



# Cyfrowy Polsat IR Newsletter

August 22 - 28, 2016



Media about us	Date	Media about the TMT market in Poland
	24.08	<p><b>Rzeczpospolita: Time for super-fast Internet for students</b>  <i>by Urszula Zielińska</i></p> <p>Cable TV's, as well as fixed-line and mobile telecoms have introduced offers for school and college students. The companies are above all tempting their potential buyers with high data transfer rates, packaged mobile services and flexible contracts, while putting less stress on pricing.</p> <p>According to UKE's data, school and college students account for 7-8% of telecom operators' customer bases. The group is relatively small but it is important due to the way it uses communication services. Nearly all college and school students use Internet access daily. In this group, users of Internet access via mobile phone are the most numerous – as many as 83% of students have smartphones.</p>
	25.08	<p><b>Parkiet: The ministry consults the ordinance</b>  <i>by ziu</i></p> <p>In accordance with the valid time schedule, the second contest for awarding the funds from the Digital Poland Operating Program to support investments in high speed Internet access, offering PLN 3 bn in total, is expected to be announced in September, with applications being accepted from October. The process of allocation of funds from the first contest, where PLN 600 million was at stake, is still going one (it is already known that some of the money will be retained in the fund). In addition, the Ministry of Digitization is amending the wording of the ordinance related to the Digital Poland Operating Program and</p>

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	25.08	<p>was waiting for opinions from the industry until 26 August. The ministry amends the order so as to ensure that schools can be connected to the Internet by the contests beneficiaries by means of links with a minimum transfer rate of 100 Mbps rather than 30 Mbps, as in the case of households. To gain support, the telecoms must declare that schools in a given area covered by the investments will be connected to the Internet with high speed links.</p> <p>Orange Polska, T-Mobile and P4 are preparing for the contest. Cyfrowy Polsat Group does not rule out participation. Also small and medium telecoms would like to participate but the investment areas that the Ministry indicated in the rules of the contest are too large for them. In addition, the operators who are members of the Polish Ethernet Communication Chamber have problems with obtaining loans for the projects which are currently being evaluated.</p> <p><b>Dziennik Gazeta Prawna: What can TVs make more money on: singles or mission?</b> <i>by Barbara Sowa</i></p> <p>The big four TV stations presented their autumn programming schedules. Two trends are clearly visible in TV entertainment: talent shows with the participation of children, as well as matrimonial shows. Polsat has broken away, betting increasingly on cabaret. Entertainment shows remain most popular – they are the most expensive to produce but at the same time the prices for advertisers wishing to promote themselves during such</p>

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	25.08	<p>shows are the highest.</p> <p>According to Nielsen's data, over the past 10 years the shares of TVN, TVP and Polsat fell by more than 36%. After the first six months of the year, the major players held a share of 41.89% on the TV market. Public TV is the player whose shares fell most sharply. In the case of TVP1 the audience share was 11.61% during the first half of 2016 vs. 12.58% a year earlier. Hence TVP 1's lead over Polsat decreased, with Polsat achieving an audience share of 11.37% in the first half of 2016 (vs. 11.68% a year earlier). TVP 2 saw a decrease of viewership from 9.13% to 8.45% and placed fourth, behind TVN (decrease of the audience share from 10.79% to 10.46%).</p> <p>TVP claims that its autumn programming combines its mission with entertainment for the whole family. Experts from media houses expect the downward trend for TVP to continue, which will translate to lower advertising revenue. Experts expect a decrease of even up to 10%.</p> <p>Growth dynamics of smaller channels, especially the ones which are available via terrestrial digital TV, is declining. The managers of smaller stations are aware that investments into the programming offer are indispensable and they are more readily investing in local productions.</p>

# Press review



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<p><b>Puls Biznesu: Football helped Polsat</b> <i>by mzat</i></p> <p>Thanks to the EURO 2016, Polsat TV recorded PLN 191 million in EBITDA in the second quarter of the year, i.e. 35% more than a year earlier, with the figure being nominally the biggest quarterly result in history. In Q2 Polsat TV definitely beat its competitors and strengthened its position as the leader, both in terms of audience, and advertising market shares.</p> <p><i>“The EURO tournament was a big sales, operational and financial success for us. In the second quarter of the year the whole TV advertising and sponsoring market grew by 0.5% while our revenues in this area hiked by as much as 8.8%,”</i> says Maciej Stec, Cyfrowy Polsat’s Board Member.</p> <p>The profitability of the other, bigger segment of Cyfrowy Polsat’s operations, i.e. services provided to residential and business customers, declined. Despite that the company confirmed that it can pay dividend next year. In accordance with the provisions of the facility agreements, the company’s debt must stay below 3.2x EBITDA for dividend payment to be possible. In the opinion of Paweł Szpigiel, an mBank brokerage house analyst, Cyfrowy Polsat will be able to pay dividend next year, as it has solid free cash flows. However, the level of dividend depends on the pace of decline of the results achieved from the services provided to residential and business customers in the second half of the year.</p>	26.08	

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	27.08	<p><b>Parkiet: One market, various prospects</b>  <i>by Urszula Zielińska</i></p> <p>The revenues of the five biggest telecom groups in Poland increased by 1.1% in the first half of 2016. Orange Polska remains the biggest player (with PLN 5.7bn of revenue, down by 3.8% YoY). In terms of EBITDA value, Cyfrowy Polsat Group has the strongest position. After the first half of the year the no. 3 spot belongs to T-Mobile Polska (PLN 3.15bn) but Play has significantly closed the gap to its competitor (PLN 2.93bn). Earlier introduction of IFRS 15 and 16 accounting standards is a factor which helped Play.</p> <p>Joergen Bang-Jensen, the CEO of P4, is of the opinion that there is still room for growth for Play since the market continues to grow in the area of data usage. He also stressed the importance of added services, as well as the concept of the 5G network. In the opinion of Paweł Puchalski, DM BZ WBK brokerage house analyst, the direction adopted by Play and the decisions of its owners will have an impact on share prices of listed telecoms. Bang-Jensen declared that at present Play has no intention of going public. He did not rule out refinancing of the foreign currency debt, which at the end of June amounted to PLN 4.8bn, or 2.7x EBITDA. In 2016 and 2017 Play wants to invest more heavily in LTE network rollout, using the newly acquired 800 MHz frequency band.</p> <p>The revenues of listed operators remain under the pressure of declining revenues from domestic voice calls, as well as EU</p>

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	27.08	<p>roaming services. Orange and Netia are also losing customers of fixed-line services. Orange Polska and Cyfrowy Polsat bet on strategies assuming sales of packaged services and increasingly popular Internet access.</p> <p>Cyfrowy Polsat intends to return to dividend payments, with the related policy to be announced still this year. Tomasz Szela, the board member responsible for financial matters, stated that in the last quarter of the year the group will have PLN 1.2bn in cash, which can be used for both, repayment of debt towards banks and shareholders, and for dividend payments. In the opinion of Konrad Księżopolski, an analyst from Haitong Bank, next year's dividend could be PLN 0.3 per share and it could double in the following year. The analysts are of the opinion that Orange and Netia will also pay dividend in 2017 (respectively 0.25 PLN and 0.3 PLN per share).</p>



**Current report no. 22**  
**August 25, 2016**

**Request of a Shareholder regarding the convention of an Extraordinary General Meeting of Cyfrowy Polsat S.A.**

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby informs, that on August 24, 2016 it received a letter from its Shareholder, Reddev Investments Limited (“**Reddev**”) with its registered seat in Cyprus, requesting the convention of an Extraordinary General Meeting. The request was filed on the basis of Art. 400 § 1 of the Commercial Companies Code. Reddev holds 154,204,296 shares in the Company, which constitutes 24.11% of the Company’s share capital.

Reddev requested that the agenda of the Extraordinary General Meeting include items regarding the adoption of the following resolutions:

1. regarding the determination of the number of Supervisory Board Members,
2. regarding changes in the composition of the Supervisory Board.

Reddev recommends Mr. Tomasz Szelaǳ to the position of Member of the Supervisory Board of Cyfrowy Polsat S.A.

**Current report no. 23**  
**August 25, 2016**

**Resignation of a Member of the Management Board of Cyfrowy Polsat S.A.**

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby informs, that on August 24, 2016 Mr. Tomasz Szelaǳ resigned from the position of Member of the Management Board of the Company, effective on September 30, 2016.

He justified the resignation with the proposal to assume the function of Member of the Supervisory Board of Cyfrowy Polsat, received from a Shareholder of the Company, Reddev Investments Limited, of which the Company informed in its current report no. 22/2016 dated August 25, 2016.



Current report no. 24  
August 25, 2016

## Information on convening the Extraordinary General Meeting of Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”), acting pursuant to Article 399 § 1 in conjunction with Article 400 § 1 and Articles 4021 and 4022 of the Commercial Companies Code, hereby convenes the Extraordinary General Meeting of Cyfrowy Polsat S.A. to be held on September 30, 2016 at 10:00 a.m. at the Company’s headquarters in Warsaw, at Łubinowa 4a Street.

### Agenda of the Annual General Meeting:

1. Opening of the Extraordinary General Meeting.
2. Appointment of the Chairman of the Extraordinary General Meeting.
3. Validation of correctness of convening the Extraordinary General Meeting and its ability to adopt binding resolutions.
4. Appointment of the Ballot Committee.
5. Adoption of the agenda.
6. Adoption of a resolution on the determination of the number of members of the Supervisory Board.
7. Adoption of a resolution on changes in the composition of the Supervisory Board.
8. Adoption of a resolution regarding the costs of convening and holding the Extraordinary General Meeting.
9. Closing of the Extraordinary General Meeting.

The Management Board of the Company attaches to this current report:

1. the notice on convening the Extraordinary General Meeting for September 30, 2016, prepared pursuant to Article 4022 of the Code of Commercial Companies;
2. draft resolutions to be adopted at the Extraordinary General Meeting convened for September 30, 2016.

All information concerning the Extraordinary General Meeting is available on the website of the Company at <http://www.grupapolsat.pl/en> in section *Corporate Governance*, tab *General Meetings – Materials*.

**Current report no. 25**  
**August 25, 2016**

## **Appointment of a Member of the Management Board of Cyfrowy Polsat S.A.**

The Management Board of Cyfrowy Polsat S.A. (the “Company”) hereby informs, that on August 25, 2016 the Supervisory Board adopted a resolution on the appointment of Ms. Katarzyna Ostap-Tomann to the position of Member of the Management Board effective on October 1, 2016.

The Supervisory Board decided to appoint Ms. Ostap-Tomann to the Management Board in connection with the resignation from the position of Member of the Management Board made by Mr. Tomasz Szeląg, of which the Company informed in its current report no. 23/2016 dated August 25, 2016.

Katarzyna Ostap-Tomann has been connected with Cyfrowy Polsat Group since 2009, where she assumed the position of deputy CFO of the capital group in 2015. She also holds the position of President of the Management Board of Telewizja Polsat Holdings Sp. z o.o., as well as Member of the Management Board of Telewizja Polsat Sp. z o.o. and Polsat License Ltd., with its registered seat in Switzerland.

In the years 1996–2004 she was employed at various positions at Philip Morris in Poland and in the regional headquarters of the company in Switzerland, where she gained considerable experience in the fields of corporate finance, financial reporting, management accounting and internal audit. In the years 2004-2009 she worked for TVN Group as financial controller of the capital group. She was responsible for the preparation of financial statements at the capital group level and internal management reporting. In 2009 she took the position of Director of Controlling at Cyfrowy Polsat, where she became Financial Director in 2012. Since 2011 she has also held the function of Financial Director at Telewizja Polsat, where she was appointed as Member of the Management Board in 2014. She has been a member of the ACCA since 2001. In 2015 she was appointed to the ACCA Council in Poland for a second term.

She is a graduate of the Warsaw School of Economics with a major in International Economic and Political Relations and also holds the title of MBA from Oxford Brookes University.

Press release  
August 23, 2016

## LTE Plus Advanced – a new standard of mobile Internet in Poland

Cyfrowy Polsat Group, the leader of LTE technology, currently has the biggest coverage footprint of its LTE Plus high-speed internet access. What is more, the Group is introducing another new mobile Internet standard – the LTE Plus Advanced Internet access. This is possible thanks to the aggregation of two LTE FDD standard carrier frequencies, with 20 MHz of spectrum each, in the 1800 and 2600 MHz bandwidths.

LTE Plus Advanced Internet means above all:

- Internet access at speeds of up to 300 Mbps – the maximum data transfer rate has been increased thanks to the aggregation of two bandwidths.
- Stable network operation, which translates into better quality Internet access for existing customers.
- Bigger network capacity, which means the possibility of comfortable use of the network by a bigger number of users.

LTE Plus Advanced Internet is available in all offers designed for smartphones, laptops and routers, and what is more, also in Plus's new offers featuring two times more data limit for Internet access, as the data packs in all voice offers have been increased by a factor of two, while in the pure Internet offers, access over LTE network remains unlimited.

Press release  
August 25, 2016

## Stronger position of Tomasz Szeląg in Zygmunt Solorz-Żak's group

Tomasz Szeląg, Polsat Group's CFO who is responsible for financial matters in Zygmunt Solorz-Żak's capital group, will now become a member of the Supervisory Boards of the Group's companies. Katarzyna Ostap-Tomann will assume the function of a Management Board Member on Cyfrowy Polsat's and Polkomtel's boards. The changes will take effect from 1 October 2016.

More>><http://www.grupapolsat.pl/en/archive/tomasz-szelag-moves-stronger-position-zygmunt-solorz-zaks-capital-group>

Press release  
August 25, 2016

## One out of every five customers is a smartDOM Program member– successful implementation of Cyfrowy Polsat Group’s strategy in Q2 2016

Cyfrowy Polsat Group has just published very good operational and financial results for Q2 and for the first 6 months of 2016. Most important events and achievements of the past months include: the finalization of the process of acquisition of 100% of shares of Midas S.A., excellent sales and viewership results related to UEFA EURO 2016, increase of Cyfrowy Polsat’s corporate rating by Moody’s and start of the implementation of the new, integrated system which will support sales, customer care and billing for Polsat Group’s products and services. Thanks to the successful implementation of its strategy, Polsat Group remains the leading provider of integrated services, with a unique and extensive portfolio of services for homes.

More>><http://www.grupapolsat.pl/en/archive/one-out-every-five-customers-smartdom-program-member-cyfrowy-polsat-group-effectively>

Press release  
August 25, 2016

## Autumn 2016 in TV POLSAT

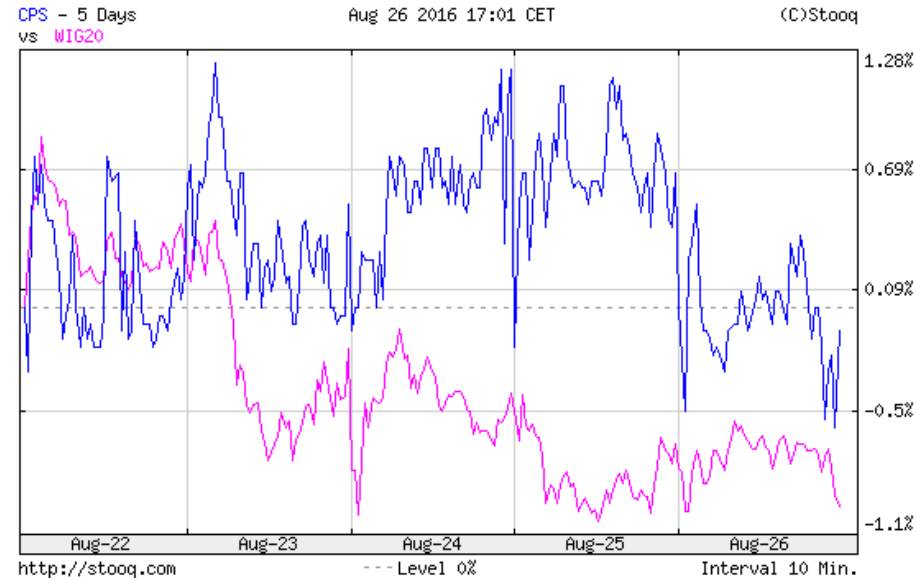
This autumn TV POLSAT will offer to its viewers exactly what they expect – fine, world-class entertainment. We will bet on proven formats: “Dancing with the Stars,” “Your Face Sounds Familiar,” “Hell’s Kitchen,” variations of shows with the participation of stars – “TOP CHEF. Gwiazdy od Kuchni” (TOP CHEF. Stars in the kitchen), but there will also be new shows. Already in September we will start a new cabaret show called “Kabaret na żywo” (Live Cabaret), while the daily afternoon slot will be enriched with two para-documentary series: “Gliniarze” (Cops) and “Na ratunek 112” (112. To the rescue). Autumn will also see the return of Rinke Rooyens in “Rinke behind bars,” while on Thursday evenings we will continue the story of “The Friends” and help those in need in the show “Our new home”. Sports thrills will be provided by our football players – the quarterfinalists of the recent EURO tournament in France. Polsat will be the only TV station where fans will be able to watch the first four matches of Poland’s national team in the starting qualifiers for the 2018 World Cup tournament in Russia.

As regards the commercial viewers group, so desirable for advertisers, we are no. 1 after the first eight months. With the share of 13.1% in the period January-August, we are ahead of our competitors, TVN and TVP, and once again we have proven that we are the market leader and the popular TV station in Poland.

# Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016-08-22	24.27	23.97	24.09	0.04%	3 059
2016-08-23	24.37	24.00	24.18	0.37%	6 883
2016-08-24	24.37	24.00	24.35	0.70%	6 673
2016-08-25	24.35	23.80	24.22	-0.53%	11 318
2016-08-26	24.21	23.88	24.02	-0.83%	5 002



# Investor's calendar



September 6, 2016	Media & Entertainment - Haitong
September 7 - 8, 2016	Deutsche Bank 2015, 15th Global Emerging Markets One-on-One Conference
September 12 - 13, 2016	13th Emerging Europe Investment Conference - Pekao Investment Banking
October 26 – November 9, 2016	Closed period prior to the publication of Q3 2016 results
November 9, 2016	Quarterly report for Q3 2016