



Cyfrowy Polsat IR Newsletter

November 7 - 13, 2016



Media about us	Date	Media about the TMT market in Poland
	7.11	<p>Rzeczpospolita: UPC before Netia on the podium <i>by ziu</i></p> <p>The largest cable TV operator in the country in terms of subscribers, UPC Polska recorded revenue amounting to PLN 384.5m, up by 2.9%, in the third quarter of this year. In three quarters of 2016 UPC generated PLN 1.05bn in revenue (up by 2.4%) and overtook Netia, the hitherto number 2 fixed-line telco services provider. Orange Polska remains the leader.</p> <p>At the end of September 2016 UPC reached 3.09m households, which means that during three months it increased its coverage by 35.9K homes. The subscriber base of the cable operator is stable at the level of ca. 1.43m. Users were subscribed to 2.92m services in September, that is, 24.3K more than in the previous quarter. The number of services provided in the mobile telephony segment grew the fastest (+13.3K), while the fixed-line internet subscriber base grew at a slower pace than in the previous quarter (+8K vs. 13K in the second quarter of this year). In September 2016, UPC had 1.21m TV subscribers, almost 1.09m internet access subscribers and 631.9K telephony subscribers.</p>
	8.11	<p>Puls Biznesu: Premium Mobile will compete with prices <i>by MZ</i></p> <p>Over 20 MVNOs, mobile virtual network operators using other telecoms' infrastructure, operate on the Polish market, however, their shares are very small. The Office of Electronic Communications estimates that at the end of 2015 MVNOs had a total market share</p>

Media about us	Date	Media about theTMT market in Poland
	8.11	<p>of 3.2% in terms of users and barely 0.7% in terms of revenue.</p> <p>Premium Mobile, who debuted at the beginning of this year using Plus's infrastructure, received a boost from a Hungarian investor. It plans to compete for market shares primarily with prices. The company does not recognize costs of infrastructure, G&A costs are very limited and it does not want to spend much on marketing – it will rather concentrate on online campaigns and whisper marketing. Money received from the investor will be used to expand the sales network.</p> <p>In the previous quarter Premium Mobile became the second most popular virtual operator. According to the Office of Electronic Communication, it had almost 2.5K net adds. Premium Mobile wants to have 100K customers next year.</p> <p>Parkiet: Fixed-line internet feels the competition <i>by ziu</i></p> <p>2015 showed first signs of swaying in the segment of fixed-line internet access. It follows from the estimates of Orange that in 2016 the number of users of this services declined by 43K in the 9 months of 2016, to 7.2m at the end of September. This trend is visible in the results of the largest provider of fixed-line broadband connections – Orange Polska - and Netia, the number 3 on the market. According to Jean-François Fallacher, CEO of Orange, the company is losing users to cable operators and mobile service (LTE) providers. Mobile access to LTE Internet is also taking customers from Netia.</p>

Media about us	Date	Media about theTMT market in Poland
<p>Puls Biznesu: Polsat will share its profit by MZAT</p> <p>Cyfrowy Polsat Group is reducing indebtedness and improving its results. After several years investors can once again expect dividends.</p> <p>Tobias Solorz, CEO of Cyfrowy Polsat, declared that if the net debt to EBITDA ratio remains below the level of 3.2x – a barrier imposed by facilities agreements – then the management board will recommend a dividend payout in the range from PLN 200m to PLN 400m.</p> <p><i>“Cyfrowy Polsat’s debt is already below the threshold of 3.2x EBITDA and is gradually being reduced, hence a dividend payout for 2016 can be expected. This is in line with market expectations. I assumed earlier that dividend will be equal to</i></p>	8.11	<p>The fall in the number of users of broadband connections is accompanied by a decline of revenue from the service. Moreover, statistical users are paying less for fixed-line access. In Q3 ARPU representing the subscription fee for fixed-line Internet from Orange, was PLN 60.3, less by 1.5% than a year ago. Paweł Puchalski, head of analysts at DM BZ WBK, expects further gradual erosion of ARPU of both Orange and Netia. Internet, just like voice calls earlier, is becoming a commodity. It will continue to become cheaper until operators find another service preventing this. According to UKE, in 2015 operators’ revenue from fixed-line Internet access decreased by 9%, to ca. PLN 3.4bn.</p>
	10.11	

Press review



Media about us	Date	Media about theTMT market in Poland
<p><i>PLN 0.5 per share, which gives ca. PLN 320m, an amount within the range proposed by the management. It is possible that the consecutive dividend will be higher, given that by 2018 the company should reduce debt below the level of 2.5x. Further increases in dividend yield may be possible in the longer term,” says Dominik Niszczyński, analyst at DM Raiffeisen.</i></p> <p>In Q3 the group’s revenue decreased slightly YoY, primarily due to lower revenue from voice services. However, results were supported by television. Cyfrowy Polsat recorded EBITDA of PLN 957m, i.e., by 3% more than in the previous year. Net profit amounted to PLN 270m. According to Niszczyński, these are strong results. EBITDA is better than expected, i.e., due to the UEFA EURO 2016, which boosted sales of services and advertising. Niszczyński forecasts that this positive trend will be upheld.</p>	10.11	

Current report no. 33
November 8, 2016

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

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby publishes the new dividend policy of the Company, adopted pursuant to the resolution of the Management Board of the Company of November 8, 2016.

“The main goal of the strategy of Cyfrowy Polsat S.A. Capital Group (the “**Group**,” “**Polsat Group**”) is the permanent growth of the value of Cyfrowy Polsat S.A. (the “**Company**”) for its shareholders. We intend to achieve this goal by implementing the major elements of our operational strategy which include:

1. growth of revenue from services provided to residential and business customers through consistent building of the value of our customer base by maximizing the number of users of our services, as well as the number of services offered to each customer, while simultaneously increasing average revenue per user (ARPU) and maintaining high levels of customer satisfaction,
2. growth of revenue from produced and purchased content by expanding its distribution, maintaining the audience shares of our channels and improving our viewer profile,
3. effective management of the cost base of our integrated media and telecom group by exploiting its inherent synergies and economies of scale, and
4. effective management of the Group’s finances, including its capital resources.

Predictable dividend payout to shareholders is one of the main goals underlying our capital resources management policy. To assure attractive profitability levels for the capital employed by our shareholders, while at the same time bearing in mind the strategy of deleveraging of the Group, the Management Board has set the desirable consolidated debt level, as measured by the net debt/EBITDA ratio, which should be reduced to below the level of 1.75x.

In view of the above, the Management Board of Cyfrowy Polsat S.A. has adopted a resolution regarding the dividend policy which assumes that dividend payout proposals, along with the Management Board’s recommendations, will be presented every year to the General Meeting, subject to the observance of the following principles:

1. if the ratio of the Group’s net debt to consolidated EBITDA, as calculated for the end of the quarter preceding the quarter of adoption of the dividend payout resolution and while accounting for the impact that the proposed dividend payout will have on net debt, is lower than 3.2x but higher than 2.5x, then the Management Board of

Current report no. 33 November 8, 2016

- Cyfrowy Polsat S.A. will recommend a dividend payout in the range between PLN 200 million and PLN 400 million;
2. if the ratio of the Group's net debt to consolidated EBITDA, as calculated for the end of the quarter preceding the quarter of adoption of the dividend payout resolution and while accounting for the impact that the proposed dividend payout will have on net debt, is equal or lower than 2.5x but higher than 1.75x, the Management Board of Cyfrowy Polsat S.A. will recommend a dividend payout in the range from 25% to 50% of the Group's consolidated net profit for the past financial year;
 3. if the ratio of the Group's net debt to consolidated EBITDA, as calculated for the end of the quarter preceding the quarter of adoption of the dividend payout resolution and while accounting for the impact that the proposed dividend payout will have on net debt, is lower than 1.75x, the Management Board of Cyfrowy Polsat S.A. will recommend a dividend payout in the range from 50% to 100% of the Group's consolidated net profit for the past financial year.

Every time when presenting a proposal of distribution of the profit, along with the recommendation, the Company's Management Board will take into account the Group's net profit, financial standing and liquidity, existing and future liabilities (including potential restrictions related to facility agreements and other financial documents), the assessment of the Group's prospects in specific market and macroeconomic conditions, potential necessity of spending funds for the Group's development, in particular through acquisitions and embarking on new projects, one-off items, as well as valid legal regulations. Moreover, given that a significant portion of the generated capital resources is obtained by the Group from dividends paid by its subsidiaries, the above mentioned policy and the Board's recommendation will, in each case, be dependent on the financial situation of the Company's subsidiaries and the Company itself.

The dividend policy will be subject to regular verification by the Company's Management Board. In particular, the Management Board provides for a modification of the dividend policy following the refinancing of Polsat Group's debt which is expected in 2020.

The new dividend policy will take effect from January 1, 2017, however the source for the dividend payout will be the Company's net profit for the financial year ended December 31, 2016."

**Current report no. 34
November 10, 2016**

Resolutions adopted by the Extraordinary General Meeting convened on November 10, 2016

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby publishes the resolutions adopted by the Extraordinary General Meeting of the Company on November 10, 2016, attached hereto.

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

**Current report no. 35
November 10, 2016**

List of shareholders authorized to at least 5% of votes at the Extraordinary General Meeting convened for November 10, 2016

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 November 10, 2016, attached hereto.

There were 682,887,789 votes, which constitute 78.75% of the total number of votes in the Company, represented at the Extraordinary General Meeting of the Company convened for November 10, 2016. 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)

**Press release
November 8, 2016**

Switch to Electricity from Plus – new offer for homes with lower rates

A new offer for residential customers has been launched with very attractive rates per kWh for customers with small and average electric energy consumption and even lower rates for customers who have high consumption levels.

The new offer, Electricity from Plus, is not limited to attractive rates for consumed kWh, but also guarantees a fixed price during the entire duration of the contract for 36 months and a simple bill for the sale and distribution of electric energy, also in the form of a Green Bill. Customers can choose between 2 types of tariffs – a subscription based on a fixed fee for a chosen package, settled every 6 or 12 months, or payments based on cyclic readings of the meter.

Press release
November 9, 2016

Effective implementation of the multiplay strategy – over 13 million services provided in the contract model

Cyfrowy Polsat Group published very good operational and financial results for Q3 2016 for both segments, as well as for its major product lines. The good results are manifested by such items as growth of the number of contract services to over 13 million – now accounting for nearly 80% of all the services, lowest churn level in the past three years and stable ARPU growth, as well as continuation of positive trends in the operations of TV Polsat channels. Q3 was the time of consistent implementation of the Group's multiplay strategy, resulting in growth of revenue and EBITDA, as well as a healthy increase of cash flow – to PLN 1.544 bn during the 12-month period.

“The third quarter has been yet another period which confirmed the high effectiveness of our strategy, as during the year we increased our contract base by nearly 600 thousand services,” says Tobiasz Solorz, the CEO of Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o. *“Systematically growing ARPU and dynamic growth of the number of multiplay customers translate into the Group's very good financial indicators, which are decisive for the stability of our business and which enable its constant growth. We are satisfied with the record low, as for the industry we operate in, churn rate which has been influenced by the growing number of customers using contract services and multiplay offer. We expect the presented positive trends to continue in the coming quarters.”*

“It has been yet another quarter during which the Group achieved very good financial results which exceeded the market consensus. Achievement of such good financial indicators was also supported by synergies. Stable and high cash flow continues to be a strong item in our Group. It not only enables us to accomplish our business goals and reduce our debt according to plan, which is our financial priority, but also to return to regular dividend payments from 2017 onwards, in accordance with the assumptions of the new dividend policy,” sums up Katarzyna Ostap-Tomann, Management Board Member responsible for finance in Cyfrowy Polsat S.A., Polkomtel Sp. z o.o., and Telewizja Polsat Sp. z o.o.

[More>>http://www.grupapolsat.pl/en/archive/effective-implementation-multiplay-strategy-over-13-million-services-provided-contract-model](http://www.grupapolsat.pl/en/archive/effective-implementation-multiplay-strategy-over-13-million-services-provided-contract-model)

Press release
November 10, 2016

Registration of prepaid numbers from Plus also via banking transaction systems

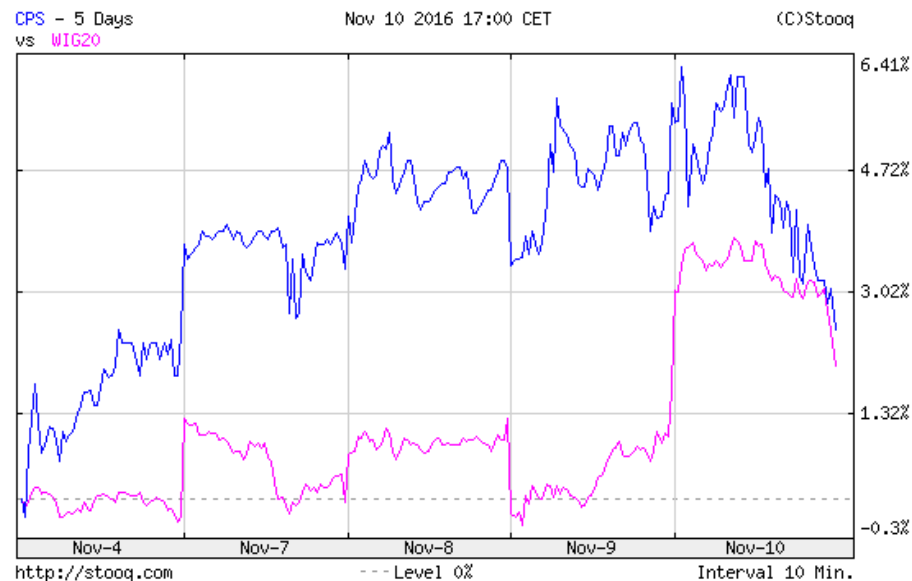
Starting from today prepaid customers of Plus network can register their cards using the Internet. A process enabling the registration of SIM cards via banking transaction systems has been launched in cooperation with BlueMedia. This is yet another option aimed at facilitating the registration process from the home.

Bank Millenium is the first bank to offer, as of today, the possibility of registration, as well as verification of the customer's personal data based on internal data. The process will be extended to include successive banks in the nearest future. Registration via the banking transaction system uses the bank's internet channel, therefore only customers of a given bank can register.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016.11.07	23,86	23,5	23,67	0,94%	8 151
2016.11.08	24,14	23,76	24,01	1,44%	7 858
2016.11.09	24,26	23,33	24,24	0,96%	8 904
2016.11.10	24,45	23,4	23,46	-3,22%	11 712
2016.11.11	-	-	-	-	-



Investor's calendar



December 1 – 2, 2016

WOOD's Winter in Prague

