



# Equity story

## Q3'20 results

### Investor Presentation

*ERSTE GROUP Conviction Equity Investors Conference*

28<sup>th</sup> January 2021


Cyfrowy Polsat S.A. Capital Group



N E T I A

interia

# 1. Executive summary and strategic directions

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# Mission of Polsat Group



## Who we are

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

## Our mission

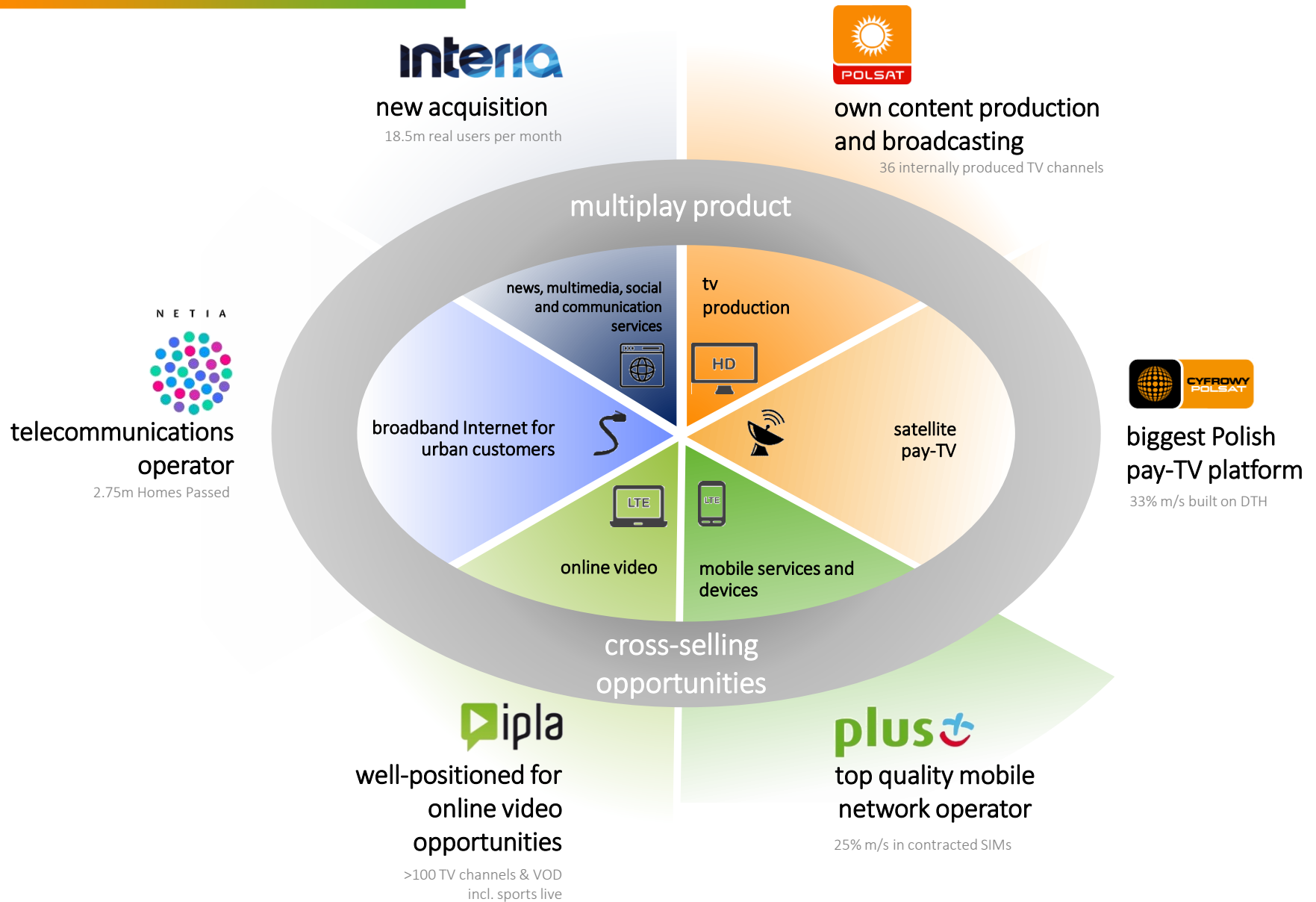
Our mission is to create and deliver the most attractive TV content, telecommunication products and other services for the home, as well as individual and business customers, using state-of-the-art technologies to provide top quality multiplay services that match the changing needs of our customers,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



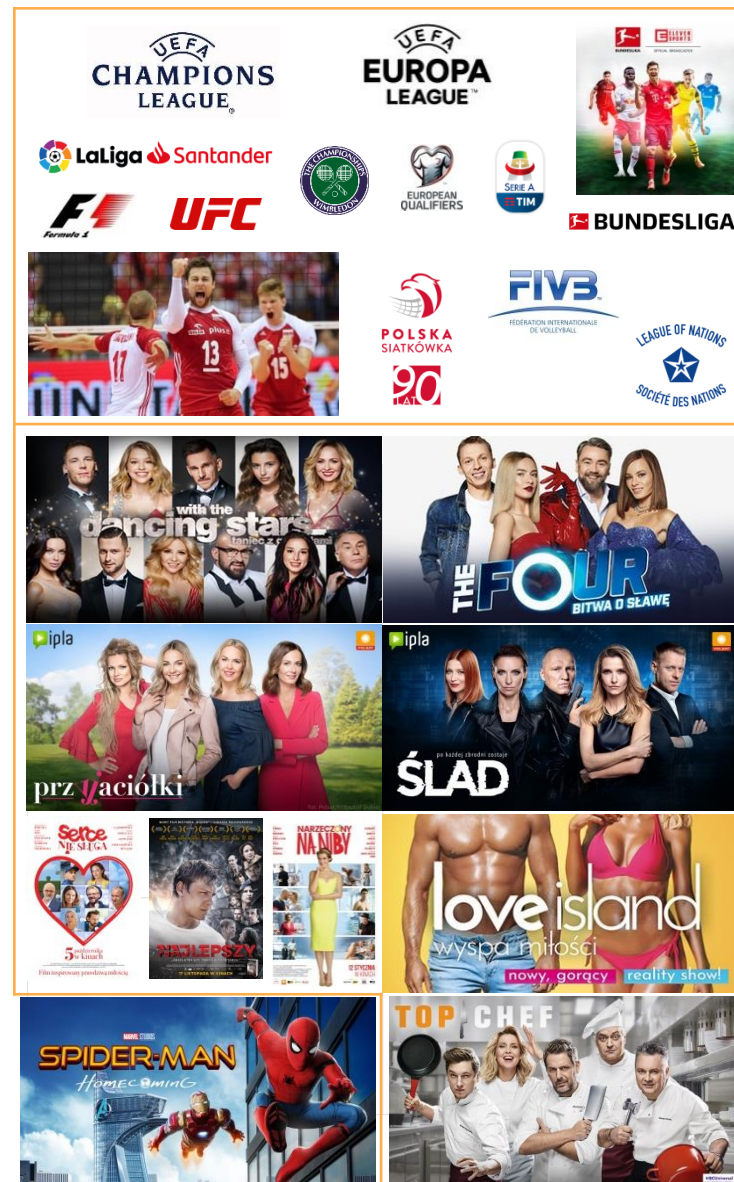
## News



## 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

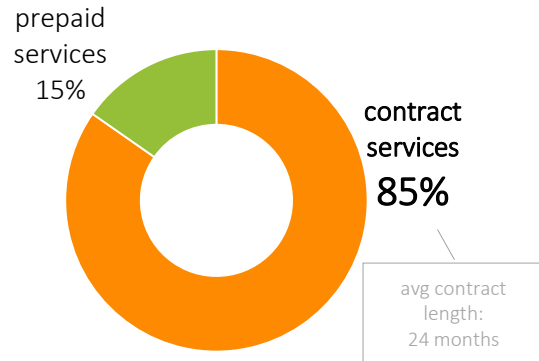


VALUE FOR MONEY OFFER

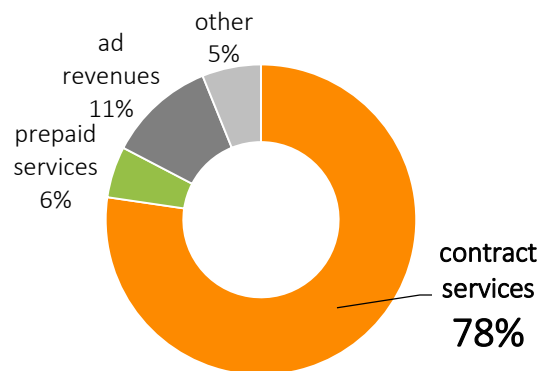
# Focus on contracted services and customer loyalty provides a stable business model



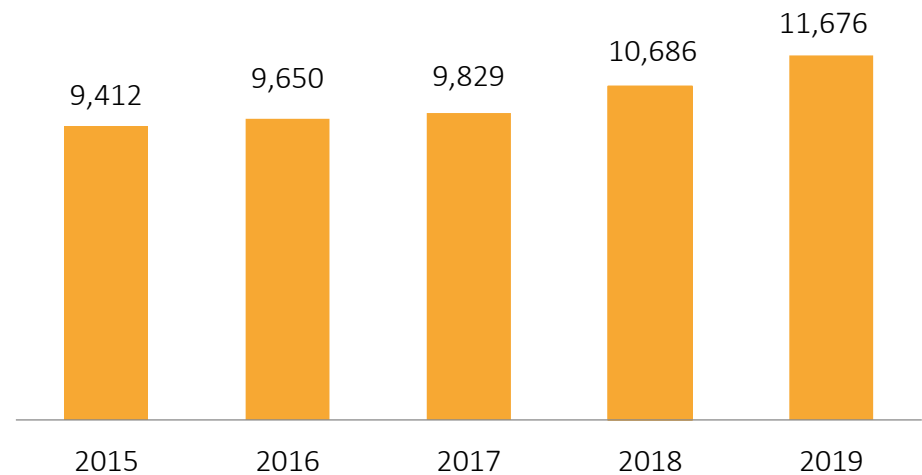
## RGU structure



## 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



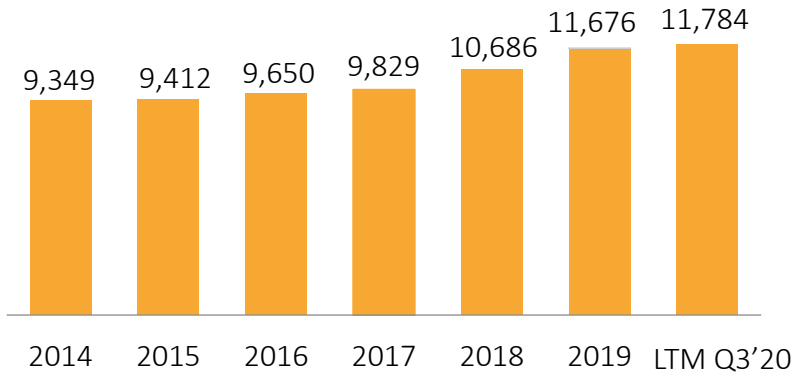
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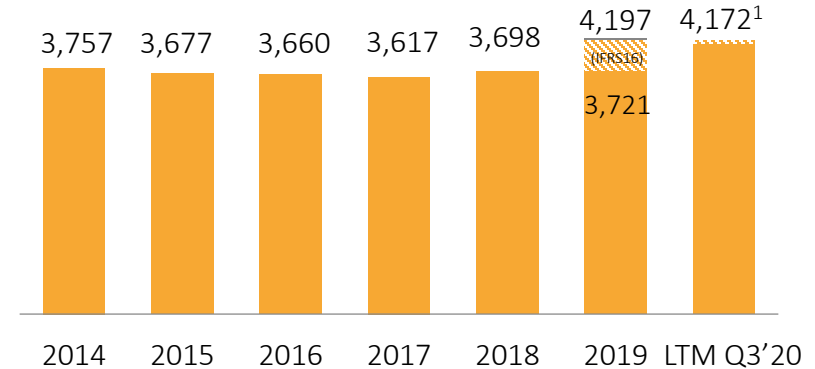
# Stable EBITDA combined with low CAPEX needs yields strong recurring FCF



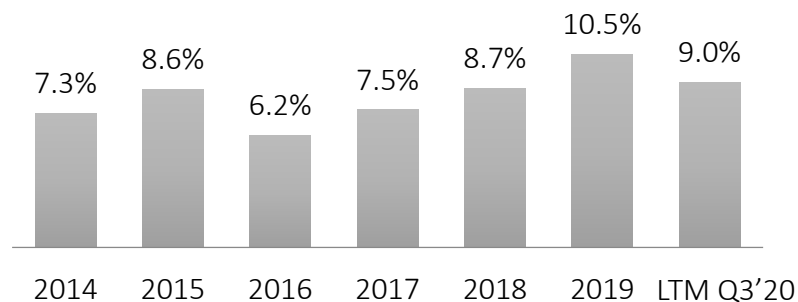
total revenue



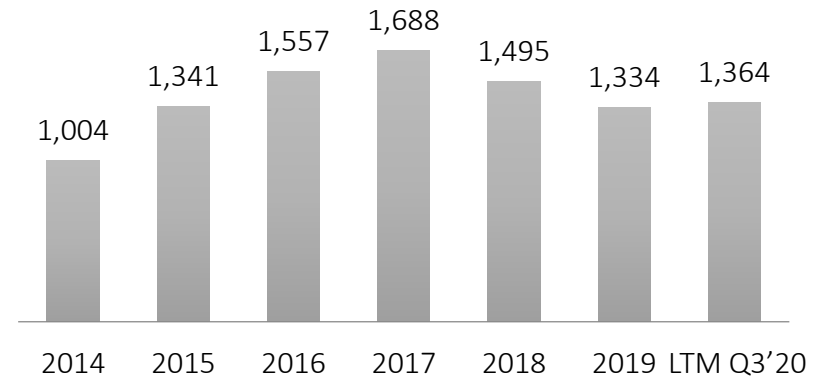
EBITDA



CAPEX intensity



adjusted free cash flow



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

Note: (1) EBITDA excl. one-off costs related to COVID-19 (incl. donations) in the amount of PLN 44.8m



# 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 services<sup>1</sup>

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 FCF<sup>2</sup>

## Attractive dividend

at least PLN 0.93 per share<sup>3</sup>  
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.



## 2. Our background and competitive position





# 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
- webpages visited by over 18m real users every month
- number of page views exceeds 1.5 bn per month

# Unique convergent offer among media and telco providers

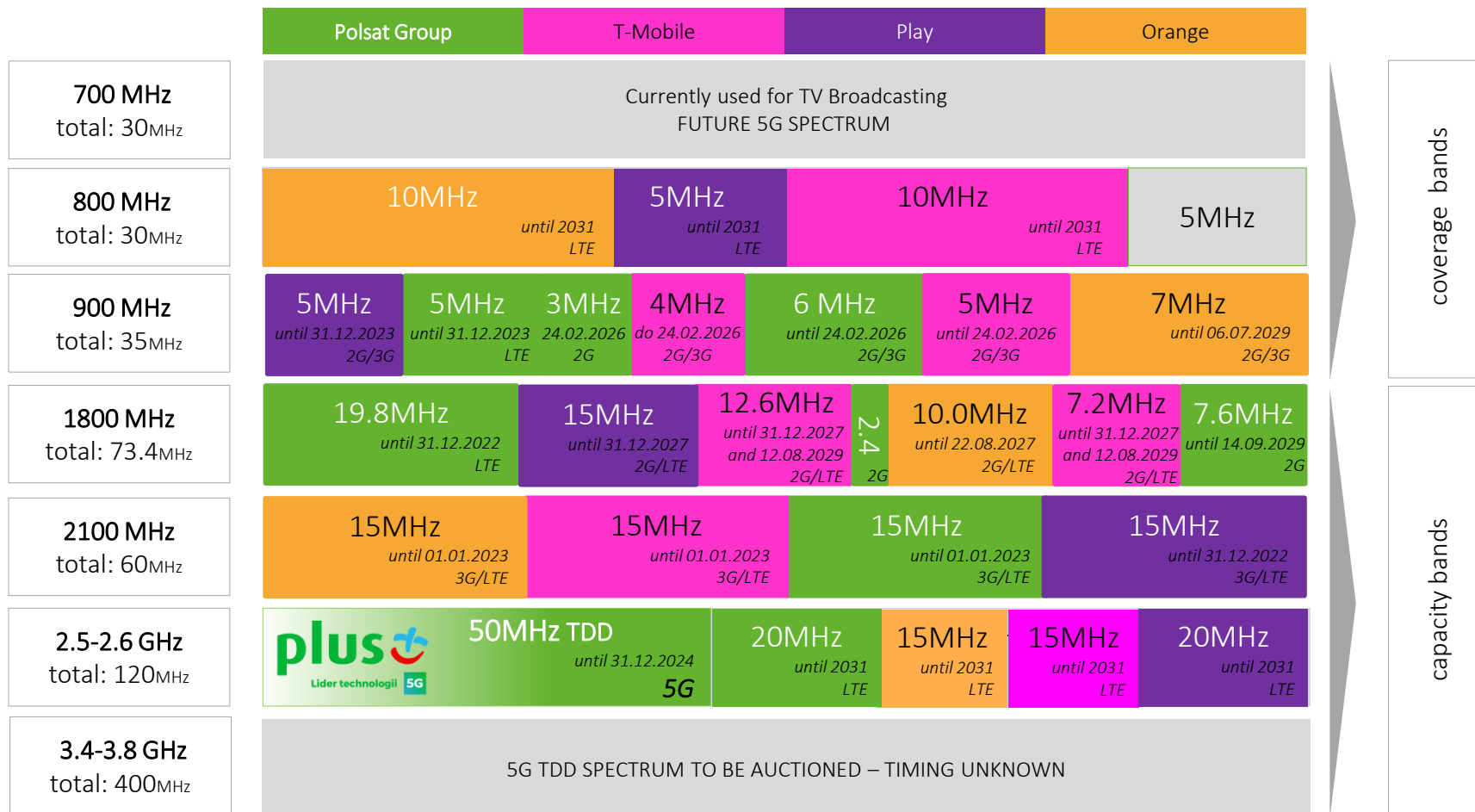


									
Key content									
Mobile devices									
Pay-TV / video	satellite								
	cable								
Broadband	mobile	MVNO	MVNO						
	fixed			B2B – yes B2C – indirectly <sup>1</sup>		B2C – indirectly			
Voice	mobile	MVNO	MVNO						
	fixed			B2B – yes B2C – indirectly <sup>1</sup>					

Source: web pages of operators, UKE.

Note: (1) In 2019 T-Mobile and in 2020 Play started providing fixed BB based on third party infrastructure.

# Our unique frequencies allow for first-to-market 5G deployment

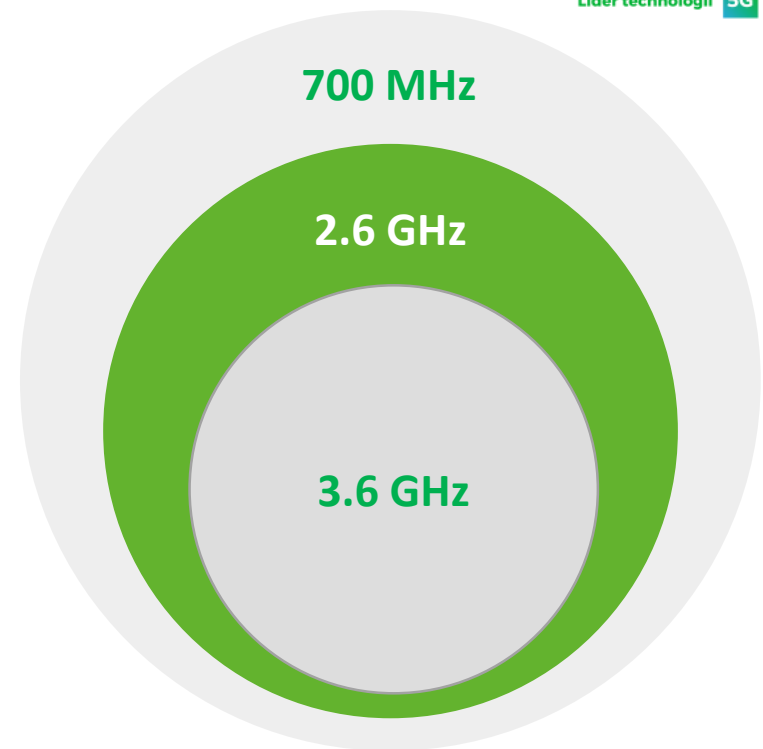


Source: UKE, own expertise  
Only main frequencies are presented (excluding: Polkomtel's 2.5MHz 420MHz, each of the 4 biggest MNO's 5MHz 2100MHz TDD)

# 2.6 GHz frequency provides an optimal ratio of efficient coverage to transfer speed



- In May 2020 Plus launched the first commercial 5G network in Poland, providing up to 600 Mbps transfers
- The 2.6 GHz band enables transmission of higher volumes of data at higher speeds while covering a larger area within every cell
- Hence, 2.6 GHz band provides an opportunity for a cost-efficient rollout of urban 5G
- Ultimately Plus 5G network will be rolled out using all the available frequency bands



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# We want to use this window of opportunity to take the lead in the 5G race in Poland!



- We plan to put on air >1,700 BTS in >150 towns and cities by 2021
- 11 million Poles will soon be within our 5G network coverage
- Real mobile broadband highway: up to 600 Mbps, stable connections, low latency
- No spectrum sharing – just pure 5G!

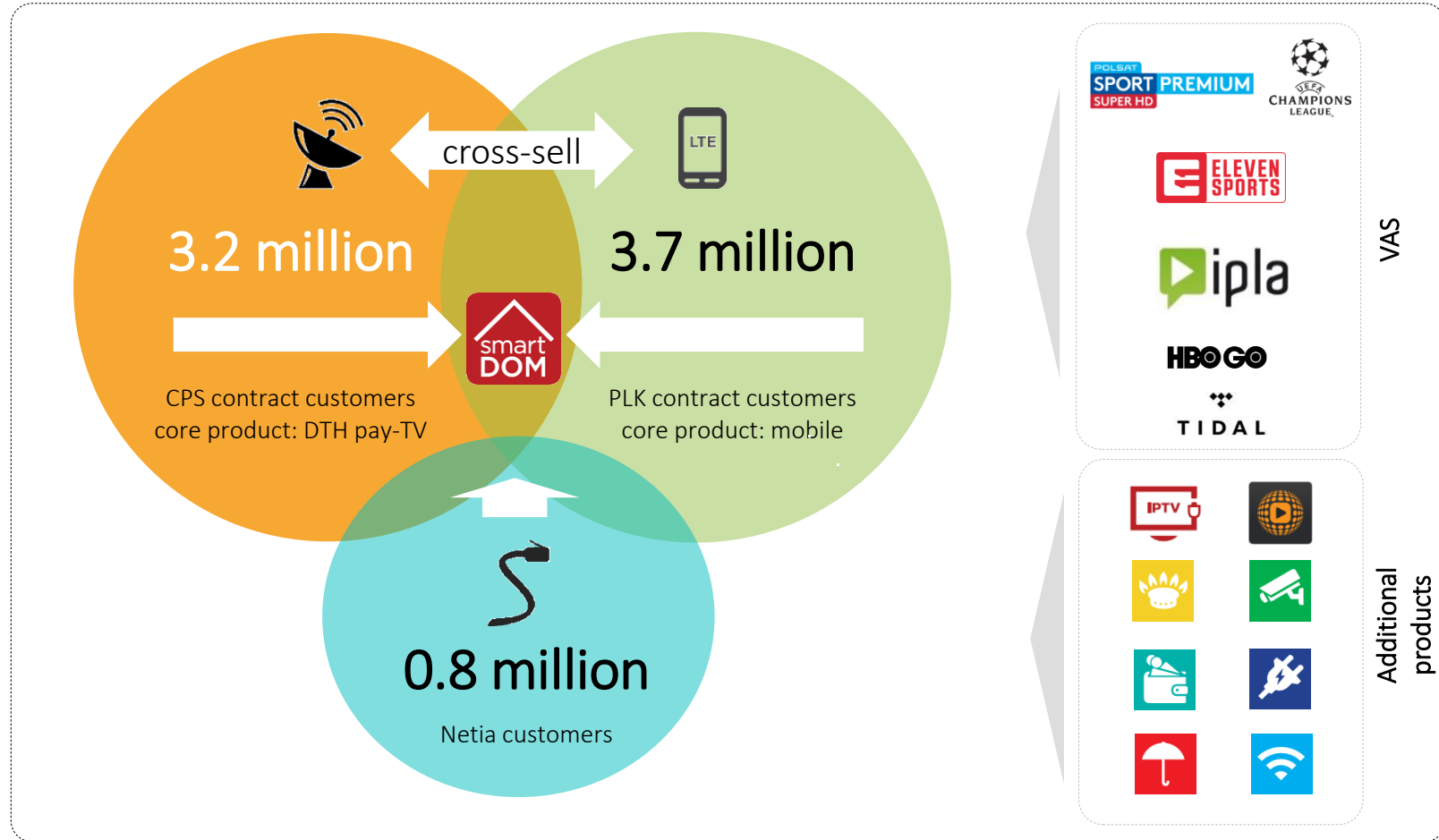


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### 3. Merging our customer bases provides us with opportunities

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



Source: Company data



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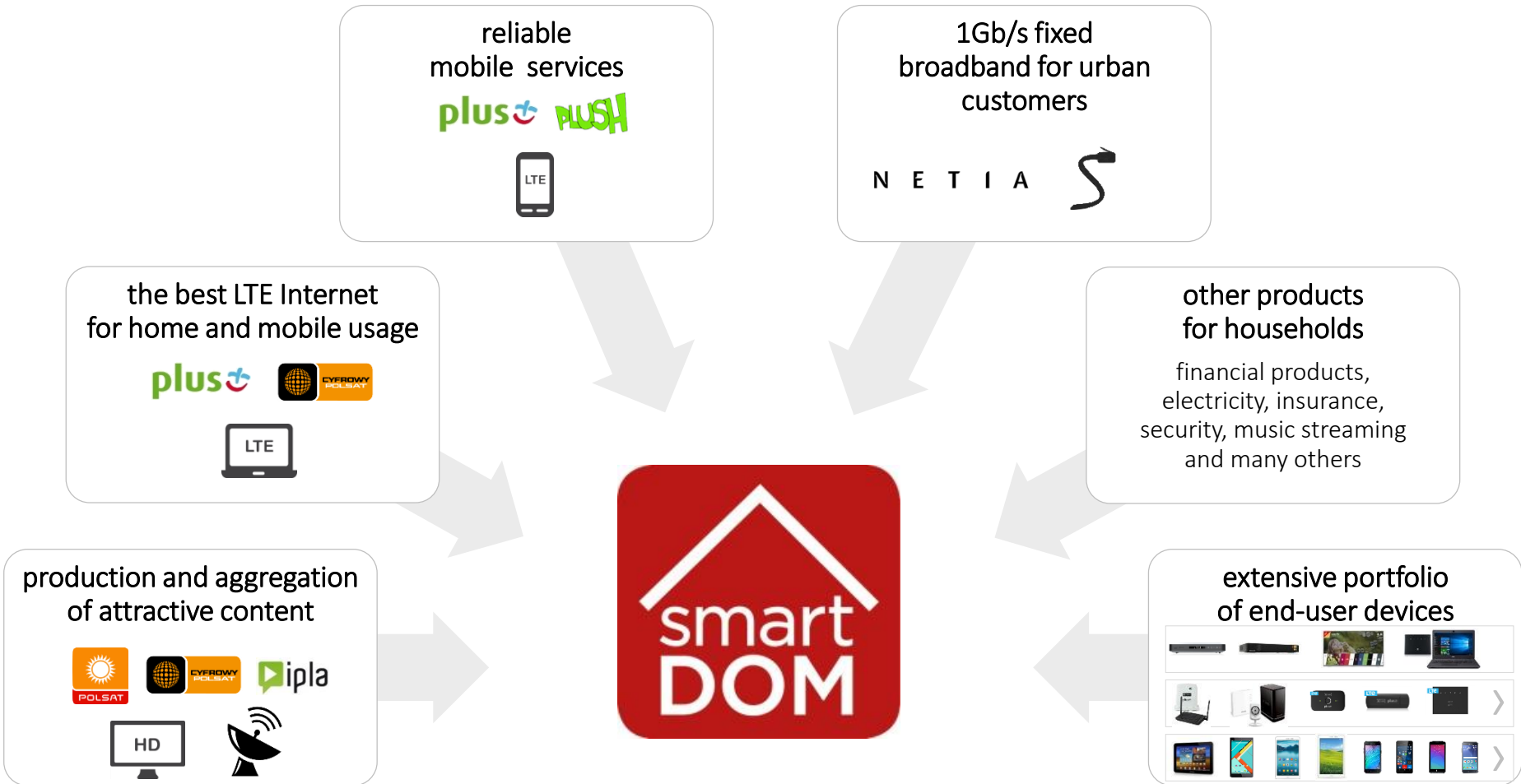
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# SmartDOM is our key proposition for the underdeveloped Polish multiplay market



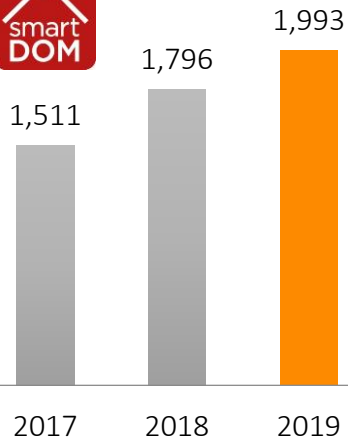
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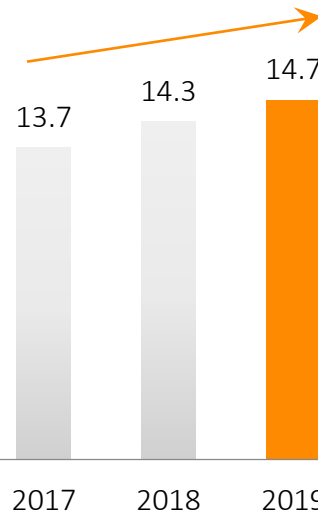
# Our multiplay strategy results in ARPU growth and strong customer loyalty



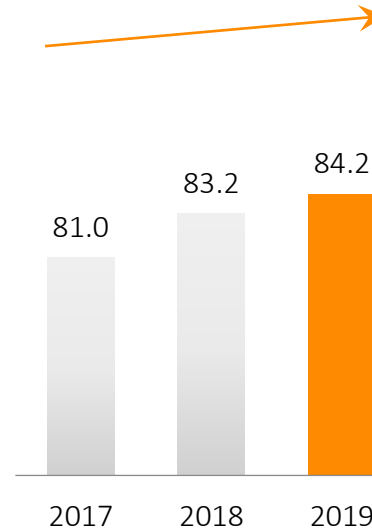
Constantly growing base of multiplay customers



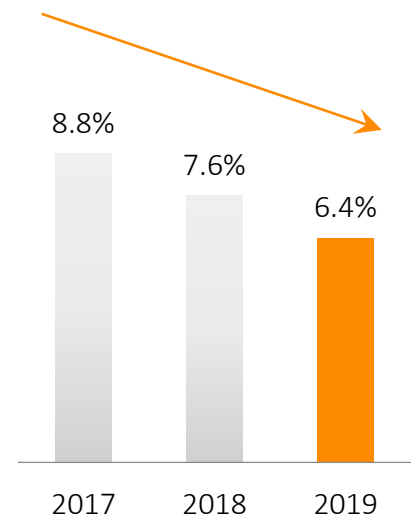
Higher number of contracted RGUs



ARPU per contracted customer up



Record low churn



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## 4. Dividend policy

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# 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	executed
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



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## 5. Strong track record

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# Successful decade of Polsat Group on WSE



Market cap<sup>1</sup>

Revenue

EBITDA

LTM

PLN 20.0 bn

PLN 11.7 bn

PLN 4.2 bn

5.6x

11x

12x

2008  
IPO

PLN 3.6 bn

PLN 1.1 bn

PLN 348 m

Note: (1) Market cap as of January 18, 2021



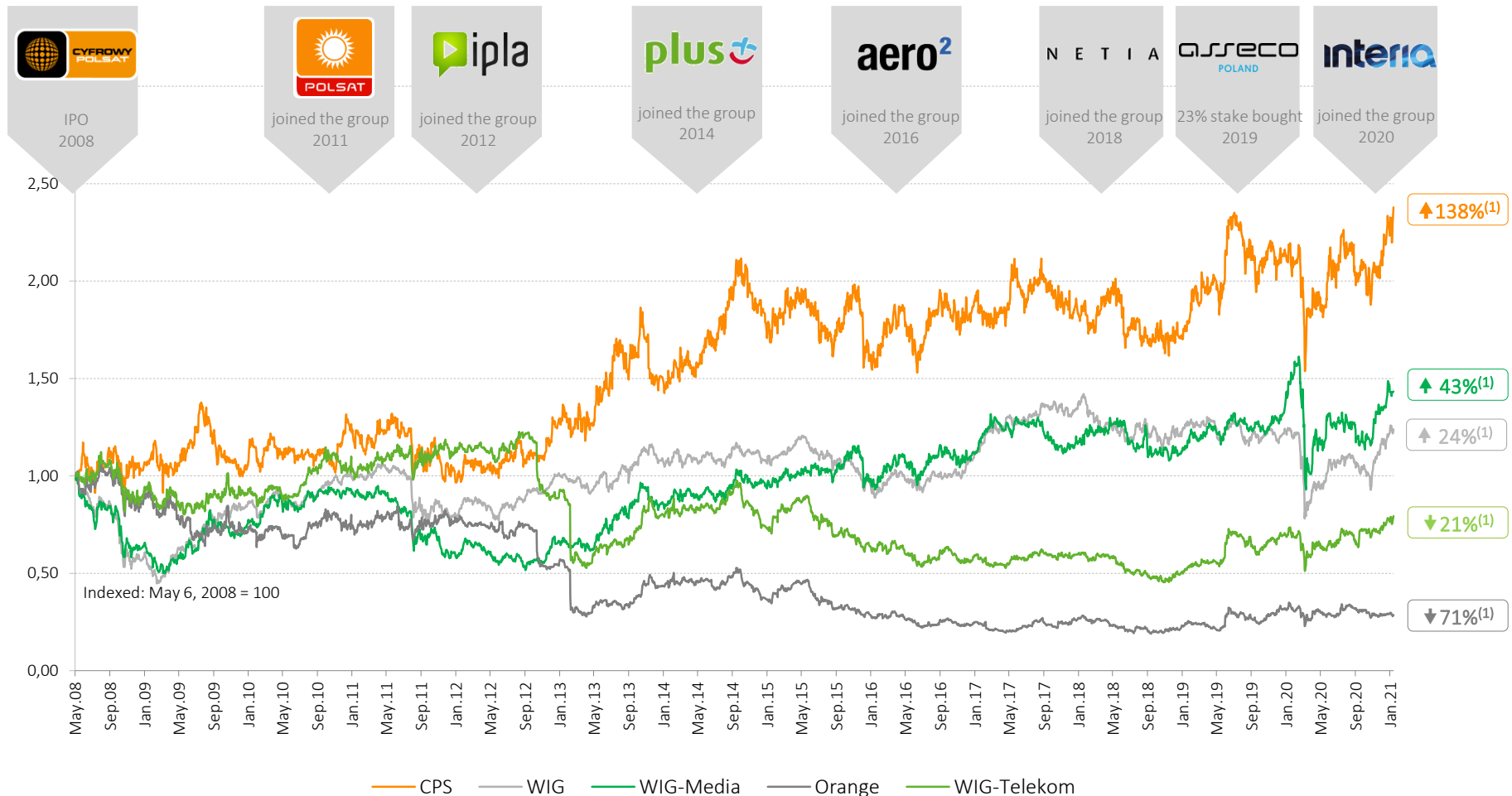
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# Our strategic investments positively impacted the value of Polsat Group



CPS stock performance since IPO compared to WSE indexes



Note: <sup>(1)</sup> Dynamics between May 6, 2008 and January 18, 2021



# Our debtholders' comfort is equally important to us



ratings  
assigned  
2011



joined the group  
2014



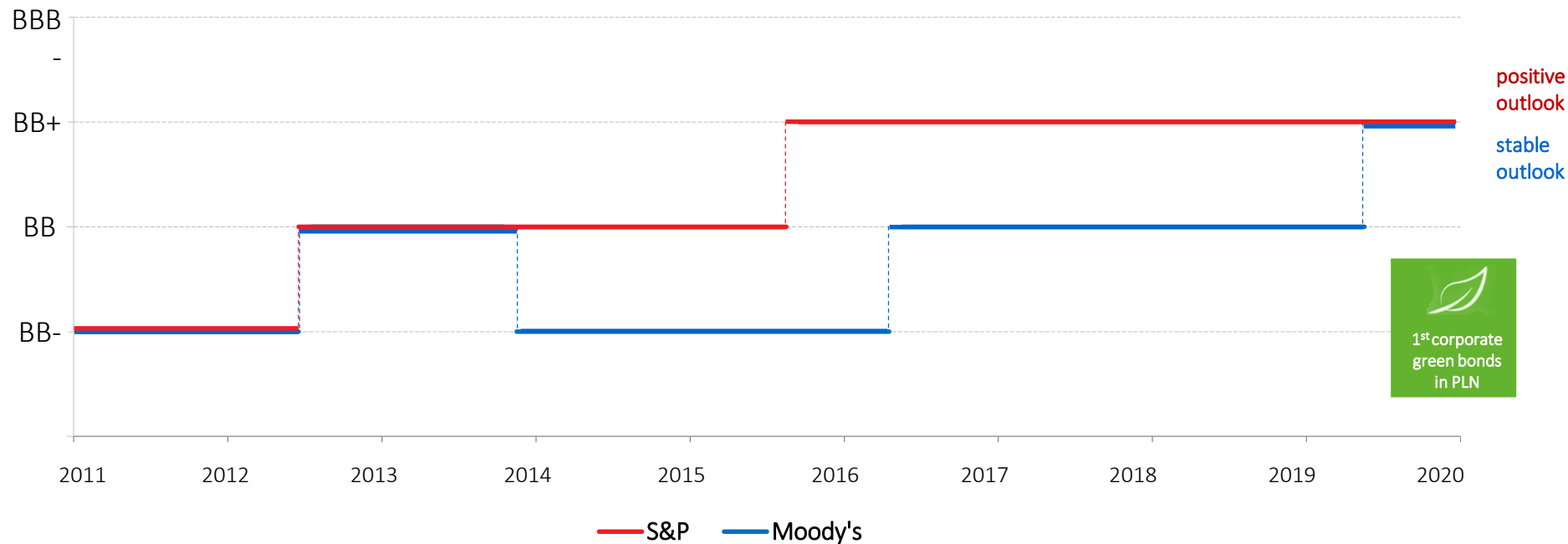
joined the group  
2016

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joined the group  
2018



23% stake bought  
2019



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# ESG approach is deeply embedded in our DNA



## Environment



High focus on care for natural environment, air, water and nature (key partner of Clean Poland Program /Stowarzyszenie Program Czysta Polska)



Eco-friendly products & renewable energy sources for internal purposes (green energy for our network and premises) as well as for our customers (entrance into photovoltaic market)



Constant modernization of our state-of-the-art technologies aimed at lowering energy consumption



- Waste management and delivery of waste materials to specialized recycling firms
- First corporate green bonds in PLN issued by Cyfrowy Polsat

## Social



Key partner of Polsat Foundation which has helped fund medical treatment and rehabilitation for 36 thousand disabled children over the past 24 years



Promotion of sports and healthy lifestyle (incl. >20 years sponsoring of Polish volleyball, broadcasting of sports events and educational programs in TV Polsat, Polsat Biega track team running in all key events)



Support of the Polish society, healthcare and employees in the fight against the coronavirus epidemic with donations and support worth ca. PLN 50m



20 years of cooperation with Polish mountain and water rescue units (GOPR / TOPR / WOPR / MOPR) aimed at promoting personal safety of Poles

## Governance



Effective oversight executed by a strong team of highly qualified non-executive directors with diverse expertise and knowledge



High quality of financial and non-financial reporting coupled with regular, transparent direct communication with all stakeholders



Implemented codes of business conduct and internal systems and procedures ensure the highest level of integrity



10-year long cooperation with 2 global rating agencies that monitor, among others, corporate governance and expand into broader ESG angles

# Our managing team is composed of long-distance runners



**Mirosław Błaszczyk**

*President of the Management Board*

27 years



**Maciej Stec**

*Vice-President*

- Strategy
- New business

18 years



**Katarzyna Ostap-Tomann**

*CFO*

- Finance

12 years



**Jacek Felczykowski**

*Board Member*

- Network
- Technology

13 years



**Aneta Jaskólska**

*Board Member*

- Customer care
- Cybersecurity

11 years



**Agnieszka Odorowicz**

*Board Member*

- Movie production

5 years

activity in Polsat Group

avg track record in the organization: **14 years**



# We communicate transparently



## Open dialogue with investors and brokers

15 brokers actively covering Polsat Group



2014-Q3'20 avg variance of the previews consensus vs actuals:

- revenue: 1.0%
- EBITDA: 2.2%

## 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)



N E T I A interia

## 6. Appendix

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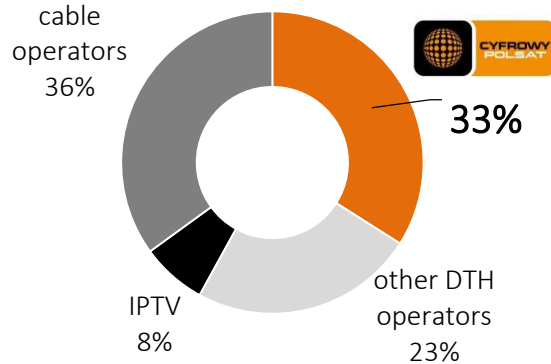
# Current market position on individual markets

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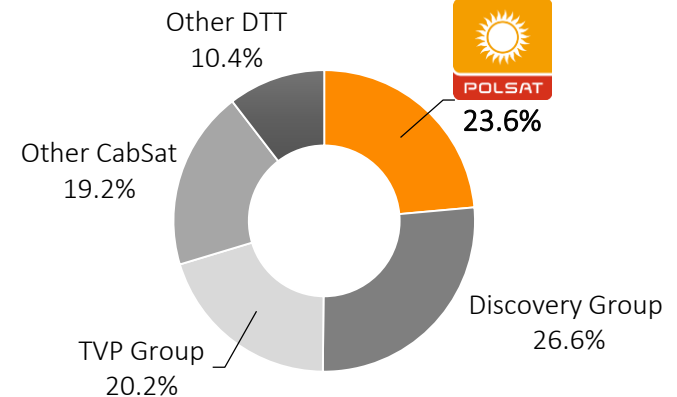
# Competitive environment

## Pay-TV market in Poland

% share in the total number of paying subscribers<sup>(1)</sup>

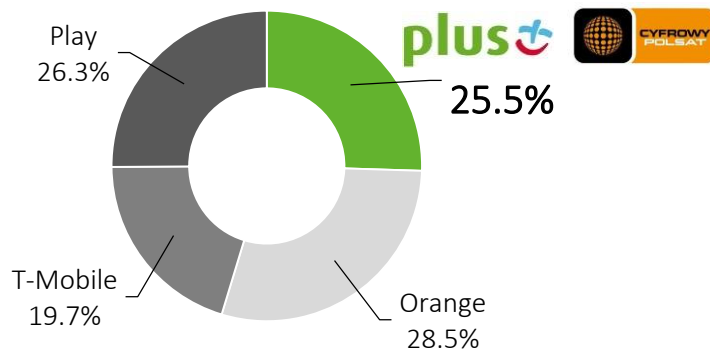


## Audience share



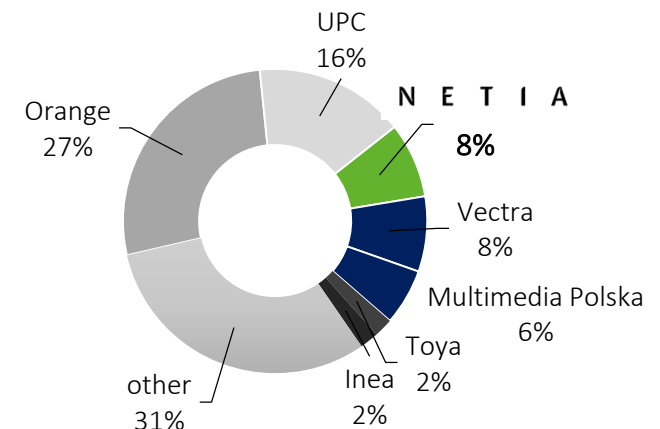
## Mobile market in Poland

share of contracted SIM cards<sup>(2)</sup>



## Fixed broadband market in Poland

share in the number of subscribers<sup>(3)</sup>



Source: NAM, All 16-49, all day, SHR%, 9M'20, including Live+2, internal analysis

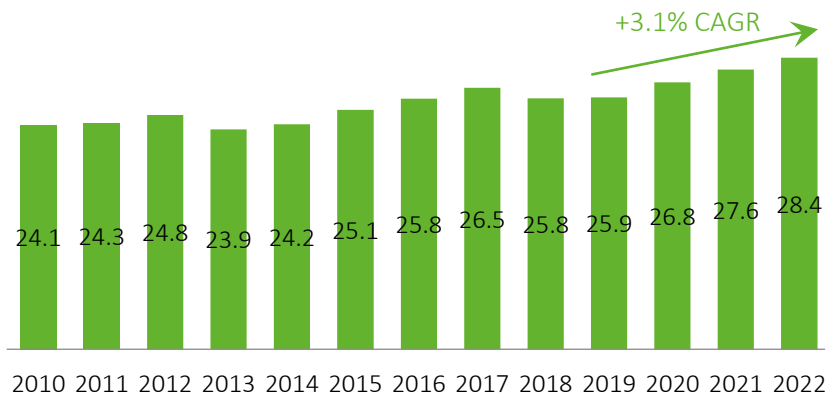
Note: (1) As at 2018, based on own estimates, sector data and PMR estimates

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

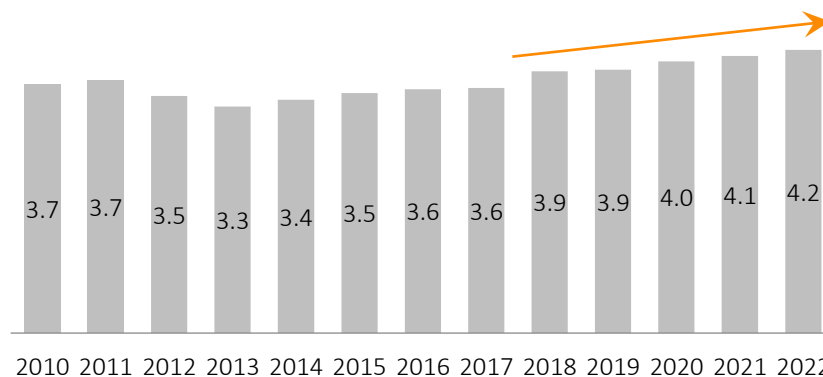
(3) Own estimates based on UKE („Report on the telecommunications market in Poland in 2019”), incl. off-net customers.

# Market development and forecasts

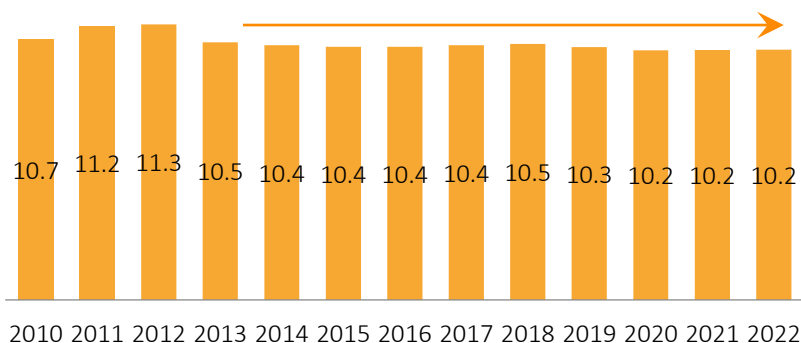
Total Polish mobile market value (bn PLN)



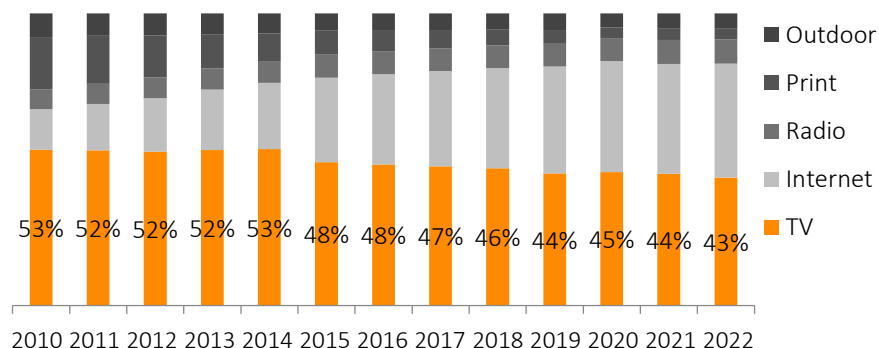
Total Polish TV ad market value (bn PLN)



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



Polish ad market structure



Source: PMR; Zenith, "Advertising Expenditure Forecasts – July 2020"

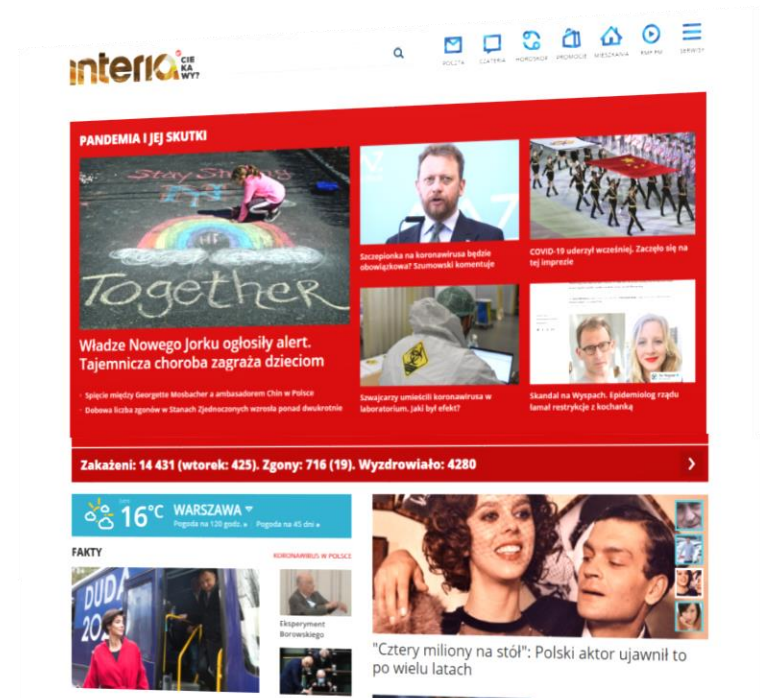


# Strategic acquisition of Interia.pl

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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



## 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

- 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

# 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
- 4<sup>th</sup> 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
- 1<sup>st</sup> place in the Services for men in Poland, 4<sup>th</sup> 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
- 2<sup>nd</sup> place in the Music category in Poland, 5<sup>th</sup> in the Movie category

18.5m

users per month

68%

internet users reach in Poland

1.5bn

monthly page views

# 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 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

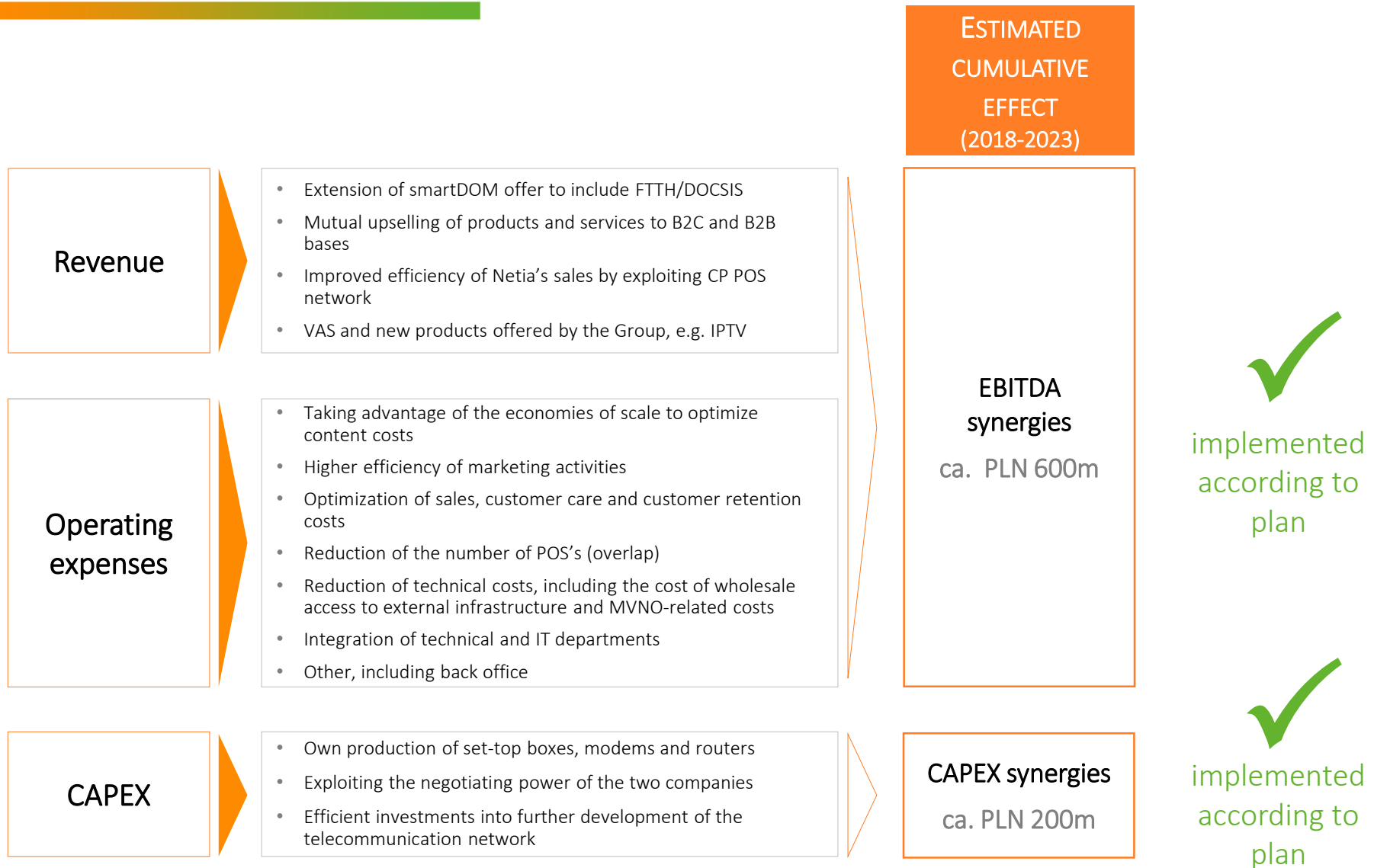


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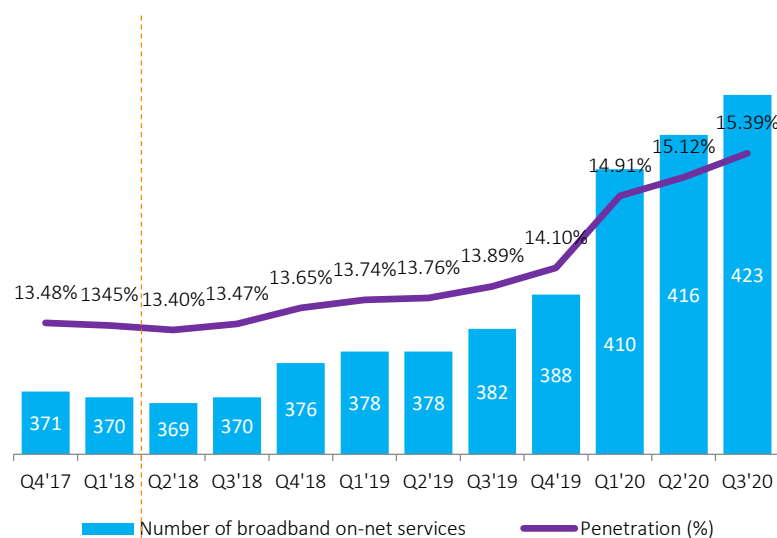
# Implementation of synergies in cooperation with Netia according to plan



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

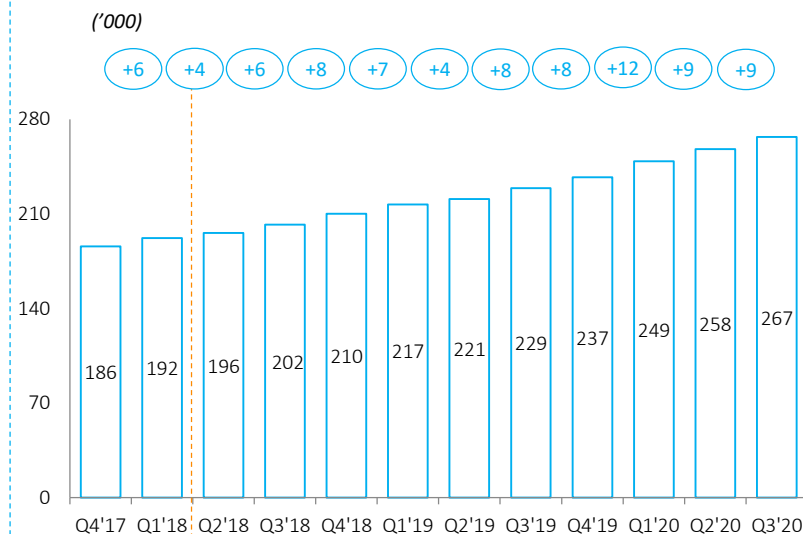


*On-net broadband penetration change<sup>1</sup>*



May'18 – Cyfrowy Polsat takes over control of Netia

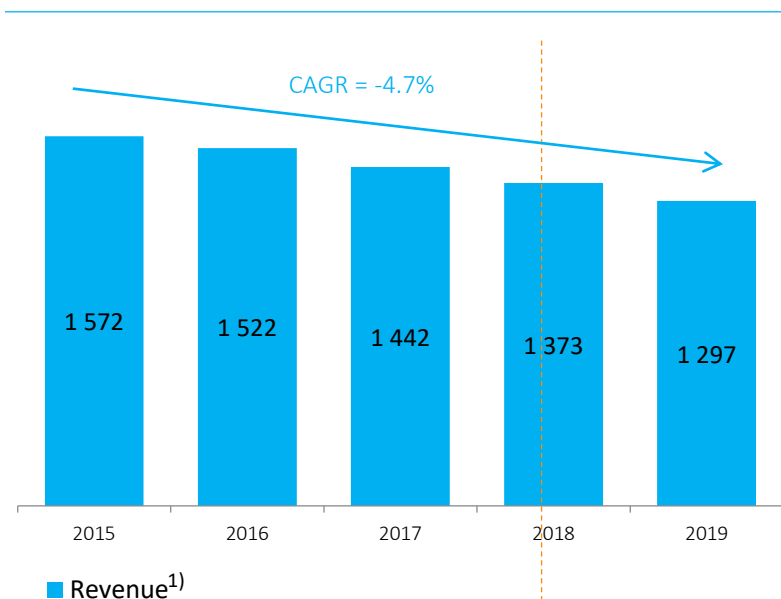
*TV services*



May'18 – Cyfrowy Polsat takes over control of Netia

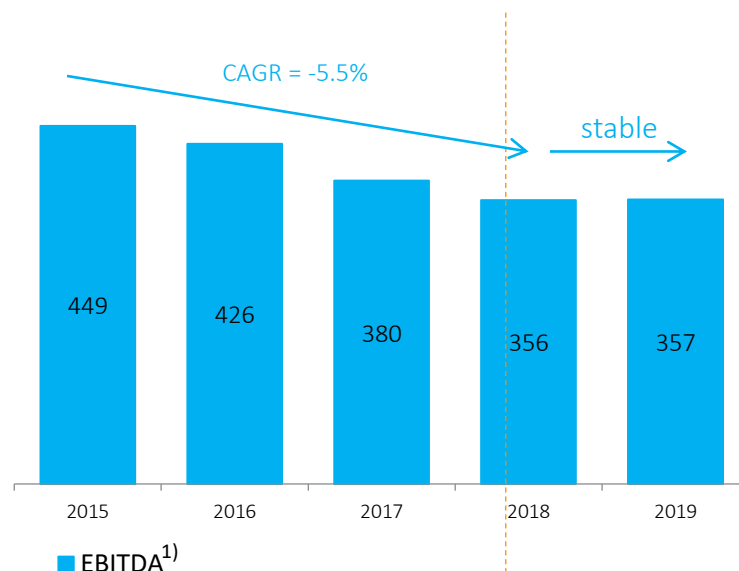
# ... and Netia's financial results

*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

Source: Netia

Note: (1) Data for 2017, 2018 and 2019 based on IAS 15

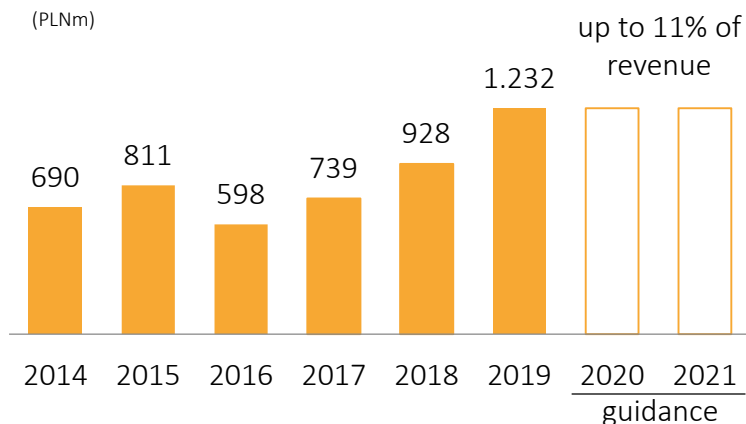
# Our frequencies and CAPEX profile

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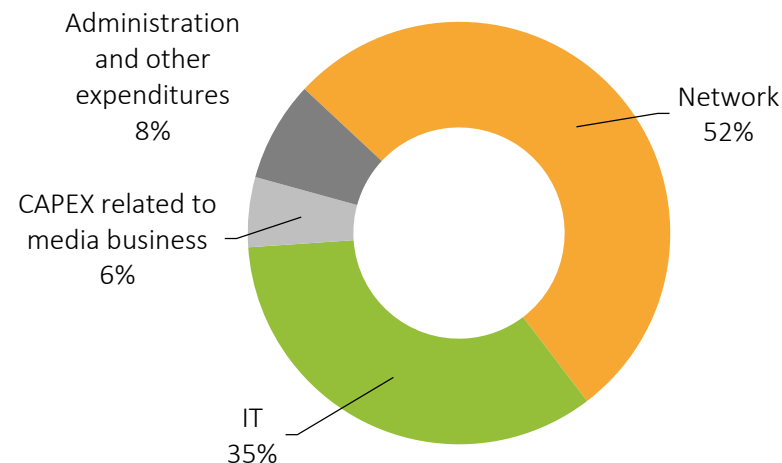
# Capex guidance goes up to 11% of revenue after Netia acquisition



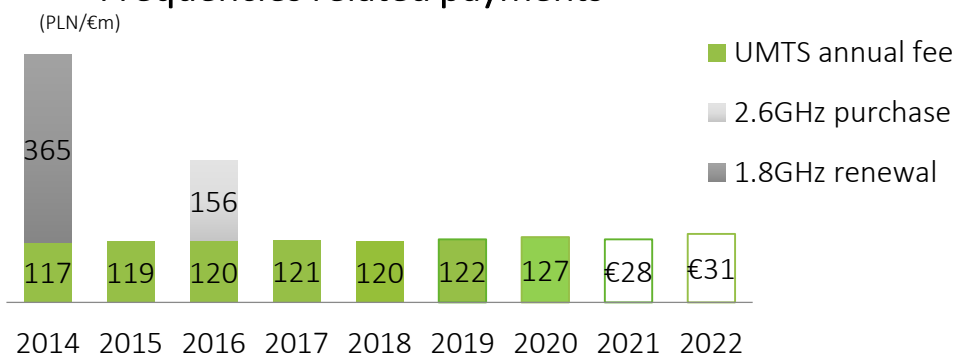
## Cash CAPEX and guidance



## CAPEX decomposition in 2019



## Frequencies related payments



Source: 2014-2016 pro forma with Aero2



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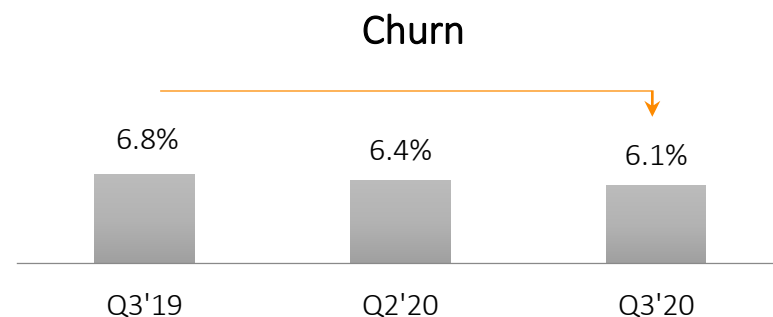
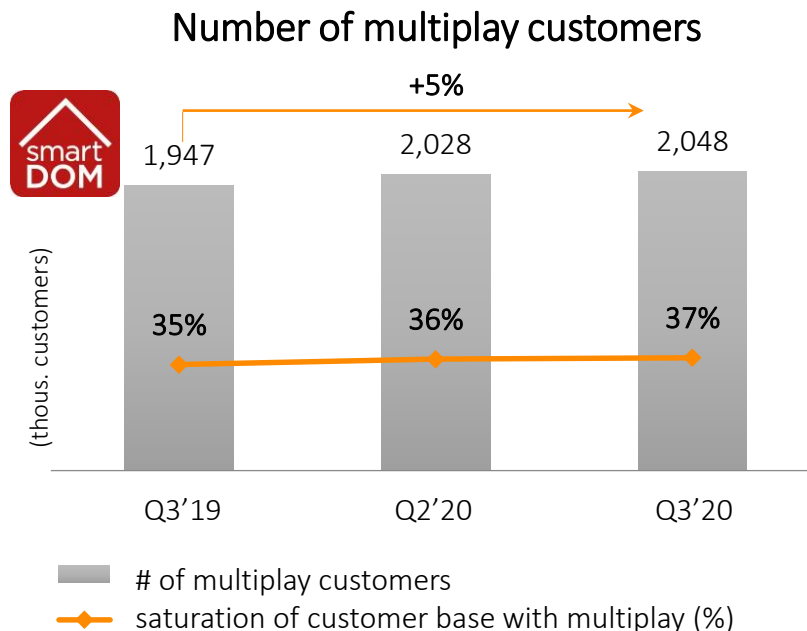
# Long-term business performance trends



# Over 2 million customers of multiplay offer



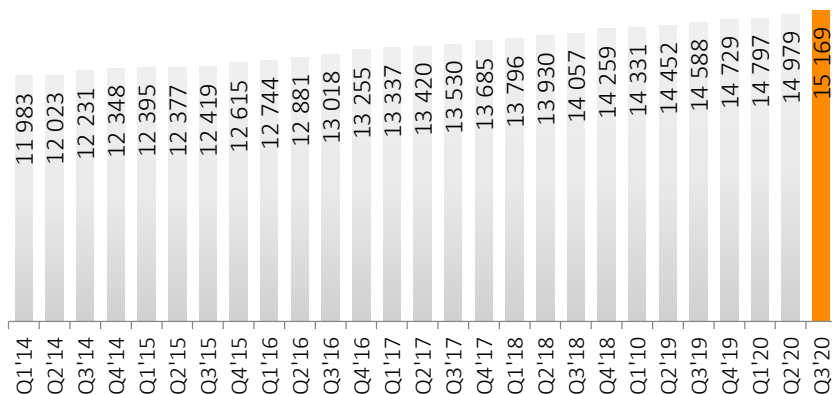
- Consistent implementation of our multiplay strategy results in a stable increase in the number of customers with bundled services by 100K YoY
- The number of RGUs owned by these customers increased to 6.28m
- Another quarter of decline in churn level – mainly due to our multiplay strategy



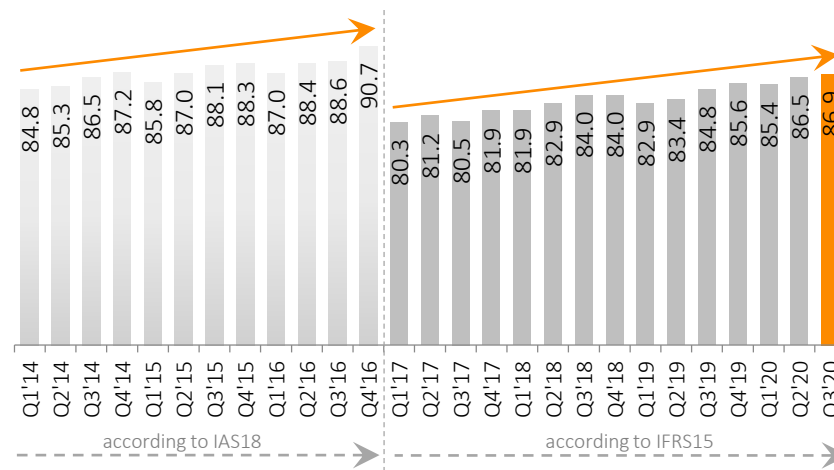
# Multiplay supports the continuous growth of the number of services and ARPU



Contract RGUs EOP



Contract ARPU (PLN)

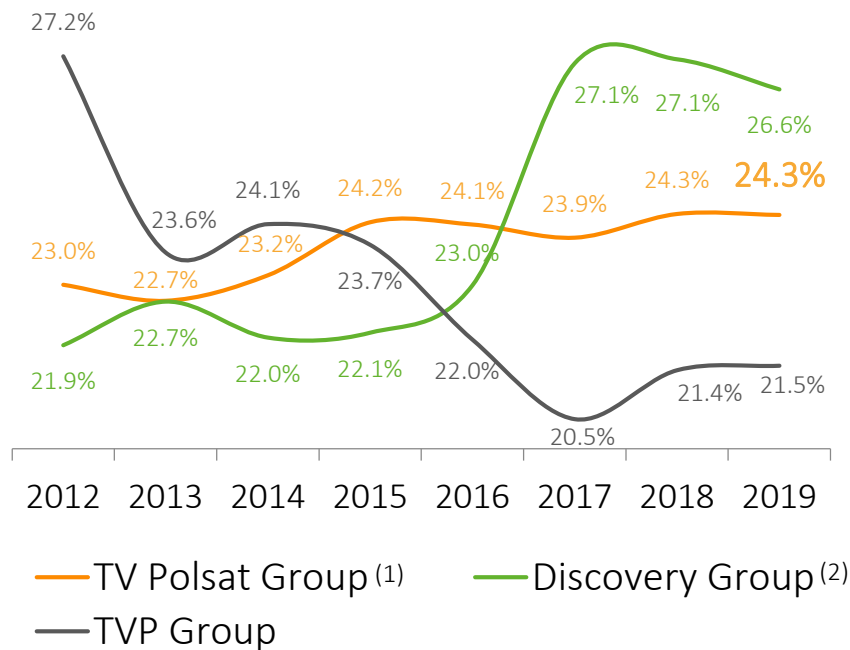




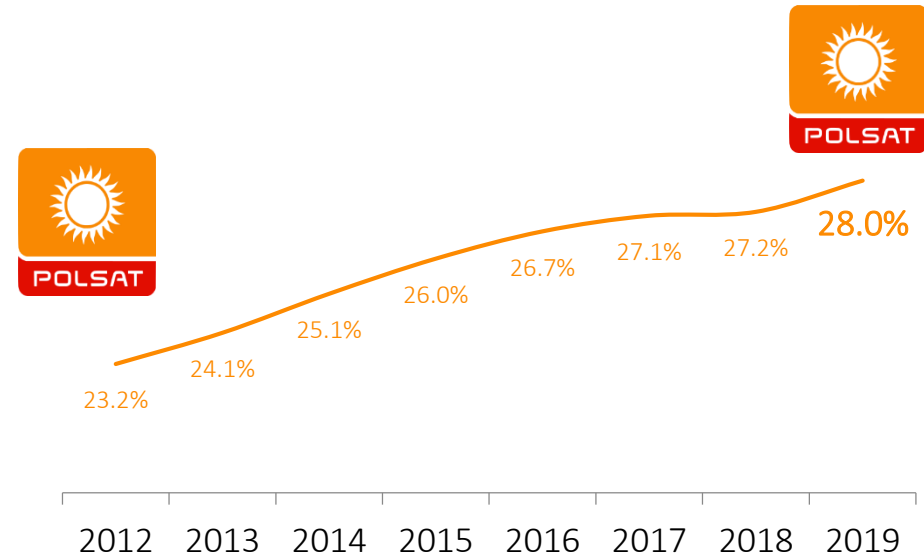
# TV Polsat successfully monetizes its strong viewership results



## 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



# Q3'20 operational performance

## a. Media segment: TV and online

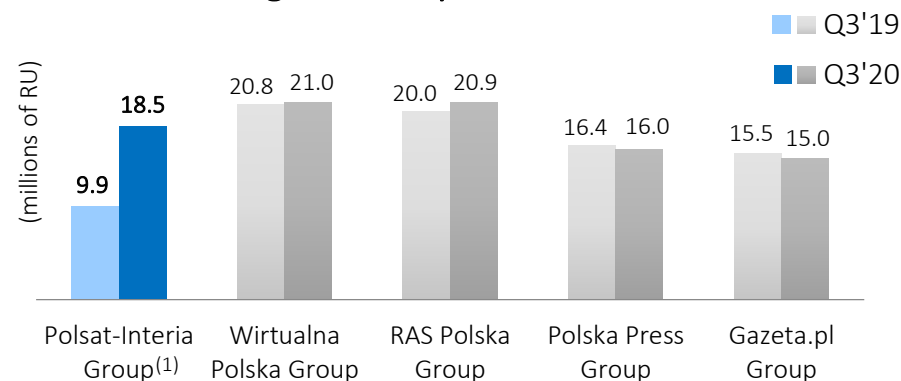


# Strong position in the online business in Q3'20

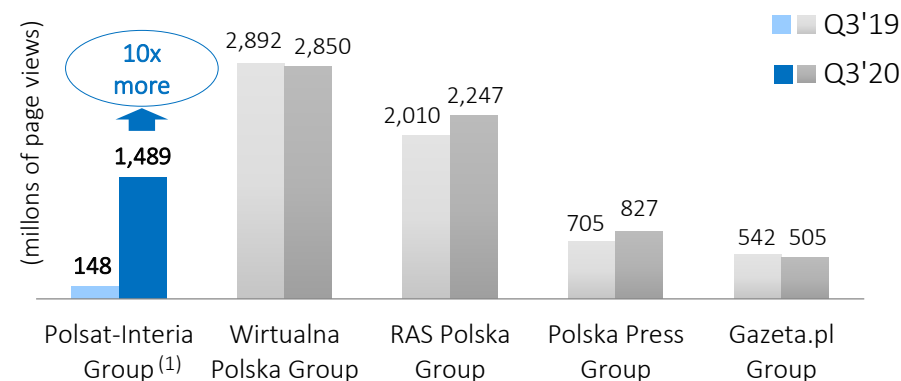


- We are a leading Internet publisher in Poland thanks to the acquisition of Interia
- Our leading position in the web media: 18.5m users and 1.5bn page views enable us to effectively pursue the synergies that we have announced

## Average monthly number of users



## Average monthly number of page views



Source: Gemius/PBI, number of users – real users (RU) indicator  
Note: (1) data for 2019 for Cyfrowy Polsat



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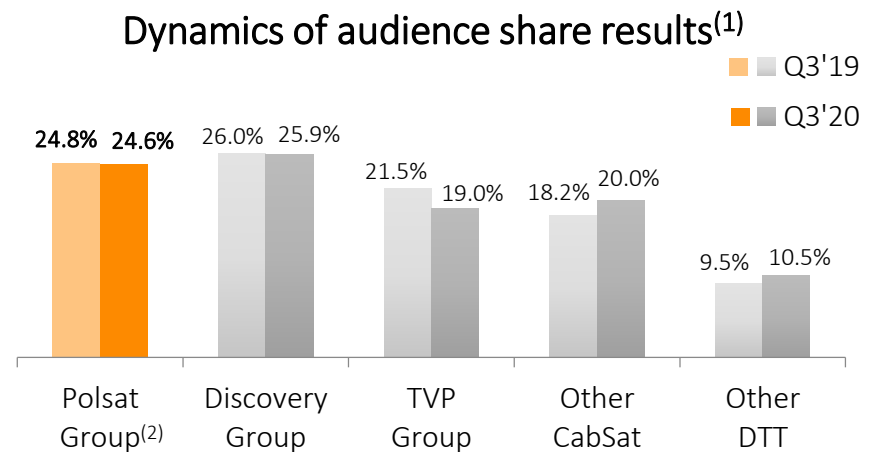
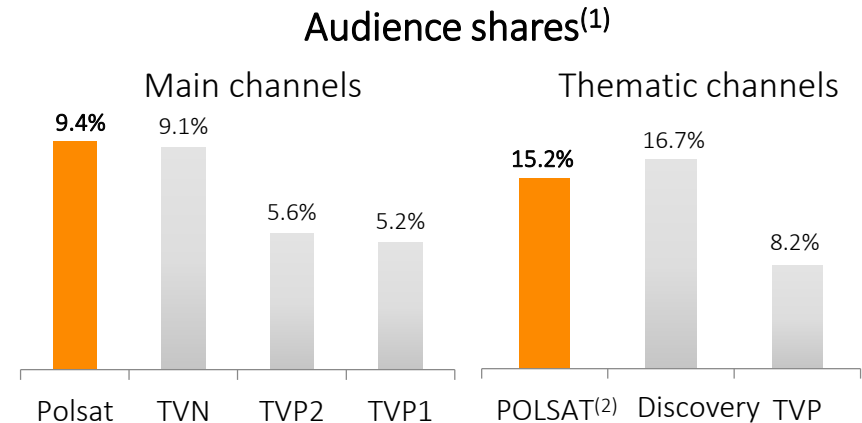
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# Viewership of our channels in Q3'20

- Polsat's main channel is the unquestioned viewership leader in the commercial group



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

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

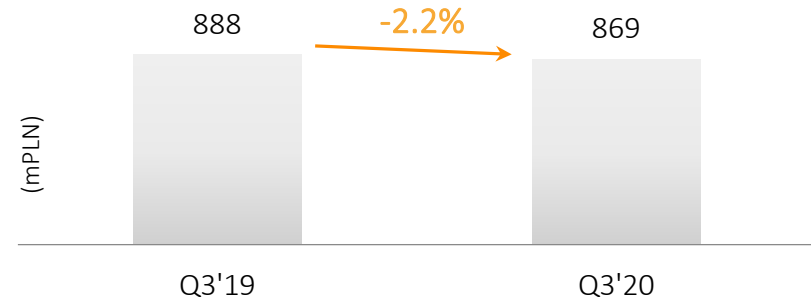
(2) Excluding partnership channels: Polsat Viasat Explore, Polsat Viasat Nature, Polsat Viasat History, JimJam, CI Polsat, Polsat Comedy Central Extra

# Position on the advertising market in Q3'20

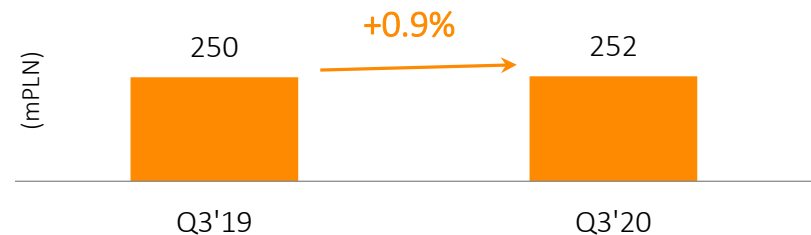


- The dynamics of advertising and sponsorship revenues of TV Polsat Group above the market trend
- As a result, our share in the TV advertising and sponsorship market increased to 29.0%

Market expenditures on TV advertising and sponsorship



Revenue from advertising and sponsorship of TV Polsat Group<sup>(1)</sup>



Source: Publicis Groupe, preliminary data, spot advertising and sponsorship; TV Polsat; internal analysis

Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Publicis Groupe definition



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# Q3'20 operational performance

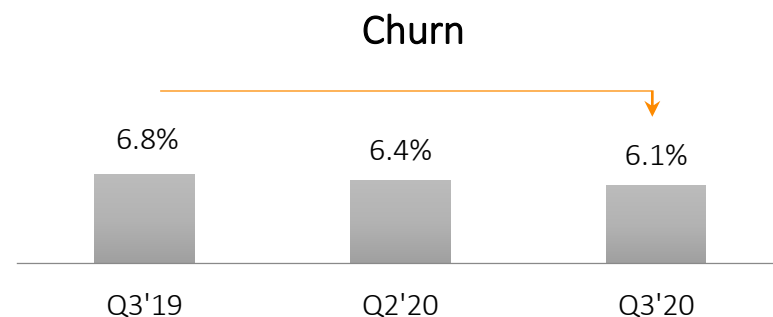
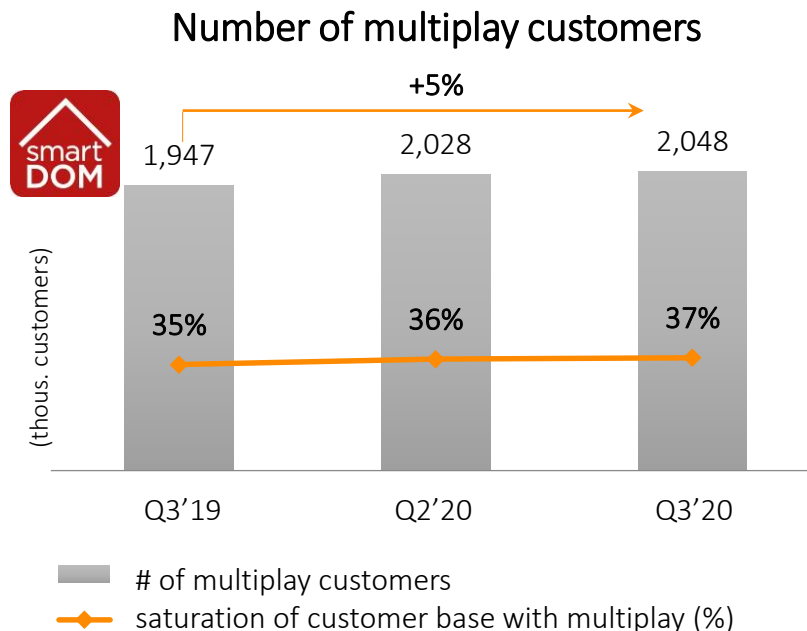
## b. B2C and B2B services segment



# 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 100K YoY
- The number of RGUs owned by these customers increased to 6.28m
- Another quarter of decline in churn level – mainly due to our multiplay strategy



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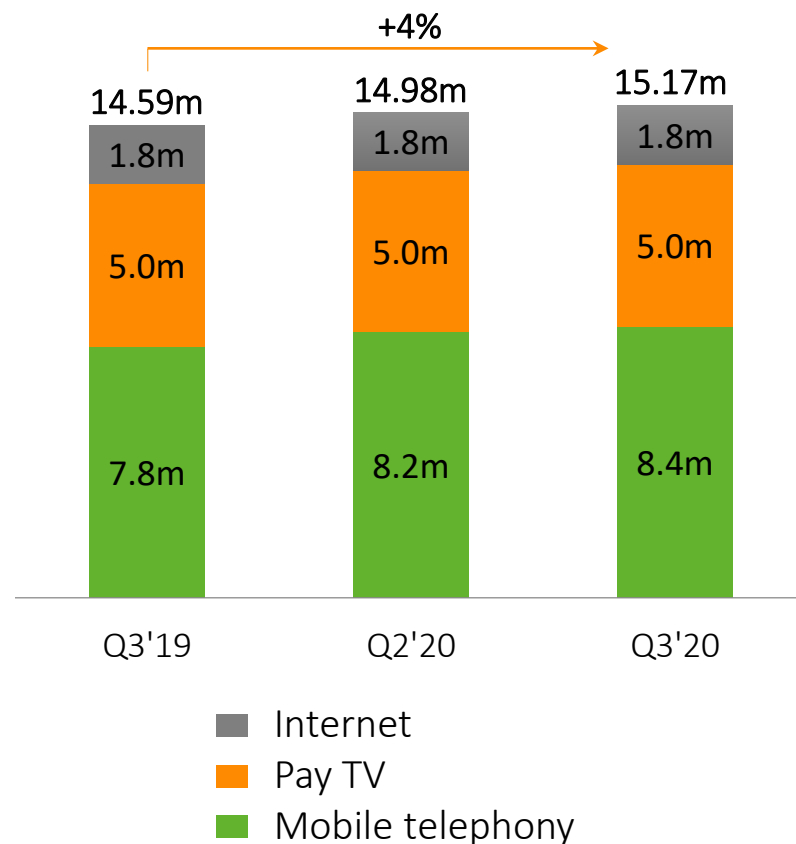
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# More than 15 million provided contract services



- Increase in the number of contract services by 581K YoY
- Dynamic growth of voice services was driven by the successful implementation of our strategy of cross-selling and focusing on customer satisfaction, as well as by high demand among business customers for m2m services
- Stable base of pay TV and Internet services



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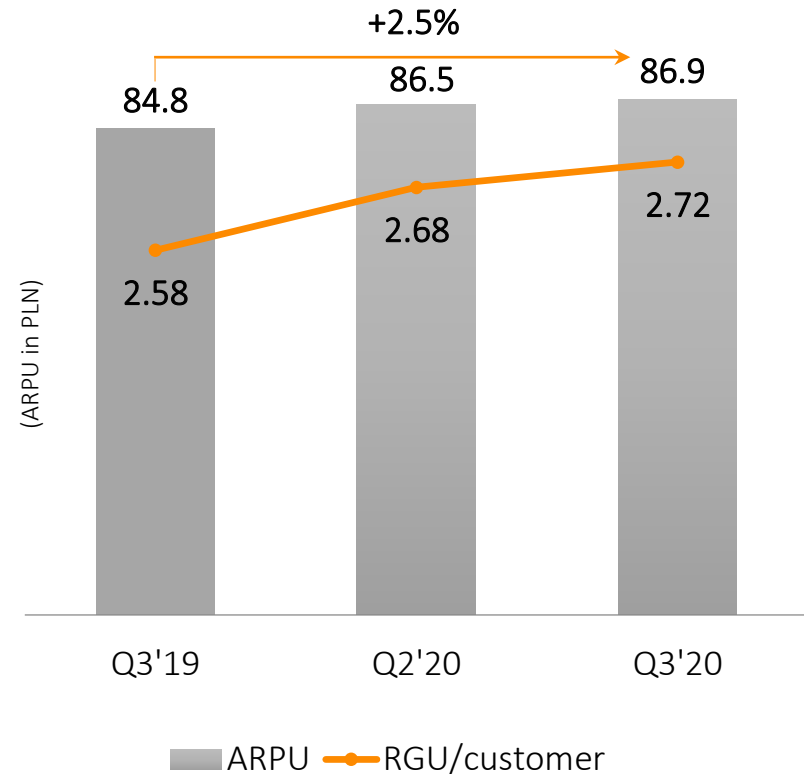




# Growth of ARPU thanks to the consistent implementation of the multiplay strategy



- 2.5% YoY increase in ARPU resulting from the consistent building of the value of the existing customer base and an increase in revenues from interconnection settlements
- Effective upselling of products under our multiplay strategy continues to be reflected in the growing RGU saturation per customer ratio



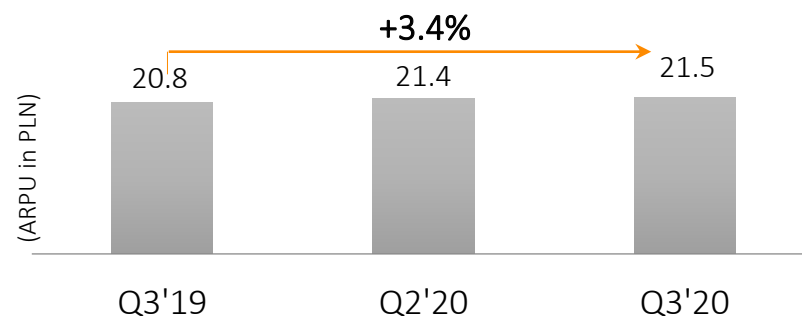
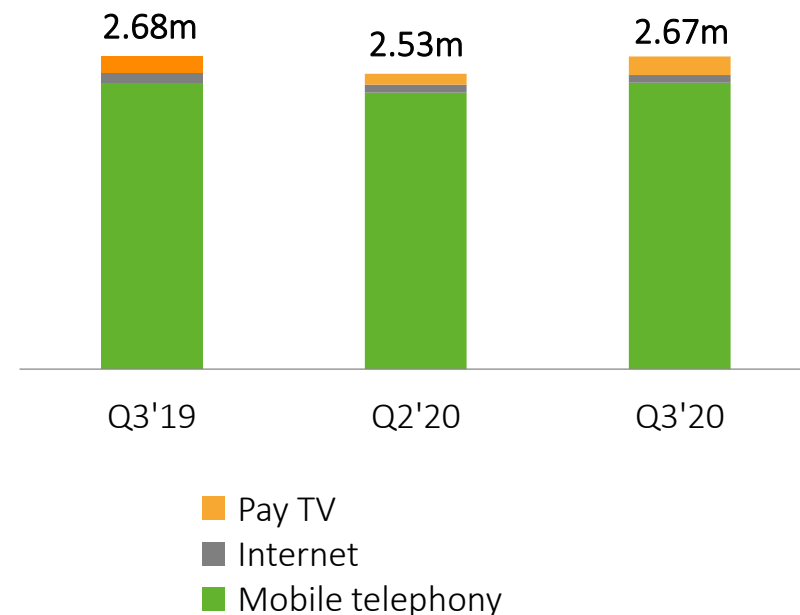
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# Fast rebuilding of the scale of provided prepaid services



- Good sales of voice services following the lockdown as well as high interest in VOD services translate into stabilization of the prepaid base
- Growing ARPU driven, among others, by a higher number of voice calls which translates into higher interconnect settlements

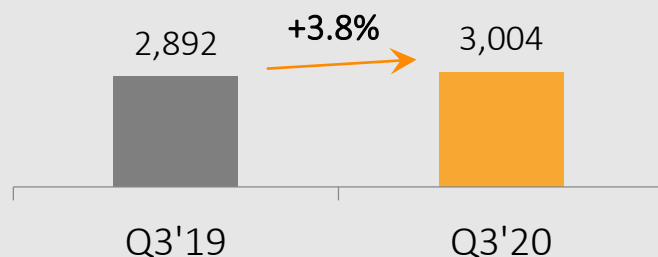


# Q3'20 financial performance

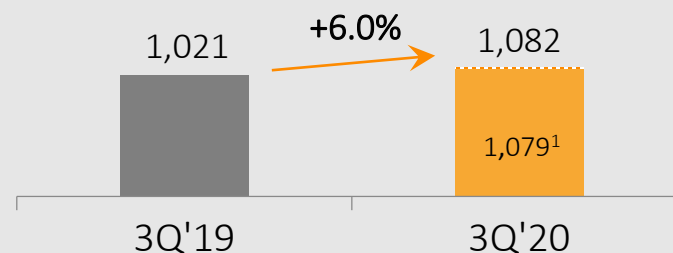


# Results of the Group in Q3'20

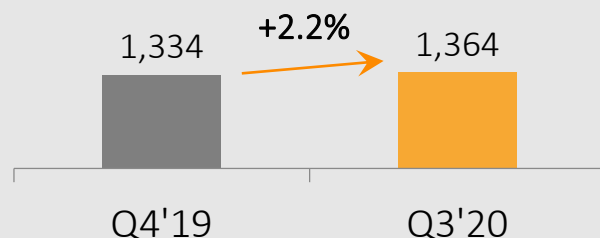
## revenue



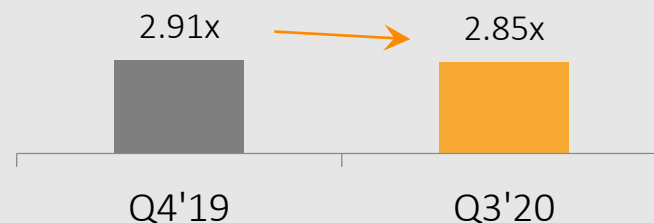
## EBITDA and adjusted EBITDA<sup>1</sup>



## LTM FCF

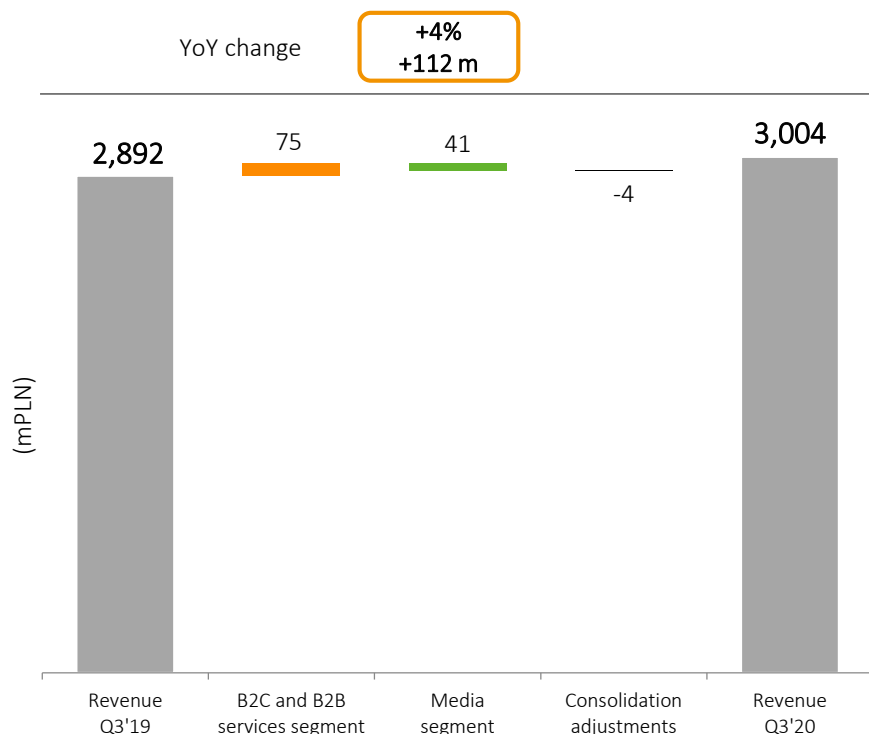


## net debt/EBITDA LTM

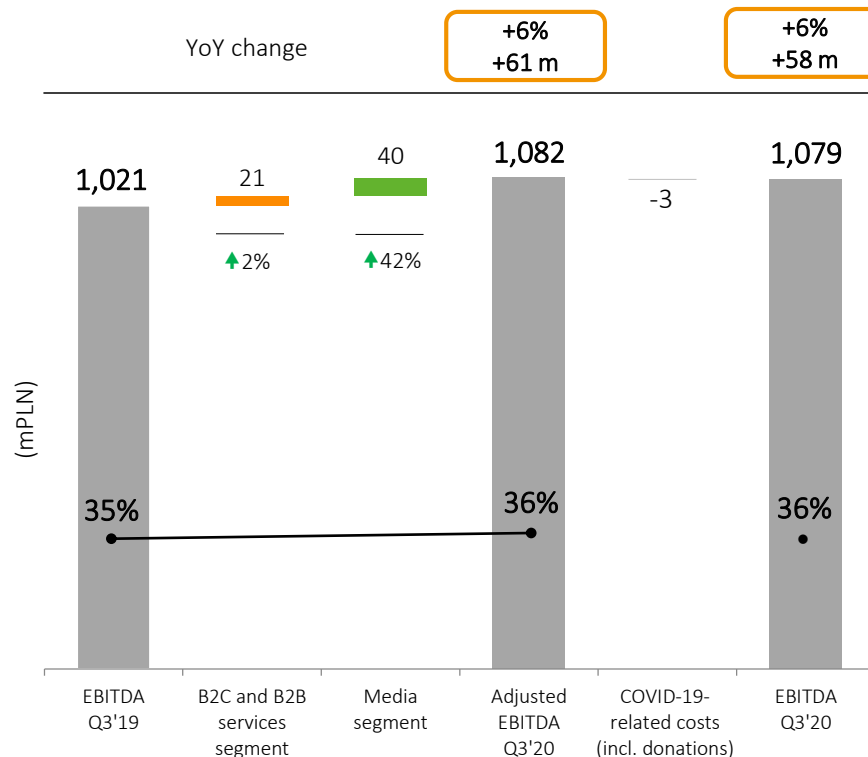


# Revenue and EBITDA – change drivers

## Revenue



## Adjusted EBITDA <sup>1</sup> and EBITDA



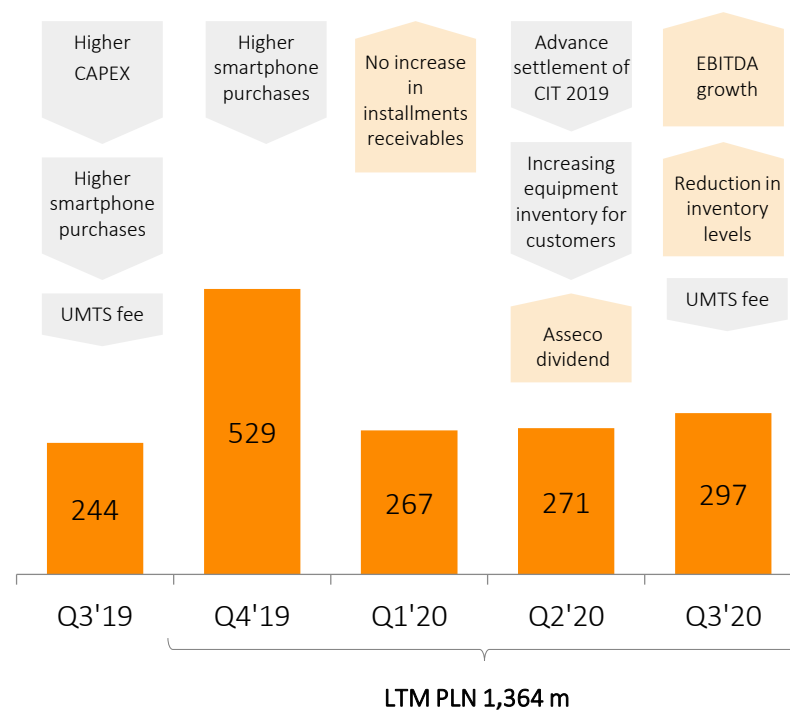
●—● EBITDA margin

Source: Consolidated financial statements for the 9-month period ended 30 September 2020 and internal analyses  
 Note: (1) EBITDA excl. one-off costs related to COVID-19 (incl. donations) in the amount of PLN 3.3m

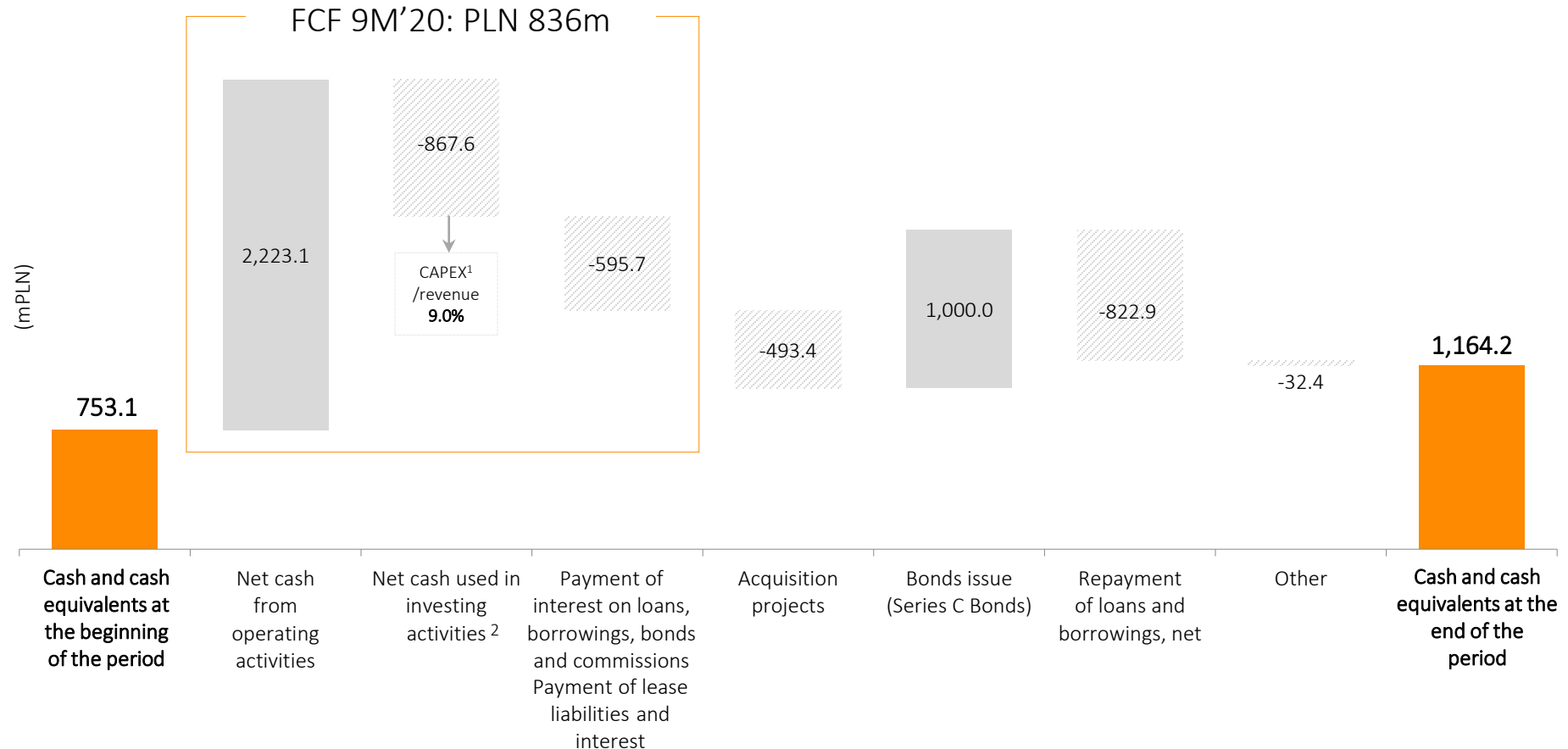
# Stable cash generation

mPLN	Q3'20	9M'20
Net cash from operating activities	870	2.223
Net cash used in investing activities	-817	-1.361
Payment of interest on loans, borrowings, bonds and commissions	-63	-256
Payment of lease liabilities and interest	-133	-340
<b>FCF after interest</b>	<b>-143</b>	<b>266</b>
Acquisition projects	437	493
Bank fees and other costs of organizing refinancing	-	32
COVID-19-related costs (incl. donations)	3	45
<b>Adjusted FCF after interest</b>	<b>297</b>	<b>836</b>

## Adjusted FCF after interest



# High level of cash enables dividend payout in the amount of PLN 640 million



Source: Consolidated financial statements for the 9-month period ended 30 September 2020 and internal analyses

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

(2) Excluding acquisition projects



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# The Group's debt

mPLN	Carrying amount as at 30 Sep. 2020
SFA (Tranche A and B)	9.291
Revolving Credit Facility (RCF)	335
Series B and C Bonds	2.000
Leasing and other	1.442
<b>Gross debt</b>	<b>13.068</b>
Cash and cash equivalents <sup>1</sup>	(1.164)
<b>Net debt</b>	<b>11.903</b>
EBITDA LTM <sup>2</sup>	4.172
<b>Total net debt / EBITDA LTM</b>	<b>2.85x</b>
Weighted average interest cost <sup>3</sup>	1.8%

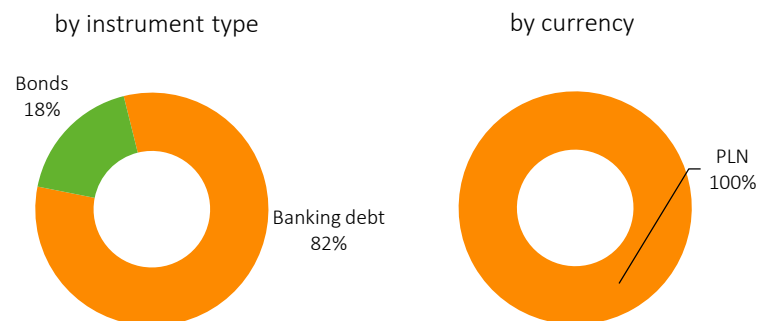
<sup>1</sup> This position comprises cash and cash equivalents, incl. restricted cash, as well as short-term deposits.

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

<sup>3</sup> 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 September 30, 2020 assuming WIBOR 1M of 0.20% and WIBOR 6M of 0.26%.

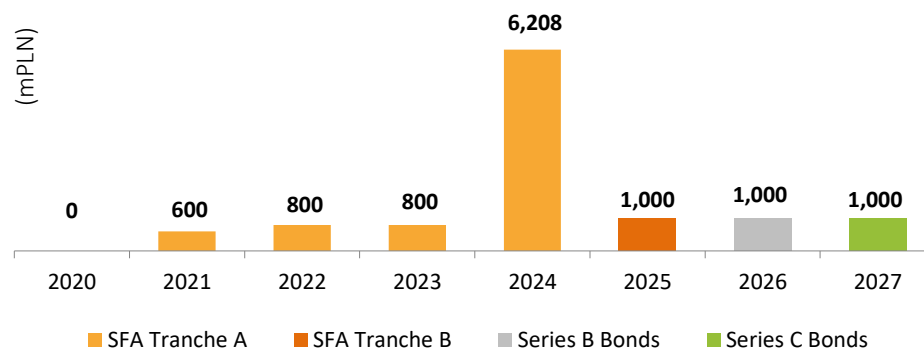
<sup>4</sup> Nominal value of the indebtedness as at 30 September 2020 (excl. the Revolving Facility Loan and leasing).

## Debt structure<sup>4</sup>



## Debt maturing profile<sup>4</sup>

As at 30 September 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**
- TV and the Internet are the advertising channels that are **most resistant to the turbulences caused by COVID-19**, currently the prospects for the fourth quarter are relatively stable
- 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**

# 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), which is reflected by customers' migration to higher end service packages
- Low churn level
- 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
- Uncertainties regarding the mid-term prospects for the advertising market due to the slowdown of Polish, European and global 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 sales 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 sales of mobile handsets/equipment can be expected due to the customers' lower propensity to buy expensive smartphones
- Potential bankruptcies in the sectors which have been hit hardest by the restrictions caused by the pandemics

## 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
<b>Zygmunt Solorz, through</b>	<b>364,244,418</b>	<b>56.95%</b>	<b>523,961,929</b>	<b>63.98%</b>
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 <sup>1</sup>	2,152,388	0.34%	2,152,388	0.26%
<b>Others</b>	<b>275,301,598</b>	<b>43.05%</b>	<b>295,001,588</b>	<b>36.02%</b>
<b>Total</b>	<b>639,546,016</b>	<b>100.00%</b>	<b>818,963,517</b>	<b>100.00%</b>

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 – B2C and B2B services segment



B2C and B2B services segment <sup>(1)</sup>	2017	2018				2018	2019				2019	2020		
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3
Total number of RGUs <sup>(2)</sup> (contract + prepaid)	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	17,840,155
<b>CONTRACT SERVICES</b>														
Total number of RGUs, including:	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	15,168,916
Pay TV, including:	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	5,010,376
<i>Multiroom</i>	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	1,200,561
Mobile telephony	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	8,366,901
Internet	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	1,791,639
Number of customers	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	5,569,734
ARPU per customer <sup>(3)</sup> acc. to IFRS 15 [PLN]	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	86.9
ARPU per customer <sup>(3)</sup> acc. to IAS 18 [PLN]	89.0	88.7	89.6	90.1	90.5	89.7	-	-	-	-	-	-	-	-
Churn per customer <sup>(4)</sup>	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%	6.1%
RGU saturation per one customer	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	2.72
<b>PREPAID SERVICES</b>														
Total number of RGUs, including:	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	2,671,239
Pay TV	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	158,060
Mobile telephony	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	2,449,237
Internet	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	63,942
ARPU per total prepaid RGU <sup>(5)</sup> [PLN]	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	21.5

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 <sup>1</sup> IFRS 15 basis, Netia Group consolidated as of May 22, 2018				2018	2019 <sup>2</sup> IFRS 15 and IAS 17 basis				2019	2019 IFRS 15 and IFRS 16 basis				2019	2020 IFRS 16 basis		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3
<b>Revenue</b>	<b>2,345.9</b>	<b>2,603.2</b>	<b>2,735.0</b>	<b>3,002.0</b>	<b>10,686.1</b>	<b>2,782.4</b>	<b>2,913.0</b>	<b>2,882.3</b>	<b>3,059.0</b>	<b>11,636.7</b>	<b>2,791.6</b>	<b>2,923.0</b>	<b>2,892.4</b>	<b>3,069.1</b>	<b>11,676.1</b>	<b>2,848.5</b>	<b>2,862.7</b>	<b>3,003.5</b>
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	1,623.8
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	856.6
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	433.7
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	89.4
<b>Operating costs</b>	<b>-1,917.1</b>	<b>-2,127.0</b>	<b>-2,345.8</b>	<b>-2,588.9</b>	<b>-8,978.8</b>	<b>-2,317.1</b>	<b>-2,404.4</b>	<b>-2,433.0</b>	<b>-2,593.0</b>	<b>-9,747.5</b>	<b>-2,317.0</b>	<b>-2,407.2</b>	<b>-2,436.8</b>	<b>-2,593.8</b>	<b>-9,754.8</b>	<b>-2,392.1</b>	<b>-2,455.6</b>	<b>-2,494.8</b>
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	-609.0
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	-573.0
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	-361.6
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	-396.7
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	-247.4
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	-208.0
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	-22.8
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	-76.3
<b>Other operating income, net</b>	<b>6.7</b>	<b>-0.6</b>	<b>7.3</b>	<b>6.3</b>	<b>19.7</b>	<b>16.6</b>	<b>6.7</b>	<b>3.4</b>	<b>19.0</b>	<b>45.7</b>	<b>16.6</b>	<b>6.7</b>	<b>3.4</b>	<b>19.0</b>	<b>45.7</b>	<b>5.8</b>	<b>-13.0</b>	<b>-2.8</b>
<b>Profit from operating activities</b>	<b>435.5</b>	<b>475.6</b>	<b>396.5</b>	<b>419.4</b>	<b>1,727.0</b>	<b>481.9</b>	<b>515.3</b>	<b>452.7</b>	<b>485.0</b>	<b>1,934.9</b>	<b>491.2</b>	<b>522.5</b>	<b>459.0</b>	<b>494.3</b>	<b>1,967.0</b>	<b>462.2</b>	<b>394.1</b>	<b>505.9</b>
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	-26.2
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	-66.6
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	13.5
<b>Gross profit for the period</b>	<b>364.7</b>	<b>330.7</b>	<b>303.1</b>	<b>307.6</b>	<b>1,306.1</b>	<b>378.8</b>	<b>357.0</b>	<b>319.0</b>	<b>427.3</b>	<b>1,482.1</b>	<b>374.6</b>	<b>355.4</b>	<b>306.0</b>	<b>431.6</b>	<b>1,467.6</b>	<b>250.5</b>	<b>363.0</b>	<b>426.6</b>
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	-81.6
<b>Net profit for the period</b>	<b>292.2</b>	<b>231.4</b>	<b>227.1</b>	<b>65.4</b>	<b>816.1</b>	<b>300.8</b>	<b>270.1</b>	<b>247.0</b>	<b>308.4</b>	<b>1,126.3</b>	<b>297.3</b>	<b>268.9</b>	<b>236.5</b>	<b>311.9</b>	<b>1,114.6</b>	<b>183.8</b>	<b>290.7</b>	<b>345.0</b>
<b>EBITDA</b>	<b>890.0</b>	<b>946.4</b>	<b>920.0</b>	<b>941.3</b>	<b>3,697.7</b>	<b>922.0</b>	<b>959.9</b>	<b>901.2</b>	<b>938.2</b>	<b>3,721.3</b>	<b>1,038.3</b>	<b>1,076.1</b>	<b>1,020.5</b>	<b>1,061.8</b>	<b>4,196.7</b>	<b>1,026.7</b>	<b>960.0</b>	<b>1,078.9</b>
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%	35.9%
<b>Adjusted EBITDA<sup>3</sup></b>																	<b>1,001.5</b>	<b>1,082.2</b>
Adjusted EBITDA margin <sup>3</sup>																	<b>35.0%</b>	<b>36.0%</b>

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)

## 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.



# Contact

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N E T I A

