

# **Cyfrowy Polsat Newsletter**

**19 – 25 March 2012**

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
	19.03	<p><b>WirtualneMedia.pl: ZenithOptimedia Group: PLN 7.27 billion in advertising spending on the Polish market in 2012</b></p> <p>According to the estimates of the ZenithOptimedia Group, the total advertising spending in Poland will be PLN 7.27 billion this year, up 1.9% year-on-year. The Internet will benefit the most – the increase will be 15%. The advertising budgets for the radio and cinema channels will rise by 3.7% per annum, while those for the television and outdoor displays will increase by 1.1% and 0.7%, respectively, which will be mainly attributable to Euro 2012. The ZenithOptimedia Group’s overall estimates of the Polish advertising market’s value in 2012 are based on the positive outlook for Polish GDP, which is widely expected to grow by 2.5-3.2%.</p> <p><b>Gazeta Wyborcza: AAAAA Onet for sale at a high price</b></p> <p>Over the years TVN have persuaded investors that the television and Internet are meant for each other. How will it now explain putting the largest portal in Poland up for sale? Story 1: “it is our intention to lower the debt and focus on our core business”. Story 2: “in fact, we have never been able to combine the portal with the station”. Story 3: “portals are <i>passé</i>”.</p> <p>According to a representative of a large investment bank, “<i>engaging banks to conduct the auction means that there are no queues at Onet’s door. Had they received an attractive offer, the portal would have already been sold. The book value of Onet, which is PLN 1.37 billion, is high. That is why the final game will probably be played by trade investors.</i>”</p>

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<p><b>Rzeczpospolita: It's all about the price</b></p> <p>Interview with Dominik Libicki, CEO of Cyfrowy Polsat (CP)</p> <p><i>Rz: And can you say that you're not interested in acquiring a large horizontal portal?</i></p> <p>DL: It's all about the price. But I'm not actively involved in searching for growth opportunities here the way I would look for a portal of the ipla type, whose proprietary technology and activities capture the essence of what we do. (...)</p> <p><i>Rz: What did the price of 150 million złoty paid by CP for ipla include?</i></p> <p>DL: The company was valued based on a rather conservative business plan. Ipla's average monthly number of regular viewers is 1.4 million, with over 2 million installed and active applications. Considering the above metrics, the advertising market's growth prospects and the company's revenue structure we determined how much it was worth for us. Though the company's EBITDA remains negative, this year ipla will be profitable. All we need is to take the right swing.</p> <p><i>Rz: What was the ratio of debt to the amount paid?</i></p> <p>DL: The debt is at the level of approximately 100 million złoty. (...) The valuation of ipla was carried out from a purely accounting perspective. Additionally, we retained Ernst&amp;Young to prepare a fairness opinion. Having conducted relevant analyses, the consulting company concluded that the price was fair. As regards CP's product structure, ipla will play a central role in the growth strategy, though its effect on the financial performance will not be significant for a long time.</p>	<p>20.03</p>	<p><b>Rzeczpospolita: The Office of Competition and Consumer Protection (UOKiK) engaged by the European Commission to review the TVN acquisition</b></p> <p><i>"If a community-level transaction is likely to exert significant influence on competition in a given country, parties to the transaction may apply to the EC for an analysis of its effects by a member state. The European Commission may forward the issue to the country's anti-monopoly authorities, which can agree to conduct an analysis of the transaction effects", announced UOKiK.</i></p> <p>This was the case with the planned merger of the Canal+ Group and TVN Group as well as their Cyfra+ and 'n' digital platforms.</p>

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<p><b>Rzeczpospolita: UBS on TVN and Cyfrowy Polsat</b></p> <p>UBS analysts have made a neutral recommendation on the TVN shares. A better, “buy” recommendation, has been given to Cyfrowy Polsat, whose shares were traded at PLN 13.99.</p>	21.03	<p><b>Wyborcza.biz: TVP applies for licenses for two new thematic channels</b></p> <p>TVP has applied to the National Broadcasting Council (KRRiT) for licenses for two new thematic channels – <i>TVP Dokument</i> and <i>TVP Rozrywka</i>. So far, TVP has launched five thematic channels.</p> <p>The date of launching the new channels are not known yet.</p>
<p><b>Rzeczpospolita: “Sell” Cyfrowy Polsat</b></p> <p>Ipopema Securities’ recommendation for Cyfrowy Polsat has been lowered from “hold” to “sell”. The target price of the shares dropped from PLN 15.1 down to PLN 12.8.</p>	22.03	<p><b>Rzeczpospolita: Onet may go under the hammer</b></p> <p>While the market is buzzing with rumours about the planned Onet sale, the ITI Group has stopped denying that it is not going to sell the portal. Naspers, the African media giant, and the Ringier Axel Springer Polska media group are among the most likely potential buyers.</p>
	23.03	<p><b>Rzeczpospolita: Internet video is back on TV screens</b></p> <p>According to the estimates of the In-Stat institute, in 2016 100 million households worldwide will have access to TV sets or decoders enabling viewers to watch Internet video on TV screens in addition to traditional television programmes. Known as hybrid services, they feature movies, TV series and Internet programmes which may be watched on various types of devices using dedicated applications. However, In-Stat experts claim that TV content will start to move back from mobiles and tablets to the TV screen. <i>“TV programmes have made the Internet their home and the network has gained popularity among mobile device users. At present, engineers are working to develop technologies that will bring Internet content back on the TV screen”</i>, explains the report. It is claimed that the shift will be facilitated by the development of smart TV dedicated applications, which will be used by 80 million households worldwide in 2016.</p>

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<p><b>Strategie – Pismo dyrektorów finansowych: Financial Heights</b></p> <p>Tomasz Szelaąg, CFO of Cyfrowy Polsat, has been recognized as CFO of the month by <i>Strategie – Pismo dyrektorów finansowych</i>.</p>	March	

### Latest news

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#### Press release 19 March 2012

***Tylko taniec. Got to dance and Tylko muzyka. Must be the music perform very well again. Tylko muzyka remains unbeaten – last weekend it outperformed X Factor again***

During their respective programming slots, the Polsat talent shows were the leaders in the 16-49 commercial group both on Friday and Saturday nights. With its *Tylko taniec. Got to dance* show on Friday, Polsat scored 22.22% SHR and outperformed other stations: TVN – 18.09% SHR, TVP1 – 11.1% SHR, TVP2 – 18% SHR. On Sunday night, the advantage of Polsat, broadcasting *Tylko muzyka*, over other stations was even greater: Polsat – 26.5%, TVN – 20.1% SHR, TVP1 18.3% SHR and TVP2 – 6.3% SHR.

After three episodes, the average minute rating of *Tylko taniec. Got to dance* in the 16-49 group is 23.47% SHR, which translates into 3,247,000 viewers among all surveyed in the 4+ group. On the other hand, *Tylko muzyka. Must be the music* attracts 3,771,000 viewers on average, which yields an excellent result of 26.65% in the 16-49 group. (...)

#### Current report no. 6 24 March 2012

**Information concerning transactions on shares of Cyfrowy Polsat S.A. held by Mr. Zygmunt Solorz-Żak and Pola Investments Holdings Ltd.**

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby announces that on March 23, 2012 it was informed by Mr. Zygmunt Solorz-Żak and by Pola Investments Ltd. about the transactions on shares of the Company held by both entities.

1. On March 21, 2012 Mr. Zygmunt Solorz-Żak disposed by way of donation to its subsidiary, i.e. Pola Investments Ltd., the total of 10,603,750 of the Company's shares ("Transaction 1")
2. On March 21, 2012 Pola Investments Ltd., seated in Nikozja (Cyprus), a subsidiary of Mr. Zygmunt Solorz-Żak ("Pola") disposed 25,341,272 of the Company's shares ("Transaction 2"). (...)

After the Transaction 1 and 2 Mr. Zygmunt Solorz-Żak does not hold directly any Company's shares but indirectly through Pola he holds 154,204,296 of the Company's shares constituting 44.27% of the Company's share capital and representing 306,709,172 votes at the general meeting of the Company, which constitutes 58.11% of total number of votes in the Company. (...)

[>> full report](#)

### Latest news

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**Current report no. 7**  
**24 March 2012**

**Sensor Overseas Ltd. exceeded the level of 5% in a total number of votes at the shareholders meeting of Cyfrowy Polsat S.A.**

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby announces that on March 23, 2012 it was informed by Sensor Overseas Ltd. seated in Nikozja (Cyprus) ("Sensor") about the acquisition of 25,341,272 of the Company's shares.

Sensor is controlled by Mr. Heronim Ruta, Member of the Supervisory Board of the Company.

Before the transfer of shares Sensor did not hold any of the Company's shares.

After the transfer of shares Sensor holds 25,341,272 of the Company's shares constituting 7.27% of the Company's share capital and representing 50.382.647 votes at the general meeting of the Company, which constitutes 9.55% of total number of votes in the Company. (...)

[>> full report](#)

## Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade volume (PLN ths.)
23-03-2012	14.08	13.72	14,08	1.29%	2 518
22-03-2012	13.99	13.66	13,90	0.36%	2 446
21-03-2012	14.14	13.61	13,85	-1.00%	1 020
20-03-2012	14.35	13.99	13,99	-0.78%	2 983
19-03-2012	14.25	14.05	14,10	0.00%	607

