

# Cyfrowy Polsat IR Newsletter

**28 April – 4 May 2014**

The press about us

Date

The press about TMT market in Poland

28.04

**Biznesu: Orange counts on optical fibers**

According to IDATE data, in 2013 in Poland about 77 thousand customers used FTTH connections (fiber to the home), which is one of the worst results in Europe. Currently, Orange and operator Hava cooperate on a pilot FTTH program implemented in Warsaw, Ursynów district. Orange wants to freely construct FTTH connections alone soon. At present activities in this field are impeded by regulations. It is likely, however, that this will change by the end of this year.

FTTH investments aside, Orange will participate in the 800 MHz and 2600 MHz frequencies auction. The telecom is strongly reducing costs, however revenue is also in decline (decrease by 5% y-o-y in the first quarter ), as is average revenue per user.

**Polska The Times: Digital TV not for all Poles**

According to estimates of the Office of Electronic Communications (UKE), half a million Poles do not receive digital terrestrial television, while over a million do not have reception of the appropriate regional TVP program. According to operator SES Astra, who cooperates with TVP, the so called “blank spots” can easily be eliminated by satellite distribution of the digital signal in those areas, where there is no terrestrial transmission.

Despite the fact that many Poles do not have the technical possibility to receive digital TV, the government plans to introduce a general and obligatory audiovisual fee.



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**Dziennik Gazeta Prawna: Construction of fast Internet networks**

Currently, 40 thousand km of broadband Internet networks are being constructed in Poland – the largest scale in Europe. Poland allocated a significant amount of European funds it received in the years 2007-2013 to these investments. As a result construction works on broadband Internet are underway in all regions of Poland. The largest investments are located in Wielkopolska (4 thousand km of networks worth PLN 400m) and Masovia (4.4 thousand km for PLN 493m). All investments are to be finished next year at the latest.

**Rzeczpospolita: National LTE at court today**

The Supreme Administrative Court will consider the appeal of the Office of Electronic Communications (UKE) with regard to the verdict of a lower court, which stated that UKE could not partially repeat the tender on 1800 MHz frequencies in 2007. T-Mobile, whose offer was rejected, filed a claim against UKE and received a decision that UKE should repeat the tender. UKE repeated the procedure partially by including T-Mobile’s offer in their analyses. The offer was once more rejected as it received too few points. T-Mobile contested the possibility to partially repeat the tender.

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30.04 –  
01.05

**Rzeczpospolita: LTE auction should be postponed**

Interview with Adam Jasser, president of the Office of Competition and Consumer Protection (UOKiK). The availability of fast internet will be one of the key factors determining Poland’s development in the next years – he believes. At present UOKiK is conducting a preliminary investigation on the state of the telecommunications market in the context of preparations to distribute key frequencies in the 800 MHz spectrum. According to the president of UOKiK, in the case of an auction, as defined in the telecommunications law, the aspect of influence on market competition is not taken into consideration, only revenue is optimized. The essential question is the goal, that the government wants to achieve by organizing an auction of frequencies.

**Rzeczpospolita: War on many fronts**

Interview with Michał Paschalis-Jakubowicz, executive director of B2C marketing at Orange Polska. According to Paschalis-Jakubowicz the Polish telecom market is very competitive and the fight for clients is incessant. Currently, however, it is not a classic price war. Orange aims at improving its results in the mobile market, which includes subscription offers, mobile internet access and Orange Open – the operator’s convergent offer. Paschalis-Jakubowicz says that the exchange of smartphones every year and the subsidizing thereof makes sense, because clients are accustomed to phones for a symbolic price of PLN 1 and a new smartphone is important to a large group of active users. What is more, Orange want to benefit from economies of scale, as a significant recipient of devices.



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30.04 –  
01.05

**Rzeczpospolita: Hot spring on the mobile telephone market. The second quarter brought new offers**

The first quarter of 2014 was not an active period on the telecoms market, only Plus and Cyfrowy Polsat launched their loyalty program smartDOM. The second quarter brought new proposals of operators. Currently, subscriptions including roaming calls and co-shared mobile Internet (Play and Orange) are becoming a standard. Additionally Orange offers a new smartphone every year.

Operators compete for users of the dedicated mobile internet service (for tablets and laptops). Orange combined fixed-line and mobile internet, T-Mobile reintroduced the sale of subsidized tablets and laptops with large data packages, and Plus doubled the number of offered gigabytes and offers an option, in which traditional surfing on non-coded websites is not deducted from the package.

The largest mobile operators, recently very similar with respect to their offer and market acquisition strategies, today seem to offer similar solutions as well, but they are gradually beginning to differ as regards their business model. As a result of the tightening of cooperation with Cyfrowy Polsat, Polkomtel is perceived as the future mobile video content supplier, Orange wants to be universal by combining mobile and fixed-line services, T-Mobile focuses on developing services for business and other operators. Each of the three players is trying their hand at banking: Polkomtel with PlusBank, T-Mobile with Alior and Orange with mBank. Moreover, Polkomtel is offering electric energy to consumers and businesses.

## The press about us

## Date

## The press about TMT market in Poland

02–  
04.05**Parkiet: Jakubas gets stronger**

Entities connected with Zbigniew Jakubas hold over 10% shares in Netia. FIP 11 FIZ Aktywów Niepublicznych – managed by the investment fund established by the businessman – crossed the 5% share threshold at the end of April. Mennica Polska also increased the number of shares held through a purchase of 6.3m shares. FIP wants changes in the supervisory board and a reduction of its remuneration. The general meeting of Netia will decide on i.a. the payment of dividend and share buy-back on May 21, 2014.

**Parkiet: Beale: Someday Emitel may go public**

*Alinda is an infrastructural investor. We are looking for assets or business central to the economy. Television and radio signal transmission is a crucial element of every economy, therefore for us this sector is highly attractive* – founder and partner at Alinda Capital Partners, Christopher Beale, explains why the American company invested in Emitel shares. The transaction that took place three months ago is considered the largest on the Polish private equity market.

Emitel wants to participate in the LTE frequencies auction and Alinda will support the recommendations stemming from management analysis. Beale sees the possibility of cooperation with the government, for example in the scope of construction of an internet network.

Beale does not dismiss the possibility to take Emitel public, but he emphasizes that it is too soon to discuss this option.

### Latest events

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#### Current report no. 30 April 28, 2014

##### **Approval of prospectus of Series I and Series J Cyfrowy Polsat shares by the Polish Financial Supervision Authority**

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) reports that on April 28, 2014 the Polish Financial Supervision Authority approved the prospectus of the Company’s Series I and Series J shares prepared for the purposes of applying for the admission of these shares to trading on a regulated market operated by the Warsaw Stock Exchange.

The issuance of Series I and Series J shares by the Company will take place within the framework of conditional increase of the Company’s share capital approved by the Extraordinary General Meeting of the Company on 16 January 2014 (the Company disclosed the text of the resolution on the conditional share capital increase in current report No. 4/2014 of 17 January 2014).

The issue of Series I and Series J shares will be effected for the purposes of the takeover by the Company of all the shares in the Metelem Holding Company Limited („**Metelem**”), the indirect controlling entity of Polkomtel sp. z o.o., operator of “Plus” mobile phone network. The Series I and Series J shares will be acquired by Metelem shareholders in exchange for a non-cash contribution in the form of Metelem shares.

The approval of the prospectus of Series I and Series J shares is one of the conditions precedent for the Company’s obligation to issue the shares and the obligation of the European Bank for Reconstruction and Development (EBRD) as a Metelem shareholder to transfer EBRD’s shares in Metelem to the Company, as described in the investment agreement with EBRD of 19 December 2013, disclosed by the Company in current report No. 27/2013 of 19 December 2013.

#### Current report no. 31 April 29, 2014

##### **A list of shareholders authorized to at least 5% of votes at the Annual General Meeting convened for 29 April 2014**

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby publishes the list of shareholders authorized to at least 5% of votes at the Annual General Meeting of the Company convened for 29 April 2014, attached hereto.

There were 416,433,502 votes, which constitute 78.90% of the total number of votes in the Company, represented at the Annual General Meeting of the Company convened for 29 April 2014. Pursuant to the Company’s Articles of Association the Series A, B and C shares as well as 166,917,501 Series D Shares are preferred shares, i.e. each share carries two votes.

Attachment: [List of shareholders \(.pdf\)](#)

### Latest events

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#### Current report no. 32 April 29, 2014

#### **Resolutions adopted by the Annual General Meeting of Cyfrowy Polsat S.A. on 29 April 2014**

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby publishes the resolutions adopted by Annual General Meeting of the Company on 29 April 2014, attached hereto.

Attachment: [Adopted resolutions](#) (.pdf)

#### Current report no. 33 April 29, 2014

#### **Resolution of the Annual General Meeting of Cyfrowy Polsat on the payment of dividend**

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby gives notice that on 29 April 2014 the Annual General Meeting of the Company adopted Resolution No. 20 on distribution of profit of the Company for the financial year of 2013 (the “**Dividend Resolution**”). The wording of the Dividend Resolution adopted by the Annual General Meeting was made public by the Company by way of the current report No. 32 of 29 April 2014.

Pursuant to the provisions of the Dividend Resolution:

1. The net profit earned by the Company in the financial year of 2013 in the amount of PLN 429,012,74.99 is appropriated as follows: (i) PLN 102,859,516.76 to dividends payable to the shareholders of the Company, (ii) the remaining portion of the net profit, i.e. PLN 326,153,158.23 to the supplementary capital.
2. The dividend day is scheduled for 22 May 2014. The dividend payment day is scheduled for 6 June 2014.
3. The provisions of the Dividend Resolution set forth in Sections 1 and 2 above will only take effect if the following conditions are satisfied jointly on or before 15 May 2014: (i) holders of subscription warrants issued by the Company pursuant to Resolution No. 12 of the Extraordinary General Meeting of the Company of 24 January 2014 receive ordinary shares of the Company issued as part of conditional capital increase of the Company; and (ii) the Company acquires 1,675,672 (one million six hundred seventy five thousand six hundred seventy two) shares of Metelem Holding Company Limited with its registered office in Nicosia, Cyprus.
4. Unless the condition referred to Section 3 above is satisfied on or before 15 May 2014: (a) the net profit earned by the Company in the financial year of 2013 in the amount of PLN 429,012,74.99 is appropriated as follows: (i) PLN 102,859,516.76 to dividends payable to the shareholders of the Company, (ii) the remaining portion of the net profit, i.e. PLN 326,153,158.23 to the supplementary capital; (b) the dividend day is scheduled for 25 July 2014; the dividend payment day is scheduled for 11 August 2014.



### Latest events

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**Current report no. 33,**  
**cont'd**  
**April 29, 2014**

5. The provisions of the Dividend Resolution set forth in Section 4 above will only take effect if the following conditions are satisfied jointly on or before 18 July 2014: (i) holders of subscription warrants issued by the Company pursuant to Resolution No. 12 of the Extraordinary General Meeting of the Company of 24 January 2014 receive ordinary shares of the Company issued as part of conditional capital increase of the Company; and (ii) the Company acquires 1,675,672 (one million six hundred seventy five thousand six hundred seventy two) shares of Metelem Holding Company Limited with its registered office in Nicosia, Cyprus.
  6. Unless the condition referred to in Section 5 above is satisfied on or before 18 July 2014: (a) reserve capital is created pursuant to Article 396 § 4 of the Commercial Companies Code and Article 33 (c) of the Company's Articles of Association, to be used by the Management Board for the purpose of paying interim dividend to the Company's shareholders;(b) the net profit earned by the Company in the financial year of 2013 in the amount of PLN 429,012,74.99 is appropriated as follows: (i) PLN 102,859,516.76 to the reserve capital created from profit deductions referred to in clause (a) above, to be used by the Management Board for the purpose of paying a contemplated interim dividend to the Company's shareholders, (ii) the remaining portion of the net profit, i.e. PLN 326,153,158.23 to the supplementary capital.
- 395,613,526 shares carry the right to dividend, of which:
- 1) 348,352,836 are issued and existing shares of the Company as at the date of the Dividend Resolution and
  - 2) 47,260,690 Series I shares, which shall be issued by the Company under conditional increase in the share capital approved by the Extraordinary General Meeting of 16 January 2014 which, pursuant to the provisions of the resolutions of the Extraordinary General Meeting, will carry the right to dividend, provided that such shares are registered on securities accounts by the dividend record date (inclusive).

The value of dividend per one share of the Company, taking into account the shares specified in Section (2) above, is of PLN 0.26 (twenty six grosz).

### Latest events

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#### Current report no. 34 April 30, 2014

#### **Cyfrowy Polsat decision to embark on actions aimed at changing the structure of indebtedness of Metelem Holding Company Limited group following the takeover of that company by Cyfrowy Polsat**

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby gives notice of the Company’s decision to embark on actions aimed at changing the structure of indebtedness of Metelem Holding Company Limited (“**Metelem**”) group following the takeover of this entity by the Company. As at the date of this current report, the Company is carrying out activities aiming at finalizing the transaction concerning the acquisition of 100% of shares in Metelem, of which the Company has already informed in its current reports beginning with the current report No. 22/2013 of 14 November 2013.

If the acquisition of 100% Metelem shares by the Company is completed successfully, the intention of the Company is to increase the equity of Metelem, in order to enable the partial restructuring of Metelem group indebtedness by way of repayment by Eileme 1 AB (publ), Metelem subsidiary (“**Eileme 1**”) of its indebtedness under PIK Notes due 2020, bearing interest at 14.25% (“**PIK Notes**”) In order to finance the increase of the equity of Metelem, the Company intends to use its own funds, as well as the funds from the term facility as well as the revolving facility granted to the Company pursuant the Senior Facilities Agreement of 11 April 2014 of which the Company gave notice in its current report No. 26/2014 of 11 April 2014.

In connection with the Company’s decision referred to above, the Company gives notice that on 29 April 2014, Eileme 1 filed a notice of redemption of all the PIK Notes issued by Eileme 1, with the aggregate value of USD 264,507,710 (which includes the nominal value and interest).

The redemption of PIK Notes is to take place on 30 May 2014 (the “**Redemption Date**”).

The redemption of PIK Notes will be possible upon satisfaction (or waiver by Eileme 1, at its own discretion) of the following conditions:

1. acquisition by the Company of 100% shares in Metelem; and
2. the receipt by Eileme 1 from Metelem of net cash proceeds, after currency conversion, sufficient to make the redemption payments in connection with the redemption of the PIK Notes, including costs and expenses connected with such redemption.

The Notes will be redeemed for a price equal to 103% of the nominal value of PIK Notes increased by accrued and unpaid interest by the Redemption Date.



### Latest events

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**Current report no.  
35/2014/kor  
April 30, 2014**

#### **Standard & Poor's Rating Services affirmed Cyfrowy Polsat 'BB' rating with stable outlook - correction**

The Management Board of Cyfrowy Polsat S.A. hereby publishes the corrected wording of current report No. 35/2014 dated April 30, 2014. As a result of a typing error an incorrect date was given. The correct wording of the report is as follows:

The Management Board of Cyfrowy Polsat S.A. ("**Cyfrowy Polsat**", the "**Company**") informs that on April 30, 2014 Standard & Poor's Rating Services ("**S&P**") affirmed its 'BB' long-term corporate credit rating on Cyfrowy Polsat with a stable outlook. At the same time S&P also assigned the long-term issue rating at 'BB' to Cyfrowy Polsat's term facility loan denominated in Polish zloty up to the maximum amount of PLN 2.5 billion and multicurrency revolving facility loan up to a maximum amount of the equivalent of PLN 500 million, about which the Company informed in current report No. 26/2014 dated April 11, 2014.

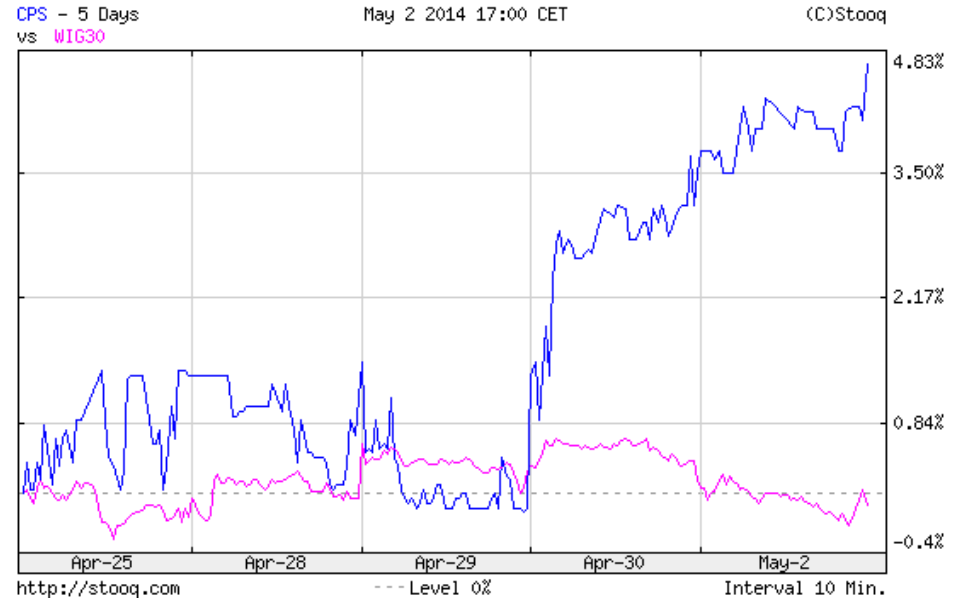
The agency justified its decision by the fact that Cyfrowy Polsat has made meaningful progress toward the completion of its acquisition of Metelem Holdings Company Ltd. ("**Metelem**"), the ultimate parent of Polkomtel Sp. z o.o., including obtaining funds for refinancing of existing debt, thus meeting the main conditions precedent of the conditional investment agreements regarding the acquisition of shares in Metelem.

In the agency's view, the integration of Poland's largest direct-to-home pay-TV and mobile telecom operator materially increases Cyfrowy Polsat's diversity and scale. Therefore S&P revised its assessment of Cyfrowy Polsat's business risk profile upward to "satisfactory" from "fair".

The securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

## Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
28-04-2014	20,20	19,83	20,05	-0,25%	1 822
29-04-2014	20,15	19,80	19,81	-1,20%	5 676
30-04-2014	20,65	20,00	20,55	3,74%	5 707
02-05-2014	20,80	20,55	20,80	1,22%	2 088



## Investor's calendar

<p><b>May 01 – 15, 2014</b></p>	<p><b>Closed period prior to the publication of Q1 2014 results</b></p>
<p><b>May 15, 2014</b></p>	<p><b>Publication of the quarterly report for Q1 2014</b></p> <p><b>Schedule of the quarterly report for Q1 2014</b></p> <p><b>7:00 a.m.</b>                    <b>Publication of the quarterly report in ESPI (WSE publishing system)</b></p> <p><b>8:00 a.m.</b>                    <b>Publication of the quarterly report on our website:</b>  <a href="http://www.cyfrowypolsat.pl/investor-relations">www.cyfrowypolsat.pl/investor-relations</a></p> <p><b>10:00 a.m.</b>                    <b>Meeting with investors and analysts</b></p> <p><b>12:00 p.m.</b>                    <b>Meeting with journalists</b></p> <p><b>4:00 p.m. (CET)</b>            <b>Conference call with investors and analysts</b></p> <p><b>Conference call details:</b></p> <p><b>Date:</b>                            <b>May 15, 2014</b></p> <p><b>Time:</b>                            <b>4:00 p.m. (Warsaw), 3:00 p.m. (London), 10:00 a.m. (New York)</b></p> <p><b>Phone numbers:</b> <b>+44 (0) 1452 555 566 (international);</b>  <b>22 307 0118 or 00 800 121 2655 (Poland)</b></p> <p><b>Conference ID:</b>            <b>35998037</b></p>