

# **Cyfrowy Polsat IR Newsletter**

**18 – 24 March 2013**

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
	18.03	<p><b>Rzeczpospolita: More Internet on TV</b></p> <p>According to Samsung's estimate, out of approximately a million Smart TVs that have been bought by Polish consumers to date, almost half are used for Internet browsing (via specialist applications). <i>"This particular function is certainly increasingly popular with viewers. In fact, in 2013 it will be hard to buy a Samsung television other than a Smart one. Of all our series available on the market, only one is lacking this function,"</i> - says Michał Wojciechowski of Samsung Electronics. He thinks that every second television with Internet access sold in Poland is a Samsung, which means that there might already be almost 2 million of them on our market.</p>
	19.03	<p><b>Rzeczpospolita: More Polish cities successfully switched to digital</b></p> <p>Since March 17th, almost 5.7m inhabitants of 346 Polish municipalities in six provinces (Warsaw, Szczecin, Rzeszów, Katowice, Krakow and Łódź) have been receiving digital channels only. Out of 37m already included in the digital terrestrial television network over 10m viewers are no longer receiving analogue terrestrial signals.</p> <p><b>Rzeczpospolita: TVN to pay dividend and refinance debt</b></p> <p>TVN plans to pay a dividend for 2012, of PLN 0.59 or 0.72 per share, which will depend on the refinancing of bonds. The Company will also issue Senior Notes bonds with a value of EUR 450-500 million, maturing in 2020, in order to refinance in full the Senior Notes maturing in 2017. The Group has no plans to pay further dividends before 2015.</p>

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
<p><b>Puls Biznesu: Dull prospects but with attractive valuations</b></p> <p><i>“In spite of a difficult situation on the advertising market, Cyfrowy Polsat’s and TVN’s shares have a considerable potential,”</i> argues Dominik Niszczyński from Raiffeisen Bank. The recommendation for Cyfrowy Polsat dropped from 'buy' to 'hold', with a target price increased by 5%, to PLN 19.5 (about 13% above the price on the Stock Exchange). <i>“In the last quarter, Cyfrowy Polsat maintained surprising cost discipline. The TV advertising market also performed above expectations. Unfortunately, I expect the first quarter of 2013, especially in the TV segment, to be worse than it was a year ago. This is mostly due to the high base effect,”</i> argues the analyst. He sees the opportunities for growth of the company in sales of additional services to its current client base.</p> <p>The company is also effective in developing its Internet service. The 'hold' recommendation also applies to TVN and their target price increased by 5%, to PLN 10.5.</p>	<p>20.03</p>	<p><b>Dziennik Gazeta Prawna: Plus network increases profitability despite revenue drop</b></p> <p>Revenues and operating profits of the three largest operators – Plus, Orange and T-Mobile – are falling as a result of the price war and constant pressure from Play, their smaller competitor.</p> <p><i>“There is a growing demand for mobile Internet, which we will leverage to replace the falling revenue from voice services,”</i> says Wojciech Pytel, Vice-President of Polkomtel. According to information published on Plus’s results, its 2012 revenue shrank by 2.5% year on year (while Orange and T-Mobile reported decreases of 2.9% and 1.8%, respectively). In the last quarter, Internet revenue rose by 17%. In contrast to Orange and T-Mobile, Plus managed to improve its EBITDA margin by 0.5pp, to 39.2%, through savings and restructuring.</p>
	<p>21.03</p>	<p><b>Dziennik Gazeta Prawna (DGP): Telekomunikacja Polska preparing a spin-off?</b></p> <p>According to DGP’s information, the TPSA Group is working on the concept of spinning off its fixed telephony business (both voice and Internet services) from the company, while keeping the mobile services part under the Orange brand. The fixed telephony business would be then used to set up a wholesale operator, shares in which could be held by other telecommunication operators. No decisions seem to have been made yet as to whether such operation will be carried out or how it could be done.</p> <p><b>Dziennik Gazeta Prawna: Will Plus change its name to Vodafone?</b></p> <p>Polkomtel has signed a cooperation agreement with Vodafone, one of the largest telecommunication companies in the world. Signing the</p>

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
		<p>agreement with Vodafone is another important step for Polkomtel in increasing the attractiveness of its client services as well as in the development of the entire telecommunications market in Poland. The agreement covers the provision of services to international corporations and access to common products and services for business and individual clients. <i>"An agreement with a renowned telecommunication company, such as Vodafone, is wonderful news for our clients. It is also yet another important step towards offering our clients more than the competition. I am convinced that this cooperation will result in many interesting business projects, benefiting not only our current but also future clients,"</i> says Zygmunt Solorz-Żak, CEO of Polkomtel Sp. z o.o.</p> <p>An important element of cooperation between the two companies will be the exchange of experience and best market practices. The newly signed deal will create many favourable opportunities for operational synergies and savings for Polkomtel.</p> <p><b>Dziennik Gazeta Prawna: nC+ – Revolution without revelations</b></p> <p>Subscribers of the nC+ platform will be able to access 130 channels altogether, grouped in theme packages. At the core of the offer are the six premium Canal+ channels. Additionally, nC+ will offer its clients access to TVP, TVN, BBC, Fox and C+ theme channels. There will also be a choice of HBO, VOD+, as well as six differently priced packages, starting with Comfort+ at PLN 39 all the way up to the most expensive All Inclusive package (PLN 199). nC+ will also introduce several technological innovations, such as Multiroom, the nC+Go application with television access, VOD to tablets (within the house), and netVOD. It is not a bad deal altogether, but the nC+ offer leaves one a little cold. Something more special was needed, something extra that would help nC+ leave its competition behind, for example Internet access offered in conjunction with one of the mobile network operators. It is clear that the new platform wishes to</p>

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
		<p>hold on tight to the pay TV market and has no intention of extending its services to the new areas. We have no details yet regarding the offer prepared for the current subscribers of Cyfra+ or 'n' platform.</p>
	22.03	<p><b>Dziennik Gazeta Prawna: Clients left disappointed by nC+ offer</b></p> <p>Since yesterday, the official profile of the nC+ platform on Facebook has been inundated with unfavourable comments from Cyfra+ and n-ka subscribers, who are clearly disappointed with the offer presented by the new operator. Most of the criticism is of the high prices of the premium packages and the scrapping of certain channels from the old offer. In fact, none of the channels from the premium family are included in the PLN 39 and PLN 59 packages, and the particularly popular Canal+ Sport is only available in the Platinum package at PLN 119. Also, those who counted on thematic grouping of channels have been disappointed.</p> <p><b>Polish Press Agency: TVN postpones issue of notes as market situation worsens in uncertain Cyprus</b></p> <p>TVN has decided to postpone its planned issue of Senior Notes due to the deterioration of market conditions associated with the events in Cyprus. In subsequent quarters, TVN will be monitoring future developments, the company said in a statement on Friday.</p>
	23.03	<p><b>Rzeczpospolita: Television industry companies against Chomikuj.pl</b></p> <p><i>“The chomikuj.pl portal has adopted a business model that clearly violates the fundamental rights of authors and owners of copyrights and related rights, causing them large scale losses,”</i> say broadcasters and operators affiliated with the ‘Sygnał’ Association, which combats TV signal piracy, especially on the Internet. <i>“The authors of the site have built a user activity bonus system which awards additional data transfers in exchange for effective dissemination of files, and are not at all interested in whether the files contain illegal content or not.</i></p>

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
		<p><i>(...) We call for effective measures both in Poland and in the European Union, aimed at eliminating the unfair practices of entities which use the liability exemptions under Art. 15 of the e-Commerce Directive to create business models that harm lawful media business and authors," say the companies in an appeal addressed to the Polish government.</i></p>

## Latest events

---

**Current report no. 6,  
18 March 2013**

### **Position of the Management Board of Cyfrowy Polsat SA on the tender offer for shares of Cyfrowy Polsat SA announced by the TiVi Foundation on March 1st 2013**

Pursuant to Art. 80 of the Act of July 29th 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (the "Act"), the Management Board of Polsat Cyfrowy (the "Management Board") hereby presents its position on the public tender offer for shares (the "Offer") of Cyfrowy Polsat SA (the "Company"), announced on March 1st 2013 (amended on March 11th 2013) in accordance with Art. 73.2.1 of the Act, by the TiVi Foundation of Vaduz (Lichtenstein) ("TiVi", the "Bidder").

The purchaser of the shares on behalf of Tivi is Pola Investments Ltd. ("Pola", the "Purchaser"), a subsidiary of Tivi, and the parent of the Company. The Bidder indirectly holds, through the Purchaser, 154,204,296 (one hundred and fifty-four million, two hundred and four thousand, two hundred and ninety-six) shares of the Company, and the Purchaser, under the power of attorney granted to it by Sensor Overseas Ltd. of Nicosia, is entitled to exercise voting rights attached to 20,791,375 (twenty million seven hundred and ninety-one thousand, three hundred and seventy-five) preferred registered shares of the Company. The shares held by the Purchaser and the shares covered by the power of attorney granted to the Purchaser by Sensor Overseas Ltd. of Nicosia, entitle the Purchaser to exercise 348,291.922 votes at the Company's General Meeting, which accounts for 65.99% of the total number of votes at the Company's General Meeting. (...)

#### **III. Effect of the Offer on the Company's Interests**

(...) As a result of the Offer, the Purchaser intends to directly acquire 36,500 (thirty-six thousand and five hundred) votes at the Company's General Meeting, which accounts for 0.0069% (point zero zero six nine per cent) of the total number of votes at the Company's General Meeting.

As a result of the Offer, the Purchaser expects to hold a total of 348,328,422 (three hundred and forty-eight million, three hundred and twenty-eight thousand, four hundred and twenty-two) votes at the Company's General Meeting, which accounts for 66% (sixty-six per cent) of the total number of votes at the Company's General Meeting.

In the Management Board's opinion, the Offer will not adversely affect the Company's interests from the standpoint of its current operations, strategic decisions on long-term development plans, the shared interests of the Bidder and the Company, or employment at the Company. (...)

### Latest events

---

#### **V. Position of the Management Board on TiVi's strategic plans**

In the Management Board's opinion, the strategic plans of Tivi for the Company as stated above will contribute to and facilitate continued pursuit of the Company's strategy for consolidation of Cyfrowy Polsat's position as a leader of the entertainment market in Poland. (...)

#### **VIII. Position of the Management Board on the Offer price for the Company shares**

(...) In accordance with the Offer:

The average market price of the Company's shares in the period of the last 6 (six) months preceding the Offer, during which the Company's shares were traded on the main market of the Warsaw Stock Exchange (WSE), calculated in accordance with Art. 79.7 of the Act, from which the price of shares covered by the Offer may not be lower, is PLN 15.60 (fifteen zloty and sixty grosz).

In the period of 12 (twelve) months preceding the Offer, neither the Bidder nor its subsidiaries or parents, including the Purchaser, purchased the Company's shares at a price which was higher than the price of the Shares as indicated in the Offer, nor, in exchange for the Company's shares, provided property or title whose value was higher than the price of the Shares as indicated in the Offer. The Bidder, its subsidiaries, including the Purchaser, are not and have not been parties to the agreement referred to in Art. 87.1.5 of the Act.

In the Management Board's opinion, the price indicated in the Offer has been set in compliance with effective regulations and is not lower than required by the Act. In order to compare the Company's fair value with the price proposed in the Offer, in addition to calculating the average market prices of the Company's shares on the WSE, the Management Board has also analysed 17 recommendations issued by analysts from first-rate brokerage houses and investment banks which provide valuations of the Company's shares. For the purpose of the analysis, the Management Board has also considered recommendations issued in the period of six months preceding the date of the Offer.

The average valuation of the Company's shares as at March 1st 2013, calculated on the basis of the recommendations issued in the period of 6 months preceding the date of the Offer, was PLN 17.96 (seventeen zloty ninety six grosz), whereas the minimum valuation was PLN 15.60 (fifteen zloty sixty grosz), and the maximum valuation, PLN 19.60 (nineteen zloty and sixty grosz).

In the Management Board's opinion, the price for the shares proposed in the Offer, notwithstanding its compliance with the relevant provisions of the Act, is lower than the fair value of the Company, as evidenced in particular by the price of the Company's shares as at the date of this position, and by the average of valuations issued by brokerage houses in the six month period preceding the Offer. [>> see full version of the report](#)



### Latest events

---

**Press release,  
18 March 2013**

#### **Cyfrowy Polsat launches subscriber campaign**

Cyfrowy Polsat has launched a campaign addressed to its subscribers, advertising the latest innovations in its television, Internet and online services. The campaign is appearing mostly on television and the Internet.

**Press release, TV Polsat,  
18 March 2013**

#### **‘Must be the Music’ is the best talent show this spring**

‘Must be the Music’ has crushed its competition for the third time. Compared to its competition, ‘X-Factor’, the Polsat show has been watched by over 360,000 more viewers than the Saturday TVN show. Yesterday’s episode of ‘Must be the Music’ was watched by almost 4 million viewers.

After four episodes, ‘Must be the Music’ is a definite leader among all the shows that have been broadcast this season, having gathered the largest audience. On average, the show is watched by 3,755,000 viewers. The third episode of ‘Got to Dance’, watched by almost 2.5m viewers, has also improved its viewing figures. During the broadcast of ‘Must be the Music’, POLSAT was noted as the leader in two research groups: in the 16-49 Commercial group it scored a 27.82% SHR and in the group of All Viewers – 23% SHR.

**Press release,  
20 March 2013**

#### **‘Virtual Telephones’ for Cyfrowy Polsat**

Cyfrowy Polsat was yet again awarded at ‘Mobile Internet’ monthly’s annual gala. At this year’s ceremony, the company was awarded ‘Virtual Telephones’ in two categories: ‘The Manager of the Year’, which went to Dominik Libicki, President of the Management Board of Cyfrowy Polsat, and "The Advertising Campaign of the Year", for its promotion of LTE Internet.

The ‘Mobile Internet’ editorial board honoured President Dominik Libicki with the title of ‘Manager of the Year’ for "the development of Cyfrowy Polsat and creation of a multiplatform offer". Cyfrowy Polsat’s campaign "popularising the use of superfast LTE mobile Internet in Poland" was named ‘The Advertising Campaign of the Year’.

## Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Wartość obrotu (tys. PLN)
18-03-2013	17.99	17.40	17.53	-2.61%	3 385
19-03-2013	17.80	17.18	17.18	-2.00%	2 440
20-03-2013	17.30	16.89	16.89	-1.69%	9 703
21-03-2013	17.00	16.89	17.00	0.65%	1 335
22-03-2013	16.94	16.13	16.13	-5.12%	2 061



## Investors' calendar

1- 15 May 2013	Closed period prior to the publication of Q1 2013 results
15 May 2013	Quarterly report for Q1 2013