

Cyfrowy Polsat IR Newsletter

27 August – 2 September 2012

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
<p>Gazeta Wyborcza: Discovery to be launched in ipla? Group of Discovery channels may change the approach to online distribution of its programs. Americans are enthusiastic about acquisition of ipla by Cyfrowy Polsat. Mark Hollinger, President of Discovery Networks International, responsible for development of company's channels outside USA, came to Poland to meet the largest cable TV and digital platforms operators. He does not reveal whether Dominik Licbicki, CEO of Cyfrowy Polsat, has tried to encourage him to distribute Discovery programs in ipla. Libicki confirms that the meeting took place but does not disclose the details. Since March, the platform with 3.55 million subscribers led by him is the owner of Redefine, the company running ipla Internet TV .</p>	28.08	<p>Rzeczpospolita: Netia cuts prices, but not all Netia, the largest alternative telecom listed on the stock exchange, presented the main assumptions of its new advertising campaign. Netia bets on two fields: smooth streaming television service and fight on price for Internet customers. The telecom announced that now it can offer TV services wherever it delivers Internet of 10 Mb/s speed. Already some time ago, offering competitively priced internet via Telekomunikacja Polska infrastructure has become not really profitable, therefore Netia lowers prices and fights the strongest for customers connected to its own network.</p>
<p>Parkiet: Cyfrowy Polsat Zygmunt Solorz-Zak's DTH platform announced yesterday that it partly prepaid PLN 200 million of the loan for the acquisition of TV Polsat. As of the end of March, the company showed loan payable of nearly PLN 1.2 billion. The loan matures in 2015. The Company's debt includes also notes. The balance sheet notes payable was PLN 1.46 billion as of the end of March.</p> <p>Puls Biznesu: "Neutral" for Cyfrowy Polsat and TVN Konrad Ksiezopolski, analyst at Espirito Santo Investment Bank (BESI), issued a recommendation "neutral" for CP and TVN. He assigned the target price of PLN 16.7 and PLN 8, respectively. The author of the report emphasizes that the television advertising market is currently very difficult, which has a negative impact on the valuation of all media companies. In the long run, BESI expects the</p>	30.08	<p>Rzeczpospolita: LTE not only for giants After Plus, Orange, T-Mobile and Play, also small telecoms and local governments want to implement the ultra fast Internet. The operators modernize their networks: in the next 2-3 years, Polkomtel group, Polska Telefonia Cyfrowa and Centertel will invest approximately PLN 4 billion in mobile Internet. A significant part of this sum will be spent on the latest ultrafast mobile technology of data transfer - LTE, that Polish companies implement as one of the first in the world. Depending on the result of the tender for 1800 MHz frequency, P4 (Play) may join the group of operators investing in LTE. So far, LTE on the Polish market is pioneered by Solorz-Zak's companies: Polkomtel and Cyfrowy Polsat. According to Wojciech Pytel, Vice President of Polkomtel, LTE makes already 50% of sales of internet service at Plus.</p>

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
<p>valuation of the sector to come back to the path of growth, especially taking into account still low media consumption and advertising expenditures per capita in Poland.</p>	<p>30.08</p>	<p>Parkiet: Higher technical range pays off The revenue of television group Kino Polska TV in the first half of the year amounted to PLN 49.8 million and increased by 28.3% yoy; the operating income and net profit more than doubled. Except Kino Polska and Kino Polska Muzyka channels, the company distributes also the group of FilmBox channels. <i>-A FilmBox Live package was launched in ipla internet television and Kino Polska had been included in Mobile TV offer of Cyfrowy Polsat. The channel is now also available in a broad package of Cyfrowy Polsat – explains Boguslaw Kisielewski, CEO of Kino Polska TV.</i> Since July 19, Kino Polska International and Kino Polska Muzuka are accessible in the offer of the American Dish Network, and since June 1, FilmBox is available in Cyfrowy Polsat offer.</p>
<p>Parkiet: Multiroom misleads the quotes of Cyfrowy Polsat Zygmunt Solorz-Zak’s satellite platform has outperformed the brokerage expectations, but it was not reflected in the share price. <i>- Currently the market formulates estimations on how the advertising market may perform in the second half of the year – explains Piotr Janik, KBC Securities analyst. - Forecasts are not so good and here I would see the reasons for the decrease in the price of shares. Although, given the company's results for the first half of the year and prospects for the next two quarters, I think there are grounds to argue that the average forecasts for Cyfrowy Polsat results in 2012 are underestimated - he adds.</i> According to Janik, changes in the structure of the subscriber base are insignificant so far. In the second quarter, consolidated revenue from sales amounted to PLN 713.8 million, while analysts forecasted PLN 713.2 million. Operating profit was PLN 213 million</p>	<p>31.08</p>	

The press about Cyfrowy Polsat	Date	The press about TMT market in Poland
<p>(experts expected PLN 207 million) and EBITDA amounted to nearly PLN 270 million (brokers estimated PLN 262 million). The company showed net profit of PLN 99.5 million.</p> <p>Tomasz Szeląg, CFO of Cyfrowy Polsat, announced that thanks to the partial pre-payment of the term loan in the amount of PLN 200 million, debt service cost will decrease by several million PLN a year.</p> <p>Puls Biznesu: Polsat manages better the market apathy</p> <p>The television of Zygmunt Solorz-Żak is doing better on the difficult market. Polsat beats TVN in terms of decrease in EBITDA. The EBITDA of Polsat decreased only by 8% compared to 25% decline in EBITDA of TVN in the second quarter of 2012.</p> <p>Rzeczpospolita: Polkomtel strengthens ties with Cyfrowy Polsat</p> <p>Close cooperation of the key companies of Solorz-Zak becomes a fact. It was tested by Cyfrowy Polsat and Polkomtel since April. As announced during the publication of the results for the second quarter of this year, in the last quarter Cyfrowy Polsat’s standard offer was available in 600 Plus stores and Plus services in 400 points of sale of the platform. In the second half of the year, we can expect the introduction of Cyfrowy Polsat services to all Plus stores.</p>	<p>31.08</p>	
	<p>01.09</p>	<p>Polkomtel: Plus leading in post-paid segment</p> <p>In the first half of the year, Polkomtel recorded PLN 3.57 billion revenue, which is less than 1% decline compared to the first half of 2011. EBITDA of the telecom decreased by nearly 2% to PLN 1.45 billion. That is still the highest result in this sector in Poland and an important news considering the debt of Polkomtel.</p> <p>The EBITDA margin of the telecom is still 40.1%, that in this sense makes Polkomtel the most efficient mobile telephony operator.</p>

Latest events

**Press release,
August 27, 2012**

Pudzianowski vs. Piliafas in PPV of Cyfrowy Polsat and ipla

It is on September 15th that the largest European MMA gala will take place by the Polish seaside. Saturday evening of the jubilee KSW20 gala will see two fights, including a duel of Mariusz Pudzianowski, five-time Strongman world champion and Christos Piliafas, champion of the King Of The Cage. The „Fight Symphony” will be broadcasted live from the Tricity Ergo Arena. Customers of Cyfrowy Polsat and ipla can watch the event through „pay-per-view” (PPV) service, paying PLN 30.

(...)

**Current report No. 22,
August 29, 2012**

Pre-payment of the Term Facility Loan

The Management Board of Cyfrowy Polsat S.A. ("the Company") hereby informs that on August 29, 2012 the Company partly pre-paid the Term Facility Loan in the amount of PLN 200 million.

The Term Facility Loan was granted to the Company on March 31, 2011 by the syndicate of Polish and international banks, which was disclosed by the Company in the current report No. 11/2011 of March 31, 2011, and it totaled to PLN 1.400 million. The above-mentioned pre-payment does not affect any provisions of the term loan agreement. The final facility repayment date is December 31, 2015.

The Management Board considers this information significant as the repayment will have a positive impact on our future results through proportional decrease in further principal payments and accrued interest.

**Press release,
August 29, 2012**

Cyfrowy Polsat cuts back the debt

On August 29, 2012 Cyfrowy Polsat pre-paid a part of its Term Facility Loan, taken in 2011 as part of financing of the acquisition of Telewizja Polsat. The amount of the prepayment was 200 million, thereby significantly reducing the total debt of the company.

(...)

*- Rapid reduction of our debt has always been our priority, if permitted by the Group’s financial standing. Our decision is based on very good cash position of the Group as well as high cash flow from operating activities. Current conditions enables not only the free conduct of our operations, but also the regular service of the company’s debt – says **Dominik Libicki, President of Cyfrowy Polsat Management Board.***

Dominik Libicki, President of Cyfrowy Polsat Management Board.

(...)

Latest events

Press release,
August 30, 2012

Another quarter of growth in Cyfrowy Polsat

In the second quarter of 2012 Cyfrowy Polsat Group noted very good financial results in both business segments, despite relatively difficult market conditions. The organic development of the „old” Cyfrowy Polsat, the consolidation of the whole quarter of Telewizja Polsat’s results and the effects of synergies executed together had a positive impact on the financial results. The Group maintained high operational results, although facing unfavorable situation on the advertising market and a tough competition on the pay-TV market.

(...)

*- We closed the second quarter with very good results of the entire Group, despite unfavourable market conditions. Once again we can be proud of exceptionally high revenues and EBITDA of the „old” Cyfrowy Polsat. Also the results of Telewizja Polsat, operating on a difficult advertising market, were held on a very good level compared to the competitors, as EBITDA margin totaled almost 36%. We are glad to see the effects of synergy with Telewizja Polsat realized within marketing, technology, access to programming content and backoffice. The synergies were achieved two-times faster than we had envisaged on the announcement of the transaction and translated into an increase in pro forma EBITDA margin by 2.2 percentage point – says **Dominik Libicki, President of Cyfrowy Polsat Management Board** .*

(...)

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
27-08-2012	15.00	14.72	14.89	1.29%	329
28-08-2012	15.00	14.50	14.50	-2.62%	2 625
29-08-2012	14.79	14.41	14.70	1.38%	424
30-08-2012	14.65	14.30	14.30	-2.72%	1 304
31-08-2012	14.49	13.75	13.76	-3.78%	2 673



Investors' calendar

31 October – 15 November 2012	Closed period prior to the publication of Q3 2012 results
15 November 2012	Publication of report for Q3 2012