandemic

COVID-19 exerts both positive impact and negative pressure on our financials



positive impact factors

- Demand for bigger data bundles due to higher data usage as a result of remote work and home education, both in the B2C and B2B segments
- Higher demand for premium content (pay TV / VOD) as a result of #stayhome action, which was reflected by customers migrating to higher end service packages
- Further reduction of churn
- Positive impact on retail revenues thanks to changes of mobile service prices in 2019/2020
- Higher IC revenue and costs due to higher voice traffic
- Less demanding labor market
- Interest rate reduction by 140 basis points, leading to reduced cost of debt servicing

- Uncertainties as regards the duration of the coronavirus pandemic and its ultimate impact on global, European and Polish economies
- Decrease of the advertising market value due to the inevitable slowdown of global, European and Polish economies
- Uncertainties surrounding the consequences of postponement of major sports events
- Significantly lower roaming traffic, even in spite of the borders having been opened
- Lower sale of prepaid starter sets during the lockdown and reduced number of foreign visitors coming to Poland
- Should the situation on the labor market deteriorate further, potential decrease of sale of mobile handsets/equipment can be expected due to the customers' lower propensity to buy expensive smartphones
- Potential bankruptcies, especially in the SOHO segment

negative pressure factors



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Additional information

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Shareholding structure



Shareholder	Number of shares	% of shares	Number of votes	% of votes
Zygmunt Solorz, through	364,244,418	56.95%	523,961,929	63.98%
TiVi Foundation, including through:	298,080,297	46.61%	457,797,808	55.90%
<i>Reddev Investments Limited</i>	298,080,287	46.61%	457,797,788	55.90%
Embud 2 Sp. z o.o. S.K.A.	64,011,733	10.01%	64,011,733	7.82%
Tipeca Consulting Limited ¹	2,152,388	0.34%	2,152,388	0.26%
Others	275,301,598	43.05%	295,001,588	36.02%
Total	639,546,016	100.00%	818,963,517	100.00%

Note: (1) Company under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act
As at November 8, 2019



KPIs – retail customer services



SEGMENT OF SERVICES TO INDIVIDUAL AND BUSINESS CUSTOMERS ¹⁾	2016	2017				2017	2018				2018	2019				2019	2020	
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2
Total number of RGUs ²⁾ (contract + prepaid)	16,524,936	16,216,128	16,273,840	16,410,325	16,522,597	16,522,597	16,579,337	16,698,622	16,851,153	16,906,133	16,906,133	16,973,770	17,058,921	17,266,759	17,386,252	17,386,252	17,435,613	17,504,720
CONTRACT SERVICES																		
Total number of RGUs, including:	13,254,598	13,337,038	13,419,539	13,530,164	13,685,044	13,685,044	13,796,153	13,929,804	14,057,045	14,259,264	14,259,264	14,330,995	14,451,610	14,587,869	14,728,758	14,728,758	14,796,975	14,979,496
Pay TV, including:	4,766,429	4,785,947	4,835,534	4,882,505	4,942,640	4,942,640	4,984,391	5,027,520	5,038,210	5,098,917	5,098,917	5,077,221	5,058,740	5,033,398	5,038,448	5,038,448	4,992,356	5,000,734
<i>Multiroom</i>	1,021,720	1,031,294	1,058,982	1,072,513	1,099,582	1,099,582	1,114,833	1,127,285	1,141,820	1,160,353	1,160,353	1,167,983	1,173,866	1,180,891	1,192,984	1,192,984	1,187,199	1,197,486
Mobile telephony	6,730,427	6,785,002	6,810,999	6,864,787	6,932,676	6,932,676	6,997,850	7,098,239	7,209,240	7,345,213	7,345,213	7,452,479	7,597,611	7,752,113	7,894,581	7,894,581	8,016,501	8,188,807
Internet	1,757,742	1,766,089	1,773,006	1,782,872	1,809,728	1,809,728	1,813,912	1,804,045	1,809,595	1,815,134	1,815,134	1,801,295	1,795,259	1,802,358	1,795,729	1,795,729	1,788,118	1,789,955
Number of customers	5,882,804	5,847,401	5,819,386	5,791,841	5,776,598	5,776,598	5,743,832	5,724,492	5,712,151	5,706,147	5,706,147	5,672,790	5,652,912	5,644,291	5,637,734	5,637,734	5,601,300	5,587,104
ARPU per customer ³⁾ acc. to IFRS 15 [PLN]	-	80.3	81.2	80.5	81.9	81.9	81.9	82.9	84.0	84.0	83.2	82.9	83.4	84.8	85.6	84.2	85.4	86.5
ARPU per customer ³⁾ acc. to IAS 18 [PLN]	88.7	89.1	89.6	88.4	89.0	89.0	88.7	89.6	90.1	90.5	89.7	-	-	-	-	-	-	-
Churn per customer ⁴⁾	8.3%	8.5%	8.6%	8.8%	8.8%	8.8%	8.5%	8.3%	7.9%	7.6%	7.6%	7.2%	7.0%	6.8%	6.4%	6.4%	6.6%	6.4%
RGU saturation per one customer	2.25	2.28	2.31	2.34	2.37	2.37	2.40	2.43	2.46	2.50	2.50	2.53	2.56	2.58	2.61	2.61	2.64	2.68
PREPAID SERVICES																		
Total number of RGUs, including:	3,270,338	2,879,090	2,854,301	2,880,161	2,837,553	2,837,553	2,783,184	2,768,818	2,794,108	2,646,869	2,646,869	2,642,775	2,607,311	2,678,890	2,657,494	2,657,494	2,638,638	2,525,224
Pay TV	79,306	48,224	57,183	63,627	79,561	79,561	75,159	59,722	91,261	95,685	95,685	144,586	87,176	142,886	161,208	161,208	171,958	93,292
Mobile telephony	2,972,443	2,646,477	2,616,592	2,623,950	2,579,613	2,579,613	2,539,402	2,545,749	2,550,355	2,423,774	2,423,774	2,387,672	2,418,370	2,443,295	2,415,819	2,415,819	2,393,373	2,364,248
Internet	218,589	184,389	180,526	192,584	178,379	178,379	168,623	163,347	152,492	127,410	127,410	110,517	101,765	92,709	80,467	80,467	73,307	67,684
ARPU per total prepaid RGU ⁵⁾ [PLN]	18.6	18.7	20.5	20.2	20.1	19.9	20.1	20.4	20.8	20.3	20.4	20.1	20.8	20.8	20.3	20.5	20.7	21.4

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



mPLN	2018 ¹				2018	2019 ²				2019	2019				2019	2020	
	IFRS 15 basis, Netia Group consolidated as of May 22, 2018					IFRS 15 and IAS 17 basis					IFRS 15 and IFRS 16 basis					IFRS 16 basis	
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2
Revenue	2,345.9	2,603.2	2,735.0	3,002.0	10,686.1	2,782.4	2,913.0	2,882.3	3,059.0	11,636.7	2,791.6	2,923.0	2,892.4	3,069.1	11,676.1	2,848.5	2,862.7
Retail revenue	1,352.2	1,482.1	1,630.5	1,627.8	6,092.6	1,606.0	1,616.1	1,618.3	1,618.4	6,458.8	1,606.0	1,616.1	1,618.3	1,618.4	6,458.8	1,604.5	1,592.0
Wholesale revenue	635.9	738.5	741.6	927.8	3,043.8	772.7	861.6	790.5	925.4	3,350.2	772.7	861.6	790.5	925.4	3,350.2	823.7	802.5
Sale of equipment	317.5	341.7	328.6	398.2	1,386.0	347.4	379.3	412.9	445.4	1,585.0	347.4	379.3	412.9	445.4	1,585.0	345.7	392.9
Other revenue	40.3	40.9	34.3	48.2	163.7	56.3	56.0	60.6	69.8	242.7	65.5	66.0	70.7	79.9	282.1	74.6	75.3
Operating costs	-1,917.1	-2,127.0	-2,345.8	-2,588.9	-8,978.8	-2,317.1	-2,404.4	-2,433.0	-2,593.0	-9,747.5	-2,317.0	-2,407.2	-2,436.8	-2,593.8	-9,754.8	-2,392.1	-2,455.6
Technical costs and cost of settlements with telecommunication operators	-504.5	-578.5	-674.8	-691.1	-2,448.9	-651.3	-678.4	-664.1	-670.2	-2,664.0	-563.8	-591.4	-575.8	-580.3	-2,311.3	-600.8	-636.1
Depreciation, amortization, impairment and liquidation	-454.5	-470.8	-523.5	-521.9	-1,970.7	-440.1	-444.6	-448.5	-453.2	-1,786.4	-547.1	-553.6	-561.5	-567.5	-2,229.7	-564.5	-565.9
Cost of equipment sold	-272.5	-282.5	-281.1	-338.1	-1,174.2	-289.4	-321.7	-340.7	-368.6	-1,320.4	-289.4	-321.7	-340.7	-368.6	-1,320.4	-282.3	-334.8
Content costs	-269.4	-323.0	-338.9	-424.0	-1,355.3	-369.0	-418.0	-423.0	-456.9	-1,666.9	-366.9	-415.8	-421.0	-454.8	-1,658.5	-388.8	-368.9
Distribution, marketing, customer relation management and retention costs	-205.2	-223.5	-236.5	-268.7	-933.9	-249.5	-245.6	-261.0	-282.7	-1,038.8	-244.8	-241.8	-256.6	-278.1	-1,021.3	-224.4	-232.0
Salaries and employee-related costs	-143.8	-169.3	-187.1	-238.7	-738.9	-212.6	-205.6	-199.3	-253.1	-870.6	-212.6	-205.6	-199.3	-253.1	-870.6	-221.9	-210.2
Cost of debt collection services and bad debt allowance and receivables written off	-11.9	-17.6	-34.8	-19.6	-83.9	-34.6	-16.9	-19.8	-27.6	-98.9	-34.6	-16.9	-19.8	-27.6	-98.9	-44.3	-36.6
Other costs	-55.3	-61.8	-69.1	-86.8	-273.0	-70.6	-73.6	-76.6	-80.7	301.5	-57.8	-60.4	-62.1	-63.8	-244.1	-65.1	-71.1
Other operating income, net	6.7	-0.6	7.3	6.3	19.7	16.6	6.7	3.4	19.0	45.7	16.6	6.7	3.4	19.0	45.7	5.8	-13.0
Profit from operating activities	435.5	475.6	396.5	419.4	1,727.0	481.9	515.3	452.7	485.0	1,934.9	491.2	522.5	459.0	494.3	1,967.0	462.2	394.1
Gain/loss on investment activities, net	-3.4	-45.9	11.7	4.6	-33.0	1.3	13.6	-34.5	39.2	19.6	-12.2	4.8	-53.8	34.2	-27.0	-74.2	-1.2
Finance costs	-72.6	-98.9	-101.6	-113.6	-386.7	-102.7	-170.0	-97.9	-95.3	-465.9	-102.7	-170.0	-97.9	-95.3	-465.9	-153.8	-47.7
Share of the profit of associates accounted for using the equity method	5.2	-0.1	-3.5	-2.8	-1.2	-1.7	-1.9	-1.3	-1.6	-6.5	-1.7	-1.9	-1.3	-1.6	-6.5	16.3	17.8
Gross profit for the period	364.7	330.7	303.1	307.6	1,306.1	378.8	357.0	319.0	427.3	1,482.1	374.6	355.4	306.0	431.6	1,467.6	250.5	363.0
Income tax	-72.5	-99.3	-76	-242.2	-490.0	-78.0	-86.9	-72.0	-118.9	-355.8	-77.3	-86.5	-69.5	-119.7	-353.0	-66.7	-72.3
Net profit for the period	292.2	231.4	227.1	65.4	816.1	300.8	270.1	247.0	308.4	1,126.3	297.3	268.9	236.5	311.9	1,114.6	183.8	290.7
EBITDA	890.0	946.4	920.0	941.3	3,697.7	922.0	959.9	901.2	938.2	3,721.3	1,038.3	1,076.1	1,020.5	1,061.8	4,196.7	1,026.7	960.0
EBITDA margin	37.9%	36.4%	33.6%	31.4%	34.6%	33.1%	33.0%	31.3%	30.7%	32.0%	37.2%	36.8%	35.3%	34.6%	35.9%	36.0%	33.5%
Adjusted EBITDA ³																	1,001.5
Adjusted EBITDA margin ³																	35.0%

Note: 1) Data presented in accordance with standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. Data is not comparable to data for previous periods.

2) Data excluding the impact of IFRS 16; 3) EBITDA excl. one-off costs related to COVID-19 (incl. donations) in the amount of PLN 41.5m

Glossary



RGU (Revenue Generating Unit)

Single, active service of pay TV, Internet Access or mobile telephony provided in contract or prepaid model.

Customer

Natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a **contract model**.

Contract ARPU

Average monthly revenue per **Customer** generated in a given settlement period (including interconnect revenue).

Prepaid ARPU

Average monthly revenue per **prepaid RGU** generated in a given settlement period (including interconnect revenue).

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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