

# **Kino Polska TV S.A.**

## **Capital Group**

Financial results  
and operating report for Q3 2017

Warszawa, 29.11.2017 r.

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# AGENDA



I. Intro

II. Key Facts Q3 2017

III. Premium / Extended Basic / Basic / DTT

IV. Online products

V. Basic operating results

VI. Financial results

# Kino Polska TV Capital Group in numbers



**8,6 mln**  
subs



**3 mln**  
subs



**13,5 mln**  
subs



**9,3 mln**  
households



**12,5 mln**  
households

# Kino Polska TV Capital Group in numbers



**8th** the largest media group  
In Poland



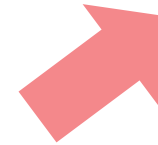
**430**  
Pay TV operators



Operating  
in **30 countries**



More than **PLN 20 million** of paid  
**dividend in 2017.**  
**(8.83% dividend rate)**



**PLN 109 million revenues\***  
in Q1-3 2017

\* Revenues of Kino Polska TV Capital Group  
including Stopklatka S.A.

# Our strategic goals

- ▶ Strengthening programming offer and marketing activities in order to increase revenues from broadcasting Pay TV channels in Poland.
- ▶ Generating higher ad revenues by increasing viewer ratings on channels with commercial breaks as well as expanding the terrestrial channel portfolio with the addition of Zoom TV.
- ▶ Developing ad revenue in foreign markets.
- ▶ Increasing revenue from broadcasting Pay TV channels abroad by growing the household reach, increasing Filmbox Premium package sales and expanding distribution onto new territories.
- ▶ Taking responsibilities for the distribution of thematic channels in CEE by Kino Polska TV Capital Group
- ▶ Increasing the revenue share of non-linear products: **FilmBox Live** and **FilmBox On Demand**



## II. Key Facts Q3 2017

# Key Facts Q3 2017

- ▶ Divident payout in the gross amount of PLN 1.13 per share. 2nd pay out installment for 2016 in the gross amount of PLN 0.56 per share was paid on October 3, 2017 (8.83% - dividend rate).
- ▶ Record high revenues in Q3 2017 roku.
- ▶ 8% revenue increase generated from broadcasting FilmBox and thematic channels (highest growth in the Czech Rep., Slovakia, Romania, Bulgaria, Baltics and ex-Yugo).
- ▶ Dynamic viewing rates increase for Zoom TV channel in the commercial group (16-49) in Q3 2017.
- ▶ Rebranding of Filmbox and FilmBox Premium channels in Poland effective September 12, 2017.
- ▶ Strategic agreement renewed with **TAG – Telekom Austria Group**.
- ▶ Strengthening programming offer on the FilmBox channels in CEE, Turkey and the Middle East with content acquisitions from **Vertical Distribution** and **Sony**.





# III. Premium / Extended Basic / Basic / DTT

# Channels Premium / Extended Basic / Basic / DTT



# Premium Channels

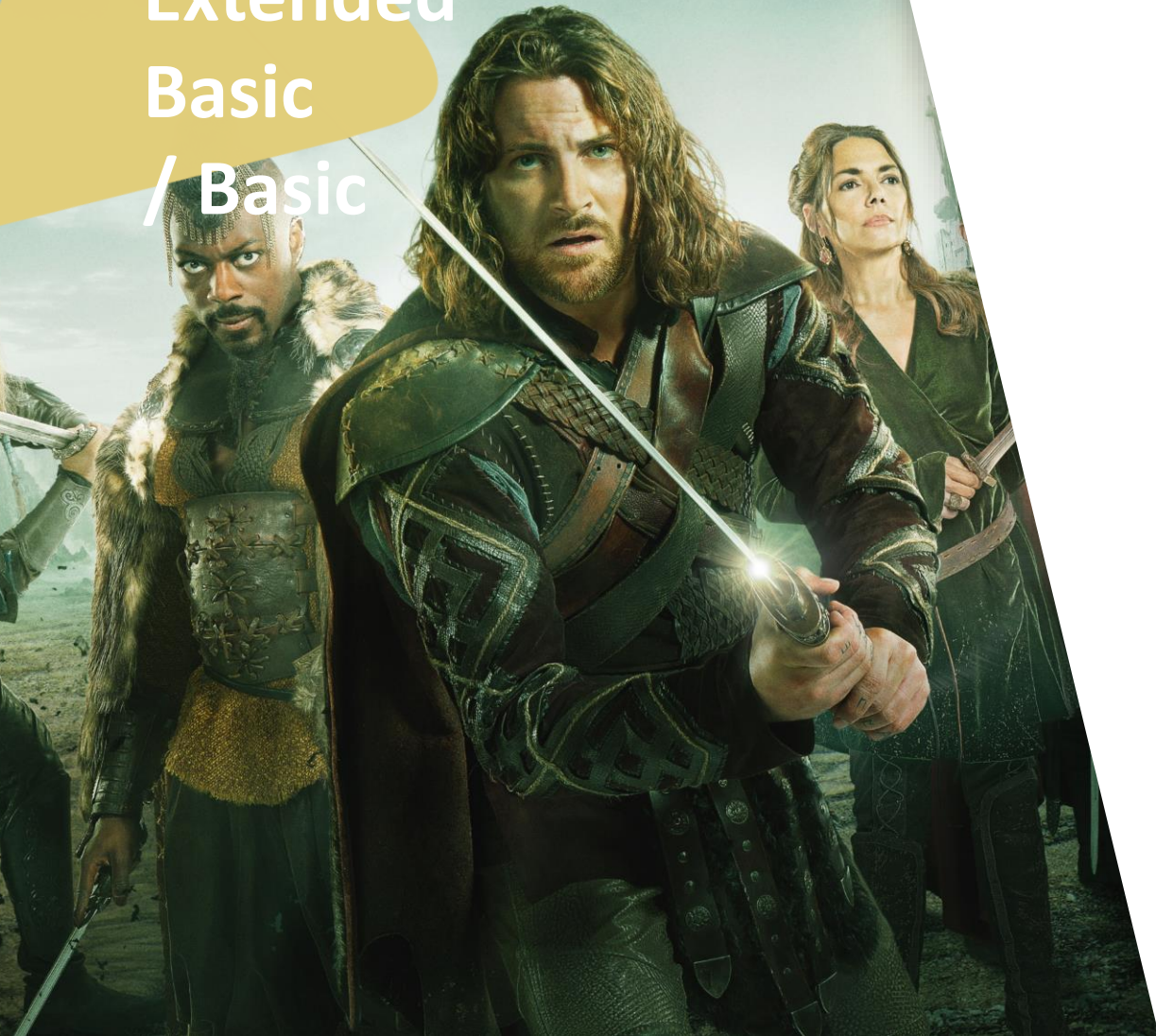


- ▶ Strengthening programming offer on the FilmBox channels in CEE, Turkey and the Middle East with content acquisitions from **Vertical Distribution** and **Sony**.
- ▶ **Rebranding of the FilmBox and FilmBox Premium channels in Poland** – in order to increase sales of FilmBox Premium subscriptions.





# Extended Basic / Basic



- ▶ **Rebranding of the FilmBox channel in Poland** effective September 12, 2017.
- ▶ **Fall advertising campaign promoting Kino TV in Poland** (print, radio, Internet) – September 2017.
- ▶ **Ad sales initiated with At Media on the FilmBox channel in Czech Rep.** effective September 1, 2017
- ▶ **Launch of FilmBox Middle East in the Middle East** effective September 1, 2017 in order to grow sales revenues in the region.

# Channels: Kino Polska TV

- ▶ "Best Fireworks Ever" - a short film produced with the support from Kino Polska received two awards at the Polish Film Festival in Gdynia.
- ▶ Fall advertising campaign (print, radio, Internet) for Kino Polska in November – Polish premiere of the Russian series „Insomnia” starring Maciej Stuhr.
- ▶ Getting ready to celebrate the 15th anniversary of Telewizja Kino Polska – activities planned for March 2018.
- ▶ Preparing the launch of Telewizja Kino Polska in HD quality – March 2018.

# Zoom TV

– second terrestrial channel from the Kino Polska TV Group

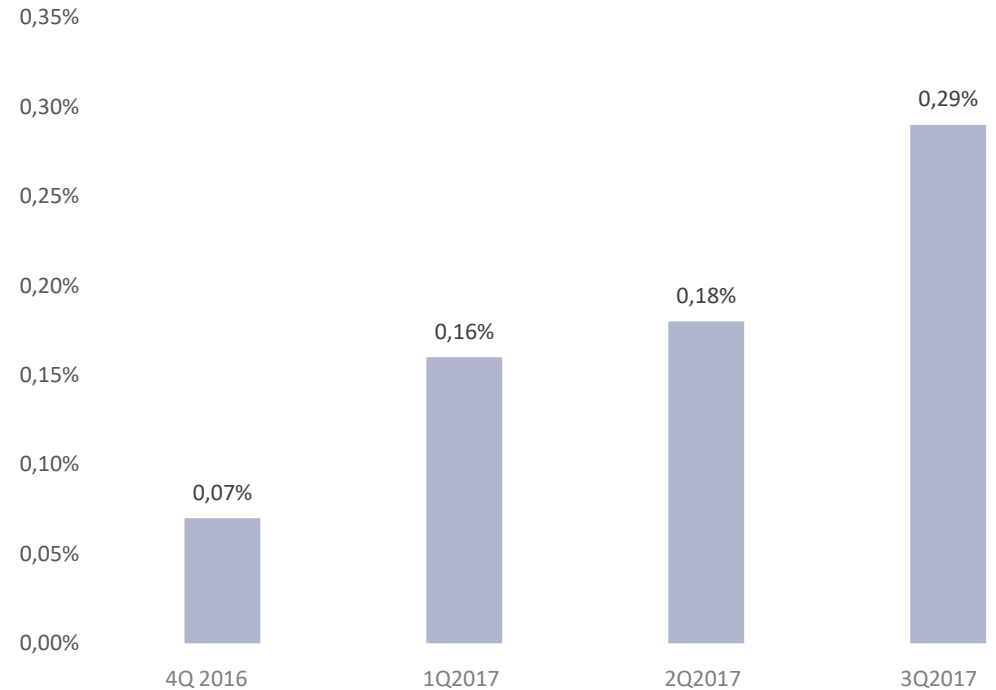
Stable growth of technical reach MUX-8 among terrestrial households included in the AGB panel – currently 45%.

Channel's share in the commercial group in Q3 2017 more than **60% higher** than in the preceding quarter.

**Record daily share was recorded by Zoom TV on August 22, 2017 – 0.65% (SHR 16-49).**



Zoom TV – share in commercial group – by quarter



Source: NAM, 01.11.2016--30.09.2017, SHR 16-49

# Stopklatka TV

– Poland's second top film/TV series channel

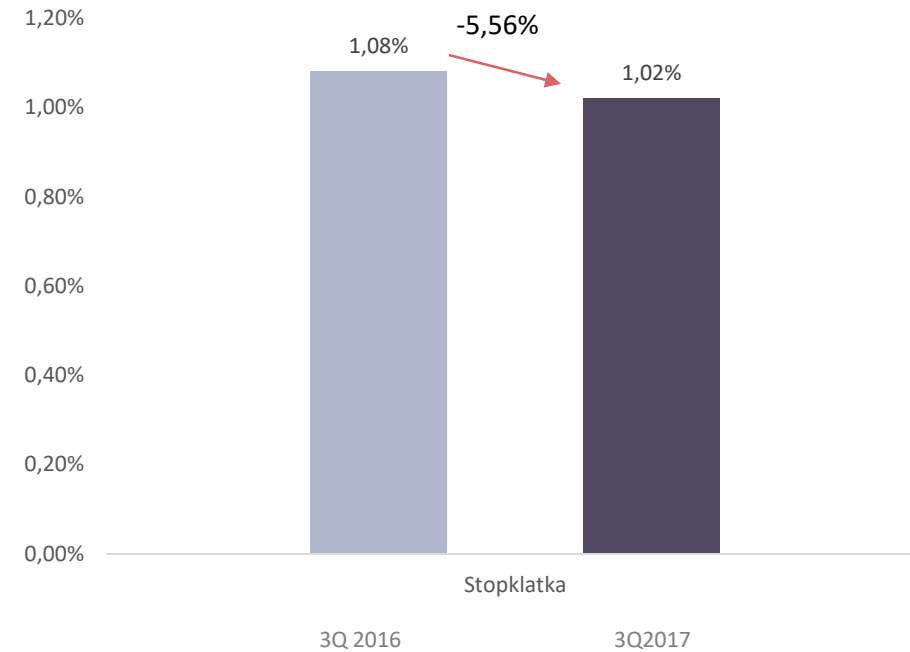
Maintaining a stable level of ad sales revenues in Q3 2017.

Increased spending on licensing rights acquisitions due to the further channel development plans.

Worse financial results due to the falling price of the gross rating point reported in the first half of 2017.

# STOPKLATKA<sup>tv</sup>

Stopklatka TV – commercial group share  
3Q 2016/ 3Q 2017



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



## IV. Online products



## FBL vs. FBOD

In 2017, there was launch of new Online product - **Filmbox On Demand**.

With this additional SVOD service, operators can provide their subscribers with an attractive selection of film and documentary titles.

	FILMBOX LIVE	FILMBOX ON DEMAND
<b>Linear channels</b>	YES (film and thematic channels)	NO
<b>Catalogue</b>	Complete film library and content from thematic channels: FightBox, FashionBox, DocuBox, Fast&FunBox	Selected list of movie and content from thematic channels: FightBox, FashionBox, DocuBox, Fast&FunBox
<b>Offer</b>	Offer devised from the linear channel programming	Dedicated offer for selected countries (5-10% refreshing rate monthly)
<b>Library</b>	800 titles	300 titles
<b>Content delivery</b>	Hosting and streaming based on Filmbox Live dedicated servers.	Hosting and streaming via operator's servers
<b>Marketing support</b>	All marketing and sales support provided by Filmbox Live	All marketing and sales support provided by operators

# V. Basic operating results

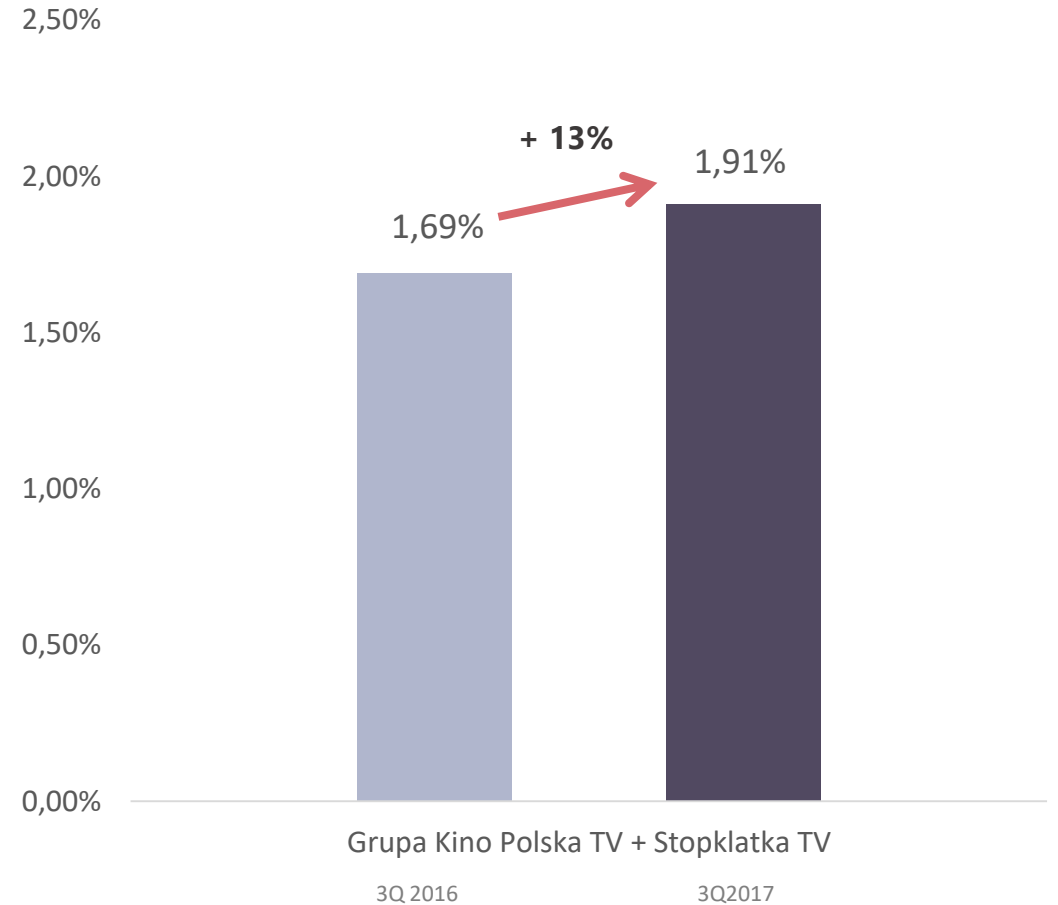
# Our share in the TV channel market

In the third quarter of 2017, Kino Polska Group's channels, along with Stopklatka TV, gained 1.91 audience share in the commercial group (SHR%, All 16-49).

This represents an increase of nearly 13% comparing to the same period in 2016.

**Record daily share for Kino Polska Group along with Stopklatka TV was recorded on October 21, 2017 – 3.36% (SHR 16-49).**

Kino Polska TV Group + Stopklatka TV  
- Share in commercial group 3Q 2016/ 3Q 2017

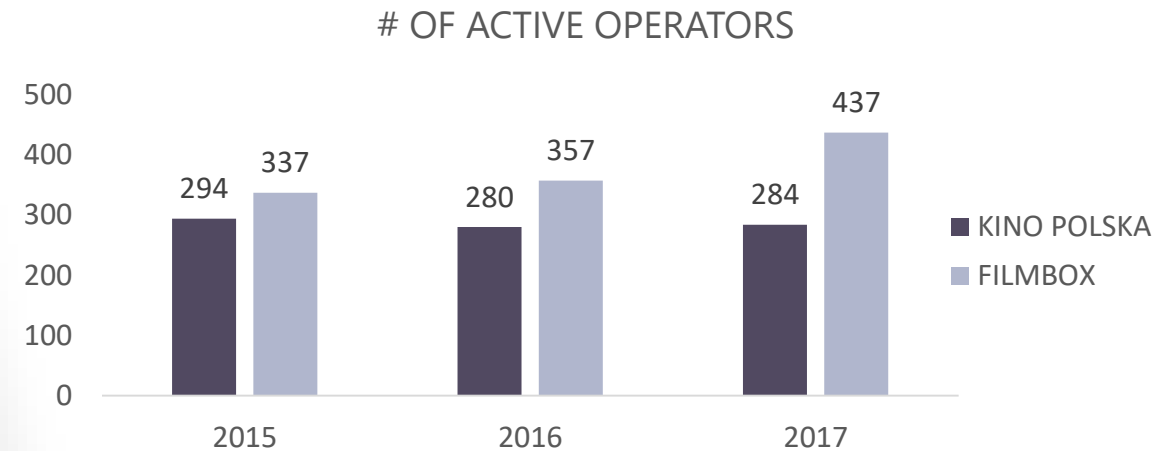
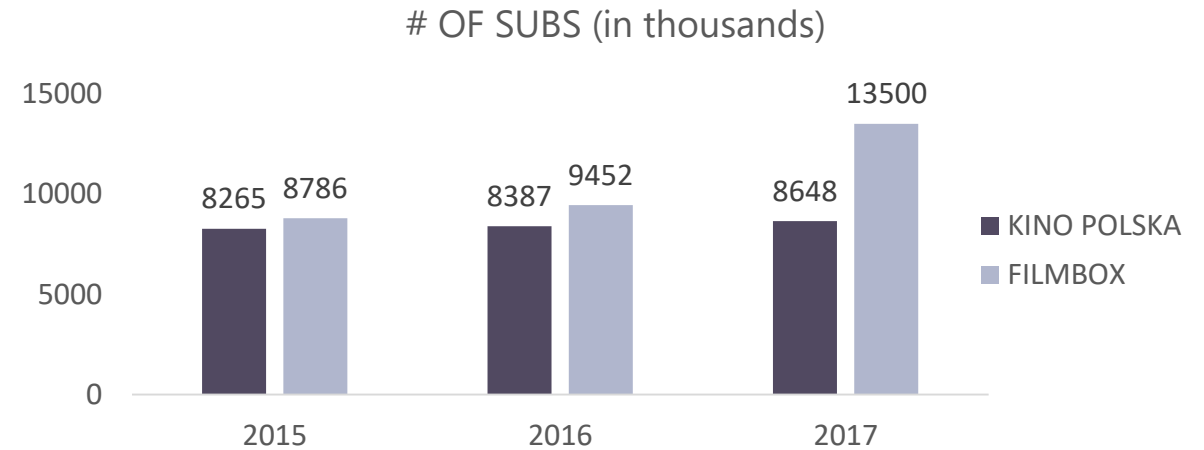


Source: NAM, 01.07.-30.09.2016, 01.07.-30.09.2017, SHR 16-49

# Our active subscribers and operators

At the end of the third quarter **there were approx. 8,648 thous. active subscribers of the Kino Polska** channel which marks a **3% increase** when compared to the number of subscribers reported at the end of 2016. The number of FilmBox subscribers reported at the end of Q3 2017 was **13,500 thous.**, nearly **46% more** than at the end of 2016.

There were **284 active Kino Polska operators** at the end of the reviewed period. It is important to note that the number of operators has been fluctuating since 2015 due to the ongoing consolidation of the operators' market in Poland. **437 operators carried FilmBox** which represented a **22% increase** when compared to the number of operators reported at the end of last year.



# VI. Financial Results

# Summary

REVENUE INCREASE  
IN Q3 2017.

CONTINUING  
INVESTMENT IN  
FURTHER  
DEVELOPMENT OF  
ZOOM TV

IN Q3 2017 KINO POLSKA TV  
S.A. REPORTED INCOME WHILE  
INVESTING IN NEW BUSINESS  
AND DEVELOPING ITS CORE  
ACTIVITIES

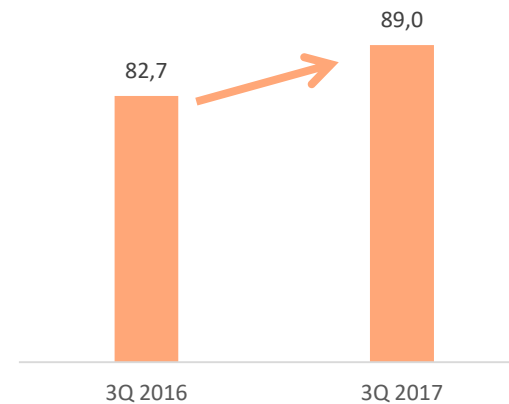
# Basic Financial Data

The **8% revenue growth** was a result of increased sales of the FilmBox channels and thematic channels primarily in Slovakia, Czech Rep., Romania, Bulgaria, ex-Yugo countries and the Baltics.

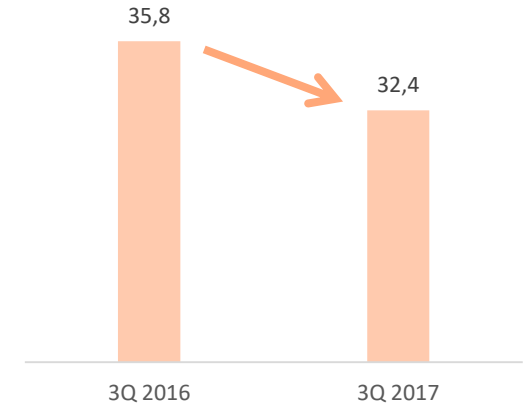
Lower EBITDA and net profit were a result of further investments made to Zoom TV in Q3 2017.

Comparing to Q3 2016 the cash amount reported for the current period decreased by 48% down to PLN 5.7 mln. The lower balance was a direct result of the investment made to Zoom TV.

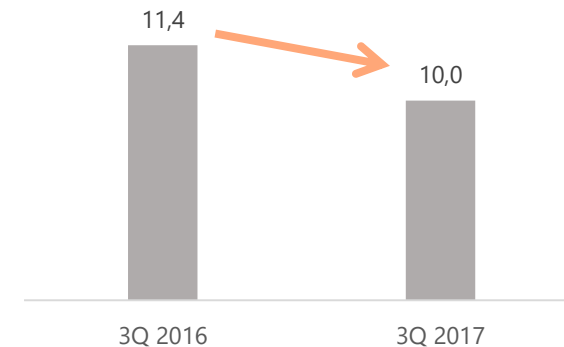
REVENUES FROM SALES



EBITDA



NET INCOME\*



\* FROM CONTINUING OPERATIONS

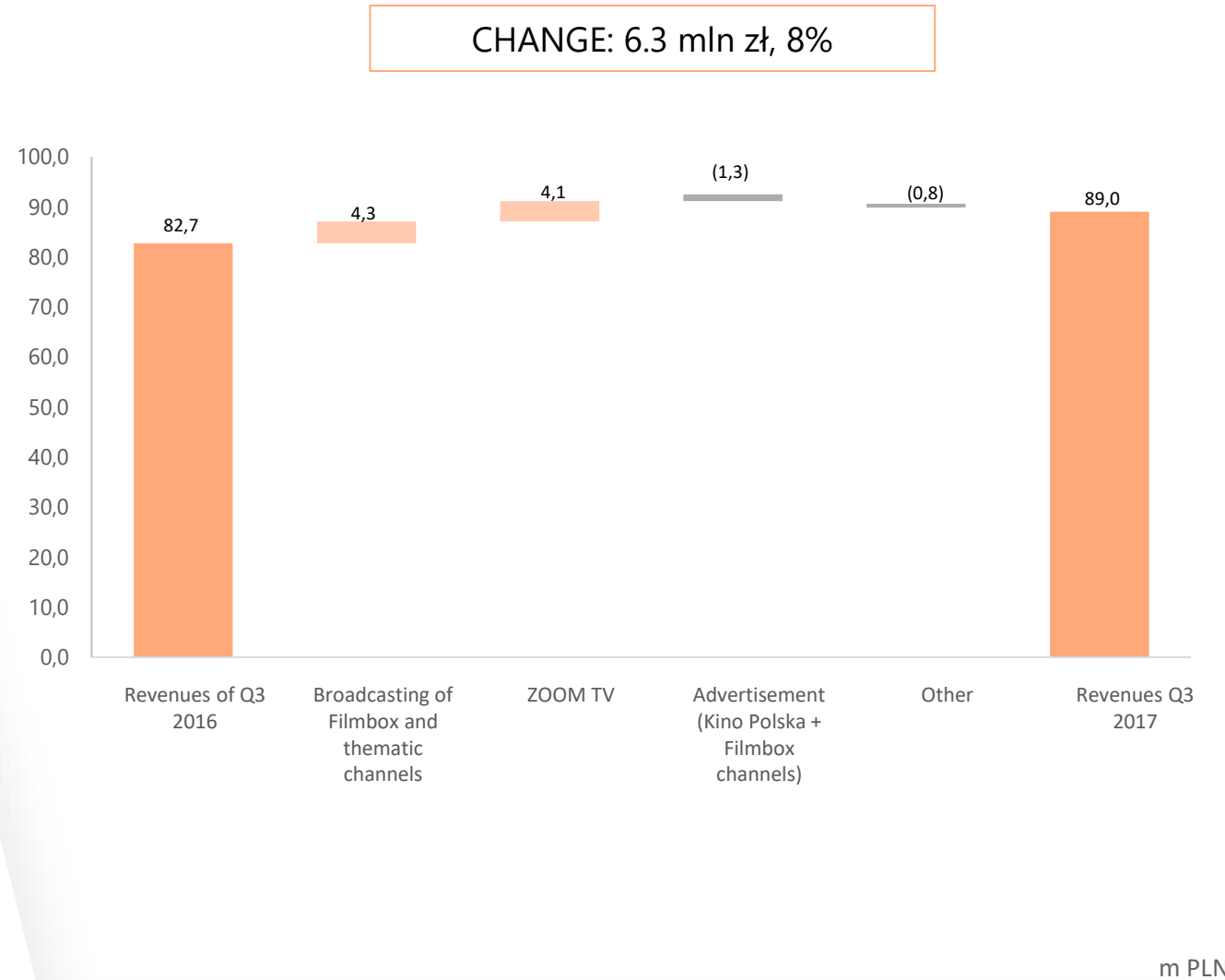
m PLN

# Revenues

Group's revenues from sales for the three quarters of 2017 amounted to PLN 89 mln which represents a 8% increase comparing to the same period last year. Revenue growth was reported mainly in the FilmBox and thematic channels segment (10% increase which amounts to PLN 4.3 mln).

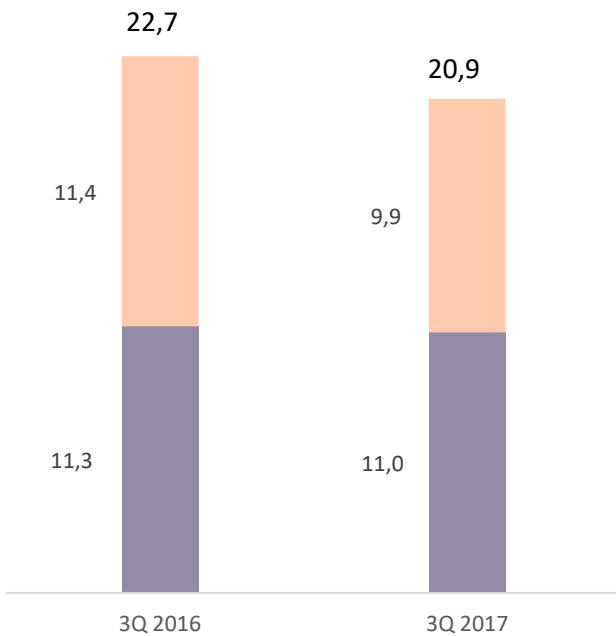
Kino Polska brand channels reported a 8% decrease due to the lower revenues from ad sales generated by these channels. The ad sales revenues were lower by PLN 1.5 mln year-on-year.

In the same period the Zoom TV segment generated more than PLN 4 mln in ad revenue.

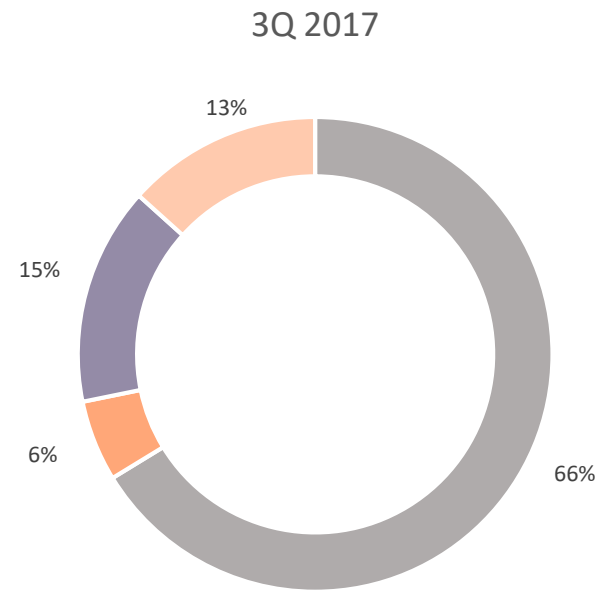




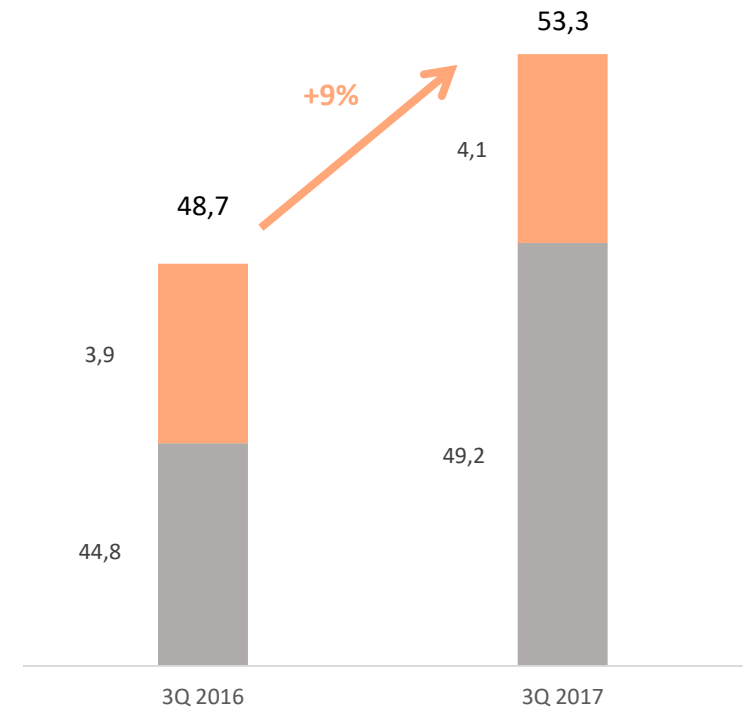
# Revenues from broadcasting and advertising



- Advertising on Kino Polska channels
- Broadcasting Kino Polska channels



- Broadcasting Filmbox&thematic channels
- Advertising on Filmbox channels
- Broadcasting Kino Polska channels
- Advertising on Kino Polska channels

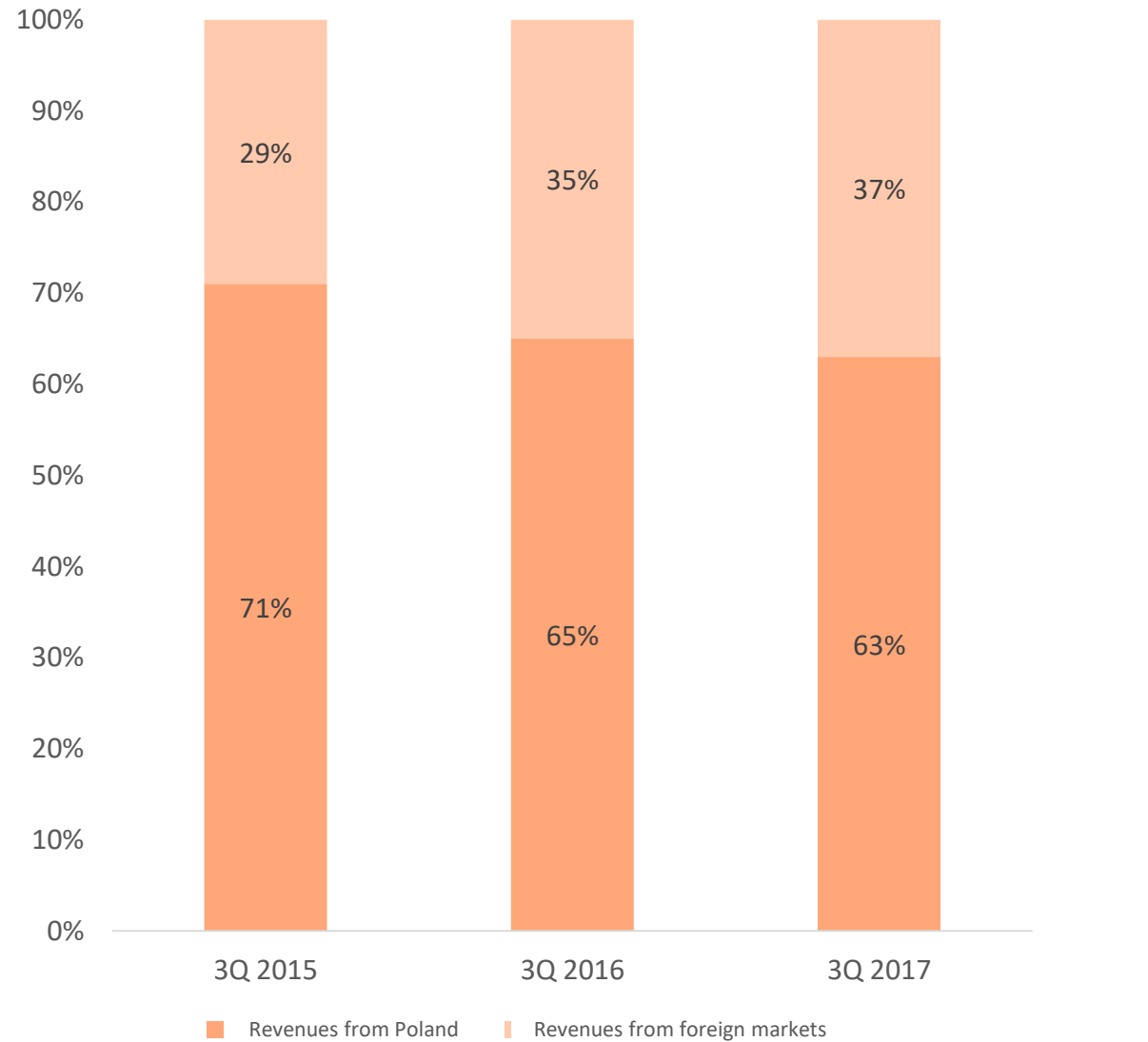


- Broadcasting Filmbox & thematic channels
- Advertising on Filmbox channels

# Revenues in general by territory

In the third quarter of 2017, the Kino Polska TV S.A. continued to **diversify its revenues** in terms of **territorial origin**.

The Capital Group has successively increased its share of **revenues from foreign markets** for several years. In the third quarter of this year, this **share** was **37%**.

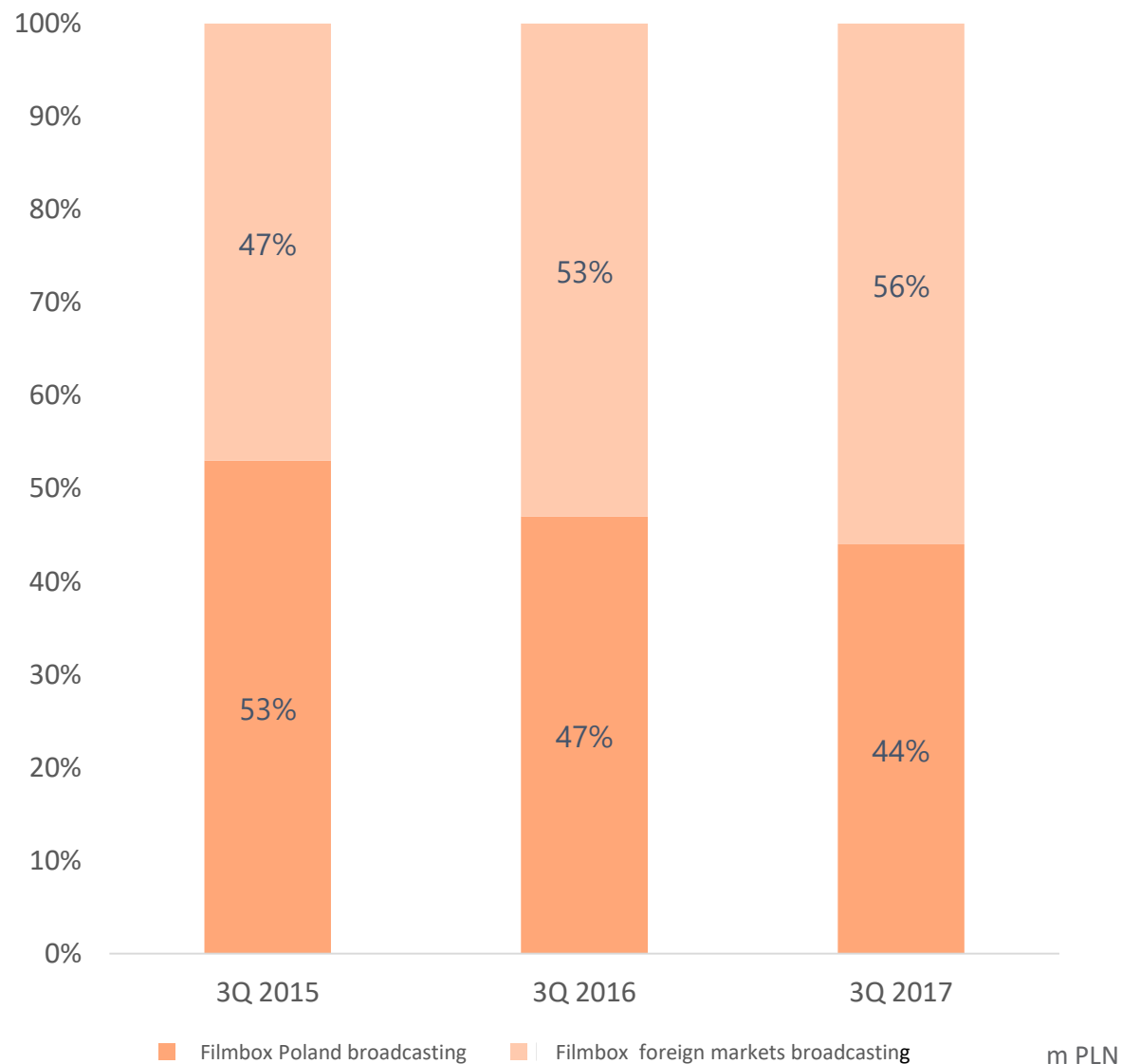


m PLN

# Revenues From broadcasting FilmBox channels by territory

In the third quarter of 2017, the share of foreign revenues from broadcasting of the FilmBox group reached **56%**. This represents an improvement for the third quarter of 2016 by 3 pp.

Revenue from the broadcasting of FilmBox channels according to the criterion of territory preserve many years of trend. The share of revenues from foreign markets is constantly growing year by year.



# Segments

## Operating result

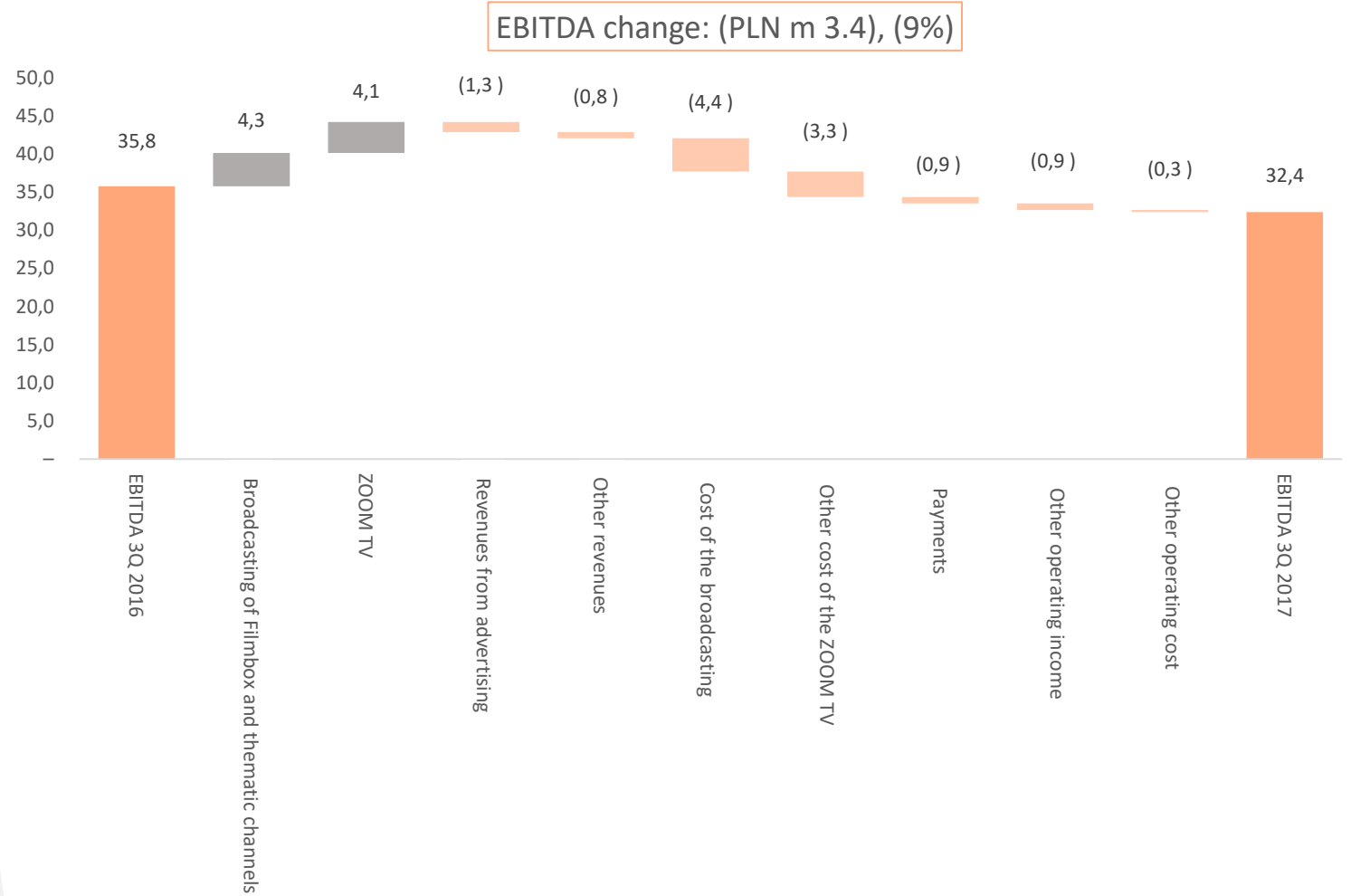
	FilmBox and thematic channels	Kino Polska channels	Production of TV channels	Zoom TV	Sale of license rights	Other segments	TOTAL
Broadcasting	49,16	11,03	-	-	-	-	60,19
Advertisement	4,10	9,89	-	4,09	-	-	18,07
Residual sales	-	-	3,91	-	4,82	1,82	10,56
Fee for making film licenses available	-	-	-	-	-	0,21	0,21
Total sales	53,26	20,92	3,91	4,09	4,82	2,02	89,03
Operation costs	(41,96)	(11,27)	(3,53)	(12,81)	(2,65)	(1,91)	(74,12)
<b>Segment results</b>	<b>11,30</b>	<b>9,65</b>	<b>0,39</b>	<b>(8,72)</b>	<b>2,18</b>	<b>0,11</b>	<b>14,91</b>

m PLN

# EBITDA 3Q 2017

EBITDA for the third quarter of 2017 was **PLN 32.4 million**, which represents a decrease compared to the corresponding period of the previous year by about 9%.

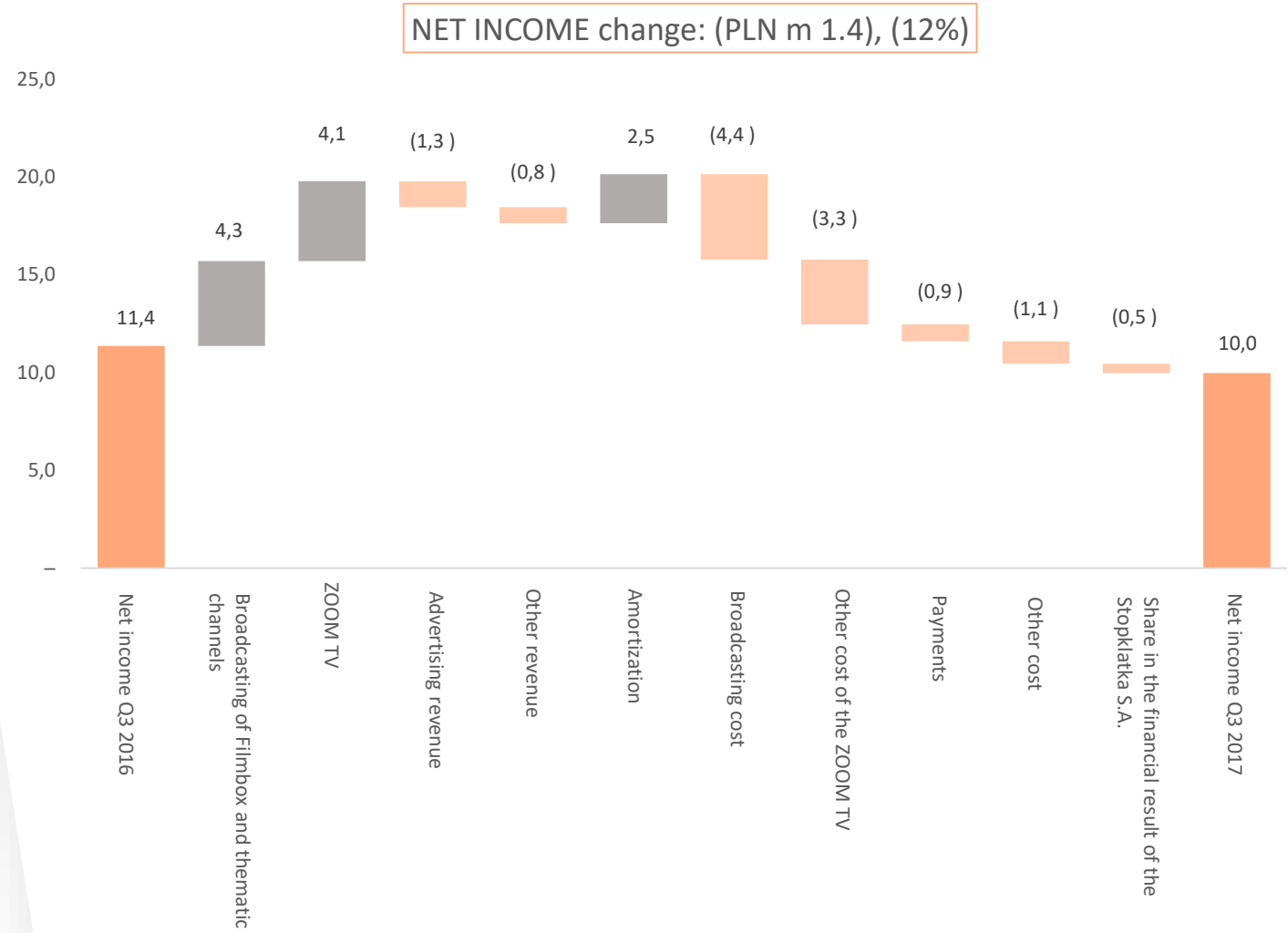
The main factor contributing to the decrease in the indicated results was the Group's involvement in the television channel Zoom TV, which, due to its beginnings, has not yet reached its current operating profitability.



m PLN

# Net Income 3Q 2017

Income from operating activities reported for three quarters of 2017 was 11% lower than in the same period last year while net income from continuing operation was 12% lower year-on-year.



m PLN

# Continuing operations

## 3Q 2017

	1-3Q 2017	1-3Q 2017	1-3Q 2016
	GK KINO POLSKA TV	GK KINO POLSKA TV without ZOOM	GK KINO POLSKA TV
Revenue from product sales and services	89,02	86,17	82,75
Operating costs	(74,12)	(62,15)	(68,14)
Other operating revenue	0,27	0,15	1,15
Other operating costs	(1,32)	(1,32)	(0,77)
Share of units accounted for by the equity method	(0,77)	(0,77)	(0,29)
<b>Net from operating activity</b>	<b>13,09</b>	<b>22,09</b>	<b>14,70</b>
Financial revenue	0,03	0,03	0,12
Financial costs	(0,72)	(0,34)	(0,29)
<b>Income before taxes</b>	<b>12,40</b>	<b>21,78</b>	<b>14,53</b>
Income tax	(2,42)	(2,42)	(3,17)
<b>Net income from continuing operation</b>	<b>9,98</b>	<b>19,36</b>	<b>11,36</b>
<b>EBITDA</b>	<b>32,39</b>	<b>37,46</b>	<b>35,79</b>

m PLN

# Cash flow

## Q3 2017

	1-3Q 2017	1-3Q 2017	1-3Q 2016
	GK KINO POLSKA TV	GK KINO POLSKA TV without ZOOM	GK KINO POLSKA TV
Net cash flow from operating activity.	5,26	13,43	16,82
Net cash used for investment activities	(1,08)	0,35	(5,21)
Net cash from operating activity	(7,47)	(7,13)	(7,89)
Net change of cash and equivalents	(3,30)	6,31	3,72
Cash at the beginning of period	9,01	5,48	7,17
Cash at the end of period	5,71	11,79	10,90

m PLN



# Dividend

**Dividend rate for 2016 period was 8.83%.**

PERIOD FOR DIVIDENT PAYOUT	VALUE OF DIVIDEND PER SHARE	NUMBER OF SHARES COVERED BY DIVIDEND	DIVIDEND VALUE
2016	1,13 zł	19 821 404	22 398 187 zł
2015	1,00 zł	19 821 404	19 821 404 zł
2014	1,00 zł	19 821 404	19 821 404 zł
2013	0,45 zł	13 821 404	6 219 632 zł
2012	1,00 zł	13 821 404	13 821 404 zł
2011	1,00 zł	13 859 000	13 859 000 zł
			95 941 030 zł

# Thank you for your attention

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