



# Changes in the structure of Cyfrowy Polsat Capital Group

28 March 2013

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**1**

# Restructuring process of Polsat Group

# Main objectives



- Concentration on the group's core activities in the field of services for retail customers and broadcasting and TV production
- Disposal of RSTV S.A., provider of signal transmission services
- Acquisition of Polskie Media S.A., broadcaster of TV4 and TV6 channels

**2**

## **Disposal of RSTV S.A.**

# Disposal of RSTV S.A.



- **Polsat Group entered into a conditional agreement for the disposal of RSTV S.A. to Emitel Sp. z o.o. for the amount of PLN 45.5m**
- **Main objective - focus on the Polsat Group's core activities :**
  - No additional savings for Telewizja Polsat relating to the ownership of the company providing transmission services
  - Strategy of development in DTT is capex consuming and difficult to implement
  - Lack of future synergies for the Group
- **Precedent conditions :**
  - Receiving consents from banks which are parties to the loan agreement (SFA)
  - Release of all security (on shares and assets of the Company) related to the loan agreement and bond issue
  - Court registration of the division of the company
- Pursuant to the loan agreement, all proceeds from the disposal will be used for prepayment of the term loan

# Positive impact on Group's results



- RSTV's revenues structure in 2012 was:
  - Polsat Group – ca. 60%
  - Other radio and TV broadcasters – ca. 40%
  
- EBITDA generated on external partners in 2012 amounted to ca. PLN 4.5 million
  
- The transaction has a positive impact on the cash flow:
  - Lower nominal value of the loan and thus lower debt service costs in the future
  - No additional capex and opex required for the future development on the diametrically changing market

**3**

## **Acquisition of TV4 and TV6**

# Acquisition of shares in Polskie Media S.A.



- **Telewizja Polsat entered into a conditional agreement for the acquisition of 100% of shares in Polskie Media S.A., a broadcaster of TV4 and TV6 channels**
- The entity's value amounts to PLN 99 million and shall be paid with own funds
- An independent opinion of KPMG Advisory, prepared for the Management Board of Cyfrowy Polsat, confirms that price terms of the planned transaction are fair from the point of view of Cyfrowy Polsat
- Acquisition of TV4 and TV6 channels is part of the group's strategy to strengthen its market position by increasing audience share in the target group
- Precedent conditions:
  - approval by the President of the Office of Competition and Consumer Protection
  - acquisition of the registered shares from the company's current minority shareholder
- Transaction is expected to be finalized in July 2013

# Description of the acquired channels



## TV4

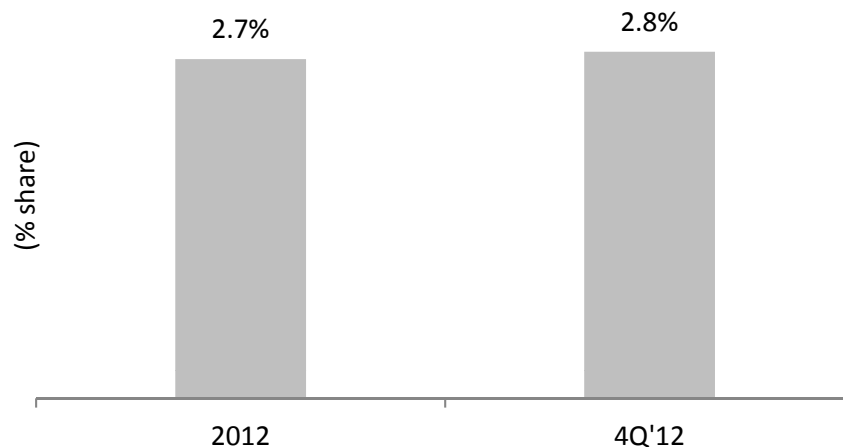
- **commencement of broadcasting:** 1 April 2000
- **signal transmission:** terrestrial/DTT (MUX-2)/cable/satellite
- **concession type:** general entertainment channel
- **avg. technical reach in 2012:** 88%
- **content:** station offers a variety of programs, including documentaries and popular science (*Galileo, Galileo Extra, STOP Drogówka, Tester*), lifestyle (*mała Czarna, Happy Hour*), music (*4music*), interior (*Dekoratornia*), movies and series as well as sport broadcasts.



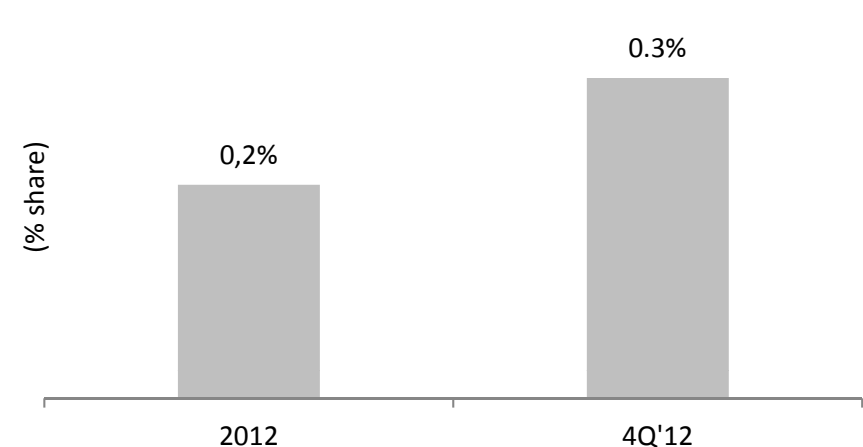
## TV6

- **commencement of broadcasting:** 30 May 2011
- **signal transmission:** DTT (MUX-2)/cable/satellite
- **concession type:** youth channel
- **avg. technical reach in 2012:** 54%
- **content:** the programming offer includes greatest world entertainment hits such as *American Idol, English Must be the Music, Got to Dance and Gordon Ramsey's Master Chef*, drama and animated series as well as reality shows. The programming offer also includes Polish productions such as animated series *Włatcy móch*.

## Audience share of TV4

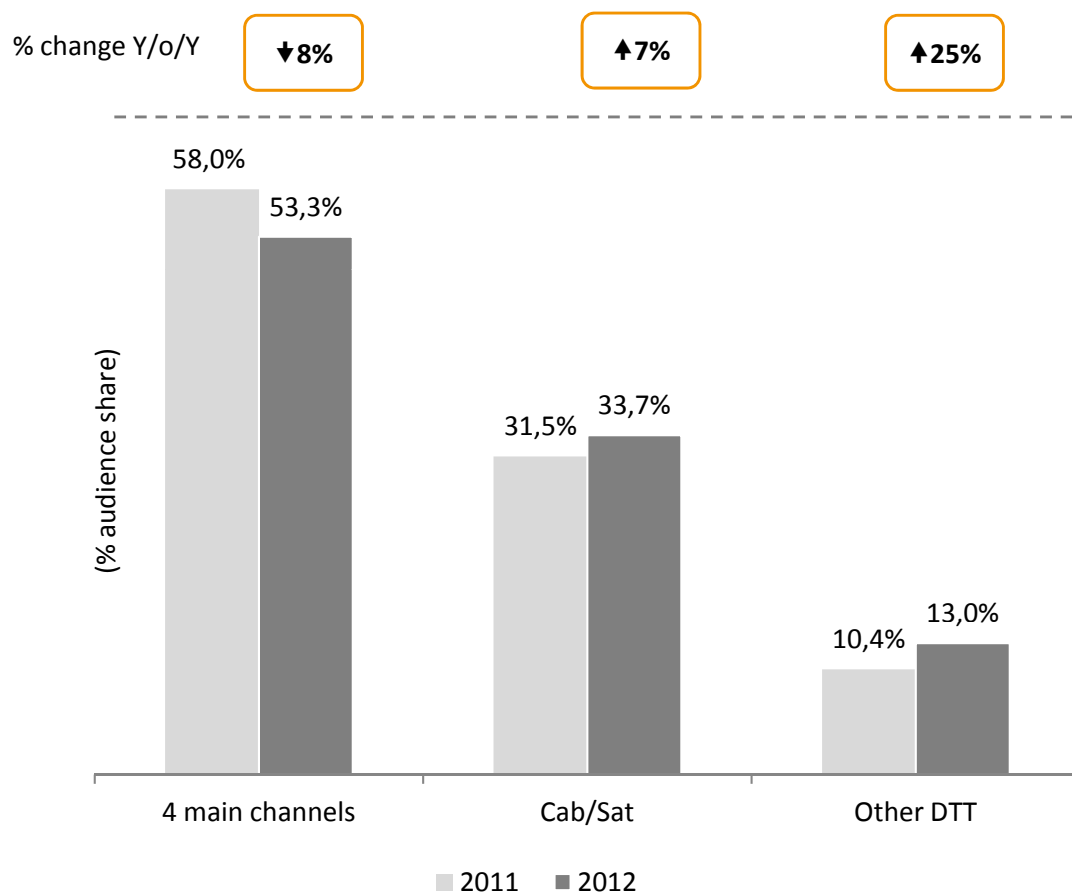


## Audience share of TV6



# DTT – the fastest growing distribution segment for TV

## Audience share



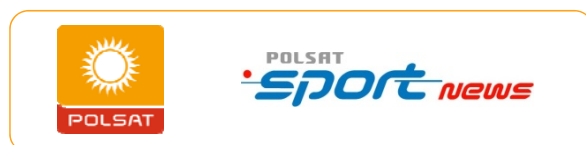
- We are committed to a balanced audience share of our channels across all distribution segments
- TV4 and TV6 channels operate in DTT - the fastest growing market segment – which will enable Polsat Group to strengthen its current market position

# Strengthening Telewizja Polsat's market position



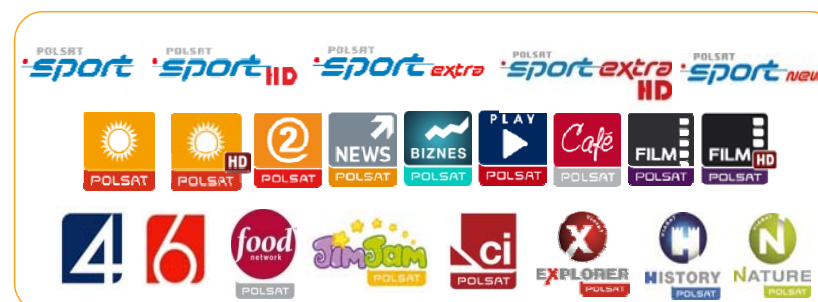
DTT

Cab/Sat



No. of channels

TV Polsat Group	DTT market
4	20



No. of channels

TV Polsat Group	Cab/Sat market
22	ca. 200 <sup>(1)</sup>

Share of Polsat Group in 2012

Audience	Ad market
23.5%	25.3%

# Attractive valuation



- Disposal of the minority stake of Polskie Media by TVN SA results in a valuation of ca. PLN 118m<sup>(1)</sup>
- According to our estimations the 2013F EV/EBITDA multiple is significantly lower than multiples of comparable transactions, including Telewizja Polsat acquisition
- Growing advertising revenues as a result of increased technical reach and launch of a new channel (TV6)
- Higher signal transmission costs till July 2013 resulting from simulcast transmission costs (analogue and DTT)
- We identified number of synergies with Polsat Group, which will positively impact the profitability of TV4 and TV6
- Polskie Media currently services a PLN 20m debt

## Financial results of Polskie Media

PLN million	2010	2011	2012
Revenue	68	71	76
EBITDA	12	9	7
Net profit/(loss)	3	(2)	(4)

- Strategic step to strengthen our position in the fragmented television market
- Attractive valuation
- Opportunity to increase advertising revenue on the basis of growing audience share and to increase profitability by eliminating doubled signal transmission costs (analogue and DTT)
- Potential synergies
  - Programming
    - Stronger negotiating power
    - Efficient management of content library
    - More flexibility in scheduling of FTA channels
  - Technical
  - Advertising, marketing, cross-promotion
  - Back-office

**5**

**Q&A**

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