

# **Cyfrowy Polsat IR Newsletter**

**24 – 30 March 2014**

## The press about us

## Date

## The press about TMT market in Poland

24.03

**Parkiet: Tough fight for clients ahead**

All three largest mobile networks in Poland entered into alliances with banks and announced their intention to offer financial services under their own brands. None of them has thus far presented a complete offer, however Plus and T-Mobile are closest.

Orange Polska, who announced its cooperation with mBank last week, did not disclose any business or financial assumptions of the project. Przemysław Sawala – Uryasz, analyst at UniCredit CAIB estimates that the project could translate into higher EBIDTA for Orange due to an increase in the level of subscriber loyalty.

25.03

**Rzeczpospolita: Internet war over pre-paid phones**

March saw an outpour of promotions of mobile internet in pre-paid tariffs. Promotions were introduced by T-Mobile and Plus, the latter additionally offering service tests together with Cyfrowy Polsat. New, simple offers on internet in roaming are expected to appear before the summer holidays. All this is connected with an increasing share of pre-paid customers, who use smartphones.

Mobile operators aim to encourage users of pre-paid phones to use the internet more frequently. According to reports of operators, the pre-paid client generates several times less revenue than the contractual client, he also generates significantly less data transfer.

**Rzeczpospolita: Agora open to partnerships and acquisitions**

*-We are open to partnerships and cooperation, that will help us achieve our goal: an increase in the scale of our activity and improvement of its financial results - says Bartosz Hojka, new CEO at Agora. Agora is considering large scale acquisitions, however it will not overpay. As at the end of 2013 the media group had PLN 171.4 million worth of cash and cash equivalents, it also has an open credit line up to PLN 100 million. One of the sectors, in which the group could expand through acquisitions, is television.*

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## The press about TMT market in Poland

26.03

**Rzeczpospolita: T-Mobile will connect Play clients**

Play announced that it will be gradually changing its main infrastructural partner. Play will use the network of T-Mobile Polska in order to provide services to those customers, who are not covered by the range of its own masts. The value of the seven-year contract has not been disclosed, however it can be estimated at PLN 600-700 million. The agreement with T-Mobile concerns all frequencies and technologies, but Play customers will still be able to use the coverage of Plus and Orange.

**Parkiet: LTE auction first**

Maciej Kotlicki, member of the management board of Midas, assured that the decision on which company from Solorz-Żak's portfolio will participate in the auction, has not been made yet. Midas representatives say that the participation of the company in the auction depends on the availability of financial resources and the final version of the auction documentation. Due to uncertainty related to the auction and its effects, the company has not presented forecasts as yet.

27.03

**Puls Biznesu: Multimedia back on the stock exchange**

Multimedia Polska, number three on the cable operators market, is planning a second debut on the Warsaw Stock Exchange. The offer is planned for the II quarter of 2014, depending on market conditions. The owners withdrew the company from the stock exchange after 5 years of listings in 2011, because they decided that low liquidity translated into lower valuation. They then attempted to sell the company outside the stock exchange, to no avail.

The valuation of comparable operators on foreign markets oscillates around 9 times EBIDTA forecast for 2014. According to analysts, after considering the indebtedness of Multimedia, this could mean that the valuation of the whole company stands at PLN 2-2.2 billion, and the value of the offer – at PLN 1 billion.

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27.03

**Rzeczpospolita: Puls proves that one LTE network is realistic**

The management board of T-Mobile argues that barriers of legal, standardizing and business nature render impossible the construction by more than two operators of one common network in the 800 MHz spectrum. P4, Polkomtel group, the National Chamber of Commerce for Electronics and Telecommunications and the European Competitive Telecommunication Association advocate for the construction of one common or four cooperating 800 MHz networks. Yesterday Plus proved that the technical and standardizing problems related to the construction of one common network can be overcome. As the first in the world Plus conducted a demonstration of aggregating 2x15 MHz spectra of 800 MHz frequency using the LTE-Advanced technology. Until now suppliers, and subsequently T-Mobile, stated that it was impossible to join more that 20 MHz of spectrum into one wide information highway. Equipment and technical service of the test was provided by Huawei, and the maximum transfer speed achieved was 225 Mb/s (today the fastest mobile internet transfer speed reaches 150 Mb/s).

28.03

**Rzeczpospolita: Telecoms get more for less**

According to data prepared by Equinox Polska and media house Starlink, operators' expenditure on advertising declined but their presence in media – on the contrary. The majority of telecoms' expenditure on advertising goes to television. According to Starlink, net ad expenditure (accounting for rebates) of telecoms in 2013 declined by PLN 175 million to PLN 875 million. Operators are reducing budgets on advertising, and according to "Rz" information, this tendency will continue in 2014. Moreover, Stalink points out that currently telecoms are investing in new technologies, which require the largest capital expenditures.



### The press about us

#### **Parkiet: Cyfrowy Polsat**

Analysts at Deutsche Bank increased the target price of the company's shares to PLN 22.6 from PLN 22 while maintaining the "hold" recommendation.

### Date

**29.03**

### The press about TMT market in Poland

#### **Gazeta Wyborcza: Stopklatka TV among the top film channels**

Two weeks ago the first film channel – Stopklatka TV – started broadcasting via digital terrestrial television in Poland. It gained a 0.52% audience share and overtook AXN and Kino Polska. – *We are very happy with the preliminary results, especially given that we have not yet reached full technical coverage* – says Agnieszka Sadowska, member of the management board of Stopklatka TV. Currently, the channel has 60% coverage and is available via digital terrestrial television, Cyfrowy Polsat, nc+ and several cable networks. Within a year Stopklatka TV plans to gain a 1% audience share, with the target audience share at 2.5%.

### Latest events

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#### **Current report No. 18** **March 27, 2014**

##### **Disclosure of delayed inside information**

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby announces that it has decided to disclose the content of delayed inside information, about which the Polish Financial Supervision Authority was informed on March 21, 2014 (the delay occurred on the basis of Article 57.1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29, 2005 and Paragraph 2.1 (1) of the Regulation of Ministry of Finance of April 13, 2006 on type of information, which might violate the legitimate interest of the issuer and the procedure for the issuer with respect to delaying the disclosure of inside information to the public).

The delayed inside information concerned entering into the key phase of negotiations potentially leading to the conclusion of agreements with Mobyland Sp. z o.o. and Polkomtel Sp. z o.o. on the provision of data transfer services to the Company.

#### **Current report No. 19** **March 27, 2014**

##### **Memorandum of Understanding for the provision of Data Transfer Services with Mobyland Sp. z o.o. and conclusion of a significant agreement for the provision of Data Transfer Services with Polkomtel Sp. z o.o.**

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby announces that, as a result of discussions and negotiations relating to the conclusion of agreements with Mobyland Sp. z o.o. ("Mobyland") and Polkomtel Sp. z o.o. ("Polkomtel") on the provision of Data Transfer Services, of which the Company informed the Polish Financial Supervision Authority and which was disclosed to the public in current report No. 18/2014 dated March 27, 2014, on March 27, 2014 the Company signed a subsequent Memorandum of Understanding ("Memorandum") to the agreement concluded between the Company and Mobyland on the provision of Data Transfer Services, about which the Company informed in current report No. 34/2010 of December 16, 2010.

The Memorandum defines in particular a new price per 1 MB and terms and conditions of settlement of the unused data packages resulting from previous orders, and also specifies the volume and conditions of the next order the Company intends to place through Polkomtel.

Under Order No. 3, about which the Company informed in current report No. 23/2012 of September 28, 2012, Cyfrowy Polsat ordered a data package of 31 million GB for the purpose of providing Internet access services. The volume of the data package unused as at the end of 2013, according to the net price of PLN 0.00645 per 1 MB set under Order No. 3, was approximately 17.8 million GB.

### Latest events

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#### **Current report No. 19 March 27, 2014 (cont.)**

Under the signed Memorandum, the parties set a new, lower price per 1 MB of data transfer in the amount of PLN 0.00477 net and decided that the unused as at the end of 2013, but already paid for data package will be recalculated in accordance with this new price. Thereby, as a result of the Memorandum, the volume of the unused, but already paid for data package in the HSPA+ and LTE technology, remaining at the Company's disposal as at the end of 2013, amounts to 20,1 million GB.

Taking into consideration the rapid rate of growth of the number of users as well as of the average data usage per user, the Management Board of the Company estimates that the presently unused data package is sufficient to meet the needs related to the provision of Internet access services over the next few quarters only. It is the Management Board's intention to secure a data package that will allow unrestrained development of Internet access services in the medium-term.

With reference to the above, a framework agreement ("Agreement") was signed on March 27, 2014 between the Company and Polkomtel, concerning the terms of cooperation between parties as regards the provision of Data Transfer Services by Polkomtel for the Company. The parties agreed that the date of validity and moment of commercial start, following from the provisions of the abovementioned Agreement, will be January 1, 2014.

Within the framework of the aforesaid Agreement, Polkomtel will provide the Company with access to wireless data transfer, realized on the basis of LTE, HSPA+, HSPA and EDGE technologies. The maturity of the Agreement is unlimited and its value will be defined based on separate orders placed by the Company, regarding the purchase of Data Transfer Service, expressed as a number of GB.

On the Agreement date, the Company placed Order No. 1 with Polkomtel, regarding the purchase of 61 million GB of data transfer service with the guaranteed validity period of the Order until December 31, 2016 and net price of PLN 0.00477 per 1 MB. The total value of Order No. 1 amounts to PLN 297,953,280 (two hundred ninety seven million nine hundred fifty three thousand two hundred eighty Polish zloty), and the payment will be settled in monthly installments, starting from January 2014, as follows:

- (i) for every month from January 2014 to December 2014 - in the net amount of PLN 6,666,666.67, which amounts to a total of PLN 80.00 million in 2014;
- (ii) for every month from January 2015 to December 2015 - in the net amount of PLN 10,000,000.00, which amounts to a total of PLN 120.00 million in 2015;
- (iii) for every month from January 2016 to December 2016 - in the net amount of PLN 8,162,773.33, which amounts to a total of PLN 97.95 million in 2016.

### Latest events

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#### **Current report No. 19 March 27, 2014 (cont.)**

The terms of the aforesaid Agreement do not vary from market standards applied in such agreements.

The Agreement is considered significant as its value exceeds 10% of the Company's revenue for the last four quarters.

To summarize, as at the beginning of 2014, within the framework of the Memorandum of Understanding with Mobyland, the Agreement with Polkomtel and Order No. 1 placed with Polkomtel, the total volume of data packages at the Company's disposal amounted to approximately 80 million GB.

The abovementioned data package enables the Company to achieve its business objectives over the medium term, while a lower price per 1 MB of data transfer allows the Company to present a more attractive offer to its customers, thus contributing to a faster rate of subscriber acquisition in the future and improvement of margins generated from telecommunications services.

The signed Agreement is an important element in implementing the Company's strategy to provide its customers with multi-play services, a significant component of which is Internet access.





## Latest events

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**Press release**  
**March 26, 2014**

### **New technological solutions!**

Plus and Cyfrowy Polsat demonstrated the possibilities of LTE-Advanced in the 2x15MHz spectrum of 800 MHz frequencies, and the achieved speed of 225 Mb/s represents the transfer speed that all Poles could enjoy if the Polish state accepted the concept of one network for all operators.

Today the LTE network of Cyfrowy Polsat and Plus covers 26 million Poles, that is 2 out of 3 inhabitants of our country and around 10,000 localities. The 800 MHz frequency makes it possible to provide a signal to even the least urbanized areas of the country, and the combination of the entire 800 MHz spectrum into one would allow to attain the best possible service quality parameters for all clients of mobile operators in Poland.

Soon Plus and Cyfrowy Polsat, as the first on the Polish market, will offer their clients smartphones with an integrated DVB-T tuner, which enable the reception of channels broadcast through digital terrestrial television. This solutions ensure the most effective use of the spectrum dedicated to television transmission, does not use internet data transfer and therefore does not generate costs. Thanks to the new devices the client will be able to watch all free of charge channels available via DTT, both in SD and HD quality. Moreover, the implementation of access to the pay offer of TV Mobilna, which currently offers a package of 8 television and 12 radio premium coded channels, is planned.

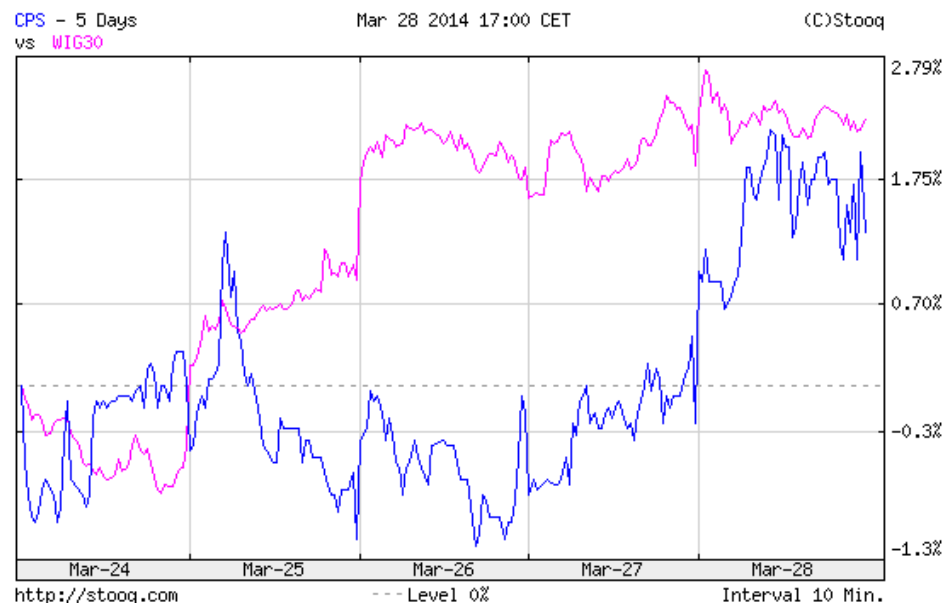
**Press release**  
**March 28, 2014**

### **New Internet Customer Service Center at Cyfrowy Polsat**

Cyfrowy Polsat launched a new version of its Internet Customer Service Center (ICSC), which allows for individual management of the subscription account via Internet in a much larger scope than thus far and simplifies the payment process, even for many services simultaneously. The new platform enables purchasing and modifying television and internet packages, handling access to video content via VOD, PPV and online services as well as using the operator's other services.

### Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
24-03-2014	21.19	20.61	20.90	-0.38%	5 009
25-03-2014	21.20	20.62	20.62	-1.34%	6 394
26-03-2014	20.94	20.61	20.85	1.12%	4 673
27-03-2014	20.99	20.67	20.83	-0.10%	4 257
28-03-2014	21.40	20.95	21.18	1.68%	8 000



### Investor's calendar

April 3 , 2014	Extraordinary 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