

Cyfrowy Polsat IR Newsletter

22 – 27 April 2014

The press about us

Date

The press about TMT market in Poland

22.04

Dziennik Gazeta Prawna: Faster LTE

LTE technology not only allows higher data transmission speed, but is also capable of accommodating much larger traffic, thanks to which Internet access could be available almost everywhere and almost always. In Polish reality, however, LTE does not function as it should, that is with transfer speed of 150 Mb/s. To do so, investments in infrastructure are necessary. Thus far only Plus, Play (whose network covers only chosen locations) and T-Mobile (who is preparing to launch the service) have frequency blocks that support LTE.

Equilibrium on the market was to be restored by the long-awaited auction of 800 MHz frequencies, allocated to the LTE network. For months now the auction cannot take place and the rules governing it change often. A mechanism, securing against unlimited outbidding, is lacking. Moreover, the Office of Competition and Consumer Protection (UOKiK) is verifying whether T-Mobile and Orange share frequencies in a legal manner within the framework of the company Networks!.

According to Audytel analyst, Tomasz Kulisiewicz, the situation is disadvantageous for the market. Regulators are sending contradicting signals and are delaying the auction. In his opinion, a rapid distribution of frequencies and the construction of a second network is fundamental. Only this way LTE transfer speed will increase.

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Dziennik Gazeta Prawna: Frequencies forever

Interview with Miroslav Rakowski, CEO at T-Mobile concerning the LTE auction and the proceedings of the Office of Competition and Consumer Protection regarding the verification whether T-Mobile and Orange share frequencies in a legal manner. According to Rakowski, if the LTE auction is executed based on its current conditions, it will not be successful. Now, it is possible to bid without limit and then withdraw, it is also possible to file appeals and complaints forever. That will block the auction. In the opinion of T-Mobile’s CEO, it is necessary to eliminate bidding by fictitious entities and restore the possibility to share the spectrum.

24.04

Rzeczpospolita: Members of Parliament work on the LTE auction once again

During the session of the Committee of Administration and Digitization of April 23, 2014, presidents of the Office of Electronic Communications and the Office of Competition and Consumer Protection, as well as the under-secretary at the Ministry of Administration and Digitization answered questions of members of Parliament. The questions concerned, i.a. reasons for choosing the form of an auction over a tender, the government’s concept on the construction of a broadband internet access network and the influence of the LTE auction on competition on the telecommunications market.

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24.04

Rzeczpospolita: Contextual advertising grew slower than market

Last year companies in Poland spent PLN 216m on contextual advertising, which means an increase of expenditure by 4,5% y-o-y. This rate of growth was lower than the whole market, which grew in 2013 by ca. 10%, according to AdEx. In consequence, despite real growth, in 2013 the market share of contextual advertising in search engine advertising declined to 25%, while the market share in the entire advertising market declined to 8.9% from 9.44% in 2012. Contextual advertising network Adkontekst estimates that in 2014 expenditure on campaigns in contextual networks will grow by 7.4% compared to 2013.

In 2013 the highest growth rates were observed with respect to expenditure on mobile advertising (doubled), video advertising (33% increase) and advertising in social media (44% increase).

26-27.04

Parkiet: Orange upholds its free cash flow goal

In 1Q' 2014 Orange Poland had PLN 2.99 billion revenue, PLN 1.14b EBIDTA and PLN 271m net profit. Eliminating the effect of the sale of Wirtualna Polska, the telecom's financial results are weaker compared to the prior year. Excluding the one-off Orange showed only PLN 951m EBIDTA, operating profit can be estimated at ca. PLN 200m and net profit at ca. PLN 80m. CEO at Orange Polska emphasized that the company managed to maintain profitability – EBIDTA margin remained at the level of almost 32%.

In 1Q' 2014 the total number of the group's clients of mobile telephony services increased by 70 thousand to 15.39m, while the number of post-paid clients increased by 110 thousand, mainly due to the acquisition of business clients and subscribers to the dedicated mobile internet service. The group still observes a decline in the number of customers of fixed-line services. Reduction of costs will continue this year. The management upheld the annual plan, which assumes free cash flow at minimum PLN 1.1b.

Latest events

Current report no. 29 April 24, 2014

Information about a change in the share in the total number of votes in Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby announces that on April 24, 2014 the Company received notifications from Mr. Zygmunt Solorz-Żak and his subsidiaries – TiVi Foundation with its registered office in Vaduz, Liechtenstein (“**TiVi Foundation**”), a direct subsidiary of Mr. Zygmunt Solorz-Żak, and Pola Investments Ltd. with its registered office in Nicosia, Cyprus (“**Pola**”), a subsidiary of TiVi Foundation, issued pursuant to Article 69 of the Act of 29 July 2005 on public offering, the conditions governing the introduction of financial instruments to organized trading and on public companies (the “**Offering Act**”).

The notifications concern a change in Pola’s share of the total number of votes at the Company’s general meeting following the revocation by Sensor Overseas Limited with its registered office in Nicosia, Cyprus (“**Sensor**”) of the power of attorney granted to Pola on 7 February 2013 to exercise by Pola voting rights vested in 20,791,375 privileged registered shares in the Company owned by Sensor, which constitute 5.97% of the Company’s share capital, and vest the right to 41,582,750 votes at the Company’s general meeting, constituting 7.88% of the total number of votes at the Company’s general meeting („**Power of Attorney**”). The Company reported the change in Pola’s shares of the total number of voting rights resulting from the Power of Attorney in current report No. 03/2013 of 13 February 2013.

Prior to the revocation of the Power of Attorney, Pola held and was entitled, including under the Power of Attorney, to voting rights vested in 174,995,671 Company shares, constituting 50.24% of the Company’s share capital. The shares held by Pola and the shares which the Power of Attorney, referred to in the foregoing sentence, vested on aggregate the right to 348,291,922 votes at the general meeting of the Company, constituting 65.99% of the total number of votes at the general meeting of the Company. The stake referred to in the foregoing sentences included:

- a) 173,296,251 privileged registered shares, constituting 49.75% of the Company’s share capital and representing 346,592,502 votes at the Company’s general meeting , which constitutes 65.67% of the total number of votes at the Company’s general meeting, and
- b) 1,699,420 dematerialized bearer shares, constituting 0.49% of the Company’s share capital and representing 1,699,420 votes at the Company’s general meeting, which constitutes 0.32% of the total number of votes at the Company’s general meeting.

Latest events

Current report no. 29 April 24, 2014 (cont'd)

Following the revocation of the Power of Attorney, Pola holds, and is authorized to exercise voting rights vested in 154,204,296 shares in the Company, constituting 44.27% of the Company's share capital. The shares held by Pola, referred to in the preceding sentence, vest in the right to 306,709,172 votes at the general meeting of the Company. The stake referred to in the foregoing sentences, constituting 58.11% of the total number of votes at the Company's general meeting, includes:

- a) 152,504,876 privileged registered shares, constituting 43.78% of the Company's share capital and representing 305,009,752 votes at the Company's general meeting, which constitutes 57.79% of the total number of votes at the Company's general meeting, and
- b) 1,699,420 dematerialized bearer shares, constituting 0.49% of the Company's share capital and representing 1,699,420 votes at the Company's general meeting, which constitutes 0.32% of the total number of votes at the Company's general meeting.

Mr. Zygmunt Solorz-Żak holds no shares in the Company, whether directly or via subsidiaries other than Pola (in respect of which the dominant entity is TiVi Foundation). TiVi Foundation holds no shares in the Company, whether directly or via subsidiaries other than Pola. There are no subsidiaries controlled by Pola that would hold shares in the Company.

Neither Mr. Zygmunt Solorz-Żak, TiVi Foundation nor Pola are party to any agreements that would provide for the transfer of the right to exercise votes vested in the Company's shares within the meaning of Article 87 Section 1 Clause 3(c) of the Offering Act.



Latest events

Press release
April 22, 2014

IPLA on TOSHIBA television sets

The IPLA application – the largest internet TV in Poland – was introduced on Toshiba TV sets. Toshiba is yet another large Smart TV platform, which enables access to thousands of legal video materials on IPLA: movies, popular series, cartoons, entertainment shows and sports events. Viewers will find our IPLA application on the following Toshiba TV models: 2013 series L43, L63, L73, L93 and 2014 series L34, L54, L64, L74 and L94.

Toshiba SMART TV is a subsequent platform of this type to introduce the IPLA application. The largest Polish Internet TV is also available on TV sets produced by Samsung, LG, Philips, Panasonic, Sony, IKEA, Thomson, TCL and Sharp.

Press release
April 23, 2014

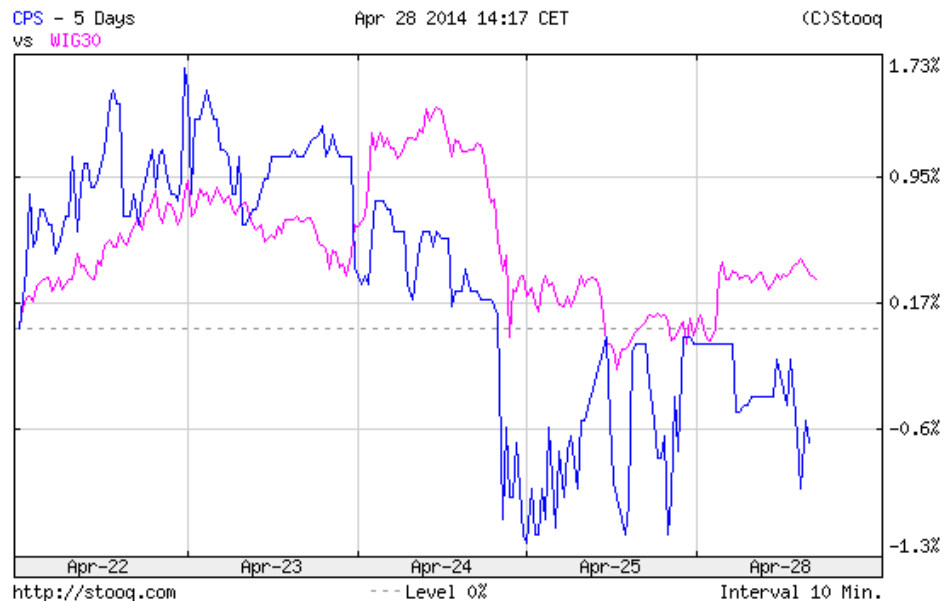
New Multiroom HD from Cyfrowy Polsat – one package for up to 4 TV sets!

The largest DTH platform in Poland is expanding its Multiroom HD offer – starting from tomorrow our clients will be able to view the content of their TV packages on up to 4 television sets simultaneously. Moreover, 3 additional packages - Film HD, Sport HD and Cinemax HD – now cost only PLN 10 per month in total.

The expanded Multiroom HD service and Cyfrowy Polsat broad TV offer is promoted by a new advertising campaign conducted on over 30 TV channels, including channels belonging to Polsat Group, and in the Internet i.a. on general websites, on IPLA and Netshare services and in search engines.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
22-04-2014	20.47	20.12	20.47	1.54%	3 547
23-04-2014	20.54	20.20	20.20	-1.32%	7 516
24-04-2014	20.30	19.81	19.85	-1.73%	4 192
25-04-2014	20.11	19.80	20.10	1.26%	6 795



Investor's calendar

April 29 , 2014	Annual General Meeting
May 1 – 15, 2014	Closed period prior to the publication of Q1 2014 results
May 15, 2014	Publication of the quarterly report for Q1 2014