



Cyfrowy Polsat IR Newsletter

January 25 – 31, 2016



Media about us	Date	Media about the TMT market in Poland
	25.01	<p>Puls Biznesu: UKE pleased with network quality <i>by MZAT</i></p> <p>The Office of Electronic Communications (UKE) examined the quality of services provided by the four biggest Polish mobile operators. The results demonstrate that Poland is among the leaders in Europe in terms of mobile network quality. All the operators demonstrated voice call setup rate exceeding 99%, with Play achieving the best result.</p> <p>The highest average data transfer rate (both for download and upload) was demonstrated by Plus, followed by Orange and T-Mobile (who cooperate with each other in the network area), with Play being last.</p> <p>Parkiet: Competition against cable operators more important than deregulation <i>by ZIU</i></p> <p>In the opinion of Tomasz Szopa, the CEO of Netia, the competition coming from cable network operators, offering high-speed NGA Internet access, is more important than the issue of freeing Orange of further regulatory obligations. UKE is planning to deregulate Orange this year in 20 local communes where the telecom has so far been obligated to provide access lines for packet data transmission service (LLU). Szopa also said it was still too early to talk about a potential commercial agreement with Orange.</p>

Media about us	Date	Media about the TMT market in Poland
	26.01	<p>Rzeczpospolita: UKE issued LTE spectrum reservation documents to the winners of the auction <i>by Urszula Zielińska</i></p> <p>On January 25, 2016, the Office of Electronic Communications issued 19 spectrum reservation decisions to the winners of the auction of 800 MHz and 2600 MHz frequencies. The telecoms have 14 days from the date of delivery of the decision to pay the reservation fees, amounting PLN 9.2 bn in total.</p> <p>The following companies have obtained spectrum in the auction: Orange (2 blocks of 800 MHz, 3 blocks of 2600 MHz spectrum for nearly PLN 3.17 bn in total), Play (1 block of 800 MHz spectrum and 4 blocks of 2600 MHz spectrum for ca. PLN 1.72 bn), T-Mobile (1 block of 800 MHz spectrum and 3 blocks of 2600 MHz spectrum for PLN 2.14 bn), NetNet (1 block of 800 MHz spectrum for slightly over PLN 2 bn) and Polkomtel (4 blocks of 2600 MHz spectrum for PLN 156 million).</p> <p>The winners must start offering services based on the obtained spectrum within 12 months of the date of delivery of spectrum reservations (for the 800 MHz band) and not later than 36 months in the case of the 2600 MHz band. High speed mobile Internet access should be offered on the territories of nearly 2300 local communes, half of which currently have no Internet access or Internet access is slower than 2 Mbps.</p>

Media about us	Date	Media about the TMT market in Poland
	27.01	<p>Parkiet: Clean-up at T-Mobile helped competitors <i>by ziu</i></p> <p>T-Mobile Polska thoroughly verified its base of SIM cards. As a result, according to the Central Statistical Office working figures, the market shrank by nearly 2.8 million SIMs in Q4 2015, and by 1.1 million during the entire 2015, bringing the number of SIM cards on the market to 56.2 million. According to daily “Parkiet” sources, T-Mobile most probably deactivated from 3.2 to 3.5 million out of 9 million of its prepaid SIMs.</p> <p>It can be estimated that in terms of the number of active SIMs, T-Mobile fell to spot no. 4 in December 2015 with a market share of 22% (versus 26% in September). In turn, T-Mobile’s competitors saw their market shares increase. According to “Parkiet”, at the end of the year Orange Polska could have had ca. 28%, P4 – ca. 25%, while Cyfrowy Polsat Group – slightly over 24% of market share.</p> <p>Thanks to cleaning up its customer base of the so-called “ghost SIMs”, the operator is able to recover numbering which it either can return to UKE, thus reducing incurred costs, or it can reuse the numbers by allocating them to customers. As a result of such clean-ups market size, average revenue per user, or usage figures become more realistic.</p>

Press review



Media about us	Date	Media about the TMT market in Poland
	29.01	<p>Parkiet: Telecommunication</p> <p>NetNet, a company associated with Cyfrowy Polsat, withdrew its application for reservation of a spectrum block in the 800 MHz bandwidth which it won in the LTE auction. The unofficial information was confirmed by Artur Koziółek, UKE spokesman. If the withdrawal of the application by NetNet is effective (UKE is analyzing the case since the withdrawal of the application took place after the spectrum reservation was issued), then T-Mobile Polska will be the party to whom the block will be allocated. T-Mobile's bid was second and it also amounted around PLN 2 bn. T-Mobile has already declared that it will take the abandoned spectrum block. Should it change its mind, P4 will be the next operator in line with a bid of PLN 357 million.</p>



Current report no. 1 January 29, 2016

Repayment by Eileme 2 AB (publ), a subsidiary of Cyfrowy Polsat, 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, maturing in 2020

With reference to Current Report of Cyfrowy Polsat S.A. (the “**Company**”) No. 42/2015 concerning, among other things, the execution of a material loan agreement by Polkomtel sp. z o.o., a subsidiary of the Company (“**Polkomtel**”) and other subsidiaries, i.e. the Senior Facilities Agreement of 21 September 2015 (the “**PLK Facilities Agreement**”), and Current Report No. 53/2015 concerning the release by Eileme 2 AB (publ), a subsidiary of the Company („**Eileme 2**”), of a conditional notice of redemption of all senior notes issued by Eileme 2 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**”), pursuant to the Indenture of 26 January 2012 (the “**HY Notes Indenture**”), the Company announces that Eileme 2 received from the Trustee representing the noteholders the confirmation to the effect that all obligations of Eileme 2 and certain subsidiaries of the Company under the HY Notes Indenture were discharged and, thus, the HY Notes Indenture expired with respect to the same following the payment of funds to the account of the Paying Agent in the amount corresponding to the total debts in respect of the redemption and cancellation of the HY Notes on 1 February 2016 and the satisfaction of other conditions of an early redemption of the HY Notes (the “**Confirmation of Discharge of Obligations**”).

The repayment of debts in respect of the HY Notes involved (i) the repayment by Eileme 3 AB (publ), a subsidiary of the Company (“**Eileme 3**”), of debts in respect of the promissory note issued on 26 January 2012 in connection with the funds made available by Eileme 2, and (ii) the repayment by Polkomtel of amounts related to the early redemption of Series D and E Notes issued by Spartan Capital Holdings Sp. z o.o. (Polkomtel is its successor) on 26 January 2012 and acquired by Eileme 3. The funds to repay amounts related to the early redemption of Series D and E Notes were obtained from a term loan granted to Polkomtel under the PLK Facilities Agreement.

In connection with the receipt of the Confirmation of Discharge of Obligations, pursuant to the Amendment, Restatement and Consolidation Deed of 21 September 2015, reported by the Company in its Current Report No. 42/2015:

- (i) the amendments described in Current Report No. 42/2015 were incorporated to the Senior Facilities Agreement of 21 September 2015 (the “**CP Facilities Agreement**”) between, inter alia, the Company and the consortium of financial institutions, which was reported by the Company in that Current Report;
- (ii) Polkomtel and other subsidiaries of the Company have acceded to the CP Facilities Agreement as a borrower and guarantor or a guarantor; and

Current report no. 1 January 29, 2016

- (iii) debts under the PLK Facilities Agreement were repaid on a cashless basis, from funds made available to Polkomtel under the CP Facilities Agreement.

As a result of the discharge of obligations of Eileme 2 and other subsidiaries of the Company under the HY Notes Indenture and the repayment of debts under the PLK Facilities Agreement, the security interests established in connection with the debts contracted under the aforementioned finance documents were released. As part of the documents required to release the security interests, on 29 January 2016 certain subsidiaries of the Company executed the Termination Deed with Citicorp Trustee Company Limited, Ortholuck Limited and Litenite Limited pursuant to which the following agreements were terminated: the LTE Side Agreement of 9 November 2011 and the LTE Call Back Option of 6 February 2012, the termination of the LTE Call Option of 6 February 2012 was confirmed while the shares in Litenite Limited representing 49% of its share capital assigned for security in favor of LTE Holdings Limited (a subsidiary of Polkomtel) for the price of EUR 1.00 were transferred back to Ortholuck Limited for the price of EUR 1.00.

Current report no. 2 January 29, 2016

Execution of hedging transactions

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) announces the decision to publish the inside information previously delayed by the Company on 11 December 2015 (the “**Delay**”). The disclosure was delayed pursuant to Article 57 Section 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies and § 2 Section 1 Clause 1 and 5 of the Ordinance of the Minister of Finance of 13 April 2006 on the type of information that might violate legitimate interests of an issuer and the procedure to be followed by an issuer in connection with any delayed disclosure of inside information to the public.

The inside information subject to the Delay concerned the execution by the Company and its subsidiary, i.e. Polkomtel sp. z o.o. (“**Polkomtel**”) of several FX and Interest Rate Swap transactions (the “**Transactions**”). The Transactions were concluded in connection with the continued refinancing of the existing debts of the Company’s group, including the debt refinancing in respect of senior notes with the total nominal value of EUR 542.5 million and USD 500 million USD, due in 2020 and bearing interest at 11¾% for the EUR tranche and 11½% for the USD tranche (the “**HY Notes**”), issued by Eileme 2 AB (publ), a subsidiary of the Company. The repayment of debts in respect of HY Notes involved, among other things, the repayment by Polkomtel of amounts related to the early redemption of Series D and E Notes issued by Spartan Capital Holdings Sp. z o.o. (Polkomtel is its successor) on 26 January 2012 and acquired by Eileme 3 AB (publ). The details of the repayment of the HY Notes are included in Company’s Current Report No. 1/2016 of 29 January 2016. The funds to repay

Current report no. 2 January 29, 2016

amounts related to the early redemption of Series D and E Notes were obtained from a term loan in PLN granted to Polkomtel under a material loan agreement, i.e. the Senior Facilities Agreement of 21 September 2015, executed by Polkomtel and other subsidiaries (the “**PLK Facilities Agreement**”), reported by the Company in its Current Report No. 42/2015 of 21 September 2015.

In view of the need to exchange funds from the term loan in PLN, granted under the PLK Facilities Agreement, into EUR and USD funds, Polkomtel executed several FX hedging transactions. In addition, to limit the risk of unfavorable interest rate movements, the Company and Polkomtel executed several Interest Rate Swap transactions. The total value of the Transactions converted into PLN amounted to PLN 6,581.8 million.

The Transactions were concluded on various dates and with various banks such as Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Société Générale Spółka Akcyjna Oddział w Polsce, Bank Zachodni WBK S.A., BNP Paribas Fortis SA/NV and Credit Agricole Bank Polska S.A., and included, in particular:

- (i) FX forward transactions for USD with the total value of USD 529.0 million (PLN 2,109.2 million), the settlement date fixed for 27 January 2016 and the average PLN/USD exchange rate of 3.9872;
- (ii) FX forward transactions for EUR with the total value of EUR 570.0 million (PLN 2,472.6 million), the settlement date fixed for 27 January 2016 and the average PLN/EUR exchange rate of 4.3378; and
- (iii) Interest Rate Swap transactions with the total value of PLN 2,000.0 million involving the swap of interest payments based on the variable WIBOR 3M for interest payments based on the fixed interest rate of 1.553% on average. The transactions were executed for the period from 30 June 2016 to, depending on the agreement respectively, 28 and 30 September 2018.

All the Transactions described hereinabove were concluded on an arm’s length basis, with terms and conditions typical for similar transactions executed on the market at that time.

The Transactions are deemed material because their aggregate value as well as the value of the Transactions with each of the following: Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Société Générale Spółka Akcyjna Oddział w Polsce and Bank Zachodni WBK S.A. exceeded 10% of revenues of the Company’s capital group for the last four financial quarters.

Current report no. 3 January 29, 2016

Security interests established on assets of significant value

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) announces that certain agreements and actions have been executed in relation to establishing security interests in connection with the amendment of the Senior Facilities Agreement concluded by the Company and its subsidiaries with the consortium of financial institutions on 21 September 2015 (the “**Senior Facilities Agreement**”), which was reported by the Company in its Current Report No. 42/2015 (Section 1) of 21 September 2015. Polkomtel Sp. z o.o., an indirect subsidiary (“**Polkomtel**”) and other subsidiaries of the Company have acceded to the Senior Facilities Agreement as a borrower and guarantor. The Senior Facilities Agreement has been amended and Polkomtel with other subsidiaries have acceded thereto pursuant to the Amendment, Restatement and Consolidation Deed of 21 September 2015, which was reported by the Company in its Current Report No. 42/2015 (Section 3) of 21 September 2015.

On 29 January 2016, Polkomtel, other members of the Company’s group referred to below and UniCredit Bank AG, London Branch, executed and signed certain agreements and further documents concerning the following security interests:

- (i) registered pledges over variable collections of movable property and rights comprised in enterprises of Polkomtel and Plus TM Management sp. z o.o., governed by Polish law;
- (ii) financial and registered pledges on shares in Polkomtel (with a total nominal value of PLN 3,510,300,000) and in Plus TM Management sp. z o.o. (with a total nominal value of PLN 106,000), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the aforementioned companies; the pledged shares represent 100% of the share capital of each company and are held by the Company as long-term capital investments. The Company directly holds 100% of shares in Polkomtel and in Plus TM Management sp. z o.o., representing 100% of votes at shareholders’ meetings of these companies;
- (iii) financial and registered pledges on receivables under bank account agreements of Polkomtel and Plus TM Management sp. z o.o., governed by Polish law;
- (iv) powers of attorney to bank accounts of Polkomtel and Plus TM Management sp. z o.o., governed by Polish law;
- (v) contractual mortgage governed by Polish law on the land property owned by Polkomtel and located in Warsaw, Ursynów district, in the vicinity of Baletowa street, comprising plots of land no. 131/4 and 132/6, subject to the establishment of the Land and Mortgage Register for these plots upon their separation from Land and Mortgage Register No. WA2M/00210976/8;

Current report no. 3
January 29, 2016

- (vi) assignment for security of receivables under hedge agreements of Polkomtel, governed by English law;
- (vii) assignment for security of rights under insurance agreements covering the Polkomtel's property;
- (viii) pledge on shares in Eileme 1 AB (publ) (with a total nominal value of SEK 500,000), governed by Swedish law; the pledged shares represent 100% of the share capital of the company and are held by the Company as a long-term capital investment; the Company indirectly holds 100% shares in Eileme 1 AB (publ) representing 100% of votes at the shareholders' meeting of the company;
- (ix) pledge on shares in Eileme 2 AB (publ) (with a total nominal value of SEK 500,000), governed by Swedish law; the pledged shares represent 100% of the share capital of the company and are held by the Company as a long-term capital investment; the Company indirectly holds 100% shares in Eileme 2 AB (publ) representing 100% of votes at the shareholders' meeting of the company;
- (x) pledge on shares in Eileme 3 AB (publ) (with a total nominal value of SEK 500,000), governed by Swedish law; the pledged shares represent 100% of the share capital of the company and are held by the Company as a long-term capital investment; the Company indirectly holds 100% shares in Eileme 3 AB (publ) representing 100% of votes at the shareholders' meeting of the company;
- (xi) pledge on shares in Eileme 4 AB (publ) (with a total nominal value of SEK 500,000), governed by Swedish law; the pledged shares represent 100% of the share capital of the company and are held by the Company as a long-term capital investment; the Company indirectly holds 100% shares in Eileme 4 AB (publ) representing 100% of votes at the shareholders' meeting of the company;
- (xii) statements of Polkomtel and Plus TM Management sp. z o.o. on the submission to enforcement on the basis of a notarial deed, governed by Polish law.

The registered pledges will be effective upon their registration in the Register of Pledges. The mortgage will be effective upon its registration in the relevant Land and Mortgage Register. The security interests have been established in favor of Unicredit Bank AG, London Branch, acting as a security agent.

The aggregate book value of the assets encumbered with the security interests, as disclosed in the books of account of the Company's subsidiaries, is PLN 18,382 million.

Current report no. 3 January 29, 2016

There are no relations between the Company or persons who manage or supervise the Company and Unicredit Bank AG, London Branch, or persons who manage or supervise Unicredit Bank AG, London Branch.

The encumbered assets are deemed material because their aggregate value exceeds 10% of revenues of the Company's capital group for the last four financial quarters.

Press release January 27, 2015

Plus with the fastest Internet

According to the mobile services quality report, commissioned by the Office of Electronic Communication (UKE), Plus offers the fastest mobile data transmission services.

A comparative survey of the quality of telecommunication services offered by telecommunication operators was carried out last December by an external firm selected in a tender by UKE. Several dozen thousand various tests were performed using SIM cards of Orange, Play, Plus and T-Mobile. The measurements were performed nationwide, with 83% of them carried out while the terminals were in motion.

According to the report published on January 22, Plus's mean download rate was 25.19 Mbps. The result was two times higher than the one achieved by Play and 25% better than T-Mobile's or Orange's. The results of download transfer rates achieved by T-Mobile and Orange were respectively 20.64 Mbps and 19.66 Mbps, with Play achieving 12.43 Mbps. Plus also achieved the highest upload transfer rate – 17.71 Mbps. In the case of the remaining operators, the results were: T-Mobile – 16.87 Mbps, Orange – 15.85 Mbps and Play – 12.60 Mbps.

The surveys also confirmed, indirectly, that Plus had the widest LTE network coverage in Poland. During 94% of the duration of the tests in Plus network data transmission was effected in LTE technology. In the case of other operators, the figures were respectively 83% for Play and 78% for T-Mobile and Orange. Also, on the roads which connect cities Plus demonstrated the best parameters in this category, with data transmission in LTE network accounting for 83% of the total time of the test. In the case of Play LTE network was active during 52% of the time, while the result for Orange and T-Mobile was 38%.

Press release
January 29, 2015

Cyfrowy Polsat Group completed refinancing its current indebtedness

Cyfrowy Polsat Group repaid the Senior Notes issued by Eileme 2 AB (publ) – a company from Cyfrowy Polsat Group – with the nominal value of EUR 542.5 million and USD 500 million, thereby completing the process of refinancing the current indebtedness of the Group. In September 2015, under the process of refinancing the Group's indebtedness, the Group entered into a facility agreement with a consortium of Polish and foreign financial institutions comprising a term facility of up to PLN 11.5 billion and a revolving facility of up to PLN 1 billion and issued Series A unsecured bearer bonds with the total nominal value of PLN 1 billion in July 2015. The aforementioned activities will provide the Group with interest savings of approximately PLN 400 million annually.

Major benefits arising from the completed refinancing process of the Group are as follows:

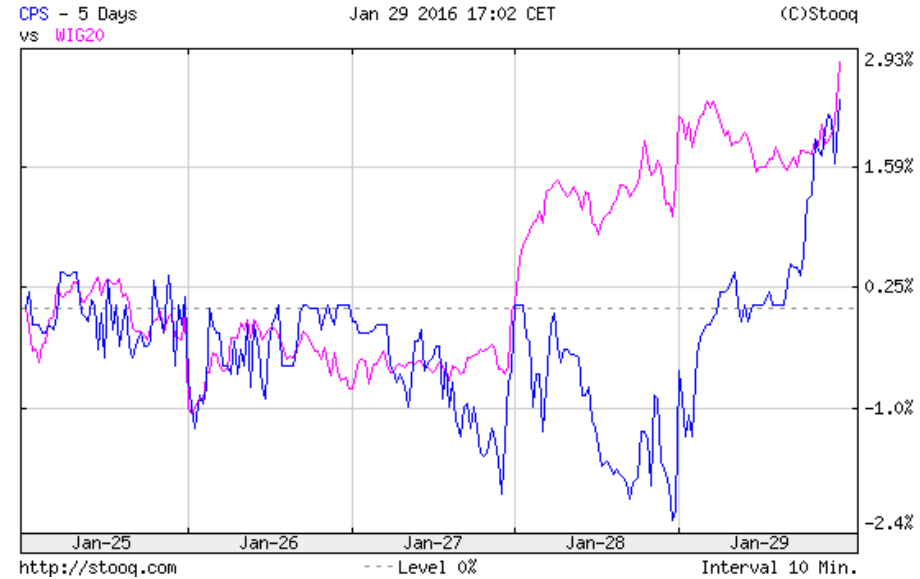
- decrease in average interest expenses by approximately 3 percentage points, i.e. to approximately 3.6%;
- significant interest savings of approximately PLN 400 million annually;
- positive change in the currency structure: PLN only;
- diversified sources of financing: banks and Polish bondholders;
- standardized covenants of Cyfrowy Polsat and Polkomtel;
- limited and consolidated collaterals, which may be released when the debt ratio falls below 1.75x;
- increased business and financial flexibility of the Group: lack of constraints on cash flow improves liquidity management,
- greater flexibility with respect to future investments.

[More>>http://www.grupapolsat.pl/en/archive/cyfrowy-polsat-group-completed-refinancing-its-current-indebtedness](http://www.grupapolsat.pl/en/archive/cyfrowy-polsat-group-completed-refinancing-its-current-indebtedness)

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016-01-25	21.19	20.83	21.02	0.10%	5 001
2016-01-26	21.04	20.70	21.00	-0.10%	4 535
2016-01-27	20.98	20.53	20.84	-0.76%	8 519
2016-01-28	21.06	20.41	20.50	-1.63%	10 562
2016-01-29	21.51	20.60	21.51	4.93%	16 654



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