

Cyfrowy Polsat Newsletter

28 November – 4 December 2011

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
<p>Rzeczpospolita: Polish media groups cope with the crisis</p> <p>Pay-TV operators, whose revenues come primarily from customer fees, are doing relatively the best among all media companies. Furthermore, Cyfrowy Polsat appears as one of the most efficient television operators in Europe. In the third quarter, its operating margin reached 36%, while the sector's average remained under 20%. As pointed out by securities analyst Piotr Janik, Cyfrowy Polsat is exceptionally cautious about spending money. <i>"The company maintains a tight cost discipline and therefore, next to Agora, is one of the best performing companies throughout the region. In addition, Cyfrowy Polsat has improved the currency structure of its expenses by reducing the share of costs denominated in foreign currencies. Owing to that the recent weakening of the Polish zloty did not have a very negative impact on operating margins achieved by Polsat in the third quarter,"</i> he noted.</p>	29.11	
<p>Parkiet: The first trade cooperation initiatives</p> <p><i>"We launched our cooperation with Cyfrowy Polsat. We sell their TV services, while they distribute our telephone services. This pilot project will last until the end of the year,"</i> said Krzysztof Kilian, Vice President of Polkomtel.</p> <p>Yesterday, Polkomtel began selling its ultrafast LTE technology mobile Internet service and also expanded the coverage of its legacy Internet access based on HSPA+ technology.</p>	30.11	

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	01.12	<p>Gazeta Wyborcza: TVN makes a return to the Internet services market</p> <p>TVN Player application debuted on devices running under the Android operating system, and will soon be available on Apple’s gadgets. This is a response to the Internet expansion shown by Polsat which for over three years, through its associated company, Redefine, has developed its own Internet TV Ipla that is available basically on all platforms already. Previously, TVN tried to compete by launching a web video service in its Onet.pl portal, but over a year ago the company began to work on a proprietary project. <i>“Our programming content should be available on the Internet under our strong brand. There is no logic in providing such access only over Onet.pl that is an entertainment portal,”</i> said Markus Tellenbach, TVN’s President. According to Piotr Janik of KBC Securities, using the Onet portal to distribute the station’s programs in the Internet would be more financially efficient. This concerns both expenditures for hardware and software, and expenses required to promote an entirely new service. The launch of TVN Player in late August as well as the recent information about the departure of Łukasz Wejchert from the ITI Group and Onet, have raised a wave of speculation about the portal’s future and its possible disposal by TVN. Such rumours have been denied by the company’s management.</p> <p>Gazeta Wyborcza: TV set and a console for a penny – pre-Christmas frenzy promotions on digital platforms</p> <p>In this holiday season, Cyfra Plus is not the only television provider that launched a massive promotional campaign in an effort to attract a crowd of new subscribers (they offer a 32-inch LG TV set featuring 3D playback for just one zloty). “n” platform is trying to allure new subscribers with a free HD set-top box with digital video recorder; whereas, Cyfrowy Polsat offers a full package of channels and family’s Multiroom for six months without charge. <i>“Cyfrowy Polsat calculated that an aggressive campaign</i></p>

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		<p><i>will not bring a return, and unlike in the previous years, the company did not decide to engage into a fierce competition. As compared with other market players, Polsat pays more attention to the costs incurred in promotional campaigns,” notes Piotr Janik of KBC Securities. “Super aggressive campaigns are not economically justified. When a platform gives away TV sets for a penny, its owner is certainly going to feel the financial burden of such action, and new customers obtained this way may not be very loyal to the operator, because they were attracted by TV sets rather than by the specific pay television offer,” claims Janik.</i></p>
<p>Rzeczpospolita: Lower valuation of Cyfrowy Polsat</p> <p>UniCredit reduced its target price per share of Cyfrowy Polsat to PLN 16.3 or by 14%. On Thursday, the shares traded at PLN 13.46.</p>	<p>02.12</p>	<p>Dziennik Gazeta Prawna: Viacom joins forces with Ipla</p> <p>Viacom International Media Networks, a television group which owns the thematic channels of MTV, Comedy Central, and Nickelodeon in Poland, has introduced its programs to Internet TV Ipla, belonging to Redefine, an associated company of the Polsat Group.</p> <p>Through this online service, customers will be able to watch the American broadcaster’s channels on smartphones, tablets, gaming consoles and TVs (e.g. Samsung, Sony, Panasonic) connected to the Web.</p>

Latest news

Press release
30 November 2011

Cyfrowy Polsat named a Pearl of the Polish Economy

Cyfrowy Polsat has been recognized as Poland's outstanding company, taking 1st place in the infrastructure sector and 2nd place in the "Great Pearl" category in the 9th edition of the "Pearls of the Polish Economy", a prestigious ranking organized by the editors of English-language business monthly POLISH MARKET in cooperation with the Institute of Economics of the Polish Academy of Sciences.

"I am extremely pleased that we were among the winners of this prestigious award for a consecutive year, and are sort of a landmark of the Polish economy. We endeavour to keep a sustainable growth of our company and, being the market leader, try to set new trends. We are delighted that our efforts are reflected in the company's revenues and gain recognition from the key opinion-forming circles. Our projects implemented this year – including the pioneer introduction of innovative LTE Internet, as well as the creation of Poland's largest media group along with Polsat Television – are aimed at building the foundations for further growth of our Group which, I hope, will give us many reasons to be proud of in the future," said Dominik Libicki, President of Cyfrowy Polsat SA.

(...)

Press release
1 December 2011

Cyfrowy Polsat launches a new HD set-top box

The offering of Cyfrowy Polsat has been extended with a new decoder for the reception of satellite TV in high definition. MINI HD 2000 is yet another, after HD 5000 model, high definition set-top box manufactured in the Cyfrowy Polsat Technology factory.

(...)

"Today, Cyfrowy Polsat is the largest HD digital platform in Poland. From among our 3.5-million customer base, more than 1.5 million subscribers already use set-top boxes working in high definition. Due to the growing demand for HD services, we have an ambition is to provide our existing and potential customers with easy access to television programs in the highest quality, and operating own factory certainly makes it easier to accomplish this goal," says Dominik Libicki, President of Cyfrowy Polsat SA.

(...)

Latest news

Press release
1 December 2011

3 million set-top boxes produced by Cyfrowy Polsat

Set-top box number 3 million left the production line at the factory of Cyfrowy Polsat Technology. The jubilee device is our latest model MINI HD 2000, which is going to enrich the offering of Cyfrowy Polsat platform.

(...)

“Running our own factory enables us to produce high quality set-top boxes while incurring manufacturing costs which are by far lower than the price of purchasing such equipment from third-party vendors. This is also reflected in more attractive retail prices for our customers. The functionality of our set-top boxes is designed in line with the subscribers’ expectations, as analyzed by surveys, so that we can be sure the equipment is going to fulfil their needs. While the development of software by our in-house engineers enables us to rapidly respond to new demands emerging from viewers. In this area we are completely self-reliant and flexible, which translates into better service for our customers,” says Dariusz Działkowski, Member of the Management Board for Technology at Cyfrowy Polsat.

(...)

Cyfrowy Polsat Technology is planning produce a decoder for the reception of digital terrestrial television in the nearest future. The new STB will be additionally equipped with Ipla application. Owing to such solution, the users, having connected their devices to the Internet, will be able to benefit from Ipla’s extensive web-based VOD library providing thousands of free on-demand materials, including TV series and programs, news, music concerts, and sporting events.

Press release
2 December 2011

Cyfrowy Polsat offers free digital television forever!

Cyfrowy Polsat has launched a new offer with no contracts or other commitments. Our customers will receive a permanent and free-of-charge access to such channels as TVP1, TVP 2, Polsat, TVN, TV4, TVP Info, and numerous free-to-air stations, all in digital quality.

The latest offering of Cyfrowy Polsat does not require signing any contract, and each customer receives a digital decoder and the Mini HD package for 6 months for the price of PLN 149. Once the promotional period expires, our customers may continue to use digital television, by activating encoded terrestrial channels, including TVP1, TVP2, Polsat, TVN, TV4, TVP Info, while enjoying an unrestricted access to many FTA stations. The package used should be extended with digital terrestrial channels every 6 months. This service is free of charge and the number of activations is unlimited. (...)

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade volume (PLN ths.)
28-11-2011	12.99	12.45	12.90	0.39%	8 418
29-11-2011	12.84	12.55	12.75	-1.16%	2 985
30-11-2011	12.90	12.47	12.90	1.18%	20 050
01-12-2011	13.46	12.85	13.46	4.34%	4 361
02-11-2011	14.15	13.40	13.90	3.27%	7 775

