

Kino Polska TV S.A.
Capital Group
Operations and Financial Results for 2017

Warsaw, 5.04.2018

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AGENDA



I. Introduction

II. Key Facts 2017

III. Premium / Extended Basic / Basic / DTT

IV. Basic Operating Results

V. Financial Results

Kino Polska TV Capital Group in numbers



8.8 mln
subs



3 mln
subs



13,5 mln
subs



10,3 mln
households



13,2 mln
households

Kino Polska TV Capital Group in numbers



Ranks **8th** among media groups in Poland



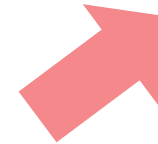
430 operators Pay TV



Global presence **35 countries**



Over 22 mln PLN in dividend paid in 2017 r.
(**8,69% dividend yield**)



151 mln zł in revenues* in 2017

* Combined revenues of Kino Polska TV and Stopklatka S.A.

Our strategic goals

Polish market:

- ▶ To **rank #5** among **TV groups in Poland** with 3% share of viewership.
- ▶ To increased viewership by **resignation from teleshopping bands** and **change of brakeout sizes**.
- ▶ To rejuvenate Kino Polska channel's audience by **adding more attractive content** and **HD broadcast**.
- ▶ Intensification of marketing activities in the Internet (social media and classic portals). Implementation of new strategic assumptions aimed at acquiring more customers and popularizing products in the online.
- ▶ Increase revenues from broadcasting pay TV channels through **strengthen programming offer and marketing activities**.
- ▶ To generate more advertising revenues by growing viewership on channels airing commercials and to expand terrestrial TV channel portfolio with **Zoom TV**.

Foreign markets:

- ▶ To increase revenues from Filmbox Premium in foreign markets with a special emphasis on **Turkey and Russia**.
- ▶ To develop ad revenue streams in foreign markets by **gradually adding on-air commercial blocks on FilmBox Basic**.
- ▶ To increase revenues from broadcasting pay TV channels in foreign markets by growing household reach and selling more **Filmbox Premium** packages along with expanding distribution into new territories.
- ▶ To shift distribution of thematic channels in CEE over to **Kino Polska TV Group**.
- ▶ To grow KP Group's revenues from non-linear products: **Filmbox Live and Filmbox OnDemand**.



II. Key Facts 2017

Key facts

2017

- ▶ **Dividend payout for 2016** in the gross amount of **1.13 PLN** per share. **Dividend yield was 8.69%**.
- ▶ **8.5% increase** in revenues from broadcasting FilmBox and thematic channels (highest increases recorded in Czech Rep., Slovakia, Romania, Bulgaria, the Baltics and ex-Yugo).
- ▶ **Dynamic growth of Zoom TV ratings** in commercial group (16-49).
- ▶ Rebranding of FilmBox and FilmBox Premium channels in Poland.
- ▶ Signing a new strategic agreement with **TAG – Telekom Austria Group**
- ▶ Devising a more attractive programming offer on FilmBox channels in CEE and the Middle East by acquiring content from **Vertical Distribution and Sony**

2018

- ▶ **Takeover of full control over Cable Television Networks & Partners sp. z o.o.**, broadcaster of **Zoom TV**.
- ▶ **Signing a letter of intent with Agora S.A.** for the purchase of shares of **Stopklatka S.A.**



III. Premium / Extended Basic / Basic / DTT

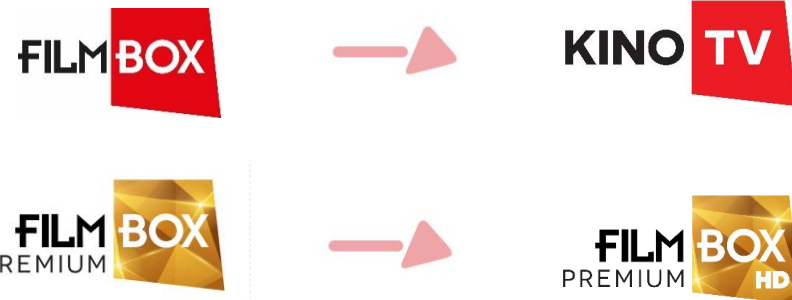
Premium Channels / Extended Basic / Basic / DTT



Premium channels



- ▶ Devising a more attractive programming offer on FilmBox channels in CEE, Turkey and the Middle East by acquiring content from **Vertical Distribution** and **Sony**.
- ▶ Rebranding of FilmBox and FilmBox Premium channels in order to increase the number of subscribers of FilmBox Premium packages - September 2017.



Kanały Extended Basic / Basic



- ▶ 10 channels from FilmBox group available in America as a result of a capacity deal with Eutelsat Communications – February 2017.
- ▶ Stronger programming offer on FilmBox with content acquired from A+E Networks (Knightfall and Einstein) – June 2017.
- ▶ Autumn advertising campaign for Kino TV in Poland (print, radio, Internet) Kino – September 2017.
- ▶ The IPTV platform Etisalat E-Vision (United Arab Emirates) adds six channels from the global television operator SPI International / Filmbox to its offer - July 2017.
- ▶ Start of airtime sales in Czech Rep. on FilmBox channel – collaboration with At Media TV and Online Sales Group – September 2017.
- ▶ FilmBox launched in the Middle East effective in order to increase sales in the region – September 2017.
- ▶ Increase in revenue from collaboration with Slovak Telekom and Digi compared to last year.

Kino Polska TV Channels



- ▶ Channel's SHR% in commercial group for Q3 and Q4 2017 higher than in Q3 and Q4 2016
- ▶ Short narrative film "Best Fireworks Ever" receives two awards in the shorts competition at Gdynia Film Festival.
- ▶ Spring ad campaign (print, radio, Internet) for Kino Polska in March and April – marketing support for Spring premieres and novelties, including TV premiere of "Sługi Boże" and "Best Fireworks Ever" coproduced by Kino Polska TV.
- ▶ Autumn ad campaign (print, radio, Internet) for Kino Polska in November – Polish premiere of Russian series starring Maciej Stuhr

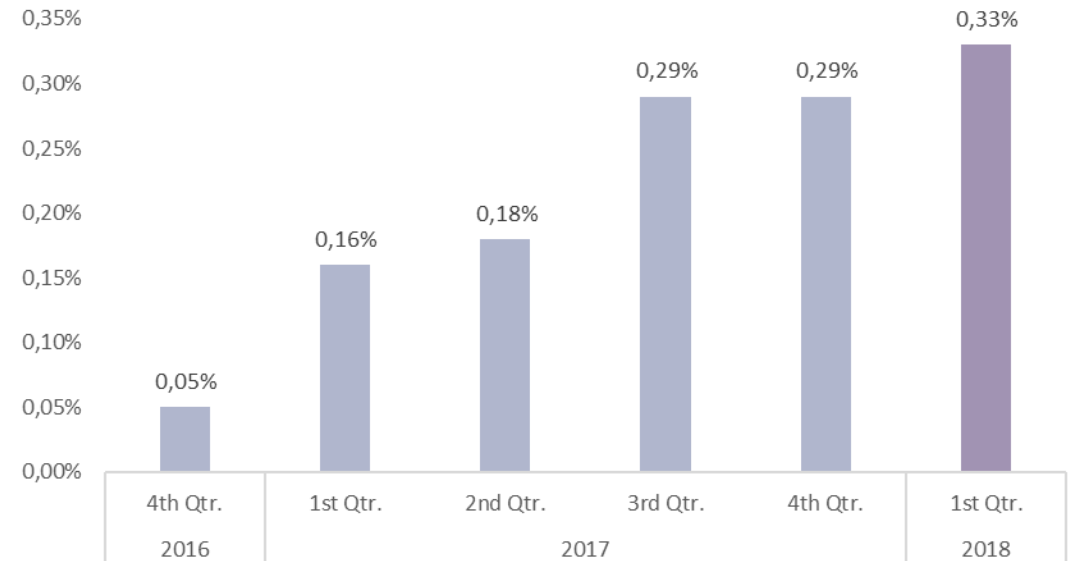
Zoom TV

– second DTT channel from Kino Polska TV Group

- ▶ Stable growth of MUX-8 technical reach among terrestrial households represented in AGB panel – currently 50%.
- ▶ Channels ranks second on MUX-8 in 2017 in commercial group: Metro 0,49 – **ZOOM 0,44** – WP 0,37 – Nova 0,35.
- ▶ Longest viewing time among all MUX-8 channels reported in 2017 in commercial group.
- ▶ Zoom TV reports record daily SHR on August 22, 2017 and January 15, 2018 – 0.65% (SHR 16-49).
- ▶ Taking over 100 percent control over Cable Television Networks & Partners sp. z o.o., broadcaster of Zoom TV - January 2018.



TV Zoom - quarterly results in a commercial group



Source: NAM, 01.01.2018--31.03.2018, SHR 16-49

Stopklatka TV

– first all-access film/series channel in Poland

Summary of 2017:

- ▶ Market share at 1% level in commercial group
- ▶ 14.3% increase in market share among cable TV viewers (2017 vs. 2016, SHR, Cable 16-49)
- ▶ Ranks #2 among film/series channels in Poland

Current year and future plans:

- ▶ Changes in broadcasting license – greater share of docs in the programming offer
- ▶ Acquisitions of new docu and scripted series – stabilizing day ratings
- ▶ Nationwide Spring ad campaign in cinemas, radio stations, TV guides and Internet

STOPKLATKA tv



IV. Basic operating results

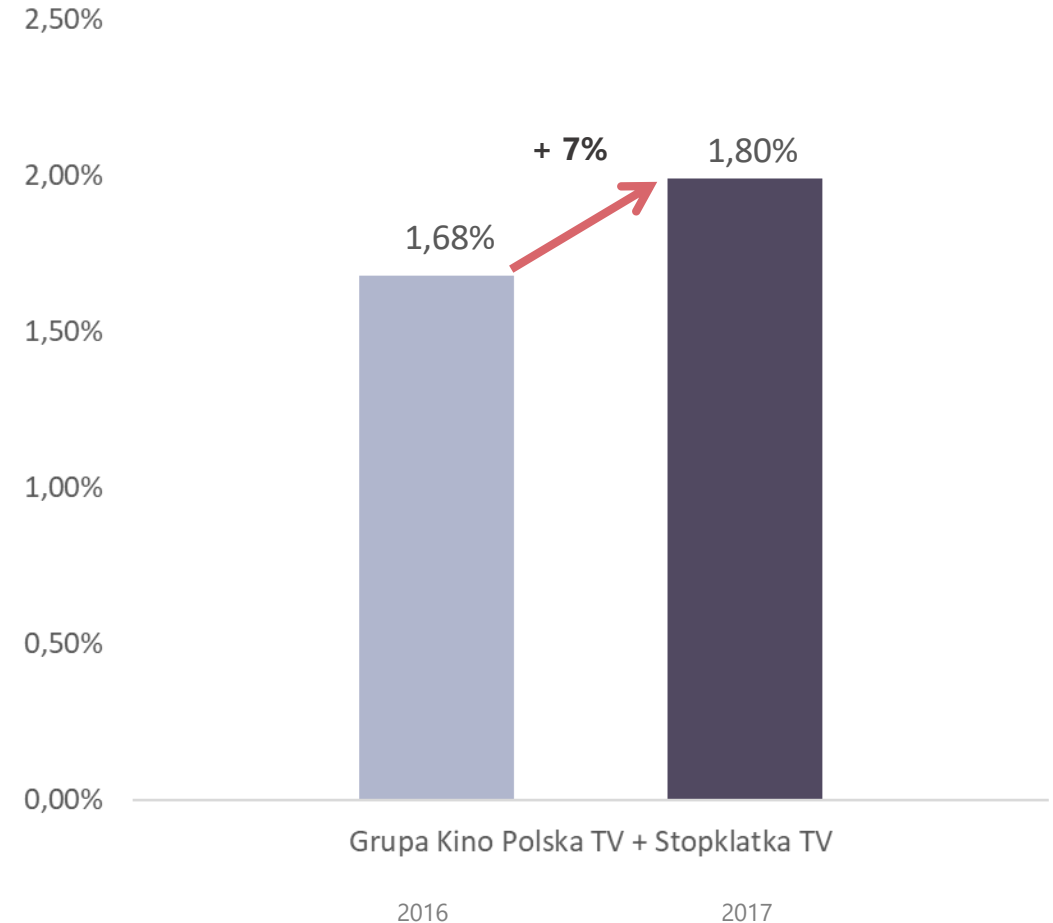
Our share in television market

In 2017 channels from **Grupa Kino Polska TV SA** along with **Stopklatka TV** achieved **1.8% audience share within the commercial** group (SHR%, All 16-49)

It marks over **7% increase** when compared to the same period in 2016

Record daily share for Grupa Kino Polska along with Stopklatka achieved on October 21, 2017 – 3.36% (SHR 16-49).

Grupa Kino Polska TV + Stopklatka TV
- share in commercial group 2016/2017



Source: NAM, 01.07.-30.09.2016, 01.07.-30.09.2017, SHR 16-49

Our active subscribers and operators

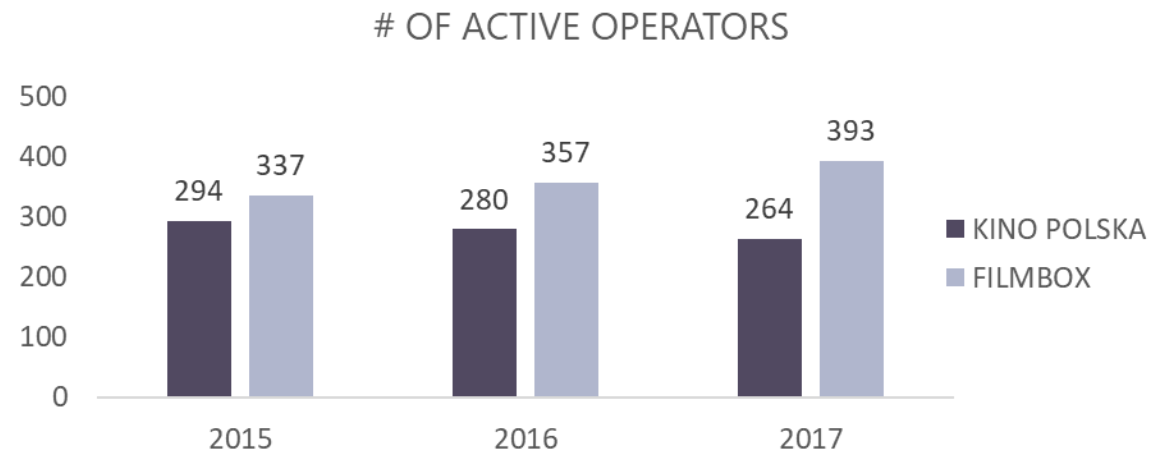
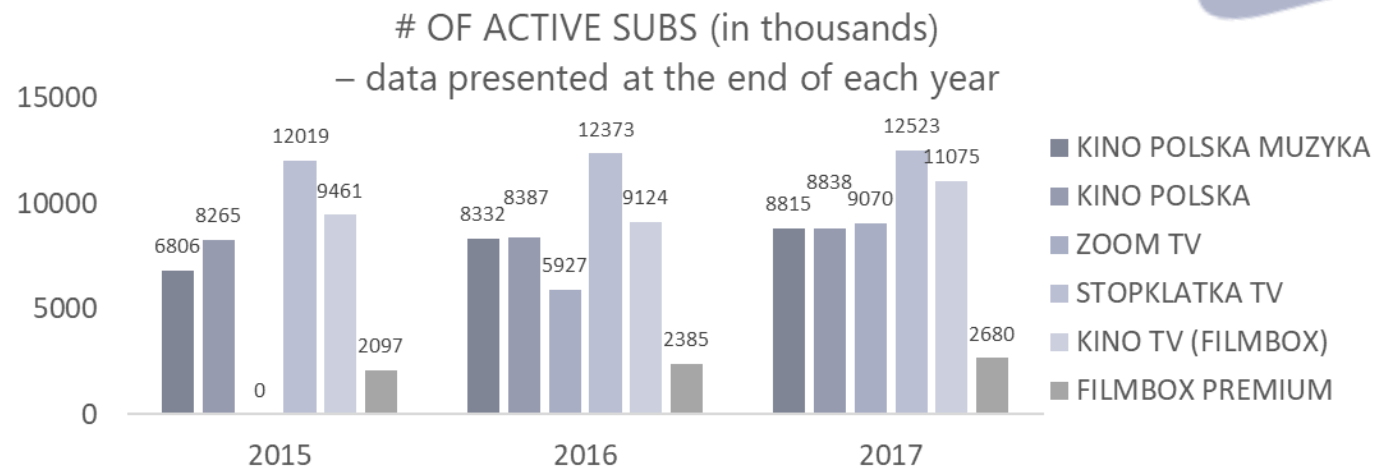
Compared to last year, **all channels from the Kino Polska TV Group recorded an increase in the number of active subscribers.**

At the end of 2017, **the number of active subscribers of Kino Polska** amounted to approx. **8,838 thousand**, which means an **increase of 5%** compared to the number of subscribers at the end of 2016.

The number of subscribers of the KINO TV channel was **11,075 thousand**, it gives an almost **21% increase** to the value at the end of 2016.

In 2017, the **ZOOM TV** channel recorded **9 070 thousand** active subscribers which means an **increase of 53%** compared to 2016.

In the analyzed period, **the number of active Kino Polska operators** amounted to **264**. The decrease results from the consolidation of the Polish operator market. **The number of active FilmBox operators** was **393**, which is a **10% higher** result compared to the number of operators at the end of 2016.





V. Financial results

Summary

INCREASE IN
REVENUES
AND
NET PROFIT IN 2017

OVER 22 MLN PLN
DIVIDEND PAYOUT TO
SHAREHOLDERS IN
2017

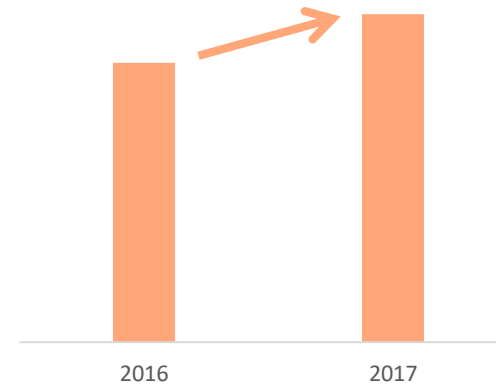
SUCCESSIVE DIVERSIFICATION
OF REVENUES
(FOREIGN MARKETS – 36%
SHARE IN GROUP'S REVENUES)

Basic financial data

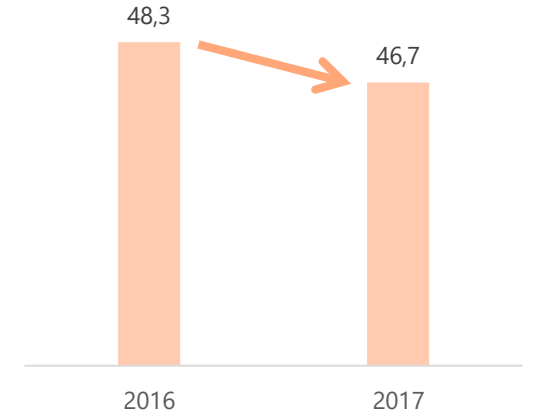
8% revenue increase results from greater sales of Filmbox and thematic channels – primarily in Slovakia, Czech Rep., Romania, Bulgaria and ex-Yugo countries as well as the Baltics.

The lower EBITDA margin and net income is owed to further investments in Zoom TV channel in 2017.

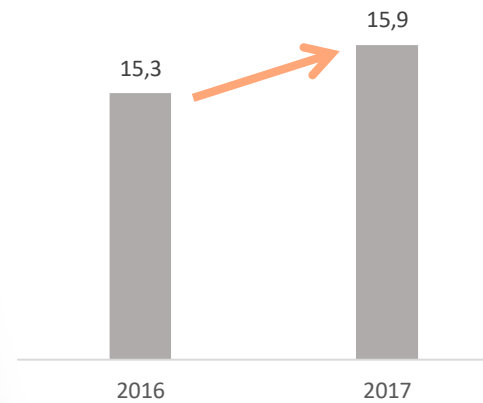
REVENUES FROM SALES



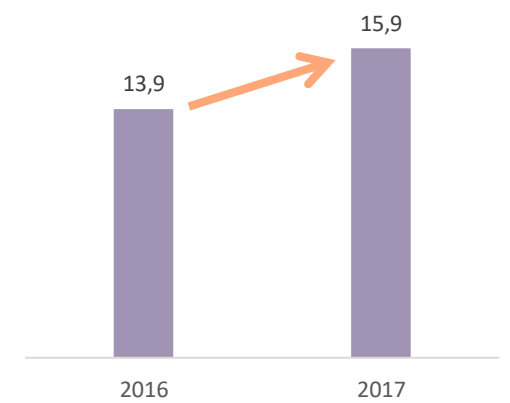
EBITDA



NET INCOME



NET INCOME FROM CONTINUING OPERATIONS

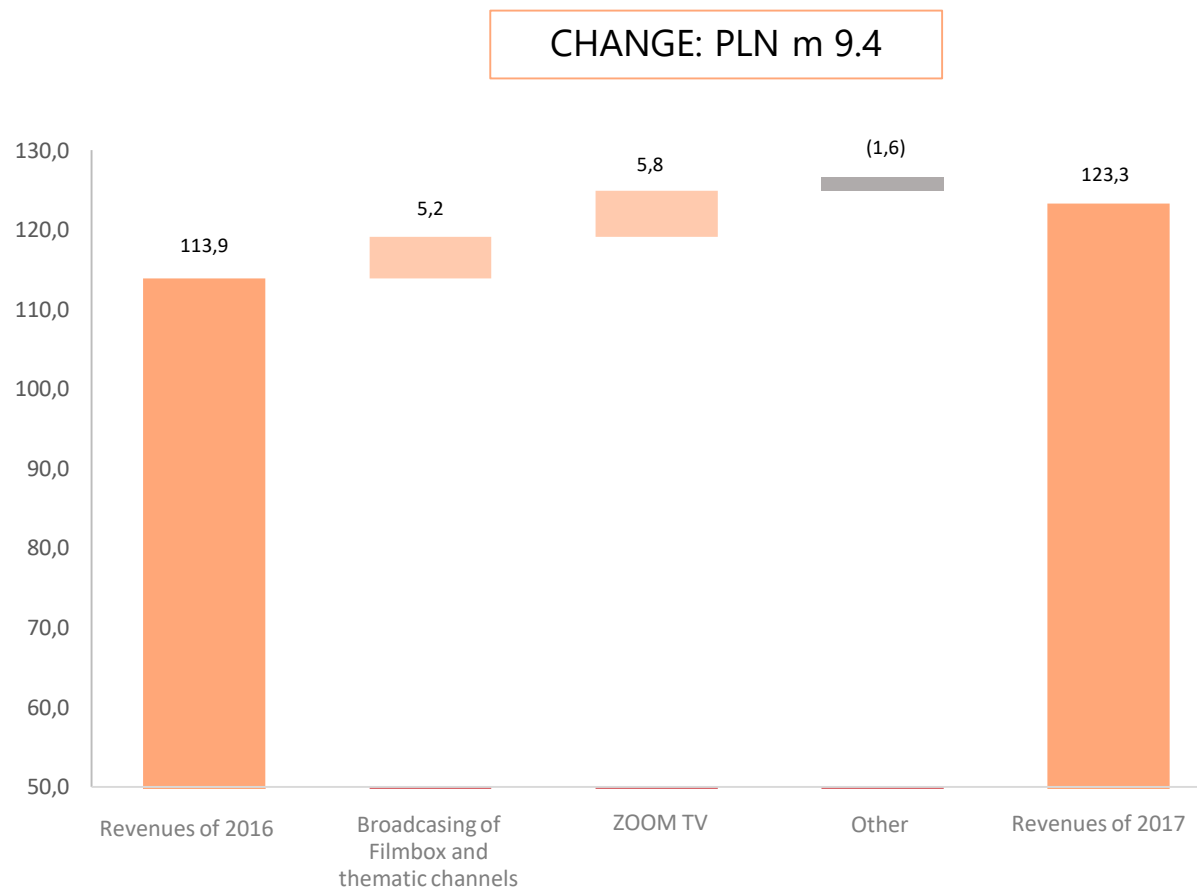


m PLN

Revenues

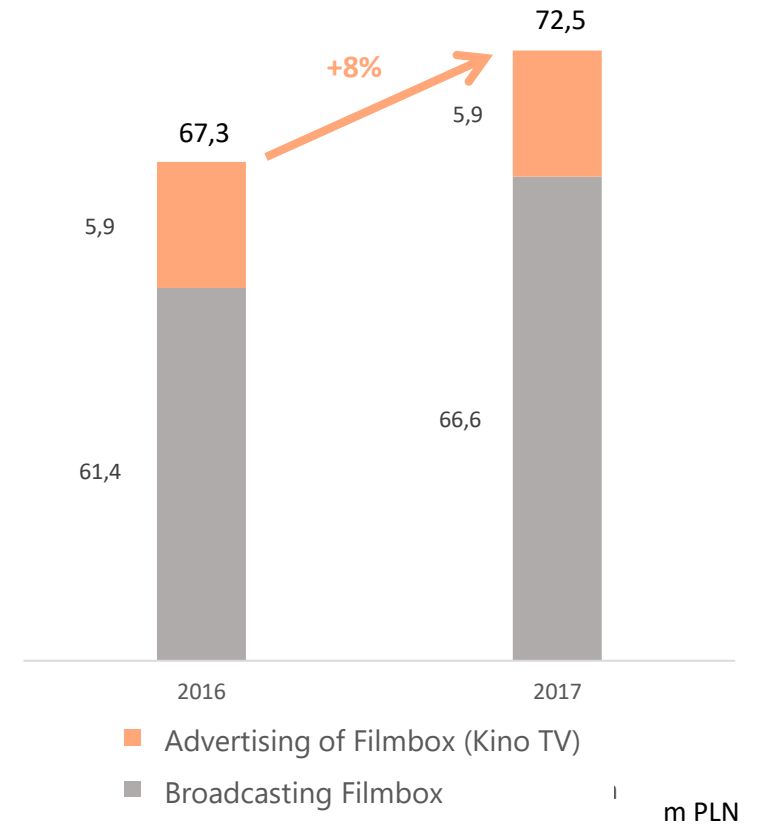
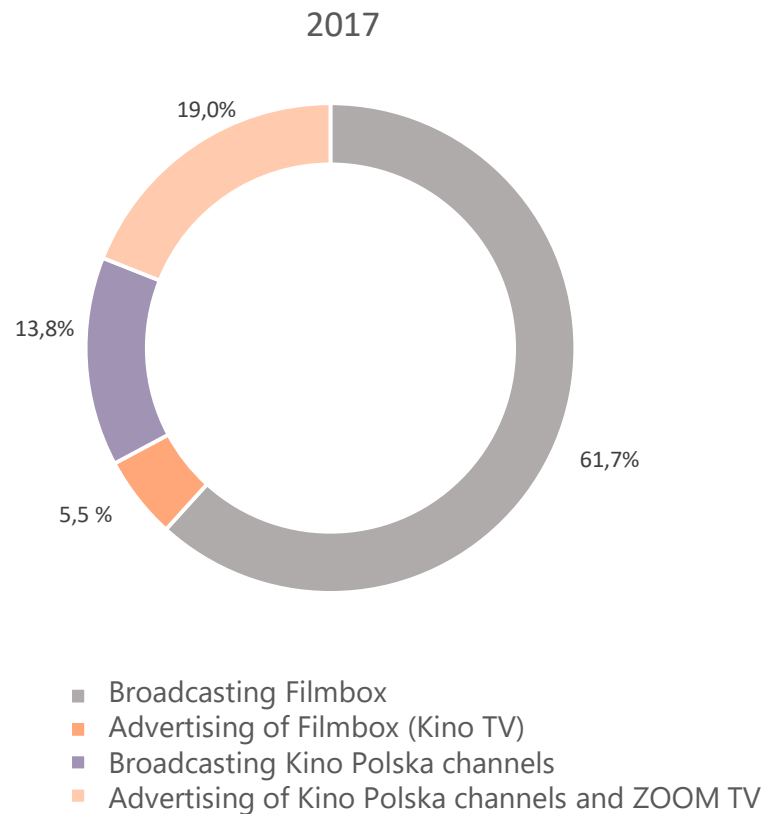
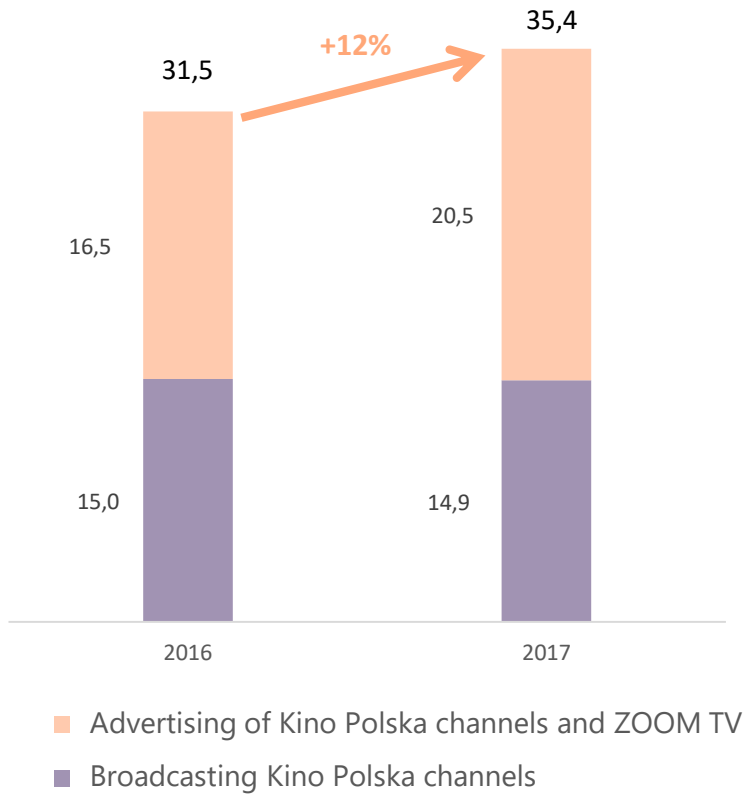
Revenues from sales generated by the Group in 2017 amounted to **123.3 mln PLN** marking an **8% increase** compared to previous year. This increase is the result of higher advertising revenues on the **ZOOM TV channel** (increase in value by 5.8m PLN), as well as further intensive growth in sales in the **FilmBox and thematic channels segment** (8% increase valued at 5.2 mln PLN).

The highest growth was recorded in **Slovakia, Czech Rep., Romania, ex-Yugo, Bulgaria and Turkey**.



m PLN

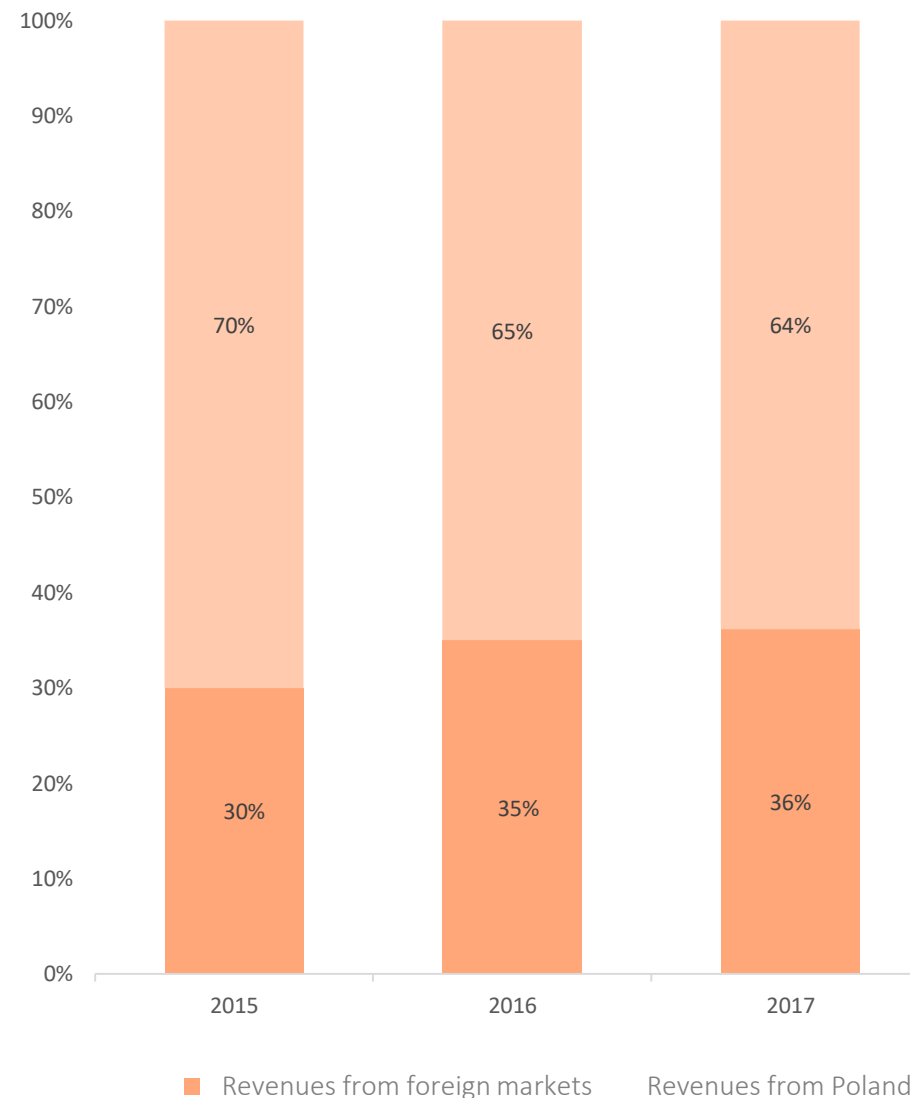
Revenues from broadcasting and advertising



Revenues by territory

The Group has been consistently growing revenue streams from foreign markets. In 2017 the share of revenues from abroad reached **36%**.

Top foreign markets for sales volumes in 2017 were Czech Rep., Hungary, Romania, Slovakia, ex-Yugo and Bulgaria.

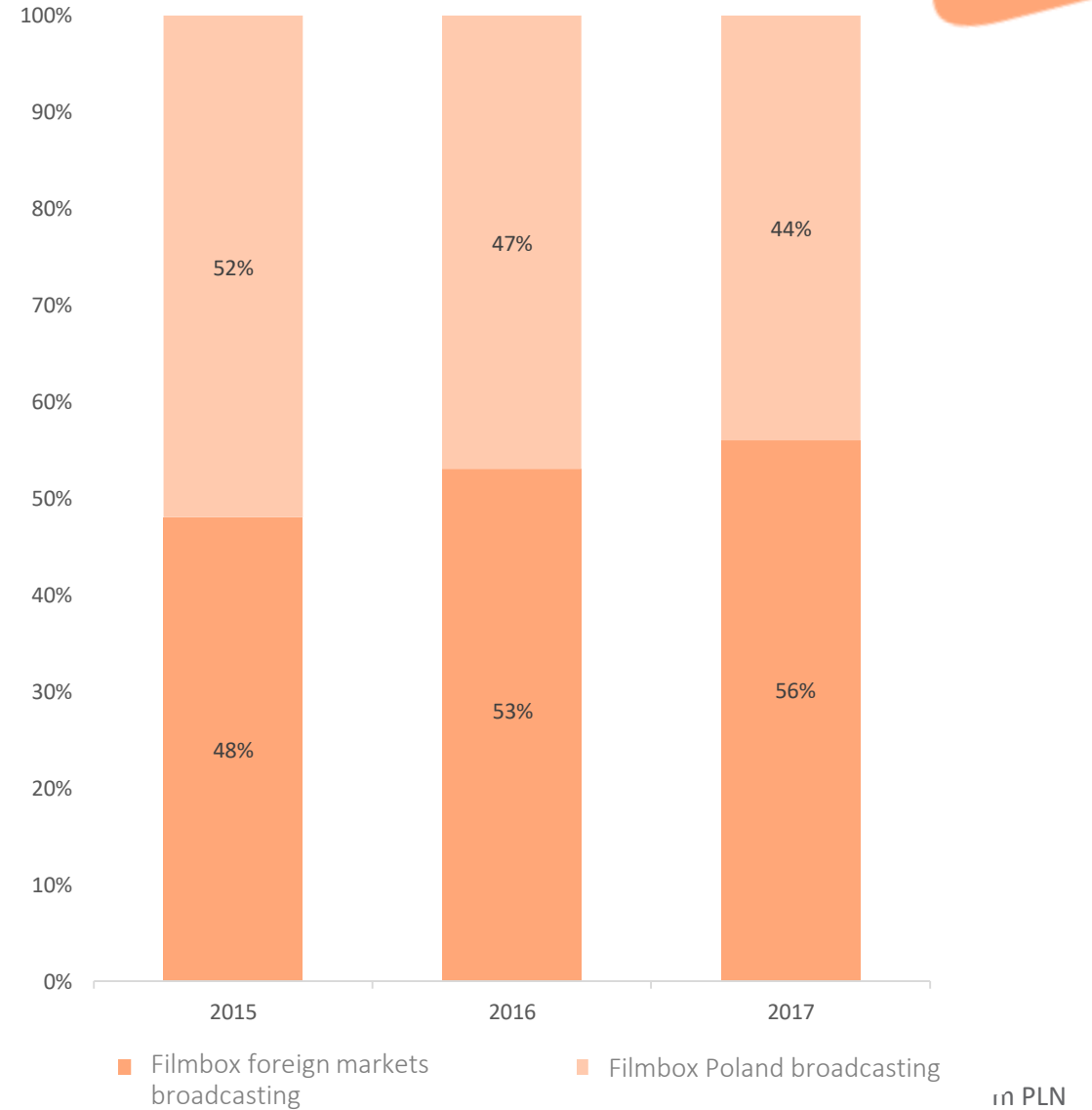


m PLN

Revenues from the broadcast of FilmBox channels by territory

In 2017 56% of revenues from broadcasting channels from the FilmBox group were generated abroad which marks a 3pp improvement over 2016.

Revenues from broadcasting FilmBox channels in various territories have continued to show a steady trend year after year.



Segments

Operating results

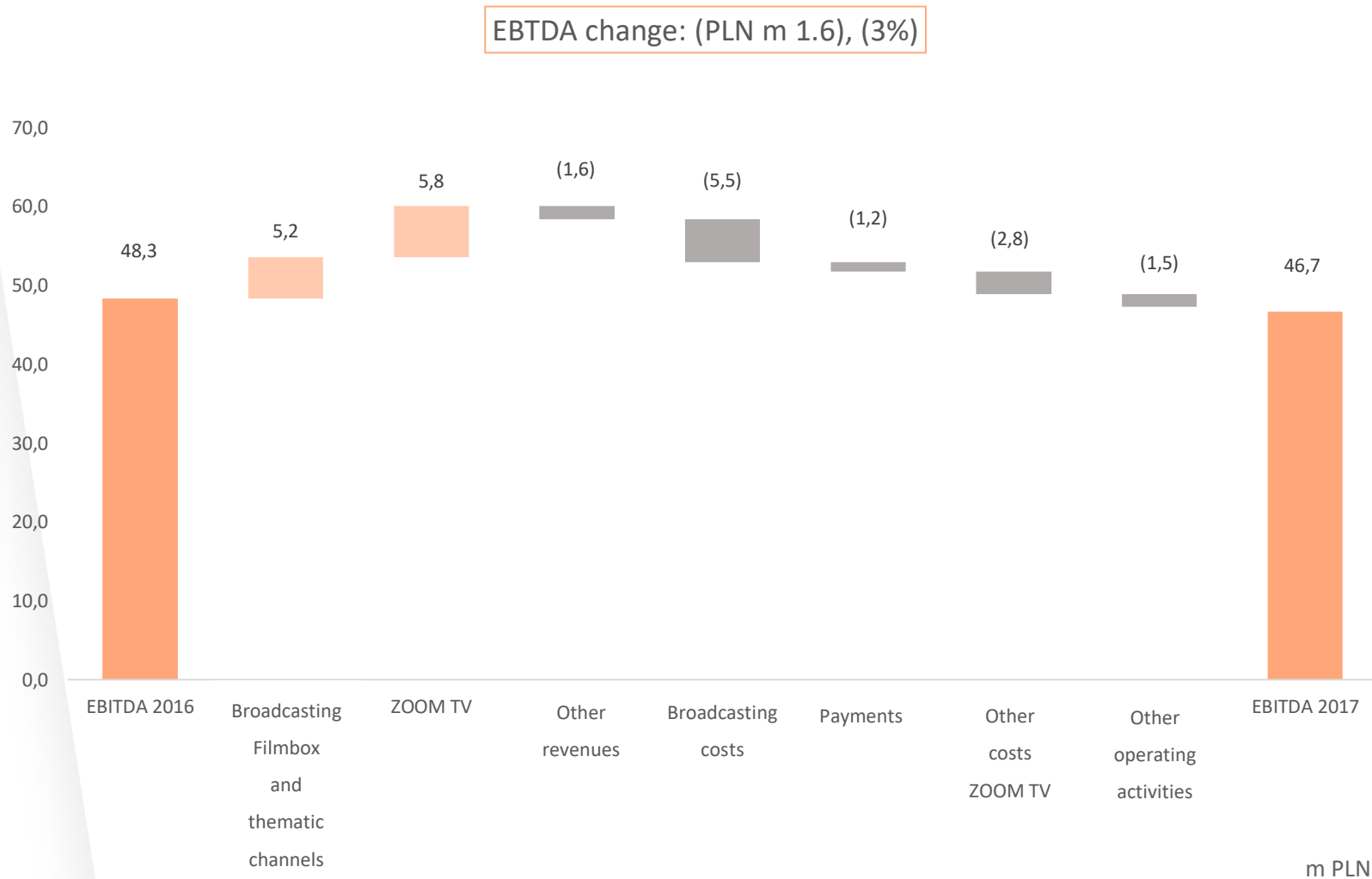
| | Filmbox & Thematic Channels | Kino Polska Channels | Production of TV channels | Zoom TV | Sales of licensing rights | Other segments | TOTAL |
|-----------------|-----------------------------|----------------------|---------------------------|---------|---------------------------|----------------|---------|
| Broadcasting | 66.6 | 14.9 | - | - | - | - | 81.5 |
| Advertising | 5.9 | 14.0 | - | 6.5 | - | - | 26.4 |
| Other sales | - | - | 5.3 | - | 6.8 | 3.3 | 15.4 |
| Total sales | 72.6 | 28.8 | 5.3 | 6.5 | 6.8 | 3.3 | 123.3 |
| Operating costs | (56.2) | (15.4) | (4.6) | (18.3) | (4.0) | (2.7) | (101.3) |
| Segment result | 16.3 | 13.5 | 0.7 | (11.8) | 2.9 | 0.6 | 22.1 |

m PLN

EBITDA 2017

EBITDA margin for 2017 was 46.7 mln PLN which marks a **decrease of 3%** compared to previous year.

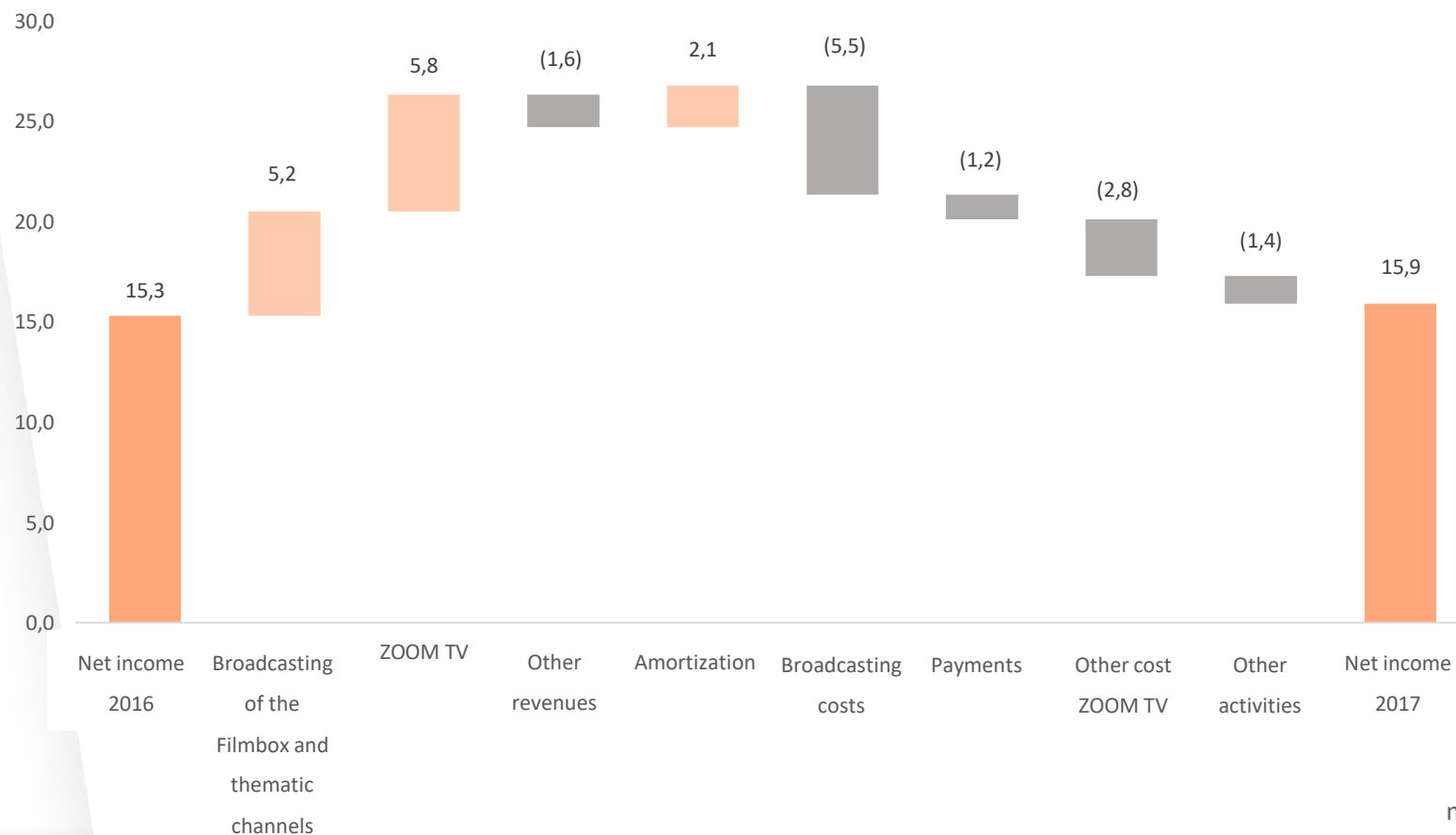
The main factor which caused the decrease was the Group's commitment towards Zoom TV, a network that had been launched just recently and one that has not yet achieved operating profitability.



Net Income 2017

Operating profit in 2017 was 16% higher than in 2016 and so was net income increased by 4%.

NET INCOME change: PLN m 0.6, (4%)



Continuing Operations

2017

| | 2017 | 2017 | 2016 |
|---|-------------------|-------------------------------------|-------------------|
| | GK KINO POLSKA TV | GK KINO POLSKA TV excluding ZOOM | GK KINO POLSKA TV |
| Revenues from sales of products and services | 123.3 | 116.7 | 113.9 |
| Operating costs | (101.3) | (83.7) | (93.9) |
| Allowance to the normal value | - | - | (1.9) |
| Other operating revenues | 0.2 | (0.2) | 1.8 |
| Other operating costs | (0.8) | (0.8) | (1.4) |
| Share of units accounted for by the equity method | (0.2) | (0.2) | (0.2) |
| Operating profit | 21.2 | 31.8 | 18.3 |
| Financial revenue | 0.0 | 0.0 | 0.2 |
| Financial costs | (1.2) | (0.5) | (0.5) |
| Income before taxes | 20.0 | 31.3 | 18.0 |
| Income tax | (4.1) | (4.1) | (4.1) |
| Net income from continuing operations | 15.9 | 27.2 | 13.9 |
| EBITDA | 46.7 | 51.8 | 48.3 |

m PLN

Cash Flow 2017

| | 2017 | 2017 | 2016 |
|--|-------------------|-------------------------------------|-------------------|
| | GK KINO POLSKA TV | GK KINO POLSKA TV excluding ZOOM | GK KINO POLSKA TV |
| Net cash flow from operating activities | 11.1 | 22.9 | 20.2 |
| Net cash flow from investment activities | (1.1) | 0.3 | (4.4) |
| Net cash flow from financial activities | (15.7) | (15.7) | (14.0) |
| Net change in cash balance and equivalents | (5.7) | 7.5 | 1.8 |
| Cash at the beginning of period | 9.0 | 5.5 | 7.2 |
| Cash at the end of period | 3.3 | 13.0 | 9.0 |

m PLN

Dividend

Dividend rate for 2016 period was 8,69%.

| DIVIDEND PERIOD | DIVIDEND VALUE PER SHARE | # OF SHARES FOR DIVIDEND PAYOUT | DIVIDEND VALUE |
|-----------------|--------------------------|---------------------------------|----------------|
| 2016 | PLN 1.13 | 19 821 404 | PLN 22 398 187 |
| 2015 | PLN 1.00 | 19 821 404 | PLN 19 821 404 |
| 2014 | PLN 1.00 | 19 821 404 | PLN 19 821 404 |
| 2013 | PLN 0.45 | 13 821 404 | PLN 6 219 632 |
| 2012 | PLN 1.00 | 13 821 404 | PLN 13 821 404 |
| 2011 | PLN 1.00 | 13 859 000 | PLN 13 859 000 |
| | | | PLN 95 941 031 |

Thank you

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