



KINO POLSKA TV S.A.

Financial results of the Group
for 1H 2020

Warsaw, 21 August 2020

AGENDA

I. Introduction

II. Key facts for 1H 2020

III. Strategic goals

IV. Kino Polska TV Group channels

V. Basic operating results

VI. Financial results

THE MANAGEMENT BOARD



**Bogusław
Kisielewski**

President of the
Management
Board



**Levent
Gültan**

Member of the
Management
Board



**Marcin
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Board



**Katarzyna
Woźnicka**

Member of the
Management
Board



**Berk
Uziyel**

Member of the
Management
Board

ABOUT THE KINO POLSKA TV GROUP – 1H 2020

The operations of the Kino Polska TV Group are focused on creating and delivering content for linear television and non-linear digital platforms. The Group's revenues are diversified and their sources include the fees for broadcasting TV channels on digital platforms and in cable networks, as well as the fees for access to content on non-linear digital platforms and the sales of advertising time.

PLN **98.7**
million
worth of
revenues
in 1H 2020

56.8%
of revenues from
broadcasting
(paid content) in
1H 2020

32.2%
of revenues
from advertising
in 1H 2020

35.7%
of revenues
from abroad
in 1H 2020

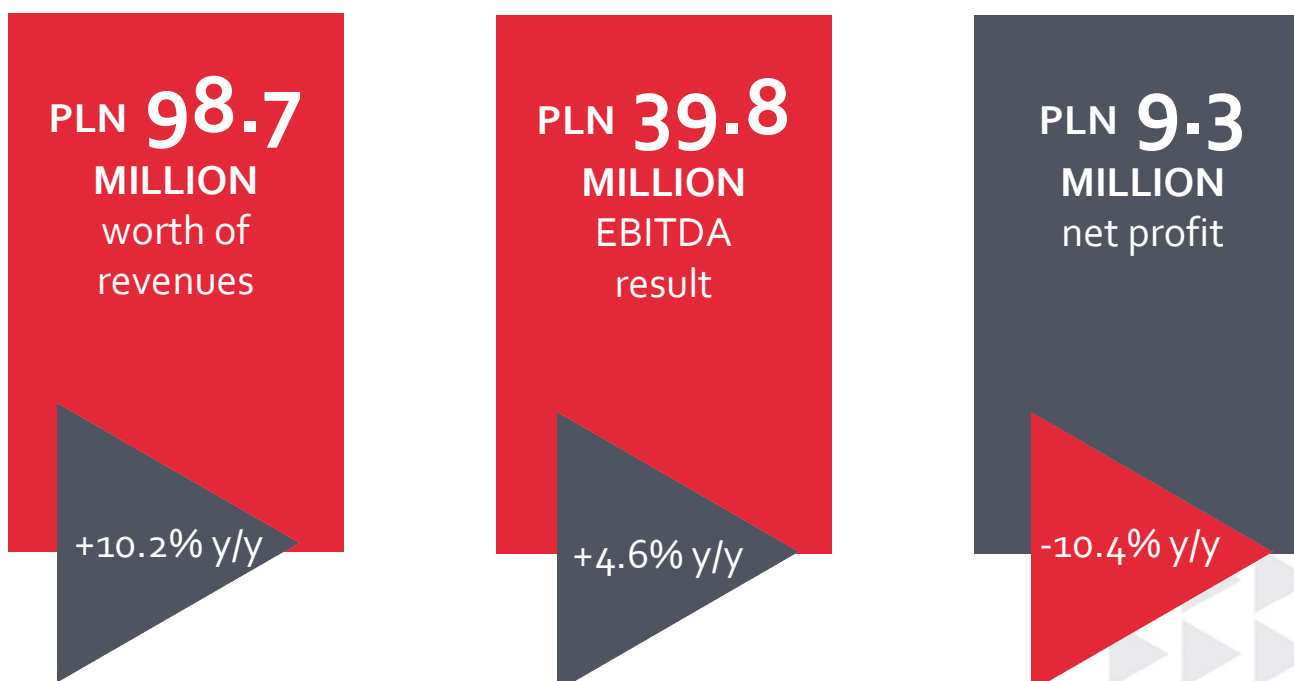
ranks **6th**
among the
television groups
in Poland

global presence
in **40**
countries

2.30%
of the TV market
in 1H 2020
(SHR%, all 16-49, live)

29.3%
increase in
revenues on
international
markets

KEY FINANCIAL INFORMATION - 1H 2020



THE KINO POLSKA TV GROUP – INTERNATIONAL OPERATIONS

The Kino Polska TV Group conducts **diversified activities on international markets**. The Group's offer includes the production of linear TV channels, content distribution on digital platforms, as well as access to digital services.

The revenues from such operations are generated from broadcasting of FilmBox film channels and theme channels on digital platforms and in cable networks. Advertising revenues on these markets are generated by FilmBox the Czech Republic. There are plans to start selling advertising time in Hungary and Romania.

- ▶ **The total revenues generated on the international markets increased by 28.3% y/y.**
- ▶ The revenues from international markets represented **35.7% of the Group's total revenues** in 1H 2020 and amounted to **PLN 35.2 million** vs PLN 27.5 million in the previous year.
- ▶ **The revenues from broadcasting FilmBox channels on the international market increased by 11.1% y/y** in terms of value.
- ▶ Despite the impact of COVID-19 on the advertising market, **SHR of FilmBox Basic in the Czech Republic increased by 105% y/y** and **the advertising revenue generated by this channel increased by 38.4%** in relation to 1H 2019; in the period from January to June 2020 it amounted to almost PLN 1 million.

KINO POLSKA TV GROUP BRANDS

STOPKLATKA

a nationwide film and television series channel, broadcast on terrestrial digital TV

zoom tv

a nationwide channel broadcast on terrestrial digital TV

PL
KINOPOLSKA

a channel focusing on Polish films and television series

KINO TV

a channel presenting well-known films and television series


KINOPOLSKA
MUZYKA

a music channel focusing on Polish music

FILMBOX

a group of channels broadcast in Poland and abroad

KINO POLSKA TV S.A.

zoom tv

STOPKLATKA





KINO TV

FILMBOX

GAME TOON 

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TV ADVERTISING MARKET IN 1H 2020

- ▶ **A further decrease in the market share of the so-called “big four” channels of 11.16% y/y.** The combined share of this segment in the commercial group (All 16-49) was 31.90% (vs 35.91% in 1H 2019). This is a result of the growing position of smaller terrestrial and theme channels.
- ▶ **An extension of the average time of watching TV in the commercial audience group of 5.82% (ATS, All 16-49, live).**
- ▶ **Increase in the average minute rating of 2.81% (AMR, All 16-49, live).**
- ▶ **An increase in the combined market share of MUX-8 channels of 25.9% y/y (All 16-49).** The Zoom TV channel is broadcast on MUX-8.
- ▶ **An increase in the combined market share of film and TV series channels of 12.1% y/y (All 16-49).** The total share of this segment was 9.06%. The Group's channels gained significantly more - Stopklatka recorded an increase in viewership by 19.8% y / y and Kino Polska by 39.1% y / y.

* All data: Nielsen Audience Measurement, the commercial group (All 16-49)

KEY FACTS FOR THE GROUP – 1H 2020

- ▶ The Group's revenues increased by 10.2% y/y to PLN 98.7 million.
- ▶ Total revenues from the international markets increased by 28.3% y/y, while the revenues from the Polish market increased by 2.2%.
- ▶ The Group's net profit decreased by 10.4% y/y to PLN 9.3 million, mainly due to lower than expected advertising revenues (COVID-19) with higher amortization charges for programming assets on the channels FilmBox, Zoom TV, Kino Polska and Stopklatka, which are the result of previous investments. The result is also charged by costs of earlier planned activities, e.g. marketing and sales support, increase in salary costs and broadcasting charges on foreign markets.
- ▶ The Group conducts diversified operations. The advertising revenues, which were affected by the pandemic, represent approx. 30% of the Group's total revenues. The remaining 70% comprise broadcasting revenues and revenues from the sales of licences, which were not affected by COVID-19. **The Group does not have or expect to have any problems with financial liquidity.**
- ▶ The average share in the commercial audience in 1H 2020 increased by 21.7% y/y (for the Kino Polska TV Group channels) to 2.30%.
- ▶ In June 2020, the Kino Polska TV Group reached a market share of 2.56% in the commercial audience, which was the best monthly result in the Group's history (+26.7% y/y). All the Group's channels covered by Nielsen Audience Measurement recorded growth in relation to June 2019. The biggest growth (100%) was achieved by Kino Polska Muzyka, which ranked 2nd among the cable and satellite music channels.

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STRATEGIC GOALS – POLAND

- ▶ To achieve the position of a **top Polish Media Player**, with a diversified offer of high-quality free and pay-TV channels, and gradual launch of non-linear content distribution, in addition to traditional channels.
- ▶ To achieve and maintain the position of the fifth TV group in Poland in terms of the advertising market share, with an **average annual commercial audience share of 2.5 – 3%** (SHR, All 16-49, live).
- ▶ **An increase in the revenues** from the sales of advertising and providing paid content, also through a growth in premium products.
- ▶ **To launch new non-linear digital platforms.**
- ▶ To increase the reach and the number of subscribers of **FilmBox premium**.

* All data: Nielsen Audience Measurement; SHR%, All 16-49, live

KINO POLSKA TV S.A.

ZOOM^{TV}

STOPIKLATKA

PL⁴
KINOPOLSKA

KINOPOLSKA
MUZYKA

KINO TV

FILMBOX

GAME
TOON G

STRATEGIC GOALS – OTHER COUNTRIES

- ▶ **Further development of diversified activities on international markets** - strengthening the Group's position in the production of television channels, distribution of content on digital platforms and development of digital services.
- ▶ **Gradual introduction of advertisements to the FilmBox (basic) channel** in order to increase the revenues from sales of advertising on the CEE markets.
- ▶ **Expansion of the technical reach to new territories** and increase in the sales of **FilmBox (premium)** packages on foreign markets.
- ▶ Increase in the share of **non-linear products – FilmBox Live and FilmBox On Demand** – in the Group's sales.
- ▶ **Digital transformation** – strengthening of the online segment which provides digital access to the Group's TV channels and the content offered, which will affect the revenues.
- ▶ FilmBox which motto is "Home of Good Movies"- to become great complimentary / neighbour service next to big premium products.

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- ▶ The FilmBox segment channels are currently available in 40 countries.
- ▶ The most important events in 1H 2020: the FilmBox Premium package will be available on Cyfrowy Polsat at no extra cost.
- ▶ The revenues from broadcasting FilmBox channels increased in terms of value on both the Polish (+6.8% y/y) and the international market (+11.1% y/y).
- ▶ The increases on the international markets were recorded mainly in Hungary (fast growth in the number of subscribers and new contracts), Poland (an increase in the number of subscribers of the existing customers), the Czech Republic and Slovakia (new contracts and organic growth), and in Romania.
- ▶ The Group continues to develop the FilmBox Live and FilmBox on Demand services. It plans to launch new platforms, on which a variety of content offered by the Group will be available.



▶ **SHR** share in the commercial audience all 16-49

0.32% change +39.1% y/y

▶ **ATS** average time spent watching all 16-49

26 minutes and 55 seconds change +34.2% y/y

In May 2020, the new series *Glina* premiered on the channel.

In June 2020, Kino Polska supported the Legalna Kultura (Legal Culture) Foundation, which is engaged in education about such issues as copyrights, availability of legal sources of culture and threats associated with piracy, by donating half of the proceeds from advertisements broadcast with the films *Ogniem i Mieczem*, *Pitbull* and *Uwikłanie*.

▶ **SHR** share in the commercial audience all 16-49

1.09% change +19.8 % y/y. An SHR increase all 4+ of 9.5% y/y

▶ **ATS** average time spent watching all 16-49

35 minutes and 49 seconds change +17.0% y/y; in All 4+ group: an increase of 10.2% y/y

The channel was also more and more popular among the viewers of terrestrial digital television – its share in this group of viewers was 2.13% (22.4% more than in 1H 2019). (SHR%, All TV Terrestrial 16-49, live).

On 6 June 2020, Stopklatka achieved the highest daily result in its history of 2.72% (All 16-49).

Greatest hits station in this period: *Narcos: Mexico*, cabarets - Nowa scena śmiechu, film series *W stronę słońca* and *Nie z tej ziemi*.

STOPKLATKA



▶ **SHR** share in the commercial audience all 16-49
0.59% change +13.5% y/y

▶ **ATS** average time spent watching all 16-49

34 minutes and 37 seconds change +10.4% y/y

In May 2020, the third season of the iconic TV series *The X Files* premiered on Zoom TV.

In the same month, Zoom TV launched the *Życie z efektem wow!* cycle, which presents the following shows: *Mój wymarzony dom*, *Zamieszkaaj w luksusie* or *Bajeczne życie milionerów*.



▶ **SHR** share in the commercial audience all 16-49

0.17% change +13.3%

▶ **ATS** average time spent watching all 16-49

24 minutes 23 seconds change -3.0% y/y

In June 2020, TikTok was used for the first time by the KPTV Group for marketing purposes in connection with the premiere of the series *Bibliotekarze*.

The channel organized the #pomagamzKinoTV campaign to help local cinemas and cinemas showing art films. The channel donated PLN 1 from each ticket generated for a home show of the Filmy Twojego Życia (Films of Your Life) campaign to Stowarzyszenie Kin Studyjnych (the Association of Art Cinemas). On top of this, the participants could add any amount as their individual contribution.



KINOPOLSKA
MUZYKA

▶ **SHR** share in the commercial audience all 16-49

0.12% change +50% y/y, in All 4+ group: an increase of 20.0% y/y

▶ **ATS** average time spent watching all 16-49

51 minutes and 40 seconds change +113.8% y/y; in All 4+ group: an increase of +49.2% y/y

In the first half of 2020, the fourth season of the *Wyznania Gwiazd* show premiered on the channel.

In April 2020, Kino Polska Muzyka achieved the highest audience rating in its history. The channel's share in the commercial audience (SHR%, All 16-49) was 0.21%, the highest among non-terrestrial music channels. The share of Kino Polska Muzyka in the audience of cable and satellite music channels reached 0.30% in April 2020 (SHR%, All Cab-Sat 16-49), making it the leader of the ranking.

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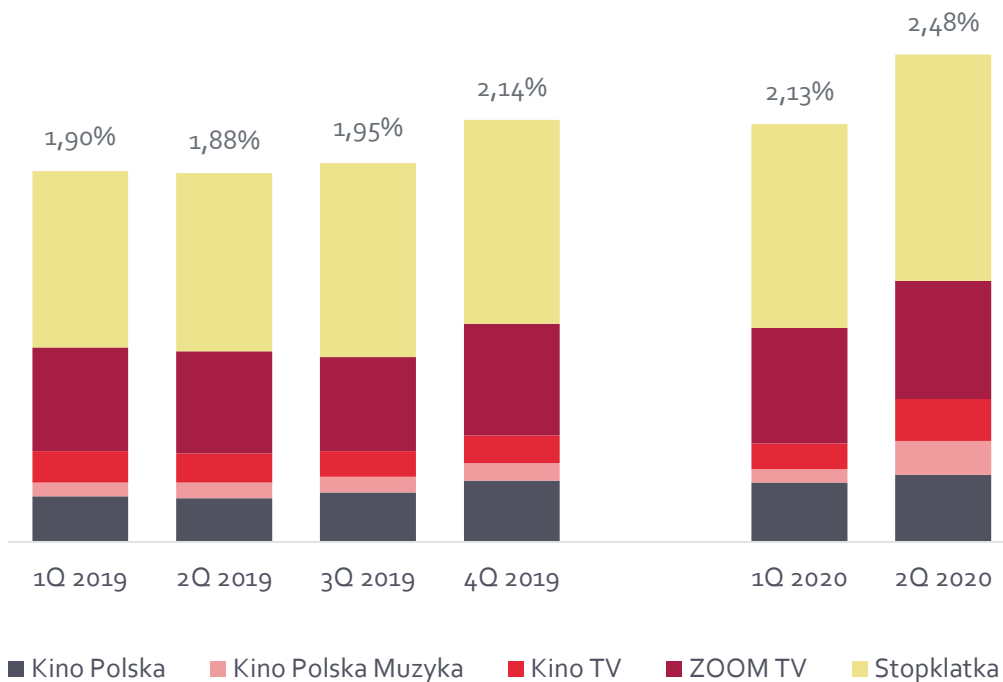
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SHARE IN THE MARKET OF TV CHANNELS

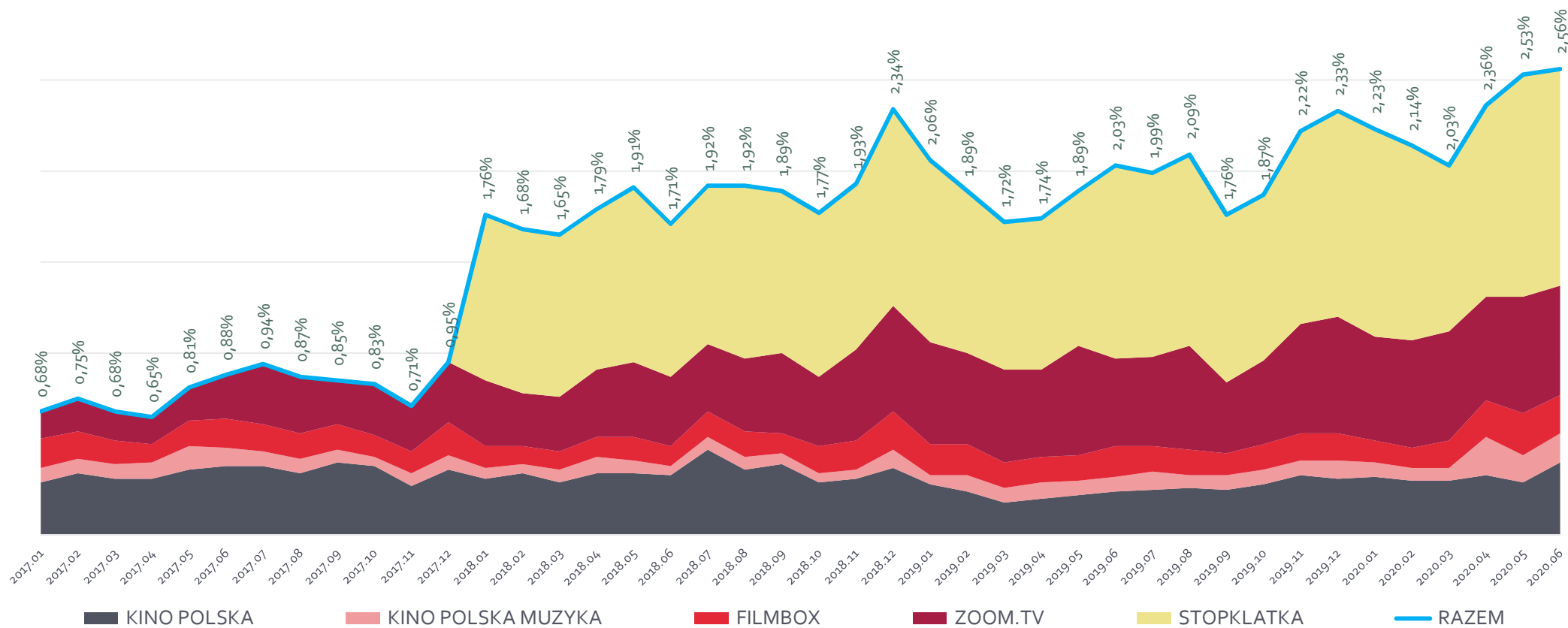
The Kino Polska TV Group - average share in the commercial group 1H 2020 vs 1H 2019



▶ In 1H 2020 the Kino Polska TV Group channels reached a combined 2.30% share in the commercial audience (SHR%, all 16-49, live).

SHARE IN THE MARKET OF TV CHANNELS

(including the share of Stopklatka from January 2018, SHR 16-49 live)



KINO POLSKA TV S.A.

ZOOM TV

STOPKLATKA

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KINO POLSKA MUZYKA

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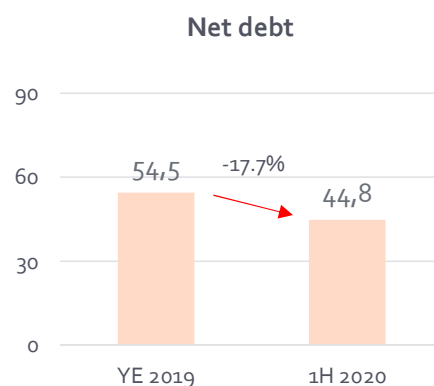
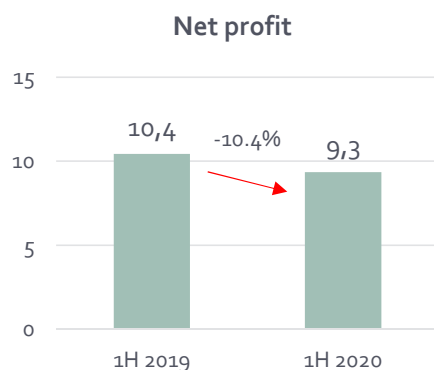
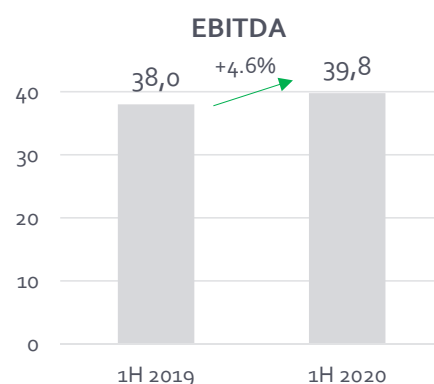
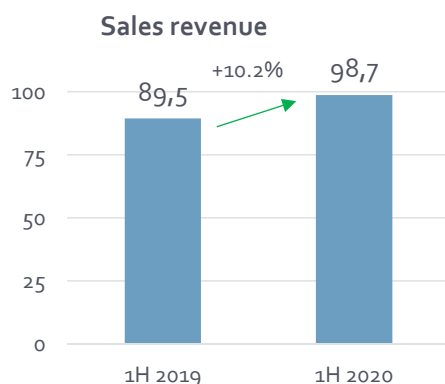
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BASIC FINANCIAL DATA

(in PLN millions)

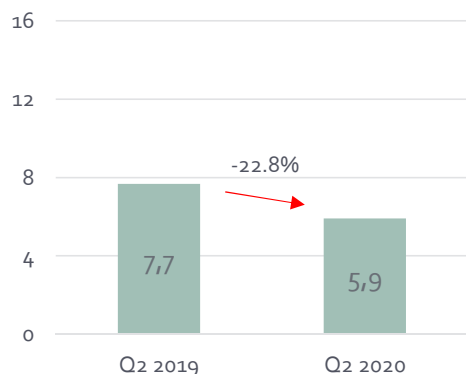


- ▶ The Group's revenues increased by PLN 9.2 million in 1H 2020 (+10.2% y/y). The biggest increases were recorded in the revenues from broadcasting on FilmBox channels on foreign markets and the revenues from the sales of licences (mainly on foreign markets).
- ▶ The share of Stopklatka SA in the Group's revenues was PLN 13.5 million, i.e. 13.6%.
- ▶ The Group's net profit was PLN 1.1 million (10.4%) lower than in the previous year due to the COVID-19 pandemic.

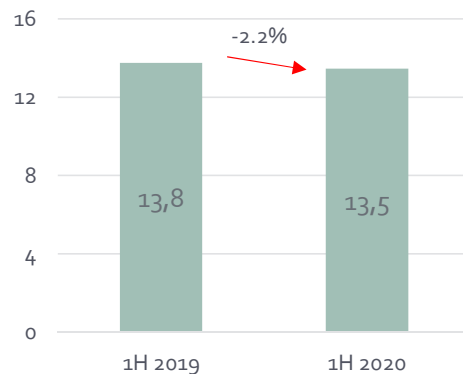
STOPKLATKA

(in PLN millions)

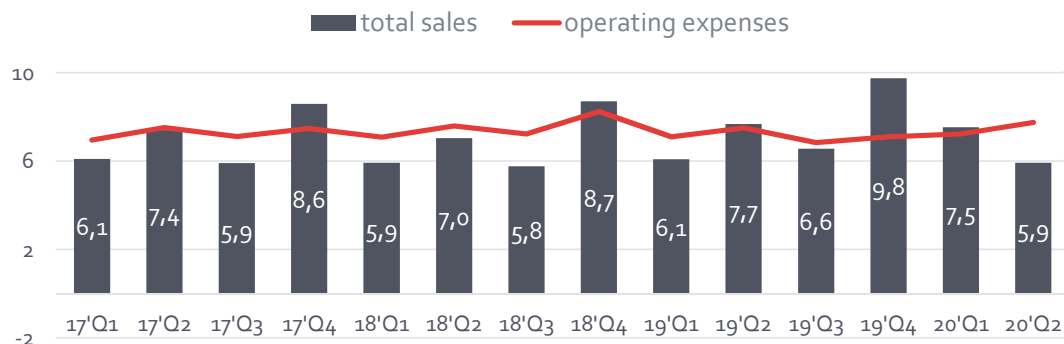
Advertising revenues
Q2 2020 vs Q2 2019



Advertising revenues
1H 2020 vs 1H 2019



Sales and operating expenses Q1'17 – Q2'20

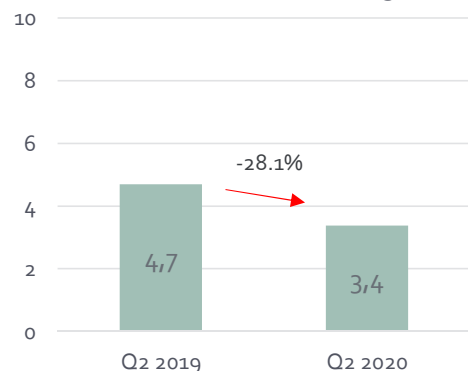


- ▶ In 1H 2020, Stopklatka's audience rating (SHR) in the commercial group (All, 16-49) increased by 19.8% to 1.09% compared with the same period of the previous year.
- ▶ Stopklatka's revenues for the first half of 2020 amounted to PLN 13.5 million.
- ▶ The segment's revenues dropped by 2.2% in relation to the previous year due to the COVID-19 pandemic. This decrease is below the market average.
- ▶ The recorded decline is lower than the market average. TV advertising spending in April and May decreased by up to 35% - 40%.

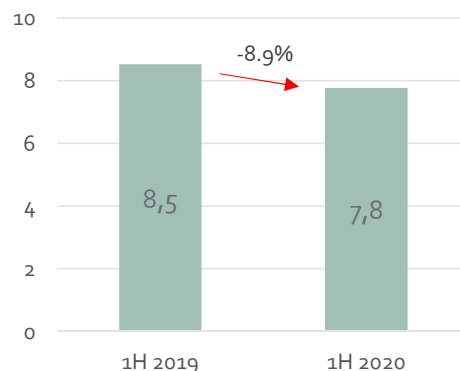
ZOOM TV

(in PLN millions)

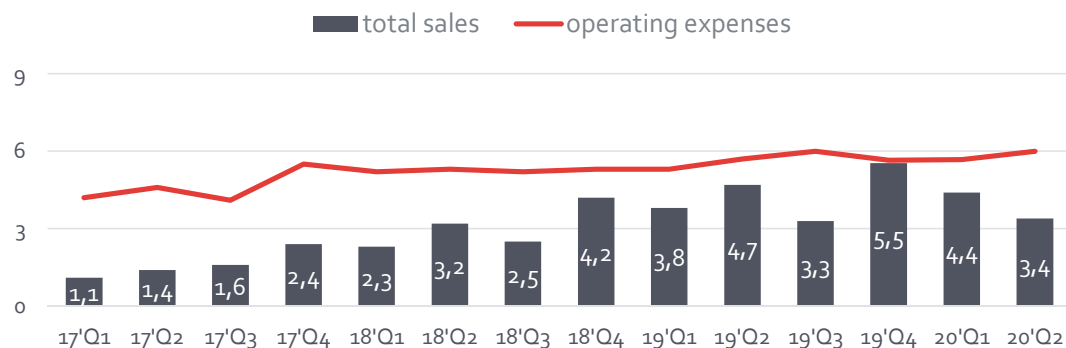
Advertising revenues
Q2 2020 vs Q2 2019



Advertising revenues
1H 2020 vs 1H 2019



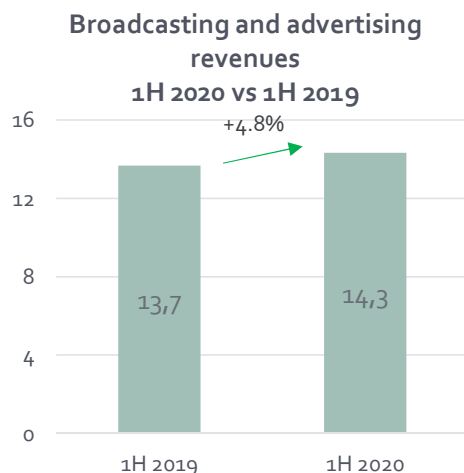
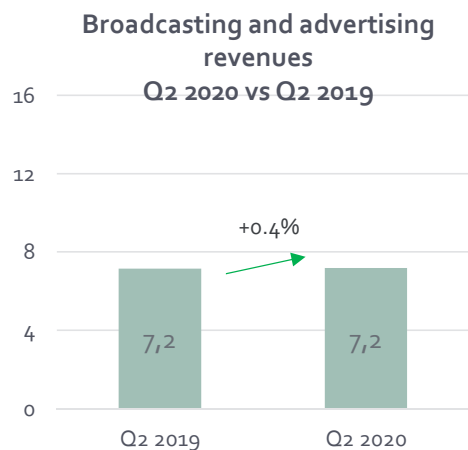
Sales and operating expenses Q1'17 – Q2'20



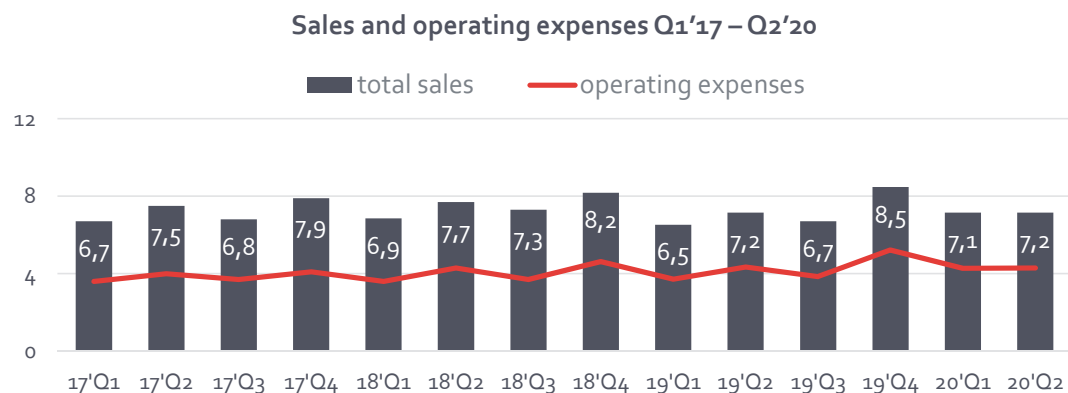
- ▶ The average SHR of Zoom TV in the commercial group (all, 16-49) in 1H 2020 increased to 0.59% (compared with 0.52% a year before). The increase in viewership was due to the channel's consistent programming and procurement policy.
- ▶ Due to the COVID-19 pandemic, the advertising revenues of the whole segment dropped by 8.9% in relation to the previous year. This decrease is below the market average.
- ▶ The recorded decline is lower than the market average. TV advertising spending in April and May decreased by up to 35% - 40%.

KINO POLSKA CHANNELS

(in PLN millions)

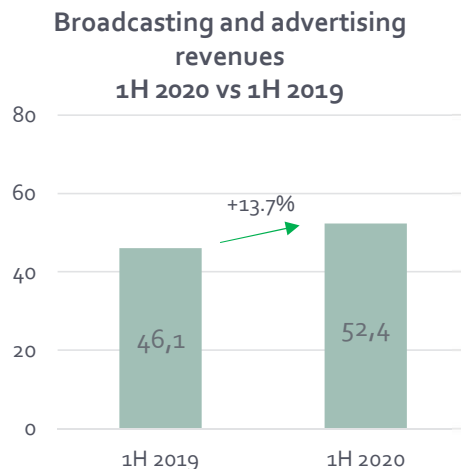
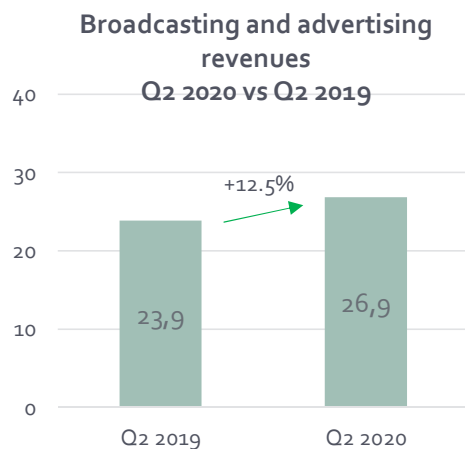


► Broadcasting revenues of the Kino Polska channels (Kino Polska, Kino Polska Muzyka) for the whole first half of the year were 4.8% higher than in the same period of the previous year. This decrease is below the market average.



FILMBOX FILM CHANNELS AND THEME CHANNELS

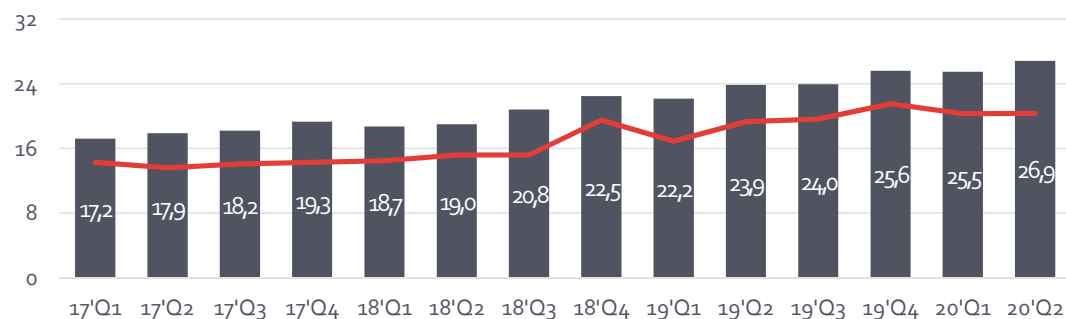
(in PLN millions)



- ▶ The Group maintained the upward trend in the FilmBox channels and theme channels segment - an increase of 13.7% y/y.
- ▶ The Filmbox channels and theme channels achieved the highest increases on the following markets: Hungary (an increase in the number of subscribers), Poland (an increase in the number of subscribers of the existing customers), the Czech Republic and Slovakia (new contracts and organic growth), Romania, the Baltic states and former Yugoslavia.

Sales and operating expenses Q1'17 – Q2'20

■ total sales — operating expenses



SEGMENTS

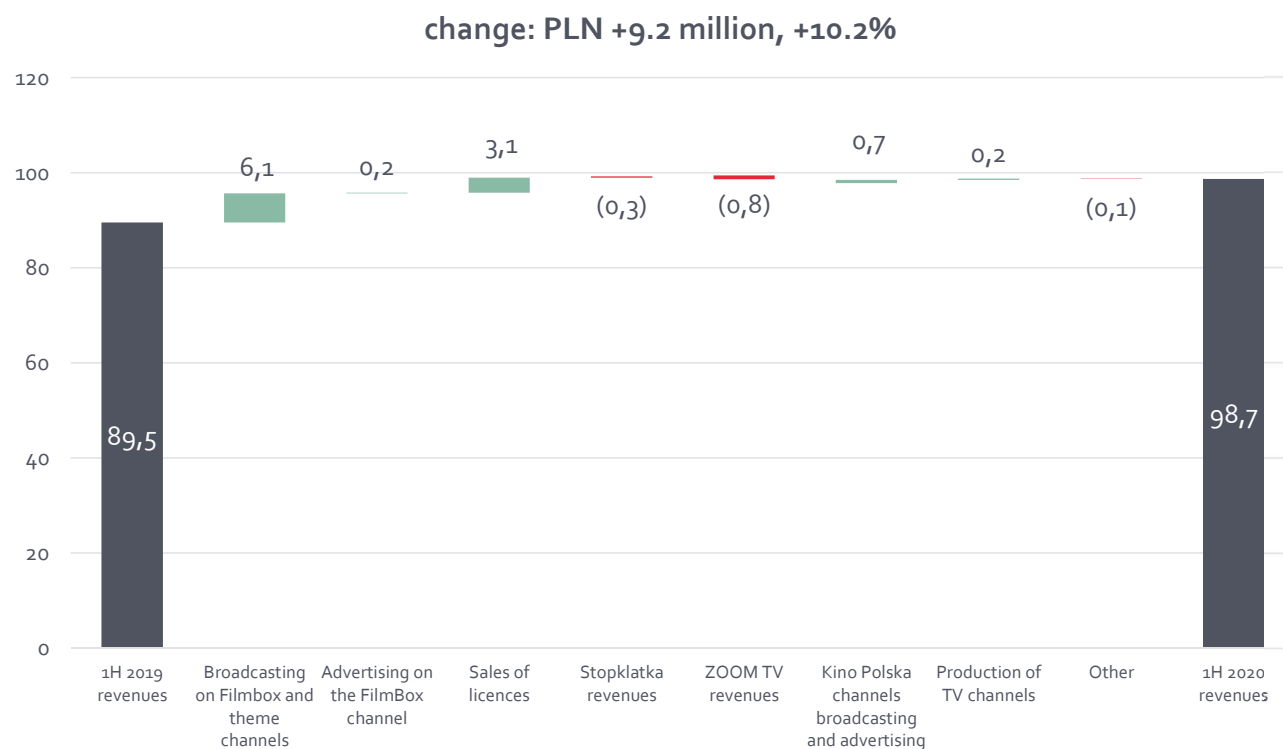
Operating result for 1H 2020

(in PLN'000)	FilmBox film channels and theme channels	Kino Polska channels	Production of TV channels	Zoom TV	Stopklatka	Sales of licences	Other segments	TOTAL
Broadcasting	48,247	7,830	-	1	-	-	-	56,078
Advertising	4,087	6,508	-	7,768	13,453	-	-	31,816
Other sales	20	-	439	-	-	9,051	1,299	10,809
Total sales	52,354	14,338	439	7,769	13,453	9,051	1,299	98,703
Operating expenses	(40,657)	(8,575)	(383)	(11,655)	(14,982)	(7,695)	(1,375)	(85,322)
Segment EBITDA for 1H 2020	24,656	8,345	83	340	5,117	1,405	37	39,982
Segment result for 1H 2020	11,697	5,763	56	(3,886)	(1,529)	1,356	(76)	13,381
Segment profitability for 1H 2020	22.3%	40.2%	12.7%	(50.0%)	(11.4%)	15.0%	(5.9%)	13.6%
Segment result for 1H 2019	9,849	5,613	14	(2,401)	(665)	1,912	(159)	14,163
Segment profitability for 1H 2019	21.4%	41.0%	7.1%	(28.2%)	(4.8%)	32.2%	(11.4%)	15.8%

*Operating expenses of the Stopklatka segment include amortization/depreciation of newly identified assets resulting from the allocation of the Stopklatka SA purchase price.

1H 2020 REVENUES

(in PLN millions)

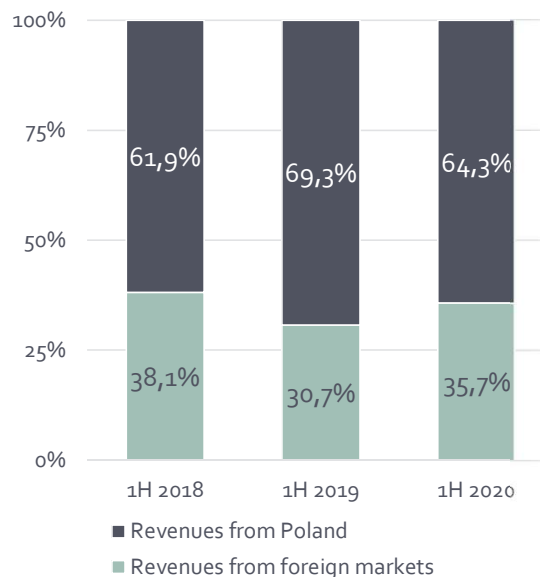
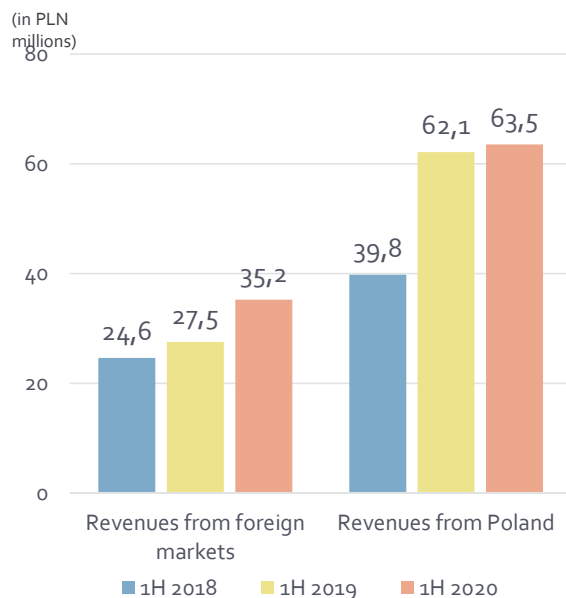


▶ In first half of 2020, the Group's sales revenues amounted to PLN 98.7 million, which represents an increase of 10.2% in relation to the same period of the previous year.

▶ The biggest increases were achieved in the following segments: FilmBox channels and theme channels (PLN +6.3 million, an increase of 13.6% vs 1H 2019), the sales of licences (PLN +3.1 million, an increase of 52% vs 1H 2019), and the Kino Polska channels (PLN +0.7 million, an increase of 4.8% vs 1H 2019).

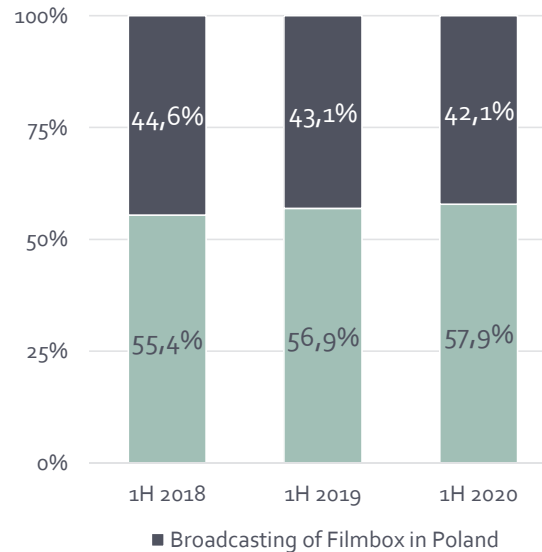
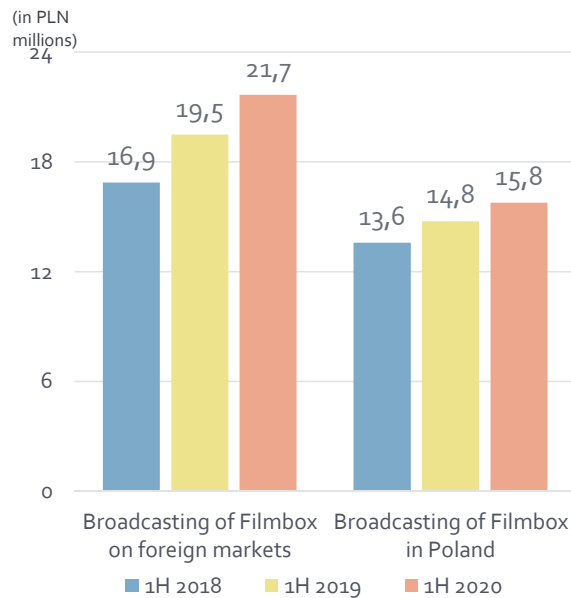
TOTAL REVENUES BY TERRITORY*

* Revenues include broadcasting, advertising, production, sales of licences and other items



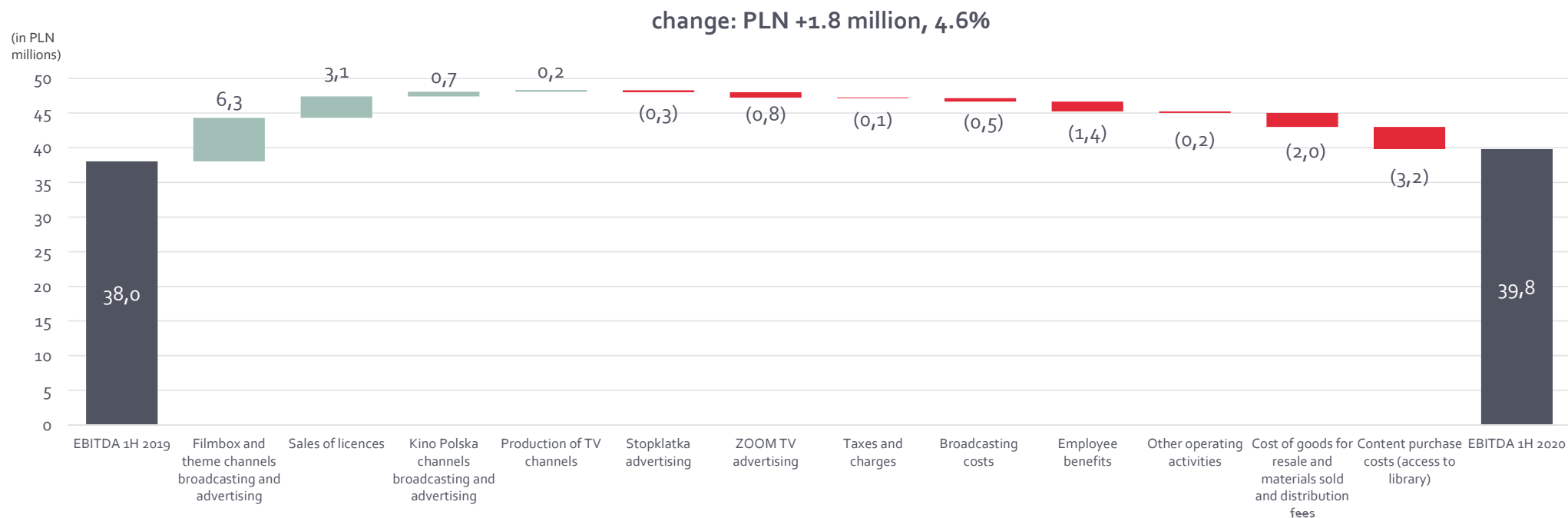
- ▶ Total revenues from the foreign markets increased by 28.3% y/y, while the revenues from the Polish market increased by 2.2% y/y.
- ▶ The biggest increases were achieved in the FilmBox channels and theme channels broadcasting segment and the sales of licences segment.
- ▶ The Group regularly increases the sales of FilmBox Premium packages on foreign markets and expands the distribution of those channels to new territories.

REVENUES FROM BROADCASTING OF FILMBOX CHANNELS BY TERRITORY



- ▶ The revenues from broadcasting FilmBox channels increased in terms of value on both the Polish (+7% y/y) and the international market (+11% y/y).
- ▶ On the international markets, increases were recorded mainly in Hungary (an increase in the number of subscribers), Poland (an increase in the number of subscribers of the existing customers), the Czech Republic and Slovakia (new contracts and organic growth) and Romania.

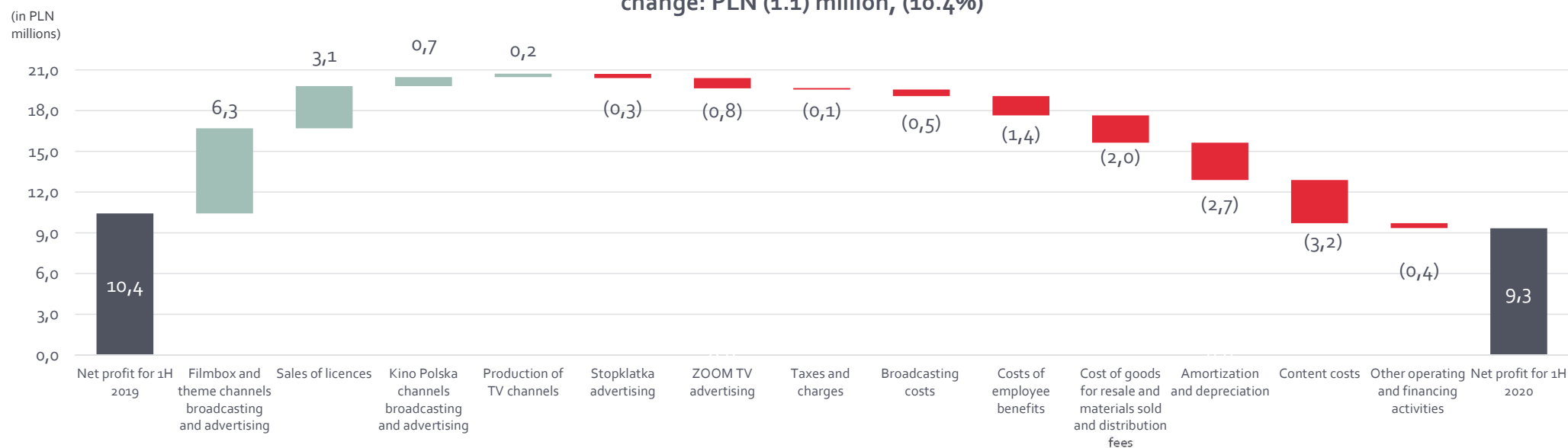
EBITDA 1H 2020



▶ EBITDA for 1H 2020 increased by PLN 1.8 million to PLN 39.8 million, i.e. by 4.6%, in relation to 1H 2019.

NET PROFIT FOR 1H 2020

change: PLN (1.1) million, (10.4%)



- ▶ The Group's net profit decreased by 10.4% y/y to PLN 9.3 million, mainly due to lower than expected advertising revenues (COVID-19) with higher amortization charges for programming assets on the channels FilmBox, Zoom TV, Kino Polska and Stopklatka, which are the result of previous investments. The result is also charged by costs of earlier planned activities, e.g. marketing and sales support, increase in salary costs and broadcasting charges on foreign markets.

THE MOST IMPORTANT DEFINITIONS

- ▶ **TG: target group.** A social group defined by its demographic features (e.g. age, gender, way of receiving television signal), which is being analysed. The most common constraint is age (the commercial group is defined as the 16 to 49 age group).
- ▶ **AMR: average minute rating.** The average number of viewers in a minute. The number of viewers expressed as a percentage of the analysed demographic group (TG).
- ▶ **SHR%: share of a TV channel.** The share of the average number of viewers of a TV programme or channel in the total number of persons watching TV at a given time.
- ▶ **RCH: audience reach.** The reach is the total number of viewers who watched TV for at least one minute in a specific period of time. Formula: $\sum AMR$. A certain percentage of the population of the analysed demographic group (like AMR).
- ▶ **ATV: average time viewed.** The average time of watching TV by a population. Expressed in hours and minutes. Formula: $\frac{AMR}{TG\ population}$
- ▶ **ATS: average time spent.** The average time of watching TV by all persons who switched their TV sets on. Expressed in hours and minutes. Formula: $\frac{AMR}{RCH}$
- ▶ **GRP: gross reach point.** The total amount of viewers of single broadcasts of advertising spots. Expressed as a percentage only; the sum of AMR% of the individual advertising spots. Formula: $\sum AMR\%$.
- ▶ **CPP: cost per point – the cost of purchase of 1GRP.**



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The viewership data contained in the Presentation has been provided by Nielsen Audience Measurement (live data).

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