



Cyfrowy Polsat IR Newsletter

April 18 –24, 2016



Media about us	Date	Media about the TMT market in Poland
	19.04	<p>Rzeczpospolita: Orange Polska profits in downward trend for now <i>by Urszula Zielińska</i></p> <p>According to the average forecasts of brokerage houses, the revenues of Orange Polska decreased in Q1 2016 by 4.2%, to the level of PLN 2.81bn. The telecom's revenue decreased in the fixed-line services segment. At the same time analysts expect stabilization or slight growth in the mobile business, which might bring the company more than PLN 1.5bn of revenue. In the opinion of experts, potential growth is the effect of higher income from the sale of end-user equipment as individual customers of the company paid less in total for services than last year.</p> <p>Profits of Orange were decreasing at a faster rate than revenues in Q1 2016. The market expects operating profit at the level of ca. PLN 156m (down by nearly 37%), EBITDA at the level of ca. PLN 852m (down by 11%) and net profit of ca. PLN 55m (down by 67%).</p> <p>Some brokerage houses believe that the mobile subscriber base of Orange increased thanks to mobile Internet access by 180-210 thousand SIM cards (to ca. 8.5m) but the prepaid customer base decreased. They believe that investments into fiber optics and the campaigns promoting such links gave the company in the first quarter 50-60 thousand additional subscribers of fiber optics (FTTx) and VDSL, in total, at the expense of slower ADSL links.</p>

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	19.04	<p>Rzeczpospolita: Recommendation – „sell” Orange</p> <p>In the opinion of Trigon DM specialists, the shares of Orange Polska are overvalued. Therefore, they recommend selling the company’s shares, while valuing them at PLN 6.1. During the last stock exchange session the shares were traded at ca. PLN 6.25. Analysts of the brokerage house do not notice long-term competitive advantages of the company, although they appreciate its strong position on the fixed-line Internet access market. They expect worsening of the prospects of cash flow generation in the forthcoming years, which will have a direct impact on the level of dividend. They believe that at the moment the amount of PLN 0.25 per share is the maximum level that the shareholders may count on, with a risk of reducing this level and/or not increasing it in the future. Possible reduction or finalizing of capital expenditures should be an opportunity to reduce indebtedness in the first place.</p> <p>Rzeczpospolita: Increasingly digital television <i>by Magdalena Lemańska</i></p> <p>The latest estimates of Digital TV Research show that the number of customers of television provided via Internet in Western Europe exceeded the number of subscribers of digital platforms for the first time. On the Polish market, counting approx. 14m households, satellite platforms still dominate (over 5,5m subscribers have access to Cyfrowy Polsat and nc+ in total, CATV networks have ca. 4.5m subscribers). Nevertheless, the base of IPTV customers is growing fast. According to IDC</p>

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	19.04	<p>forecasts, by 2020 the number of customers of this service will have doubled to the level of 83.8m households in Central and Eastern Europe.</p> <p>This is the consequence of growing access to high speed Internet links and development of the IPTV service market, but also of the saturation on the satellite platform market.</p> <p>IPTV development supports the digitization of television distribution. Analog broadcasting channels are slowly disappearing from the market – both terrestrial ones and those broadcast in CATV networks. Viewers of the free-of-charge terrestrial television constituted the biggest, growing group of viewers in Western Europe, also in Poland, within the last 5 years. However, in the forthcoming years this group will decrease at the expense of growing digital offers of CATV networks and IPTV.</p>
<p>Rzeczpospolita: Closer integration of Plus and Midas <i>by ziu</i></p> <p>On 19 April 2016, DM Trigon ended subscriptions from investors who want to sell shares of Midas to Plus network operator. Polkomtel has already purchased 66% of Midas shares for EUR 1 (the company also took over a considerable debt), and offered to stock exchange investors PLN 0.81 per share for the remaining 34% of Midas shares. The company would have to allocate ca. PLN 407m for this purpose. Transactions concluded under the tender offer are to be settled on 27 April 2016.</p>	20.04	

Press review



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<p>Midas, listed on the stock exchange, has been the back office of Cyfrowy Polsat Group which comprises the satellite platform and mobile network. Both companies purchased high-speed data transmission services in HSPA+ and LTE technologies from Midas' companies. In 2015 Cyfrowy Polsat Group purchased 216 million of GB of data from Midas. Midas was also involved in development of masts belonging to Polkomtel.</p> <p>The customer base of Polkomtel should increase: on one hand by the users of the MVNO - wRodzinie (28 thousand), and on the other – customers of mobile and nomadic services of Sferia (the exact figure has not been revealed), and finally – the users of free Internet services provided by Aero2.</p>	20.04	
	21.04	<p>Parkiet: Profit and loss account of telecoms will improve <i>by ziu</i></p> <p>Effective 1 January 2018, IFRS 15 will come into force. It is a standard which imposes the obligation of showing the price paid by the customer for a bundle of service into individual components. Telecommunication companies will be affected to the largest extent. They will have to verify, while referring to the market values, an appropriate proportion of prices of individual services and products, that is to determine the so-called relative standalone selling prices. The change will most likely mean that the installment plan sales of equipment will become a standard feature.</p> <p>Telecoms will also have to change the method of recognizing costs of customer acquisition – currently most telecoms</p>

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	21.04	<p>recognize it as a one-off item in the profit and loss account. The new standard forces the companies to capitalize the costs of contract acquisition in the balance sheet and depreciate it during the term of contract. If the telecoms are ready for the changes, their results in 2018 may improve.</p> <p>Parkiet: Refinancing and returning to the Warsaw Stock Exchange in the background</p> <p><i>by ziu</i></p> <p>Andrzej Rogowski, CEO and shareholder of Multimedia Polska, one of the three biggest cable TV operators in Poland, presented a summary of the company's development strategy, consisting in building the offer not related to the cable network of the operator. A few years ago Multimedia introduced such services as monitoring, insurance or electricity. This year they added gas to the portfolio. Already the majority out of ca. 42 thousand services, other than the traditional ones, have been purchased by customers who do not use the Internet or telephony services of Multimedia. A mobile services package supports the sale of dual-fuel (gas and energy) services. Apart from this, maybe already this year the cable network will add mobile television services to the package, also detached from the cable.</p> <p>Rogowski justifies the strategy with the fact that the main market is saturated and the sector has no space for dynamic development. He believes that the strategy of the cable TV network will lead to the growth of revenue this year to the level of ca. PLN 780m (by 10%), and EBITDA by 7% in 2017 (from the</p>

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	21.04	<p>level of PLN 356m last year).</p> <p>Multimedia intends to refinance its debt of PLN 1.34bn. The company would like to reduce its debt by PLN 300-400m. The company does not exclude another attempt of returning to the Warsaw Stock Exchange.</p> <p>Rzeczpospolita: Will phones for PLN 1 disappear by Urszula Zielińska</p> <p>Since 12 April 2016 Orange Polska has stopped offering handsets in the subsidized model to individual customers. The operator replaced this formula in all sales channels with the installment plan scheme. Earlier, T-Mobile nearly completely resigned from the sale of subsidized handsets. Also Polkomtel has introduced installment plan sales but it still leaves customers the choice between subsidized equipment and the installment plan option.</p> <p>„Rzeczpospolita” daily compared the prices of handsets for 1 PLN and in the installment plan model. According to the daily, one cannot unambiguously claim that the subsidized offers are more attractive in terms of price than handsets sold in installment plans. A lot depends on the operator and its current strategy, including the approach to the fight for contract customers and possibilities it has thanks to the terms of agreements with partners, including suppliers of equipment.</p> <p>From the accounting point of view, an operator who uses the hire-purchase system may recognize the entire value of equipment at once, although instalments are paid gradually.</p>

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	22.04	<p>Rzeczpospolita: TVP focuses on football, but Euro 2016 in Polsat <i>by Magdalena Lemańska</i></p> <p>TVP has won the tender announced by UEFA and will broadcast the matches of the Polish National Football Team in the qualifications to Euro 2020 and World Cup in 2022 and the two cycles of new competitions developed by UEFA – UEFA Nations League – in 2019 and 2022. TVP also has exclusive rights to Euro 2020 competition. Polsat has the rights to this year’s Euro Championships and World Cup 2018 qualifications.</p> <p>The expenditures for the above mentioned rights are to be financed among others from the audio-visual fee, envisaged in the draft of the so-called big media law, which has been already sent to the Parliament.</p>

Current report no. 10
April 22, 2016

Completion of the Tender Offer for the sale of shares in Midas S.A.

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”), the parent company of Polkomtel sp. z o.o. (“**Polkomtel**”), the party announcing the tender and acquiring shares in Midas S.A. (“**Midas**”) (the “**Shares**”) under the tender offer for the sale of the Shares, announced on 29 February 2016 (the “**Tender Offer**”), hereby gives notice that upon the closing of subscriptions for the Shares on 19 April 2016 216 subscriptions were made for a total of 403,054,449 shares in Midas giving the right to 403,054,449 votes at the General Meeting and representing 27.2395% of the total number of votes and share capital of Midas.

Prior to the announcement of the Tender Offer Polkomtel held indirectly, through Litenite Limited with its registered office in Cyprus, 976,542,690 shares in Midas giving the right to up to 976,542,690 votes at the General Meeting and representing 65.9975% of the total number of votes and share capital of Midas.

The acquisition of the shares in Midas under the Tender Offer was closed today as a result of the subscriptions placed in the Tender Offer, however the transaction will be settled and the Shares effectively acquired on 27 April 2016. Upon the transaction settlement: (i) Polkomtel will hold directly 403,054,449 shares in Midas giving the right to 403,054,449 votes at the General Meeting and representing 27.2395% of the total number of votes and share capital of Midas while its indirect shareholding in Midas remains unchanged; (ii) Cyfrowy Polsat will hold indirectly, through the following companies: Metelem Holding Company Limited with its registered office in Cyprus, Eileme 1 AB (publ) with its registered office in Sweden, Eileme 2 AB (publ) with its registered office in Sweden, Eileme 3 AB (publ) with its registered office in Sweden, Eileme 4 AB (publ) with its registered office in Sweden, Polkomtel and Litenite Limited, 1,379,597,139 shares in Midas giving the right to 1,379,597,139 votes at the General Meeting of Midas and representing 93.237% of the total number of votes and share capital of Midas.

Press release
April 22, 2016

New prepaid offer from Plush

The new Plush offer has a simple structure of three sets of services with a big data pack and free access to Facebook in each pack. At the launch of the offer, the users may select from:

1. a comprehensive offer including as many as 10 GB of data pack, unlimited calls and SMS to all mobile networks for PLN 29 for 30 days;
2. a 5 GB data pack, unlimited SMS and 9 groszy per minute of call to mobile phones for PLN 19 for 30 days;
3. the cheapest bundle with 3 GB and unlimited SMS already for PLN 15 for 30 days.

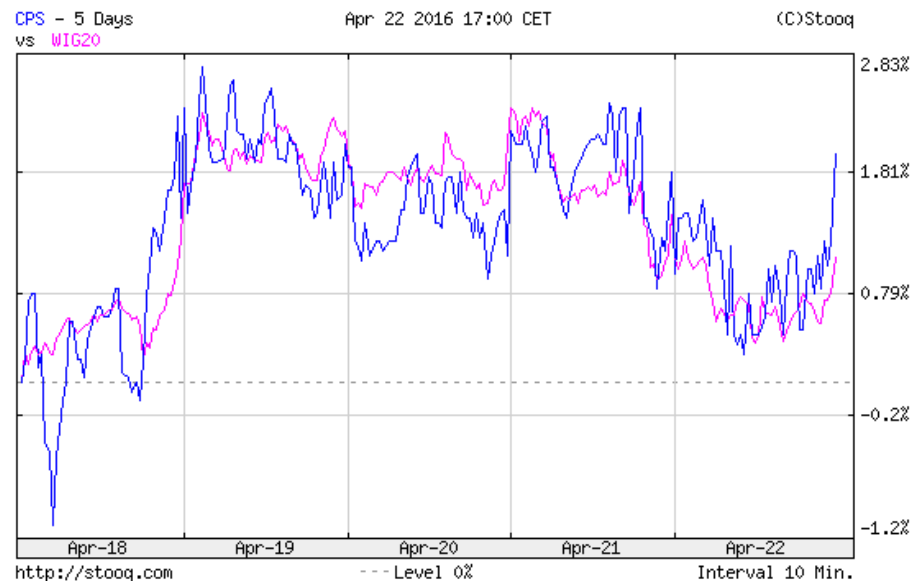
When porting the mobile number to Plush the user receives a discount of 50% for a selected package for the first three months of the offer's use.

Since the launch of the new brand in September 2014, over 1.1m new customers have become Plush users and quite exceptional users - with high requirements and expectations. Plush customers generate nearly 4 times more Internet traffic than prepaid customers. They also send one and a half times more SMS/MMS.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016-04-18	24.64	23.70	24.35	1.16%	4 426
2016-04-19	24.69	24.32	24.51	0.66%	4 225
2016-04-20	24.50	24.17	24.27	-0.98%	6 845
2016-04-21	24.63	24.11	24.45	0.74%	4 803
2016-04-22	24.49	24.00	24.49	0.16%	3 806



Investor's calendar



April 28 – May 12, 2016	Closed period prior to the publication of Q1 2016 results
May 12, 2016	Quarterly report for Q1 2016
May 16, 2016	Ipopema/WSE/Auerbach Grayson: Poland Capital Markets Day, NY