

Cyfrowy Polsat IR Newsletter

20 – 26 January 2014

The press about us**Parkiet: Talks, not negotiations concerning Plus**

The EGM of Cyfrowy Polsat on the conditional increase in the share capital and issue of warrants and shares in connection with plans to acquire the operator of Plus network – Polkomtel, was suspended for a week after minority shareholders – open pension funds Nordea and Aviva – raised objections against the resolution on the conditional increase in the share capital of the company. They had objections regarding the valuation of assets acquired by the WSE-listed company. According to PAP, they believe that the holding structure of Metelem should be valued at PLN 5.3 – 5.4 billion, not at PLN 6.15 billion as assumed in the plan of the transaction.

Date

20.01.

The press about TMT market in Poland**Dziennik Gazeta Prawna: Telecoms bet on mobile internet**

In chosen locations Play deactivated the 2G network, operating in the 900MHz frequency band and used solely for the purpose of voice conversations. On the newly available band space Play activated services in new technologies, that enable both voice conversations and Internet access. The transition from 2G to more recent technologies is profitable for operators, because new solutions increase network capacity and allow Internet access. However, not many operators can reduce their 2G networks due to the fact, that a large number of old telephones, that function in the GSM system only, are still in use. Nonetheless, operators strive to improve the efficiency of their frequency band. Orange and T-Mobile try to accomplish this goal through their cooperation within the company Networks. Polkomtel, who has the largest bank of frequencies in the 900MHz band and a vast LTE network, is not worried about the quality of mobile Internet access offered to its clients for the time being.

Rzeczpospolita: Tablets will be selling like hotcakes

This year will bring further increases in the sales of tablets and smartphones. According to recent estimates of the Association of Importers and Producers of Electric and Electronic Devices (ZIPSEE) 2.01 million tablets will be sold this year in Poland. That is 44% more than in 2013. Revenues from sales will grow much slower, however, by only 15% to EUR 260 million. The difference is due to the decrease in the average price of tablets. Producers further estimate that, as in the case of tablets, smartphone sales will increase by 23% year to year to the level of 6.58 million units. Revenues from sales will increase to EUR 1.38 billion.

The press about us

Date

The press about TMT market in Poland

22.01

Rzeczpospolita: „Tax on Internet” to be decided

Operators and voivodeships appeal to decision makers: the tax on cables inserted in the sewage system is a blow to the construction of the Internet network. Owners of the infrastructure and future investors unanimously argue that the cable tax reduces their profitability and is another obstacle, not encouragement to building the expensive but necessary optical fiber networks. The tax is to be 2% of the book value of assets. According to Hawe calculations, given that voivodeships are currently constructing a total of 28 thousand networks, the change would cost them nearly PLN 34 million annually. *„These tax burdens will of course be transferred to operators and then to end customers, therefore this is not a tax on real estate, but in fact a tax on the Internet”* – Anna Streżyńska, former president of the Office on Electronic Communication, criticizes the idea. A meeting of a government committee regarding this issue is scheduled today.

Dziennik Gazeta Prawna: TVP will move on the multiplex. Not right away though.

Disputes over when new channels will start operating on the first multiplex of digital terrestrial television continue. Although TVP reached an agreement with Fundacja Lux Veritatis and will free 1 out of 3 slots on MUX-1 for TV Trwam, it does not want to let the new movie channel Stopklatka TV to start operating at the same time.

Upon exiting MUX-1 TVP would have to give up broadcasting part of its programming because MUX-3, dedicated for TVP, does not offer sufficient space. Moreover, the channels entering MUX-1 – Stopklatka TV and Fokus TV – will be competing with channels already present on the multiplexes for a ca. 2% share in television viewing time. Competition on the free television market will intensify, and it depends on the newcomers’ profiles, whose audience and advertising revenue they will take away.

The press about us

Rzeczpospolita: „Buy” Cyfrowy Polsat

In their report dated January 10, analysts at DM mBank resumed the issue of recommendations for Cyfrowy Polsat with a „buy” recommendation. They estimate the value of the company’s shares at PLN 24.1, that is 21.6% more than their value on the WSE (PLN 19.82). *„The market reaction to the information on the acquisition of Polkomtel was negative. In a short period of time investors discounted the lack of dividend for 2014 and Polkomtel’s high level of indebtedness (PLN 10.2 billion). In our opinion the sell-off is an opportunity to buy”* – say the authors of the report.

Date

23.01

The press about TMT market in Poland

Rzeczpospolita: Mobile telephony construction area

Last year was a year of intensive work on mobile Internet infrastructure for the largest mobile telephone operators: Polkomtel, - Plus network operator, Orange Polska together with T-Mobile and Play. Orange and T-Mobile focused on the modernization of their 3G network, but they also offered their clients services in the LTE technology, described as 4G. Plus and Cyfrowy Polsat still have the largest LTE network in Poland. It covers almost 67% of the population, which translates to 26 million people. That is twice as many as in November 2012. Plus also covers almost 100% of the population with the older – 3G – Internet access. The remaining operators have begun offering services in LTE only in the third and fourth quarter of last year, and their coverage is still limited.

Orange Polska and T-Mobile decided to cooperate in order to increase network coverage, improve the quality of connections and prepare the implementation of the new LTE technology. Thanks to this cooperation both companies save on investment expenditure and network maintenance costs.

Dziennik Gazeta Prawna: UKE wants to force TVP to leave MUX-1

According to unofficial sources, the Office for Electronic Communication (UKE) supports Stopklatka TV’s motion to allow it to begin broadcasting on MUX-1 not later than on March 1, 2014. If TVP does not agree, UKE will demand that the public broadcaster leave the first multiplex.

Currently the channel TVP 1 HD, which is to transmit the Olympic Games in Sochi, is broadcast on MUX-1. TVP hopes to make a good profit on the sale of advertising blocks. If it concedes to Stopklatka TV, it will have to move TVP 1 HD to MUX-3, which requires communicating the change to viewers, readjusting television sets and set-top boxes. TVP fears a large fall in audience share and thereby significant losses.



The press about us

Parkiet: A step towards uniting shareholders of Cyfrowy Polsat

The week-long break of the EGM of Cyfrowy Polsat, the main subject of which was the issue of shares to finance the acquisition of Plus operator Polkomtel, was prolonged by one more day.

According to information gathered by Parkiet, a change in the valuation and therefore in the parameters of the whole transaction is not an option. Zygmunt Solorz-Żak, Cyfrowy Polsat's main shareholder, allows for concessions in other areas, however. On Thursday Cyfrowy Polsat announced that Solorz-Żak and Heronim Ruta shall not sell shares of the new issue over a period of 360 days following the submission of a representation on the acquisition of those shares. This is significant, given that analysts indicated earlier that a potential, unregulated by any agreements, supply of shares from the founders of Cyfrowy Polsat constitutes a significant risk for minority shareholders.

Apart from the lock-up announcement, Cyfrowy Polsat also issued a statement on the dividend policy. It assumes – as before – that the Company will share 33-66% of the standalone net profit with its shareholders, however the payment will be possible when net debt to EBIDTA of the group is less than 2.5.

Date

24.01

The press about TMT market in Poland

Latest events

Current Report No. 6 **January 20, 2014**

Legal opinion concerning Article 419 of the Commercial Companies Code and clarifications concerning a draft resolution provided to shareholders during an Extraordinary General Meeting

The Management Board of Cyfrowy Polsat S.A. (the “Company”) hereby releases the content of the following documents:

(1) a legal opinion concerning the interpretation of Article 419 of the Commercial Companies Code in the context of the manner of voting by the Company’s General Meeting on resolutions concerning a conditional increase in the Company’s share capital (available only in Polish version); and

(2) a written version of the reply given during the Extraordinary General Meeting concerning the interpretation of § 4 of the draft resolution on a conditional share capital increase by way of an issue of Series I shares (working English translation).

On 16 January 2014, during the Extraordinary General Meeting, in reply to questions from the Company’s shareholders, key elements of the opinion referred to in item (1) above and of the reply referred to in item (2), were provided orally by the Company’s legal advisers in the manner referred to in Article 428 § 1 of the Commercial Companies Code. Taking into account the significance of the formal issues raised at the time, and also with a view to providing the Company’s shareholders with access to information regarded as important by the Management Board, presented during the Extraordinary General Meeting, the Management Board of the Company has resolved to make the content of the aforementioned documents public.

Attachments:

- (1) [Legal opinion](#) (.pdf)
- (2) [Reply](#) (.pdf)

Current Report No. 7 **January 23, 2014**

Adoption of a new dividend policy for Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (the “Company”) hereby gives notice that on 22 January 2014 it adopted a new dividend policy for the Company.

The new dividend policy shall come into effect as of and first apply to the standalone net profit for the financial year ending 31 December 2014.

The Company intends to provide its shareholders with a share in the generated profit through the payment of dividends.

Latest events

**Current Report No. 7,
cont.
January 23, 2014**

When recommending the Company's profit distribution scenario for a given financial year to which the new dividend policy will apply, the Management Board of the Company shall submit a proposal to the General Meeting for the distribution of dividends representing from 33% to 66% of the standalone net profit of the Company, provided that the total indebtedness ratio of the Company's capital group, i.e. net debt to EBITDA as at the end of the financial year to which the profit distribution refers is less than 2.5x.

When preparing the recommendation for the distribution of the Company's profit and the dividend payment proposal referred to in the preceding paragraph, the Management Board will also take into consideration: the amount of standalone net profit achieved by the Company, the financial condition of the Company's capital group, existing obligations (including any restrictions arising from financing agreements and indebtedness of the Company and other members of its group), the ability to use and manage capital reserves, the Management and Supervisory Boards' assessment of the prospects of the Company and its capital group in a particular market situation, as well as the need to make expenditures in pursuit of the overriding goal of the Company, that is its continued growth, in particular through acquisitions and engaging in new projects.

**Current Report No. 8
January 23, 2014**

Series I shares lock-up letters submitted to Cyfrowy Polsat S.A. by Karswell, Sensor and Argumenol

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby announces that on 22 January 2014 it received lock-up letters addressed to the Company from the following companies – Karswell Limited, Sensor Overseas Limited and Argumenol Investment Company Limited. The companies referred to in the preceding sentence are shareholders of Metelem Holding Company Limited ("Metelem") and parties to a conditional investment agreement signed with the Company on 14 November 2013 concerning the acquisition of Metelem shares by the Company in exchange for new-issue shares (Series I shares) issued by the Company, disclosed by the Company in its current report No. 22/2013 dated 14 November 2013.

Each of the aforementioned representations was made exclusively to the Company in connection with the contemplated conditional increase of the Company's share capital.



Latest events

**Current Report No. 8,
cont.
January 23, 2014**

In connection with the contemplated acquisition of a specified number of new-issue shares (Series I shares) issued by the Company under the conditional share capital increase, such number having been defined in the aforementioned investment agreement and in the draft resolution on a conditional increase of the Company's share capital through the issue of Series I shares (disclosed by the Company in its current report No. 28/2013 of 20 December 2013), each of the companies referred to above represented to the Company severally, exclusively in relation to the Series I shares which the given company is going to acquire (the "Acquired Shares"), that in the event of acquiring the Acquired Shares, the given company shall not, over a period of 360 days following the submission of a representation on the acquisition of the Acquired Shares, offer or sell any Acquired Shares or securities convertible or exchangeable into Acquired Shares or enabling the acquisition of the same through the exercise of rights attached to such securities, nor other rights that enable it to acquire the Acquired Shares, nor other securities or financial instruments valued directly or indirectly with reference to the price of the Acquired Shares being their underlying instruments, including share swaps, futures and options; or (ii) enter into any other transaction that may result in an offer or sale of the Acquired Shares, except for transfer to the entities from the same capital group as the given company or entities established by the entities from the same capital group as the given company, provided that prior to the transfer to the entities referred to above, the given company will ensure that such an entity makes a representation to the Company with substantially the same content as this representation, covering the period from the date of acquisition of the Acquired Shares by such an entity to a date falling 360 days after the submission of the representation on the acquisition of the Acquired Shares by the given company.

For the avoidance of doubt, the restrictions referred to in the preceding paragraph do not exclude the right of the given company to encumber with any right *in rem* all, part or any of the Acquired Shares, or any other security interest, including, without limitation, pledge (in any form whatsoever) on all, part or any of the Acquired Shares.

**Current Report No. 9
January 23, 2014**

Announcement of a break of the Extraordinary General Meeting of Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby informs that the Extraordinary General Meeting of the Company at the meeting on 23 January 2014 adopted the resolution on the break of the General Meeting until 24 January 2014, 2.00 p.m. CET. The General Meeting will continue in Warsaw at ul. Łubinowa 4a.

Latest events

Current Report No. 10 January 23, 2014

Resolution adopted by the Extraordinary General Meeting of Cyfrowy Polsat S.A. on 23 January 2014

The Management Board of Cyfrowy Polsat S.A. (the “Company”) hereby publishes the resolution adopted by Extraordinary General Meeting of the Company on 23 January 2014, attached hereto.

Appendix: [Content of resolutions](#) (.pdf)

Current Report No. 11 January 23, 2014

A list of shareholders authorized to at least 5% of votes at the Extraordinary General Meeting convened for 16 January 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 Extraordinary General Meeting of the Company convened for 16 January 2014, attached hereto.

Appendix: [A list of shareholders authorized to at least 5% of votes at the Extraordinary General Meeting](#) (.pdf)

There were 437,866,155 votes, which constitute 82.97% of the total number of votes in the Company, represented at the Extraordinary General Meeting of the Company convened for 16 January 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.

Current Report No. 12 January 24, 2014

Statement of the Management Board of Cyfrowy Polsat S.A. of 24 January 2014 made during the Extraordinary General Meeting

The Management Board of Cyfrowy Polsat presents below the content of the statement made on 24 January 2014 during the Extraordinary General Meeting, in its version attached to the minutes of the Extraordinary General Meeting.

„Statement of the Management Board of Cyfrowy Polsat S.A. concerning a draft resolution of the Extraordinary General Meeting regarding the issuance of subscription warrants presented by a shareholder of the Company

With reference to the fact that a shareholder of Cyfrowy Polsat S.A. with its registered office in Warsaw (the “Company”) has submitted a draft resolution regarding the issuance of subscription warrants providing for a payment of dividend for 2013 or interim dividend (zaliczka na poczet dywidendy) for 2014 by the Company, in an amount of no less than PLN 100,000,000 (one hundred million Polish zloty), the Management Board of the Company hereby states that, given the current financial condition of the Company, it is of the opinion that the payment of dividend or interim dividend in an amount of PLN 100,000,000 (one hundred million Polish zloty) would not pose any significant risk to the Company’s financial standing or current plans. This opinion has been formed on the basis of the Management Board’s

Latest events

**Current Report No. 12
cont.
January 24, 2014**

analysis of the Company's current financial condition and capital requirements, including the published consolidated financial results of the Company's group for the nine months ended 30 September 2013 and the preliminary data regarding the Group's performance in the fourth quarter of 2013 available to the Management Board.

The Management Board's statement presented above is related to the fact that the decision to pay dividend or interim dividend is a condition precedent to a closing of an acquisition of Metelem Holding Company Ltd. ("Metelem") by the Company, which the Management Board considers to be a transaction of paramount importance for the Company's further development and improving its competitiveness. The Management Board believes that the completion of this transaction will improve the effectiveness of the Company's business and create value for its shareholders, therefore the Management Board will take all actions necessary to satisfy the conditions for the completion of the transaction set out in resolutions of the Extraordinary General Meeting.

The amount of dividend or interim dividend cited in this statement is not an estimate or forecast of financial performance of the Company or its group. Neither should it be relied upon as a basis for estimating or forecasting the financial performance of the Company or its group."

**Current Report No. 13
January 25, 2014**

Resolutions adopted by the Extraordinary General Meeting of Cyfrowy Polsat S.A. on 24 January 2014

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby publishes the resolutions adopted by Extraordinary General Meeting of the Company on 24 January 2014, attached hereto.

Appendices: [Content of resolutions](#) (.pdf)



Latest events

Press release
January 22, 2014

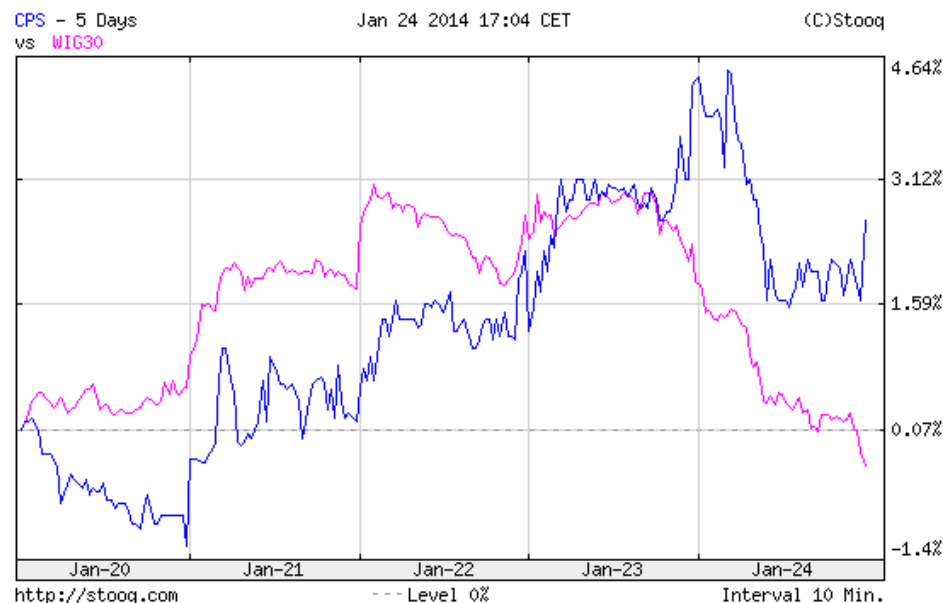
Plus and Cyfrowy Polsat: LTE technology leaders. Almost 26 million Poles within the coverage of our superfast Internet

Thanks to regular development, today, the fastest mobile Internet LTE offered by Cyfrowy Polsat and Plus network covers over 66% of Poles! Users now enjoy even easier access to their favorite entertainment, improved work comfort and the possibility to chose among several dozens of devices operating in the LTE technology. The only real LTE coverage only in Plus and Cyfrowy Polsat:

- 66.7% (almost 26 million) Poles covered by LTE Internet
- 99.6% of the population (38.5 million people) with access HSPA/HSPA+ technology
- 10 thousand localities with access to LTE
- Over 8.5 thousand base stations
- Maximum data transfer speed up to 150 Mb/s
- Over 40 consumer devices operating in LTE
- Increase of about 100% in data transfer in the Internet year-to-year

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
20-01-2014	19.50	19.10	19.10	-1.55%	3 238
21-01-2014	19.59	19.15	19.40	1.57%	7 675
22-01-2014	19.82	19.42	19.82	2.16%	20 907
23-01-2014	20.50	19.62	20.25	2.17%	89 186
24-01-2014	20.45	19.65	19.90	-1.73%	13 295



Investor's calendar

February 12 – 26, 2014	Closed period prior to the publication of 2013 results
February 26, 2014	Publication of the annual report and consolidated annual report for 2013