



Cyfrowy Polsat IR Newsletter

26 August – 1 September 2013



The press about us	Date	The press about TMT market in Poland
	26.08	<p>Rzeczpospolita: The struggle for film channel exacerbates Four broadcasters are competing for concession for the film channel within DTT offer. The closer to the decision, the lobbying is more intense. Wanda Ropaczyńska, CEO of Agora and Zbigniew Benbenek, head of the Supervisory Board of ZPR, are the strongest players in the struggle for the film channel. The least is known about the project of Telewizja Polsat. – <i>We wait for the decision of the National Broadcasting Council calmly and with no emotions. We believe our offer is the best for the audience and objectively, should be chosen by the Council</i> – says Tomasz Matwiejczuk, spokesman of Polsat.</p> <p>Rzeczpospolita: What do the Internet providers bet on? Mobile providers are resigning from hot spots. Fixed-line operators and cable TVs – exactly the opposite. <i>-Plus does not offer paid hot spots. We have withdrawn from this concept, as it's an anachronistic substitute for mobile Internet. Nowadays, when HSPA+ and LTE networks are common and offer much faster connection than the public paid hot spots, the hot spots are losing the sense of being</i> – says Arkadiusz Majewski from the press office of Polkomtel, the operator of Plus network.</p> <p>Dziennik Gazeta Prawna: White spots on the Internet map According to the most recent 'Report on the coverage of Poland with telecommunications infrastructure' by the Office of Electronic Communications (OEC), the white spots with no Internet connection (either fixed-line or mobile) are all around the country. OEC estimates, that in Poland 8% of towns, mainly under 100 inhabitants, have no access to Internet services.</p>
	27.08	<p>Dziennik Gazeta Prawna: T-Mobile challenges the State to a duel After the Ministry of Administration and Digitization of Poland has announced an agreement with Sferia, some dissenting opinions appeared on the market. T-Mobile protests the most.</p>



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	27.08	<p>According to the agreement between the Ministry and Sferia, the company has gained the 800MHz frequencies, dedicated to offer broadband Internet, for example LTE.</p> <p>T-Mobile warns, that if Sferia is given the reservation for frequencies, despite the protests, PTC will refer the case to the international arbitration.</p>
	28.08	<p>Dziennik Gazeta Prawna: Mobile networks are getting ready for spending</p> <p>Until 2016 the operators will spend nearly PLN 2.7 million only for the frequencies. Development of LTE network will take even more.</p> <p>According to the telecommunications law amendments, prolongation for the frequencies’ reservation in Poland is no longer free of charge. The fee is based on the average price of 1MHz from the recent auction of a certain frequency. The price is indexed for inflation.</p> <p>Despite the spending connected with the frequencies, the mobile providers need huge recourses for development of LTE. – <i>These investments are worth billions</i> – says Tomasz Kulisiewicz, the telecommunications market analysts at Audytel.</p>
<p>Rzeczpospolita: Office of Competition and Consumer Protection has punished the operators</p> <p>11 pay-TV operators have been given a total of PLN 3.6 million fine for a collusion while fixing the price for the pay-transmissions of matches of the Polish national football team. The Office of Competition and Consumer Protection has exempted Sportfive – the owner of the broadcasting rights – from the penalty.</p> <p>This has upset the operators the most. ‘Operators, that decided to offer the transmissions of matches, using the newest technologies, in the context of a lack of any alternative from the traditional media, mostly the public television, have been punished.</p>	29.08	<p>Parkiet: Consortium for LTE?</p> <p>Multimedia Polska, just like Cyfrowy Polsat, has felt an influence of TV digitization. In Q2 2013 the number of cable TV subscribers has fallen by 2 thousands to 923 thousands.</p> <p>- <i>We have noticed a return of clients, who had migrated to FTA television</i> – says the CEO of Multimedia - Andrzej Rogowski. He did not rule out the company’s participation in the upcoming auction for the 800 MHz band, which allows to offer LTE Internet services. – <i>We could enter into a consortium. UPC as a partner is one of the options</i> - says Rogowski.</p>



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<p>The operator, who had the exclusive rights to broadcast, and whose financial demands were unreachable even for the public television avoided the punishment’ – reports Cyfrowy Polsat in its statement.</p> <p>According to Dominik Libicki, Cyfrowy Polsat’s CEO, the company will appeal from the decision of the OCCP, which is not final.</p> <p>Dziennik Gazeta Prawna: Cyfrowy Polsat with lower audience About 3% higher revenue and 19% lower net profit than in comparable period in 2012 – these are results of Cyfrowy Polsat for Q2 2013. The Capital Group’s revenue equaled to PLN 735.9 million and increased i.a. thanks to the growing number of Internet users. At the end of Q2 2013 Cyfrowy Polsat had 187.6 thousand subscribers to mobile broadband Internet. The total number of Cyfrowy Polsat pay-TV subscribers was 3.546 million at the end of Q2 2013 and the number of mobile telephony clients was 136.6 thousand.</p> <p>ARPU (average revenue per user) for Family Package increased by 5.2% to PLN 48.3. Better result was achieved i.a. thanks to revenue from additional services and growing number of clients subscribed to higher packages. Churn rate (number of customers resigning from the subscription) was 8.8% - slightly lower, that in comparable period in 2012, when its value was 9.2%.</p>	<p>29.08</p>	
		<p>Puls Biznesu: Minority investors are growing stronger There are increasingly more conflicts between main owner and the rest of shareholders in the listed companies. The market emancipates.</p> <p>There were many disputes between minority and majority shareholders, though not many of them ended successfully for the minority ones. In this scope, Zygmunt Solorz-Żak stood out positively. He had been planning a transfer of Sferia to Cyfrowy Polsat. Though, he backed up after few days since the announcement, following the protests of financial institutions.</p>



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	30.08	<p><i>- I didn't have a big experience on the stock exchange then, and the transaction was not preceded by the careful consultations with the founders. I decided, that in that situation I would not impose anything and will not force a conflict – explains Solorz-Żak today.</i></p>
	31.08	<p>Parkiet: Deutsche Telekom interested in Netia Even by 8%, to PLN 5.4, Netia's share price was growing on Friday, after the „Wall Street Journal” published an article on Deutsche Telekom group preparing to improve the implementation of the strategy. The talks of DT management are said to take place next week in Poland. Netia is on sale for a couple of years now, but in the management's inventive program it was expressed last year. Miroslav Rakowski, CEO of T-Mobile Polska, ensured recently, that the company is not interested in Netia because of the price expected by Netia's owners. Netia's Management Board, asked about potential sale of the company at the publication of Q2 2013 results, refused to comment.</p>



Latest events

Current report no 15, August 30, 2013

Finalization of the purchase transaction of Polskie Media S.A. and the transaction of sale of RS TV S.A.

The Management Board of Cyfrowy Polsat S.A. ('Cyfrowy Polsat', the 'Company') informs that on August 30, 2013, following the fulfillment of the conditions precedent included in the preliminary and conditional agreements for the purchase of shares in Polskie Media S.A. seated in Warsaw ('Polskie Media') concluded on March 28, 2013, between Telewizja Polsat Sp. z o.o. seated in Warsaw ('Telewizja Polsat'), subsidiary of Cyfrowy Polsat, and Karswell Limited seated in Nicosia, Cyprus and Sensor Overseas Limited seated in Nicosia, Cyprus, on which the Company informed in the current report no. 7/2013 dated March 28, 2013, Telewizja Polsat has finalized the purchase transaction of a total of 14,500,000 registered shares in Polskie Media with nominal value of PLN 10 each, comprising 100% of the share capital and giving right to 100% of the votes at the general meeting of Polskie Media for the total amount of PLN 99 million, comprising price for shares and adjustments related to enterprise value.

Polskie Media is a broadcaster of two channels distributed both in terrestrial and cable-satellite television: TV4 and TV6. An independent opinion of KPMG Advisory, prepared for the Management Board of Cyfrowy Polsat, confirmed that price terms of the transaction are fair from the point of view of Cyfrowy Polsat.

Cyfrowy Polsat Group considers the acquisition of Polskie Media a strategic step towards strengthening Telewizja Polsat's market position. This opens the possibility to increase advertising revenue based on the growing technical reach and the Group's stronger negotiations power as well as the synergies in the following areas: access and use of the programming content, technical, advertising, marketing and cross-promotion as well as back-office resources.

Moreover, the Management Board of the Company hereby informs that on August 30, 2013, the transaction of sale of 100% shares in RS TV S.A. ('RS TV') to Emitel Sp. z o.o. for PLN 45.5 million was finalized by Telewizja Polsat. The execution of the transaction followed the fulfillment of the conditions precedent included in the conditional agreement signed on March 28, 2013. These conditions included consent of the banks which are parties to Cyfrowy Polsat's loan agreement (SFA), release of all securities established on the shares and assets of the company related to the loan agreement and the issuance of Senior Notes as well as registration by court of division of RS TV.

According to Cyfrowy Polsat's loan agreement the proceeds from sale of shares in RS TV will be fully allocated to partial prepayment of the term loan incurred in March 2011, for the acquisition of Telewizja Polsat.



Latest events

**Press release,
August 28, 2013**

Cyfrowy Polsat's statement on the decision of the Office of Competition and Consumer Protection concerning the transmissions of matches of the Polish national football team in PPV system

In response to the decision of the President of the Office of Competition and Consumer Protection dated August 21st, 2013, concerning the transmissions in pay-per-view system of the matches of the Polish national team with teams of Montenegro on September 7, 2012 and Moldova on September 11, 2012, in the round games of World Cup 2014, we declare, with full decisiveness and conviction, that Cyfrowy Polsat was not an initiator or a party of any market collusion and did not exert any anti-competitive practice.

**Press release,
August 28, 2013**

Cyfrowy Polsat presents the results in line with expectations

Cyfrowy Polsat Capital Group presents financial results for Q2 2013 consistent with expectations. In the retail business segment Cyfrowy Polsat scored another peak level of revenue, thanks to steadily growing ARPU and nearly double growth in internet service subscribers base. In broadcasting and TV production segment, the Group maintained a high level of EBITDA, despite still not conducive market situation. The Group keeps a high level of cash flow from operating activities, what let it make another voluntary prepayment of its debt.

**Press release,
August 28, 2013**

The newest series of TV Polsat and TVP available as pre-premieres in IPLA!

Along with the launch of new TV schedule, IPLA internet platform offers an access to pre-premiere episodes of the newest and most popular series and programs of TV Polsat and series of Telewizja Polska, which can be watched on PCs, mobile devices, set-top-boxes, game consoles and Smart TVs. Today at 8pm the Internet users will be able to watch the first episode of new series of 'Świat według Kiepskich' and tomorrow the series 'Zdrady' (8pm), 'Hotel 52' (9pm) and '2XL' (10pm).

**Press release,
August 29, 2013**

FightKlub channel live for IPLA users

IPLA SPORT and IPLA MIX packages on IPLA platform have been expanded by new channel of Martial Arts – FightKlub, which is included also in Cyfrowy Polsat's offer since August. The introduction of new channel will not change price of the packages.



Latest events

**Press release,
August 30, 2013**

Polsat Group: Finalization of the purchase of Polskie Media and sale of RS TV

On August 30, 2013, as a result of fulfillment of the precedent conditions, transaction of purchase of Polskie Media (broadcaster of TV4 and TV6) by Telewizja Polsat, for a total of PLN 99 million, including price for shares and adjustments related to enterprise value. At the same time also the sale of RS TV by Telewizja Polsat to EmiTel, for the total of PLN 45.5 million was finalized.

**Press release,
August 30, 2013**

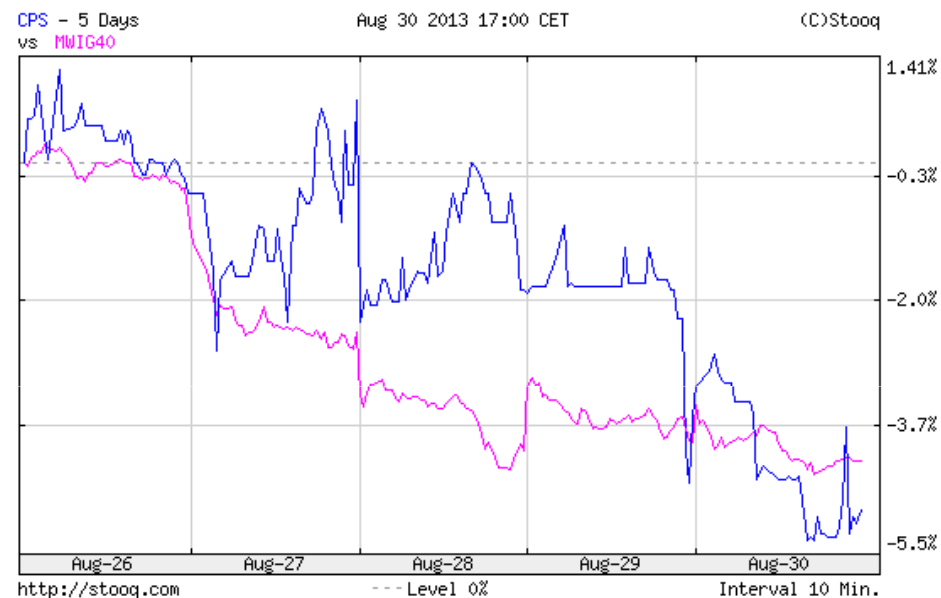
Cyfrowy Polsat launches Polsat Romans

On September 1st, in Cyfrowy Polsat there will be a premiere of Polsat Romans – a new channel, designed for women, which will broadcast Polish and foreign series and feature films. The channel will replace Zone Romantica, which will end broadcasting by the end of August. Polsat Romans will be available from Mini HD Package, so for all Cyfrowy Polsat subscribers.



Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
2013-08-26	21.50	21.10	21.10	-1.49	3 196
2013-08-27	21.40	20.61	21.40	1.42	1 653
2013-08-28	21.20	20.61	20.80	-2.80	4 328
2013-08-29	21.00	20.02	20.40	-1.92	2 797
2013-08-30	20.60	20.02	20.12	-1.37	8 743



Investors' calendar

October 30 – November 13, 2013	Closed period prior to the publication of Q3 2013
November 13, 2013	Publication of Q3 2013 results