



# Cyfrowy Polsat IR Newsletter

August 24 – 30, 2015



Media about us	Date	Media about the TMT market in Poland
	24.08	<p><b>Rzeczpospolita: Mobile revolution mid-way</b> <i>by Urszula Zielińska</i></p> <p>According to telecom operators' data and research by TNS, by mid-2015 from 50 to 60% of Poles owned a smartphone, and smartphones constituted over 80% of handsets sold by mobile networks. Some experts estimate that in 5 years every statistical Pole will use a smartphone. According to specialists who talked to "Rzeczpospolita" daily, smartphones will continue to sell well, as they are becoming cheaper or a higher quality handset is available for the same price as earlier. What is more, operators practically withdrew all other models from their offers. According to experts, a part of smartphone owners will use them as handsets of an older type – they will not access the Internet. Active use of state-of-the-art equipment is a chance for operators to increase revenue.</p> <p>Global data provided by specialized firms indicate that sales of smartphones are slowing down. Experts are divided when it comes to the rate of growth in Middle and Eastern Europe – according to Gartner the region is one of the fastest growing markets in terms of smartphone sales, while GfK placed our region 3 positions from last with growth of 3%. Telecoms operating on the Polish market do not see symptoms of a slowdown of smartphone sales.</p>

# Press review



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<p><b>Parkiet: Cash is Cyfrowy Polsat's priority</b> <i>by Urszula Zielińska</i></p> <p>The company had a good second quarter. According to CEO Tomasz Gillner-Gorywoda in the second half of the year the management will face the finalization of talks with banks regarding the refinancing of the Group's PLN 12-13bn debt, the continuation of initiatives which are to bring savings, a new phase of the smartDOM program, which has almost 800 thousand customers, and the reversal of the downward trend in mobile telephony.</p> <p>Tomasz Szelaĝ, CFO, confirmed that free cash flow in 2015 will amount to at least PLN 1.15bn. FCF was equal to ca. PLN 760m at the end of the first half of 2015. – <i>Today we are not changing the plan to reduce the financial leverage, which assumes the reduction of the net debt to EBITDA ratio to 2.5x in 2016</i> – said Szelaĝ. He added that the group's aim is to finalize talks with banks with respect to the refinancing not later than in January 2016. He also upheld earlier declarations that the new financing will allow the group to reduce debt service costs by ca. PLN 300m annually.</p> <p>Financial results for Q2 2015 of the group exceeded analysts' expectations. Revenue amounted to PLN 2.47bn, EBITDA to PLN 977m and net profit to PLN 305m. Q2 was a good quarter for both Cyfrowy Polsat, who continued to acquire mobile internet customers, and for Telewizja Polsat. TV Polsat's</p>	27.08	

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<p>channels gained a 24.7% and 25.4% share in the audience and the TV ad market, respectively. Plus network operator has the largest influence on the Group's results. In Q2 its revenue was by 5% higher compared to the previous year (PLN 1.7bn) but EBITDA was lower. Plus is hindered by the mobile voice segment, in which the number of subscribers falls on a yearly basis.</p> <p><b>Dziennik Gazeta Prawna: Cyfrowy Polsat – connection interrupted</b> <i>by Barbara Sowa</i></p> <p>10.3m telephony users, 1.7m mobile internet users and 4.4 pay TV users – that many customers use Cyfrowy Polsat's services. The number of pay TV and Internet services increased but the number of mobile telephony users continues to fall. According to Tomasz Gillner-Gorywoda, CEO of Cyfrowy Polsat, this decrease is connected with the accumulation of contracts, terminating at the same time. On top of this, the period of notice was reduced from 3 months to 1 month. He added that the group's current aim is to stabilize the customer base. The company puts the most pressure on the smartDOM program. Already almost 800 thousand customers are subscribed to several services simultaneously, and one third of them are triple-pay users.</p>	27.08	

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<p>The group's results for H1 exceeded market expectations – PLN 3.3bn in revenue and PLN 475m of net profit. Analysts point to weaker operating results, a lower rate of acquisition of mobile Internet customers in particular.</p> <p>In H1 channels of TV Polsat were the leader in the commercial group with a market share of 24.3%. Revenue from advertising and sponsoring increased by 5.5%, that is faster than the market.</p>	27.08	
	28.08	<p><b>Parkiet: TVN</b> <i>by Ele</i></p> <p>In the call tender for TVN shares announced by Scripps Network Interactive, the latter acquired over 97% of all shares subject to the tender (156.7m, while the call tender was for 160.95m shares) for the total price of PLN 3.1bn.</p> <p>After the settlement of the tender on September 1, SNI will become the owner of 98.76% of shares of TVN. According to earlier declarations it will buy the missing shares in a forced buyout (also at the price of PLN 20 per share) and delist the company from the WSE.</p>
<p><b>Parkiet: More rivals for WSE-listed companies</b> <i>by Urszula Zielińska</i></p> <p>Although the WIG-Telekom sub-index is below zero this year (ca. 5% since the end of December 2014), management of telecom companies listed on the WSE, as well as analysts who</p>	29-30.08	

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<p>specialize in this field, assure that investors are very interested in this segment. More and more domestic brokerage houses are observing operators outside Poland.</p> <p>Interest in foreign companies aside, some analysts continue to recommend buying shares of Cyfrowy Polsat. Among them Konrad Książopolski, analyst at BESI, believes that the merger of the television group and mobile network offers a better revenue structure compared to traditional telecoms. Another upside is that although the network is participating in the LTE auction, it will not overpay for frequencies, because it is bidding only for the 2600 MHz frequencies. Książopolski further emphasizes low CAPEX (8% of revenue) and PLN 1.2bn of free cash flow.</p> <p>Paweł Szpigiel from Dom Maklerski mBanku thinks that Orange Polska is a better choice for investors. He expects that the share price will increase because, according to him, the 800 and 2600 MHz auction is going to be cancelled. He further argues that this year Orange is more successful in acquiring new customers. He adds that the planned by the operator investments in infrastructure, including the G.Fast technology, are a good prognostic in terms of competition with cable operators, who took away several percent of Orange's market share in recent years.</p>	29-30.08	



Press release  
August 26, 2015

## Effective strategy implementation by Cyfrowy Polsat Group in Q2 2015

Cyfrowy Polsat Group published the results for Q2 and H1 2015. As a consequence of consistent implementation of its strategy, in Q2 2015 the Group recorded substantial growth of the number of users of its smartDOM program and mobile Internet access service as well as excellent results in the TV broadcasting and production segment. The accomplishment of the above operational goals translated into solid financial results.

*"In Q2 2015 we consistently pursued the strategy of development of integrated services thanks to which our program, smartDOM, already has nearly 800 thousand users. As assumed, the program has very positive influence on the growth of saturation of the base with services, average revenue per customer as well as subscriber loyalty and satisfaction with the services provided by us. What is also important for the Group's performance is the rapid development of the mobile Internet segment, where we maintain the leading position with around 1.7m users. We are very glad that already as many as over 2300 LTE800 base stations are on-air thanks to which our customers are able to enjoy the services of the biggest nationwide LTE network,"* sums up Tomasz Gillner-Gorywoda, President of the Management Board of Cyfrowy Polsat S.A. and General Director of Polkomtel Sp. z o.o.

*"Thanks to a relatively stable base of contract customers as well as the growth of its saturation with contract services, we have observed distinct growth of average revenue per customer. Growth of data consumption by smartphone users is another factor that has a positive influence on ARPU. We continue to see big potential in the area of sales of mobile Internet access services, especially as part of integrated services packages, i.e. the smartDOM program,"* recapitulates Tobiasz Solorz, President of the Management Board of Polkomtel Sp. z o.o. and Vice President of the Management Board of Cyfrowy Polsat S.A.

*"It was a very good quarter in terms of financial results, which exceeded the market consensus. They reflect our consistent pursuit of the adopted strategy of development on the market of integrated services and in the area of cost control. Very high EBITDA and EBITDA margin are noteworthy. Stable and high free cash flows continue to be a strong item, which not only enables us to run our business steadily but also to make additional, unscheduled repayments of our current debt. Moreover, recently we have completed a successful issue of unsecured corporate bonds worth PLN 1bn, and we continue negotiations with banks regarding the potential refinancing of the Group's debt,"* – comments Tomasz Szelaąg, Management Board Member responsible for Finance in Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.

[More>> http://www.grupapolsat.pl/en/archive/effective-strategy-implementation-cyfrowy-polsat-group-q2-2015](http://www.grupapolsat.pl/en/archive/effective-strategy-implementation-cyfrowy-polsat-group-q2-2015)

**Press release**  
**August 26, 2015**

## **Polsatnews.pl – new information portal on the Polish media market**

The information portal, which is to be launched at the turn of September and October under the address [www.polsatnews.pl](http://www.polsatnews.pl), will constitute an entirely new source of information, not only an online complement of Polsat News and Polsat News 2. The content of [polsatnews.pl](http://polsatnews.pl) will consist primarily of own productions dedicated exclusively to the portal and informational content from three channels: Polsat, Polsat News and Polsat News2, as well as channels from Polsat's portfolio, such as Polsat Sport. Similarly to TV channels, the portal will offer video coverage of current internal and foreign affairs, including political, social and cultural events. The service will also provide access to archives, which will be available thanks to cooperation with the IPLA service.

Polsatnews.pl will be available both as a webpage and in a mobile version.

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## **Wind Mobile will provide Plus with a new generation voice mail**

Wind Mobile and Polkomtel Sp. z o.o. signed a letter of intent regarding the provision of an innovative voice mail platform and new voice services to Plus network.

As part of the cooperation Wind Mobile will provide Polkomtel with a new generation voice mail platform, which will allow to realize voice services that optimize and enhance the quality of customer service, both in the segment of individual subscribers as well as business customers. The new platform will allow Plus customers to activate services that constitute an interesting alternative for people who wish to remain in permanent contact. These services include, among others, access to voice mail through a mobile application, the possibility to send voice recordings via MMS or the option to automatically send an alert via short text message, the content of which can be chosen during the connection with the unavailable recipient's voice mail.

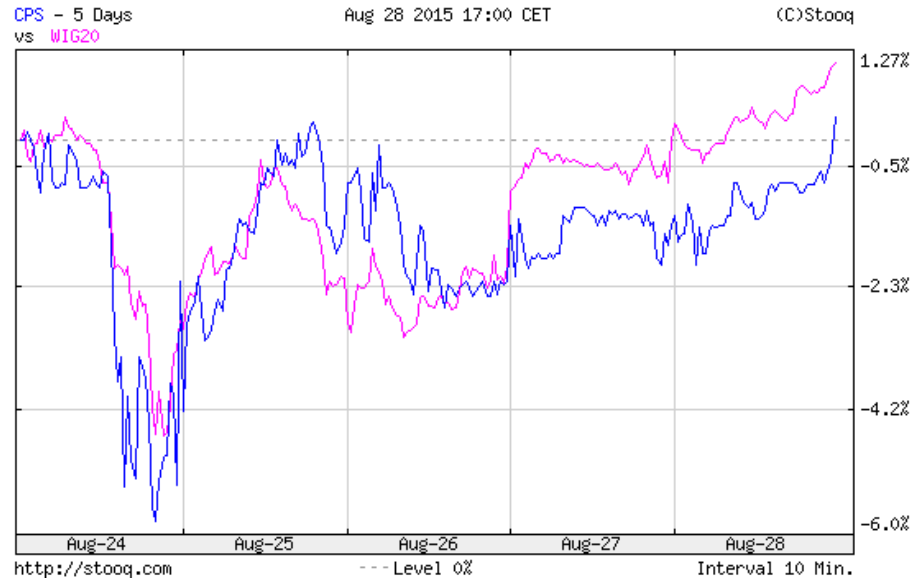
Cooperation with respect to the above will be executed in the Revenue Share model, which assumes tight cooperation of both sides on terms of product development and management of specific services.



# Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2015-08-24	22.22	20.21	21.20	-5.27%	18 705
2015-08-25	21.88	20.69	21.40	0.94%	13 508
2015-08-26	21.85	21.11	21.20	-0.93%	9 031
2015-08-27	21.55	21.21	21.40	0.94%	10 949
2015-08-28	21.78	21.26	21.78	1.78%	8 658



# Investor's calendar



October 29 – November 12, 2015	Closed period prior to the publication of Q3 2015 results
November 12, 2015	Publication of the consolidated quarterly report for Q3 2015