



Cyfrowy Polsat IR Newsletter

April 25 – May 1, 2016



Media about us	Date	Media about the TMT market in Poland
<p>Rzeczpospolita: Polkomtel is finalizing the acquisition of Midas <i>by ziu</i></p> <p>Following the tender offer, Polkomtel purchased slightly over 27% shares of Midas from stock exchange players for PLN 326 million. Once the transactions are settled, Polsat Group will hold just over 93.2% of Midas shares.</p> <p>Stock analysts do not expect significant business benefits for Polsat group following the acquisition of Midas – rather the idea is to eliminate costs of cash flows and a potential reduction of debt servicing costs.</p>	<p>25.04</p>	<p>Rzeczpospolita: Big commotion in prepaid mobile services <i>by Urszula Zielińska</i></p> <p>The obligation related to the registration of prepaid SIM users' personal data is one of the changes proposed in the counter-terrorist act. The change may prove positive for telecoms since once the users are no longer anonymous, the difference between prepaid and postpaid services will practically cease to exist. On top of that, it will be possible to determine how many active mobile users there are. Based on statistics from the end of December 2015, operators maintained ca. 25.5 million SIM cards but quite a lot of them were not used at all, or customers used them very irregularly.</p> <p>Telecoms have been promoting their prepaid services since the beginning of the year. T-Mobile promotes a prepaid service under its own brand. Orange Polska actively promotes prepaid and postpaid service under the Nju Mobile brand. In December 2015 services offered under Nju brand were used by 699 thousand users, including 440 thousand in the prepaid option and 259 thousand in the postpaid option. Polkomtel promotes its prepaid services under Plush brand and positively assesses the results achieved by this service. Since December 2014 until now 1.1 million users have used services marketed under this brand.</p>

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	27.04	<p>Rzeczpospolita: Fiber-optic lines to boost Orange Polska <i>by Urszula Zielińska</i></p> <p>The quarterly results of Orange Polska are in line with market expectations – the company reported a 4.2% decrease in revenue (down to PLN 2.8bn) and lower profits than a year earlier. The telecom’s management is of the opinion that sales of services enabling Internet access over fiber-optic lines are on track. During the coming quarters the operator should be acquiring over 10 thousand subscribers of these services. The management is also satisfied with the sales results of high-speed broadband Internet access. In Q1 2016 sales of these services have been the highest so far.</p> <p>The telecom’s strategy assumes investments in state-of-the-art access technologies: mobile LTE and FTTH. While the number of unique LTE users increased by 20% since December (to the level of 2.4m), the number of subscribers to high speed fixed-line Internet access grew by 50K (by 15%), to the level of 366K, and the number of FTTH lines alone increased by 10K – to 27K. Once again the company saw a decrease of the total number of subscribers using fixed-line Internet access.</p> <p>In Q1 the footprint of Orange’s FTTH network increased by 102K households, to the level of 818K. In 2016 it is expected to increase to 1.5m households. Expenditures incurred for the project amounted to PLN 66m in Q1 2016 and are expected to reach PLN 0.6bn during the whole year. All in all, Orange plans to</p>

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	27.04	<p>allocate PLN 2.4bn to this project in the years 2016-2018 and expand the network's coverage to 3.5m households.</p> <p>Analysts are underscoring the good results of sales of mobile services by Orange. The number of SIM cards operated by the telecom increased by 358K in Q1 2016, mainly as a result of higher sales of mobile Internet subscriptions. The number of prepaid service users increased by 144K.</p>
<p>Parkiet: Operators will try to deal with billions in debt <i>by Urszula Zielińska</i></p> <p>The two biggest telecommunication groups listed on the Warsaw Stock Exchange have loans which exceed PLN 21bn in total. Following the acquisition of Midas, Cyfrowy Polsat Group has nearly PLN 14bn to repay, while the debt of Orange Polska, after paying the fees for the spectrum it won in the auction, is PLN 7.6bn.</p> <p>In the opinion of the analysts, Cyfrowy Polsat will do better with debt repayment thanks to the stabilization of its customer base, lack of plans for substantial capital expenditures and lower pressure on revenue due to the lack of exposure to the declining fixed-line voice business. They expect growth of the Group's EBITDA starting from next year and a symbolic dividend payout in 2017. According to preliminary estimates made by Przemysław Sawala-Uryasz, an IB Pekao analyst, the dividend should be PLN 0.46 per share (a 2% dividend rate), while Sobiesław Pająk of DM BOS brokerage house expects a payout of 0.55 PLN per share (a 2.2% dividend rate).</p>	28.04	

Press review



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Analysts expect Orange Polska profits to continue to decline over the next 2-3 years due to the company's involvement in the fixed-line services segment and the announced investments into fiber-optic networks. They expect that this year's dividend will be maintained, i.e. PLN 0.25 per share (which is synonymous with a dividend rate of ca. 4% at the current share price).	28.04	
	29.04	<p>Rzeczpospolita: Growing queue of parties interested in telecommunication towers acquisition <i>by Urszula Zielińska</i></p> <p>The group of companies interested in buying the infrastructure from Polish mobile operators is growing. Emitel is one of the interested parties. According to "Rzeczpospolita" daily, small value transactions are more probable than big transactions and radical changes in MNOs' approach to their own infrastructure.</p> <p>In the opinion of Grzegorz Bernatek, an analyst from Audytel consulting firm, the sale and outsourcing of towers constitute tools of optimizing mobile operators' costs. Benefits for operators come, among others, from the lower cost of maintenance provided by specialized companies thanks to economies of scale. In his opinion the sale of towers could be a source of cash to support financing of LTE network roll out. Experts estimate that the cost of purchasing one tower could be between PLN 200K and 400K. However, for the time being none of the big telecoms has signaled the intention to sell its infrastructure.</p>

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	29.04	<p>Rzeczpospolita: "Buy" Netia</p> <p>Experts from BOŚ Brokerage House reduced the valuation of Netia's shares from PLN 6.3 to PLN 5.9 while maintaining their recommendation "buy". On Thursday Netia's shares traded at PLN 5.06. The broker's analysts point out that though Netia has strengthened its market position, the price war on the market restricts its growth potential by leading to higher churn, pressure on ARPU and higher technical requirements with regard to the provision of high speed Internet access. However, taking into account the company's limited debt and its fundamental growth potential, analysts believe that an investment in Netia is justified.</p>



Press release
April 26, 2016

EVOBOX PVR awarded with a Gold Medal of Poznań International Trade Fair

During this year's Poznań Media Expo trade fair (25-28 April 2016) the latest set-top box manufactured by Cyfrowy Polsat – EVOBOX PVR which is the most modern and most advanced STB for satellite TV to offer, was awarded the Gold Medal of Poznań International Trade Fair. The innovative software installed on board the EVOBOX PVR STB has been developed in cooperation with ADB, a renowned company in the industry.

More>><http://www.grupapolsat.pl/en/archive/evobox-pvr-set-top-box-awarded-gold-medal-poznan-international-fair-mtp>

Press release
April 29, 2016

Cyfrowy Polsat Group awarded in the “Eagles” competition of Rzeczpospolita daily

During the official ceremony summing up this year's edition of the List 500 of the largest Polish enterprises, Cyfrowy Polsat Capital Group was awarded with the Eagle of Rzeczpospolita daily in the category Best infrastructure, trade and non-financial services company.

The assessment criteria adopted by the Jury included indicators related to efficiency, stability and development ability, such as ROE, EBITDA margin, labor productivity, as well as the ability to repay indebtedness and revenue dynamics.

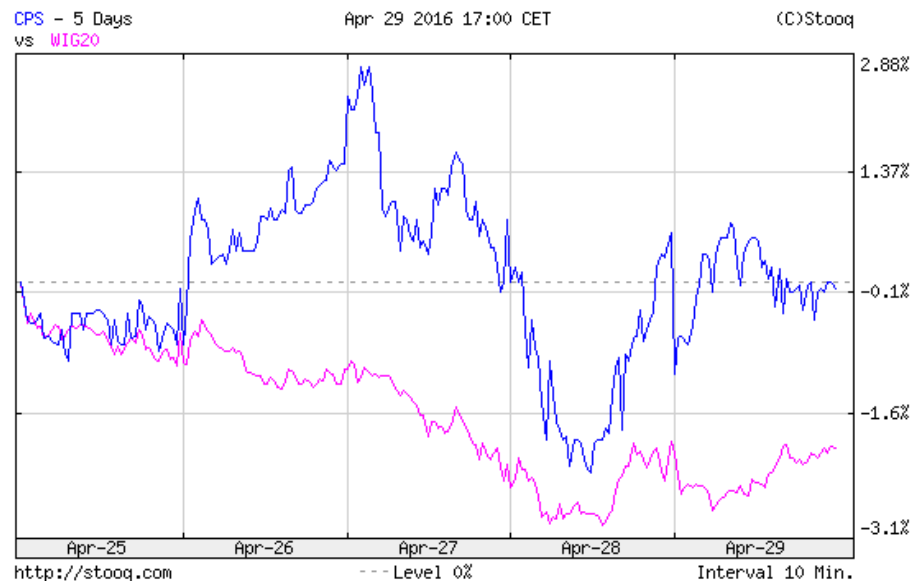
Experts underscored the Group's stable revenue, effective control of operating cost and the finalization of the process of debt refinancing. The strategy of building a portfolio of integrated contract services comprising pay TV, mobile telephony and internet access in the latest LTE technology (the smartDOM program) is being executed successfully. Cyfrowy Polsat's and Polkomtel's excellent results are perfectly complemented, by Telewizja Polsat, whose TV channels were leaders in terms of viewership in the commercial group and whose TV advertising and sponsorship revenue grew almost twice as fast as the market in the previous year.

In this year's 18th edition of the List 500 prepared by Rzeczpospolita daily – the prestigious summary of the largest Polish enterprises – Cyfrowy Polsat Group was ranked 24th, thus advancing by 9 positions compared to 2014.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016-04-25	24.31	24.05	24.28	-0.86%	1 983
2016-04-26	24.79	24.10	24.68	1.65%	6 089
2016-04-27	25.08	24.20	24.50	-0.73%	11 010
2016-04-28	24.50	23.66	24.46	-0.16%	9 874
2016-04-29	24.49	24.00	24.28	-0.74%	7 562



Investor's calendar



April 28 – May 12, 2016	Closed period prior to the publication of Q1 2016 results
May 12, 2016	<p>Publication of Q1 2015 results</p> <p><i>Schedule of publication:</i></p> <p>7:00 a.m. Publication of the annual reports in ESPI (WSE publishing system)</p> <p>8:00 a.m. Publication of the annual reports on our website http://www.grupapolsat.pl/en/arc/results</p> <p>10:00 a.m. Meeting with investors and analysts (Radisson Blu Centrum Hotel, conference room Polonia 3, 1st floor, 24 Grzybowska Street, Warsaw)</p> <p>12:00 p.m. Meeting with journalists</p> <p>4:00 p.m. (CET) Conference call with investors and analysts</p> <p><i>Conference call details:</i></p> <p>Date: May 12, 2016</p> <p>Time: 4:00 p.m. (Warsaw), 3:00 p.m. (London), 10:00 a.m. (New York)</p> <p>Phone numbers: +44 203 043 2440 (international); +48 22 295 35 28 (Poland)</p> <p>Conference ID: 96421126#</p> <p>In order to view our investor presentation during the conference call via a dedicated platform, please click on this link and then log in as a participant by providing your name.</p> <p>https://cyfrowypolsat.anywhereconference.com/?UserAudioMode=DATA&Name=&Conference=135301092&PIN=96421126</p>
May 16, 2016	Ipopema/WSE/Auerbach Grayson: Poland Capital Markets Day, NY