



Świat Najlepszych Telewizji

# Acquisition of shares in Sferia S.A.

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The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.

# Structure of the transaction

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# Structure of the transaction

- ✿ Cyfrowy Polsat S.A. („CP”, „Cyfrowy Polsat”) decides to accept a share acquisition offer of **Sferia S.A.** („Sferia”, „Company”)
  - ✿ **PLN 53.4m** for 350.000 shares of new issue constituting about 11% in the increased share capital (approx. 15% of 2008 EBITDA)
- ✿ Cyfrowy Polsat acquires shares at the issue price equal to the price at which shares were acquired by existing shareholders in November 2008 (PLN 107m)
- ✿ After a due diligence and final analysis of potential synergies of joined business model, Cyfrowy Polsat will have a right to:
  - ✿ Get a controlling stake, or
  - ✿ Sell the acquired shares in Sferia to Zygmunt Solorz-Zak or to the entity appointed by him, at the purchase price plus time value of money (5.5% p.a.) (put option valid until 30 June 2009 with a extension possibility).
- ✿ Cyfrowy Polsat becomes the **main investment vehicle of Zygmunt Solorz-Zak not only for media distribution but also Internet access and other telecommunication services**
- ✿ Acquisition of Sferia is the next step of the Management Board of Cyfrowy Polsat in the implementation of its „multiple play” strategy announced during the IPO



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# Strategic investment in the broadband internet

Strategically  
valuable  
option

- Completion of DTH and MVNO services with broadband internet – in line with „multiple play” strategy (40% penetration)
- Entering the dynamically growing broadband internet market based on own, modern and efficient infrastructure
- Penetration of the broadband internet in Poland is low (approx. 40% of households) as compared to more economically developed European countries (74.6%\*), which results from demographic structure of the country and lack of infrastructure
- Market is characterized by relatively fast growth rate in the last few years (approx. 700 ths. of new users in 2008)

\* Source: Eurostat



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# Numerous synergies Limited risks

## Numerous potential synergies

- An increase in ARPU and an increase in the subscriber base
- Increased customer loyalty, decrease in churn rate
- Assurance of the capability of Cyfrowy Polsat tv offer distribution via internet
- Cross-promotion and cross-selling
- Operating synergies (between others: sales, customer care, marketing)

## Limited investment and financial risks

- Use of strong brand name, sale network and existing customer care of Cyfrowy Polsat to sell new product
- Infrastructure build-out split into phases which are tailored to the Cyfrowy Polsat's customer base concentration
- Put option secures the business of Cyfrowy Polsat

**Sferia's infrastructure for broadband internet will secure additional capability expansion for Cyfrowy Polsat**



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# Why Sferia?

## ● Valuable 850MHz license

- Frequency suitable for covering both highly populated and desolated areas
- Nominal capacity of the system with the same number of frequency resources exceeds the capacity of GSM system by 2 to 3 times and is equal to UMTS (2100MHz)
- Lower compared to UMTS (2100MHz) cost of network build-out and maintenance
- Lack of license limitations impacting the build out pace



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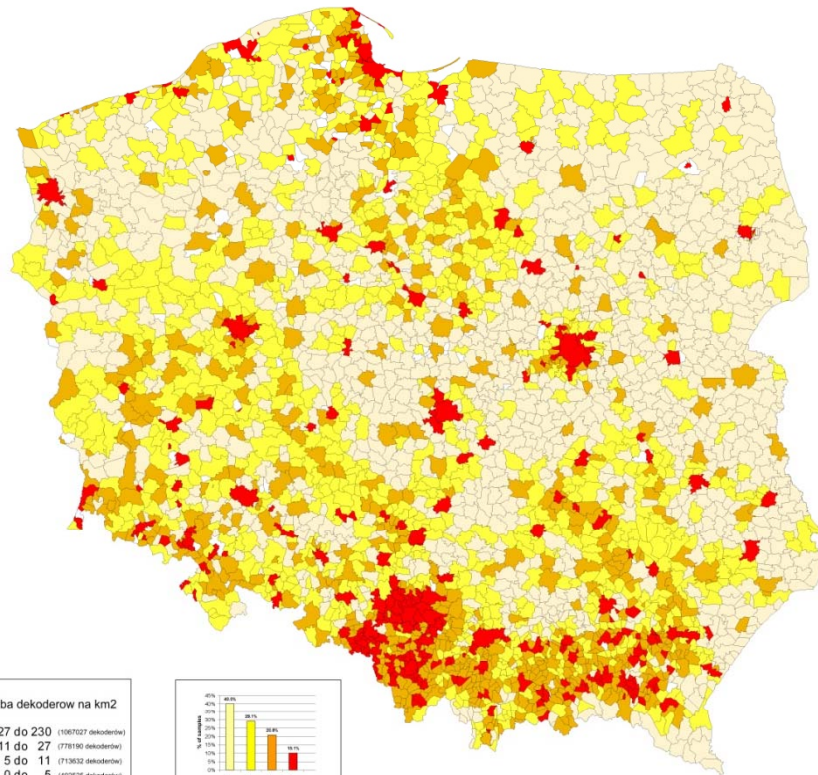
# Why Sferia?

- Modern radio technology superbly tailored to the concentration of Cyfrowy Polsat subscriber base
- Running investment process, which still may be tailored to the needs of Cyfrowy Polsat
- Services offered in chosen area code zones still 2009
- Possibility to develop additional services based on own network (e.g. fixed line telephony – service offered by Sferia)



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# Concentration of Cyfrowy Polsat's subscribers



Opracowanie: Biuro Planowania i Optymalizacji Radiowej - Sferia S.A.

- ✿ The process of Sferia's network build-out can be superbly tailored to the concentration of Cyfrowy Polsat's subscribers
- ✿ **On the 10% of the territory of Poland there is 1m of Cyfrowy Polsat's set-top boxes (36% of subscribers)**
- ✿ On the next 50%, further 1.4m set-top boxes
- ✿ It is possible to cover 10% of the territory of Poland within 12 months from the date of investment decision

## Further steps

- Full due diligence of Sferia
- Preparation and verification of a joint development strategy
- Investment strategy based on final analysis of potential synergies of joint business model of both companies
- Renowned independent investment bank will make a valuation and issue a fairness opinion
- Preparation of final organizational structure, optimal for the shareholders and companies



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# Annex

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# Sferia overview

115.000 subscribers  
of the nomadic  
telecommunication  
services and  
Internet

Free of charge,  
exclusive 15 - year  
850 MHz license

NOMADIC:  
Offer combining  
features of the  
fixed-line and  
mobile telephony



Capacious CDMA  
network of the third  
generation

127 functional  
transmitters, open  
investment process



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# History: From pager to own CDMA network



- 1990** Start of operations as O.S.P. Polpager Sp. z o.o.
- 2003** Start of service provision of the fixed-line telephony in the 0 - 22 area code zone (Warsaw and surroundings) based on the CDMA technology
- 2007** Launch of the broadband wireless internet access, in the CDMA technology
- 2007** Launch of the first nomadic telephone (NOMADIC)
- 2008** Acquisition of 87 ths. new subscribers (gross)  
Start of service provision in the 0 - 29 area code zone (Ostroleka)



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# Modern technology

## CDMA – *Code Division Multi Access*

The most advanced technology of broadband transmission of the signal

- ✿ Enables reliable, broadband wireless Internet connection in the entire range of the communication network
- ✿ Compared with the GSM network – consumption of the spectrum lower by about 50%, requires up to 40% fewer base stations
- ✿ **Transmission immune to all disruptions** – this technology works perfectly in big cities and densely populated areas
- ✿ Applied by nearly 300 operators in about 100 countries
- ✿ Suppliers of devices are world-established manufacturers



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# Key operating data

	2008
Number of base stations	127
Users (voice) (ths.)	89,9
Users (Internet) (ths.)	26,9
ARPU (voice) (PLN)	28
ARPU (Internet) (PLN)	51



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# Sferia shareholding structure before the transaction

Jacek Szymoński	36.94%
Bithell Holdings Limited	17.26%
Juvel Limited	21.30%
Polaris Finance BV	24.50%
Total	100.00%

63.06%  
Entities controlled by  
Zygmunt Solorz-Żak