



Cyfrowy Polsat IR Newsletter

February 1 – 7, 2016



Media about us	Date	Media about the TMT market in Poland
	1.02	<p>Parkiet: Orange can also go to court to claim money <i>by ZIU</i></p> <p>The Polish branch of Alcatel-Lucent filed a suit against Open Polish Regional Broadband Networks (ORSS) and its parent, Hawe. Hawe informed that Alcatel demanded payment of the amount of PLN 56 million by Hawe and ORSS (jointly). Alcatel-Lucent filed for the payment with a court of law while trying to claim this way the amount due for the infrastructure that it delivered to ORSS, the main contractor and the operator of the network for the Sub-Carpathian region.</p> <p>In accordance with the press release published by Hawe, ORSS asked for a composition agreement with Alcatel. TP Teltech (an Orange Group company) and Hawe are requesting payment of slightly over PLN 36 million on account of the “cost of maintenance and operation the broadband network on the territory Sub-Carpathian province.”</p> <p>In the opinion of Orange Polska, the tasks of TP Teltech connected with construction of the network in Sub-Carpathian region were defined in the contract and the expectations that the Group should pay the cost of operation of ORSS are incomprehensible. It is possible that TP Teltech may also be seeking the payment of the missing amount of the payment via a court of law.</p>
<p>Rzeczpospolita: Polsat Group can do more <i>by ZIU</i></p> <p>Polsat Group has finalized the refinancing of PLN 13.5 bn</p>	2.02	<p>Dziennik Gazeta Prawna: Operators are losing control over handsets <i>by Patrycja Otto, Małgorzata Kwiatkowska</i></p> <p>2015 was yet another year when demand for smartphones increased</p>

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<p>of debt which has been incurred by the companies being its members, e.g. for the purpose of Polkomtel acquisition. In the opinion of Konrad Książopolski, a Haitong Bank analyst, the transaction is the biggest refinancing exercise by a single capital group in the history of Polish banking sector.</p> <p>The last stage of refinancing involved redemption of high-yield bonds denominated in euro and US dollars. The Group informed that thanks to conversion of the debt to Polish zloty it would save PLN 400 million yearly on interest</p>	2.02	<p>in independent retail stores. Based on GfK Polonia data, 40% of smartphones sold on the market are bought by customers from retailers. The analysts forecast that during the next 2-3 years more than half of smartphones could be sold outside the mobile operators' stores.</p> <p>According to the analysts, the reasons of outflow of customers from operators' stores include growing sale of activations and SIM's purchased without handsets. The specialists also point to the effects of change of the method of posting of handset sales by operators who are now promoting sale of handsets based in installment plans rather a solution where the cost of a mobile phone is included in the monthly access fee. As a result, consumers compare the prices in other sales channels and buy the handsets from the outlets offering lowest prices. On top of that, as the equipment demonstrates increasingly better parameters, there is no need to replace it frequently.</p> <p>The operators have confirmed the existence of this trend. In the case of Orange, the offers with a bundled handset prevail in sales, however the share of the offers without handsets has been growing at the pace of several percentage points annually.</p>
	4.02	<p>Rzeczpospolita: Postmark worth PLN 2 billion <i>by Urszula Zielińska</i></p> <p>Since T-Mobile would have to pay PLN 4 billion in total for the two blocks of 800 MHz spectrum (the one that it bid for and another one which has been released as a result of NetNet's withdrawal), it wants</p>

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	4.02	<p>to be sure that it will be able to use the acquired spectrum in an effective manner. This means that the two blocks of the 800 MHz spectrum should be located next to each other. Meanwhile, the block of spectrum won by Play is currently located next to the first block that was won by T-Mobile and the two operators would have to switch places. UKE proposed a solution according to which Play's spectrum block would be located between the spectrum resources of Orange and T-Mobile who cooperate with each other. In the opinion of Adam Sawicki, the T-Mobile CEO, the configuration means additional cost for his company, in the magnitude of hundreds of millions of zloty.</p> <p>The other solution is the one in which the block released by NetNet goes to Play. According to the information obtained by Rzeczpospolita daily, the released block is burdened with high risk. The issue is that it is unclear whether withdrawal of the application for spectrum reservation by NetNet is effective.</p> <p>Parkiet: Analysts: the giant's results are in the red by ZIU</p> <p>Brokerage houses are expecting decrease of Orange's profitability following the publication of its Q4 2015 results. Based on the average figures from the analysts' forecasts, the telecom's revenue fell by 5.2% in Q4 2015, with EBITDA, excluding the impact of one-time events, going down by 15%. In the analysts' opinions the telecom closed the fourth quarter with revenue of PLN 2.92 bn, EBITDA of PLN 0.72 bn (EBITDA margin dropped by around 3 pp.,</p>

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	4.02	<p>down to ca. 24%), and net loss of PLN 140 million.</p> <p>The loss from the last quarter of 2015 was the outcome of declining revenues with a simultaneous increased marketing spend and cost of severance pay for the employees covered by the voluntary leave program (around PLN 90 million according to the brokerage houses' estimates).</p> <p>Free cash flow for the 9 months of the year amounted PLN 833 million, with the target for the year of around PLN 900 million. Prior to the publication of the results, the telecom will pay PLN 3.2 bn on account of the fee for the reservation of the spectrum it obtained as a result of the LTE auction.</p>
	5.02	<p>Puls Biznesu: Change in Orange's top management <i>by mzat</i></p> <p>Jean-François Fallacher will be the new CEO of Orange from May 2016. Fallacher is a manager who has been connected with Orange for years. Since 2011 he has been heading the Romanian branch of the telecom.</p> <p>Bruno Duthoit, who has been the CEO since September 2013, has been nominated the deputy executive director for Central Europe.</p> <p>Parkiet: Orange Polska</p> <p>The company will appeal against the European Union court's ruling which sustained the penalty for the operator in the original amount of EUR 127.6 million.</p>

Recent events



Current report no. 4 February 1, 2016

Redemption of all senior notes with the total nominal value of EUR 542.5 million and USD 500 million, due 2020, issued by Eileme 2 AB (publ), a subsidiary of Cyfrowy Polsat

With reference to Current Report of Cyfrowy Polsat S.A. (the “**Company**”) dated 29 January 2016 No. 1/2016 concerning the repayment by Eileme 2 AB (publ), a subsidiary of Cyfrowy Polsat (“**Eileme 2**”) of all debts in respect of senior notes issued by the company for the total nominal value of EUR 542.5 million and USD 500 million, due in 2020 and bearing interest at 11¾% for the EUR tranche and 11½% for the USD tranche (the “**HY Notes**”), the Company announces the redemption of all HY Notes effective today.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016-02-01	22.05	21.45	21.99	2.23%	9 774
2016-02-02	22.15	21.54	21.54	-2.05%	7 360
2016-02-03	21.88	21.15	21.30	-1.11%	14 030
2016-02-04	21.87	21.47	21.63	1.55%	12 151
2016-02-05	21.80	21.40	21.79	0.74%	8 428



Investor's calendar



February 15 – 29, 2016	Closed period prior to the publication of 2015 results
February 29, 2016	Publication of the annual report and consolidated annual report for 2015