# FOLSKA TV S.A.

Financial results 3Q 2021

Warsaw, 25 November 2021



# Agenda

- About Kino Polska TV SA
- 2. Market
- Key facts 3Q 2021
- 4. Financial results



















# Today's presenters





















# ▶ 1. About Kino Polska TV SA

















































































# ► Who we are?



### **Diversified Business**

Kino Polska with diversified

- Streaming & Digital



### One of the market leaders

in Poland with an average

thematic channels in Poland



### **International activity**

Polska TV Group is Kino a unique player in the market which has carried its portfolio and revenue streams to international level.

40 countries worldwide 35.2% revenues from international markets

Group is a member of SPI International media group.



### **Efficient Business**

Profitable, efficient and resilient business active on both pay and advertising side of monetization.

Approx. 2/3 of Revenues Broadcasting & licensing - long term contracts with cable providers and digital platforms.

Almost 40% of Revenues Advertising – free to air and pay TV channels with growing audience.

































# Our business at a glance

**Growth Business Core Business** well secured, growing revenues Content **Premium Paid Terrestrial TV Trading License** Distribution Content **Own Digital** Channels (advertising Rights on VOD and **Production Platforms** revenues) (broadcasting Operator's revenues) **Platforms** 

- Well-seated revenues despite an unfavourable market environment.
- Increasing Competition and Consolidation.



Simplify operations through higher efficiencies and more competitive units, delivering higher margins

- Higher Growth Market Potential.
- New Challenges and Investment Requirements.



Simplify operations through higher efficiencies and more competitive units, delivering higher margins



























# Strategic goals – Core Business

### 5th TV group in Poland.

Solidifying our 5th TV group in Poland in terms of the advertising market share, with an average annual commercial audience share of 2.6 – 3% (SHR, All 16-49, live).

### Strengthening market position.

Leveraging stronger market position to improve collaborations with key market players in content licensing, production, distribution and advertising.

Increase in the revenues from the sales of advertising.

Increase in the revenues from the sales of advertising and providing better paid content through subscriber growth of FilmBox premium in all markets.

Further development of diversified activities on International Markets.

Further development of diversified activities on International Markets - strengthening the Group's position in the production and delivery of content, new advertising and distribution channels.

Gradual introduction of advertisements to the FilmBox (basic).

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.** 

Expansion of the technical reach to new territories and increase in the sales of FilmBox (premium) packages on foreign markets.









































# Strategic goals – Digital & Transformation

### **Digital Transformation.**

Digital Transformation – 2021 year of shaping new ideas and launching new platform: Filmbox+. Expected revenue growth from digital activities in the coming years.

### **Expanding VOD operations in Poland.**

Expanding VOD operations in Poland, delivering content into new VOD sections on client's end.

### AVOD.

AVOD (advertising-based video on demand) - opening monetization on multiple channels. Broader distribution of SPI AVOD catalog and global content catalog in Poland.

### Preparing for launch of dedicated App.

Preparing for launch of dedicated App/WebService for selected TV channels, enabling Ad-Sense monetization and pursuing sponsorship opportunities.











# New business and transformation



### **Digital Content Distribution**

- Expand VOD content distribution via Traditional B2B Partners.
- Ensure increased viewership and revenue transformation benefits new distribution channels.
- Growing VOD share in the international markets.



### Own platforms and new digital business

- Development of the FilmBox+ streaming service, launched in Q1 2021. The platform offers movies, TV shows and "live" channels from KPTV's portfolio simultaneously on up to 4 different devices, with quality from 360p to 1080p.
- Build additional apps and services to complement strong movie expertise and brand positions.
- Seek complimentary advertising and reach on digital.



### **Content Productions**

- Local remake of internationally successful entertainment formats for ZOOM TV.
- Movie production for cinema and TV channels, creation of original Polish series for Stopklatka and KinoPolska - a unique content library as an important element of building the competitive advantage.
- Digital content creation for social media and Gametoon e-sporting events.





























▶ 3. Key facts 1-3Q 2021









# Key results 1-3Q 2021

182.5 PLNm

revenue +20.0% y/y 64.3 PLNm

revenue from international markets 82.6 PLNm

**EBITDA** +36.2% y/y **30.3 PLNm** 

net profit +96.6% y/y

51.3% revenue from broadcasting

36.4%

revenue from advertising

16.6% net profitability

2.53% share of the **Group's TV market** (SHR%, all 16-49, live)

































































# Key facts 1-3Q 2021

- Group revenue up by 20.0% y/y to PLN 182.5m. Largest growth in revenue recorded in the FilmBox movie channels and thematic channels broadcast segments (PLN +9.8m, up by 14% y/y), ad sales in the Stopklatka channel (PLN +8m, +39% y/y) and license right sales (PLN +4.3m, +27% y/y).
- The Group nearly doubled its net profit, which grew to PLN 30.3m (+96.6%), as a result of higher revenue across all segments along with cost control.
- Improved margins across all segments. Net profitability went up to 16.6%, compared to 10.1% in the previous year.
- In line with assumptions, the Group got rid of its net financial debt; at the end of 3Q net debt was negative.
- The average share of commercial audience in 3Q 2021 increased by 9.9% y/y (for Kino Polska TV Group channels), reaching 2.56% (SHR%, All 16-49, live), and cumulatively in the first nine months: 2.53% (SHR%, All 16-49, live), denoting an increase by 9.55% y/y.
- Viewers spent much more time watching the Group's channels in 3Q alone the average daily time spent on watching them reached 43 minutes and 23 seconds (ATS, All 16-49, live) and was 5.5% longer than in the preceding year. This is considerably above the market. ATS for the entire market declined by 0.7% y/y. Cumulatively in 1-3Q, average time spent watching the Group's channels was 6.3% y/y longer (vs. market -4.9% y/y).

# International business 1-3Q 2021

Kino Polska TV Group has a diversified business in international markets. The Group delivers content through cable operators, digital platforms and distributes content for online platforms. It is also developing ad sales in the FilmBox brand channels.

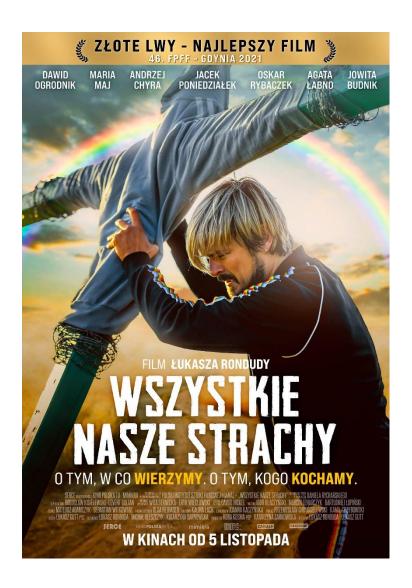
- Total revenue from international markets increased by 14.3% y/y.
- Revenue from international markets constituted 35.2% of the Group's total revenue in 3Q 2021 and reached PLN 64.3m, vs. PLN 56.2m in the previous year.
- The Group also recorded growth in broadcasting revenue from international markets by 9.6% y/y to PLN 49.7m.
- Revenue from FilmBox channels broadcasting in international markets grew by 9.8% y/y. Growth in international markets was mainly recorded in Bulgaria (+30%), Romania (+ 20%) and Czechia and Slovakia (+7%). This is the result of organic growth and a growing subscriber base.
- The channel FilmBox Czechia in 1-3Q 2021 recorded viewership of 0.49% (in comparison with 0.46% in the same period of 2020), thanks to which its ad revenue reached PLN 2.6m, denoting an increase by 46% y/y.

# "All of Our Fears" success

"All of Our Fears," directed by Łukasz Ronduda and Łukasz Gutt, co-produced by Kino Polska TV SA, won 5 awards at the 46th Festival of Polish Feature Films in Gdynia:

- Golden Lions Main Festival Award.
- Best cinematography.
- Award from Film Discussion Clubs.
- Award from Journalists.
- Award from Young Jury.

The movie launched in cinemas across Poland on 5 November.

















# ▶ 2. Market















# ► Market – 1-3Q 2021

- The "Big 4" share in viewership in 1-3Q 2021 declined by 3.3% y/y to 30.14% (All 16-49) vs. 31.16% in the previous year. These channels also recorded a significant decline in average minute rating (AMR) by 11.1% (AMR, All 16-49, live data) and a decline in RCH by 7.7% y/y (RCH, All 16-49, live data).
- The viewership share of film and TV show channels reached 9.16% in the commercial group (All 16-49), denoting a 0.8% y/y increase.
- Average minute rating for the entire market declined by 8.1% (AMR, All 16-49, live data).
- Ad market August estimates from Publicis Group regarding media investments in Poland put the growth in ad spending at 13% this year. This pace of growth will bring advertising investments to the 2019 level. This means that losses from the "covid" 2020 will be recouped.

# ► Information on the Group's channels – 3Q 2021

### STOPKLATKA

Share in viewership reached 1.27% (SHR%, all 16-49, live), up by 22.1% y/y; viewing time grew by 12.8% y/y (ATS, all 16-49, live).



Share in viewership reached 0.53% (SHR%, all 16-49, live), down by 11.7% y/y; watching time declined by 19.4% v/v (ATS, all 16-49, live).



Share in viewership reached 0.45% (SHR%, all 16-49, live), up by 28.6% y/y; watching time grew by 10.3% y/y (ATS, all 16-49, live).



Share in viewership reached 0.23% (SHR%, all 16-49, live), up by 27.8% y/y; watching time grew by 10.7% y/y (ATS, all 16-49, live).



Share in viewership reached 0.08% (SHR%, all 16-49, live), down by 42.9% y/y; watching time decreased by 47.1% y/y (ATS, all 16-49, live).



Growth trend - in both the "a La Carte" variant and via operators (e.g. Cyfrowy Polsat).























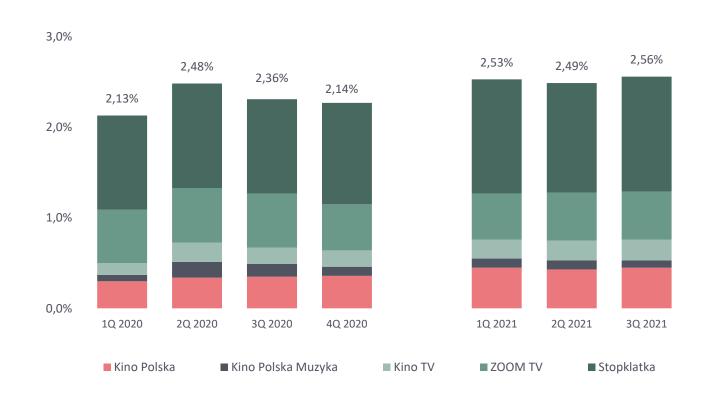






# ► TV channel market share

Kino Polska TV Group – average share in commercial group 3Q 2021 vs. 3Q 2020



- The average share of commercial audience in 3Q 2021 increased by 9.9% y/y (for Kino Polska TV Group channels), reaching 2.56% (SHR%, All 16-49, live), and cumulatively in the first nine months: 2.53% (SHR%, All 16-49, live), denoting an increase by 9.55% y/y.
- The largest growth was recorded by the Kino Polska, Kino TV and Stopklatka channels.

























# ▶ 4. Financial results





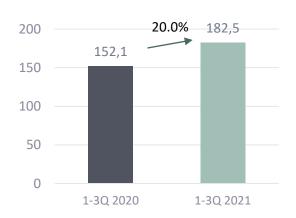




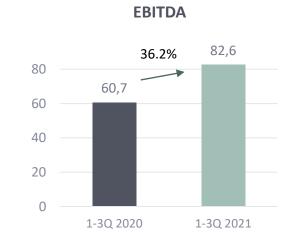
# Key financial data

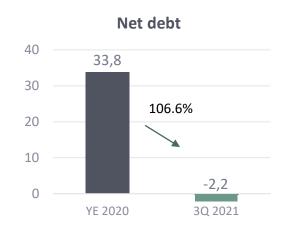
in PLNm

### **Revenue from sales**









- 2021, Kino Polska TV Group continued strengthening its financial position, improving all key financial ratios in comparison with the same period of 2020.
- The Group's revenue went up by PLN 30.4m (+20%), EBITDA by PLN 22m, to PLN 82.6m (+36.2%). The Group's net profit nearly doubled to PLN 30.3m (+96.6% y/y).
- Net profitability went up to 16.6%, compared to 10.1% in the previous year.
- EBITDA margin in the first nine months of 2021 reached 45.3%, compared to 39.9% in the same period of 2020.
- At the end of 3Q 2021, cash surpassed debt by PLN 2.2m.



































































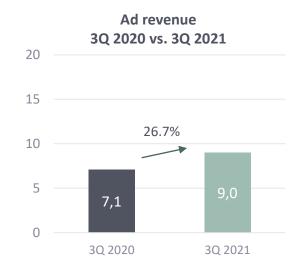


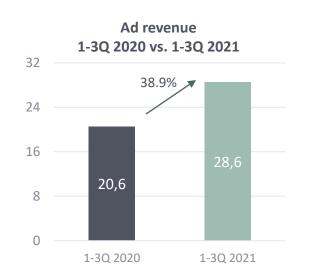




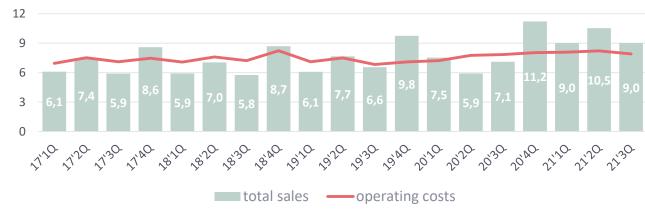
# Stopklatka

in PLNm





### Sales and operating costs 1Q'17 - 3Q'21



- In 1-3Q 2021, the Stopklatka channel recorded a nearly 16% increase in commercial-group viewership (All, 16-49, live data), growing its market share from 1.08% to 1.25% y/y. This was reflected in further ad revenue growth.
- In 3Q 2021, aside from the broadcast of popular movies and shows, Stopklatka ran a campaign dedicated to a series of films "Scary Movie."
- The segment's revenue in 3Q 2021 went up by 26.7% y/y to PLN 9.0m.
- Profitability in the Stopklatka segment reached 15.3% in the first nine months of 2021. The segment's net profit reached PLN 4.4m, compared to a PLN 2.3m loss in the same period last year.





























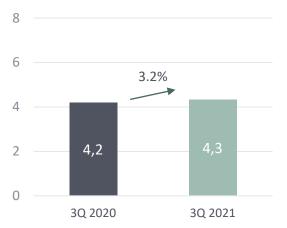




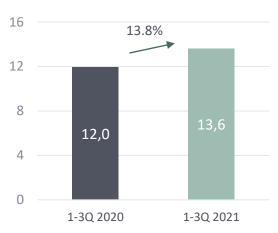
# Zoom TV

in PLNm

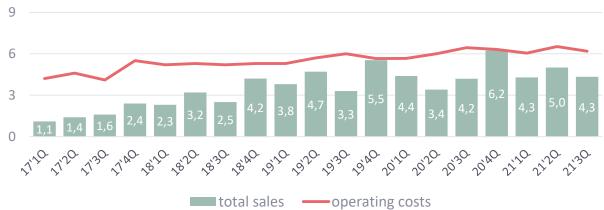




### Ad revenue 1-3Q 2020 vs. 1-3Q 2021



### Sales and operating costs 1Q'17 - 3Q'21



- Despite the lower viewership recorded in 1-3Q 2021 (0.52% vs. 0.59%) (SHR%, All 16-49, live), the Zoom TV channel recorded a 13.8% increase in revenue in comparison with the same period last year. This is related to good conditions on the advertising market, fully sold-out ad resources and higher sales prices for ad resources (CPP). At the same time, as a result of merging the telemetric data of Nielsen and Gemius, from 1 September 2021 Zoom TV is monetising the channel's out of home viewing (OOH).
- broadcast of the Polish version of entertainment show Naked Attraction led Zoom TV to improve results in September 2021. The show's premiere episodes reached an audience above 100 000 in the commercial group and a more than 4% market share.

































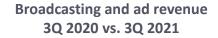


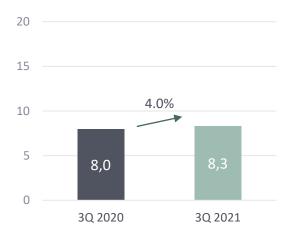




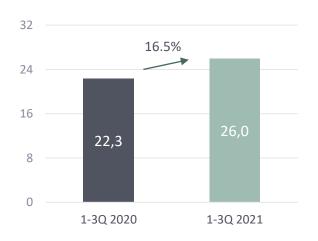
# Kino Polska channels

in PLNm





### Broadcasting and ad revenue 1-3Q 2020 vs. 1-3Q 2021



### Sales and operating costs 1Q'17 - 3Q'21



- The good results achieved by Kino Polska TV Group channels resulted from an increase in the viewership of Kino Polska in 3Q (+28.6% y/y).
- The channel's attractive content continues to enjoy a growing interest among viewers. A positive trend is also visible in the viewership of classic Polish TV series such as "Czterej pancerni i pies" (each episode was watched by more than 70 000 viewers and generated a more than 2% share of viewership in the commercial group), "Daleko od szosy" and "Dom."
- Optimisation of programming libraries and control over other costs resulted in a decline in costs by more than 3% y/y.
- Thanks to this, the segment's profitability went up to 52.3% from 42.4% in the preceding year.































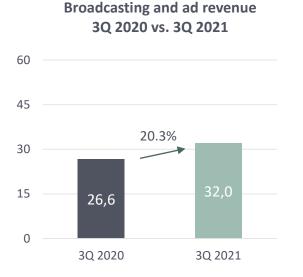


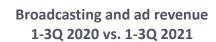


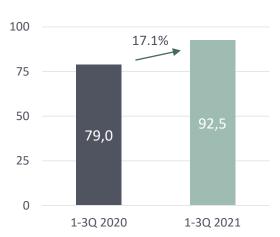


# FilmBox movie channels & thematic channels

in PLNm









- The Group continues to maintain a growth trend in revenue in the FilmBox movie channels and thematic channels segment, recording an increase of 20.3% y/y.
- Thanks to successful sales efforts, the subscriber base in Poland grew, recording an 18.8% increase in braodcasting revenue and 42,7% y/y in ad revenue.
- Successful promotional efforts and content more closely matched with the target group resulted in growth in other foreign markets as well (i.e. Romania, Hungary, Czechia and Russia) where braodcasting revenue went up of 11% v/v and ad revenue of 57,4 v/v.
- The segment's profitability in 2021 went up to 29.9%, compared to 24.1% in the previous year.



















# Segments

**OPERATING RESULT BY SEGMENT 1-3Q 2021** 

(in PLNk)	FilmBox movie channels and thematic channels	Channels of Kino Polska	Production of TV channels	Zoom TV	Stopklatka	Sale of licensing rights	Other segments	TOTAL
Broadcasting	81 955	11 680	-	1	-	-	-	93 636
Advertising	9 978	14 318	-	13 624	28 556	-	-	66 476
Other sales	541	-	952	+	-	20 160	733	22 386
Total sales	92 475	25 998	952	13 624	28 556	20 160	733	182 498
Operating costs	(64 828)	(12 414)	(757)	(18 769)	(24 197)	(17 861)	(917)	(139 744)
EBITDA 3Q 2021	48 402	17 174	253	2 519	14 787	2 356	(2 838)	82 653
Segment results 3Q 2021	27 646	13 584	195	(5 145)	4 358	2 299	(184)	42 755
Segment profitability 3Q 2021	29.9%	52.3%	20.5%	(37.8%)	15.3%	11.4%	(25.1%)	23.4%
Segment results 3Q 2020	19 009	9 461	176	(6 127)	(2 254)	1 652	(485)	21 432
Segment profitability 3Q 2020	24.1%	42.4%	23.0%	(51.2%)	(11.0%)	10.4%	(28.5%)	14.1%

<sup>\*</sup>Operating costs in the Stopklatka segment take into account depreciation related to newly-identified assets as a result of Stopklatka SA purchase price allocation.

















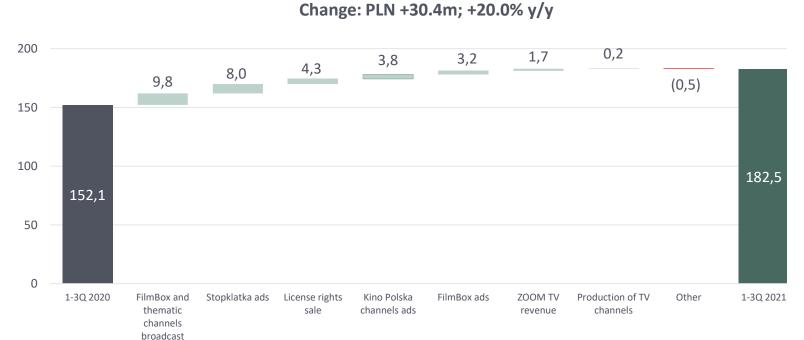






# Revenue 1-3Q 2021

in PLNm



- The Group's revenue from sales in 1-3Q 2021 went up by 20.0% in comparison with the same period last year, to PLN 182.5m.
- Largest growth in revenue recorded in the FilmBox movie channels and thematic channels broadcast segments (PLN +9.8m, up by 13.6% y/y), ad sales in the Stopklatka channel (PLN +8.0m, +38.9% y/y) and license right sales (PLN +4.3m, +27.4% y/y).













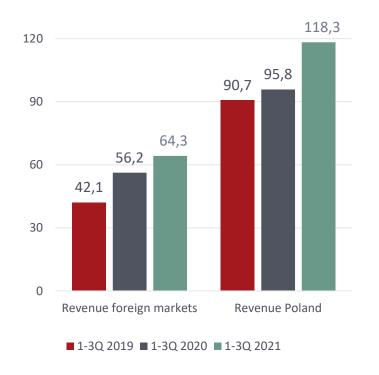


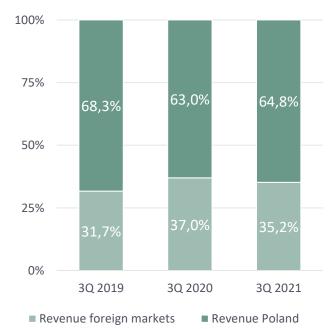




# Total revenue by territory

\* REVENUE COVERS BROADCASTING, ADS, PRODUCTION, LICENSE SALES AND OTHER





- Revenue in the Polish market went up by 23.4% y/y (PLN +22.4m), largely due to a 34.7% increase in ad sales and a 13.8% increase in broadcasting revenue.
- Thanks to development in the FilmBox movie and thematic channels segment, the Group continues recording doubledigit revenue growth in international markets, reaching 14.3% in 1-3Q 2021.













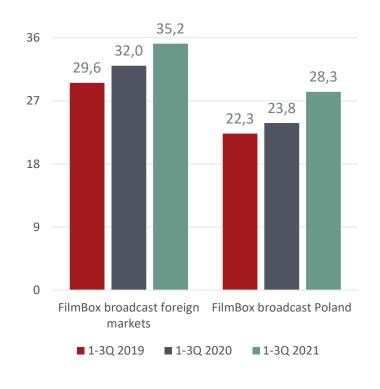


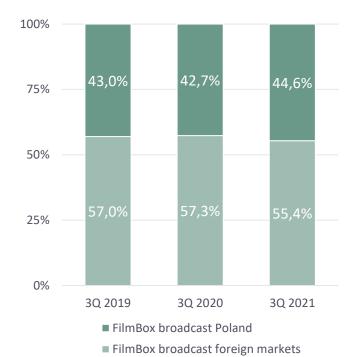






# Revenue from FilmBox channels broadcasting by territory





- **FilmBox** Revenue from channels broadcasting in international markets grew by 9.8% y/y, and by 18.7% y/y on the Polish market.
- Growth in international markets was also recorded mainly in Romania (+20%), Czechia (+8%), Hungary (+5%) and Bulgaria (+30%). This is the effect of organic growth in subscriber numbers.





























# ► EBITDA 1-3Q 2021

- In 1-3Q 2021, EBITDA increased by PLN 14.5m to PLN 82.6m, thanks to stronger growth in broadcasting and ad revenue in the FilmBox segment and thematic channels as well as Kino Polska, along with very good ad sales in Stopklatka. On the cost side, the Group felt a slight effect of changes in salaries and the indexation of the cost of signal transmission services.
- The other activities were negatively influenced by exchange differences (PLN -1.9m) and an impairment loss on receivables (PLN -1.3m), which was offset by a lower cost of other services.



EBITDA 1-30'21

EBITDA 1-30'20

FilmBox and

thematic channels

broadcast and ads

Stopklatka channel

ads

na kanale

Stopklatka



Kino Polska

channels broadcast

and ads



**ZOOM TV ads** 



Margin on sale of

license rights



channels









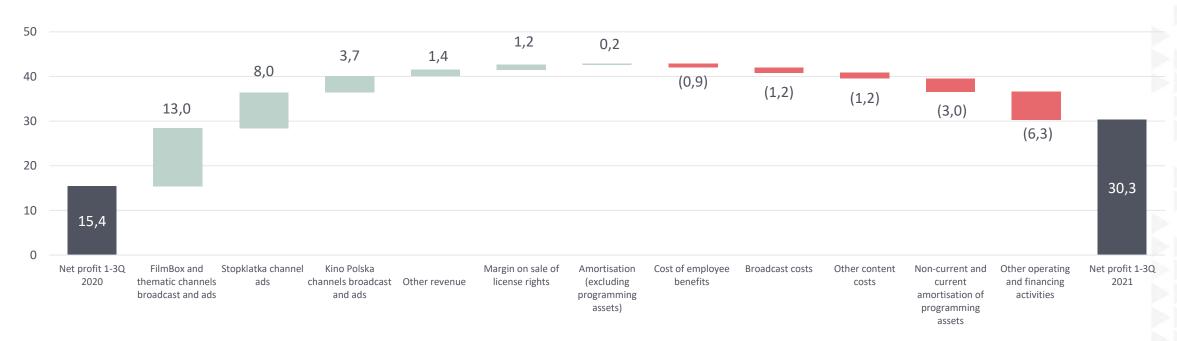




# Net profit 1-3Q 2021

- The Group doubled its net profit to PLN 30.3m (+96.6%), as compared with the same period last year. It continued to improve the profitability of its main segments, while controlling costs.
- In its other activities, the Group reported a negative impact from exchange differences (PLN -1.9m), receivables impairment (PLN -1.3m) and tax costs (PLN -3.4m, mainly CIT).























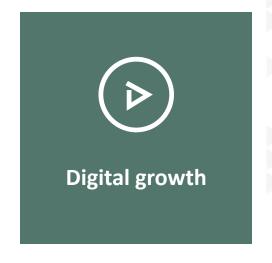
# Summary 1-3Q 2021



**Diversified** business







The Group remains resilient in the face of any potential adverse impact of the COVID-19 pandemic thanks to diversified business model.

02

The Group improved all of the key financial ratios, and profitability went up across all key segments.

03

Viewership for the Group's TV channels grew by 9.5% y/y.

Group is intensively developing new business areas (including digital), which will allow it to increase its operational scale in the coming years.

















































































# Key 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: 5 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: ∑ 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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