



Cyfrowy Polsat IR Newsletter

September 28 – October 4, 2015



Media about us	Date	Media about the TMT market in Poland
	28.09	<p>Puls Biznesu: Minister of Administration and Digitization ends the telecom stalemate <i>by MZAT</i></p> <p>An amendment of the Regulation of the Minister of Administration and Digitization regarding the frequency auction was published on Friday. Under the Regulation the auction for the 800 and 2600 MHz frequencies, taking place since February this year, will end in the middle of October. This Act was introduced despite the fact that the new rules were strongly criticized by nearly all the participants of the proceedings and industry associations.</p> <p>According to the Regulation, after the 115th day the betting under the auction, which has already exceeded PLN 7.6bn, will be stopped. If the highest bids of any two telecoms for any of the available frequency blocks are identical, a play-off will be organized in which the final bids will be submitted in envelopes.</p> <p>In a letter addressed, among others, to the President of the Republic of Poland, P4 and Polkomtel appealed for not introducing the Regulation, emphasizing that changing the rules of the game during the proceedings is unconstitutional and creates an enormous legal risk. On Friday, a similar position was presented by T-Mobile. According to Adam Sawicki, CEO of T-Mobile Polska, adopting the Regulation in the form recommended by the Minister Andrzej Halicki will lead to the paralysis of the telecommunication market which will sink into legal battles for many years.</p>

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	28.09	<p>Rzeczpospolita: Long list of entities willing to broadcast on the multiplex <i>by ele</i></p> <p>As many as 24 applications were sent to the National Broadcasting Council from companies which would like to launch their own channels on the eighth multiplex. There are only four slots available. Apart from the companies which were mentioned earlier in the media, the entities willing to start broadcasting under a new package of digital terrestrial television include, among others: Scripps Networks Polska, A+E Networks Poland and TV Film – a company belonging to the ZPR Media Group and the Association of Polish Filmmakers. Discovery Polska has submitted three applications.</p>
<p>Dziennik Gazeta Prawna: Plus pries open the door which is already ajar <i>by Krzysztof Majdan</i></p> <p>Polkomtel has introduced tests of the Wi-Fi Calling service. This is a service which enables calling and sending short messages via a hotspot within the coverage of a Wi-Fi network. It is a very fresh service, because not many operators decided to introduce it (Swisscom and American T-Mobile, among others). Unlike instant messaging, Wi-Fi Calling does not require installation of any additional applications both on the side of the calling party and the recipient of the call. In the opinion of</p>	29.09	

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Arkadiusz Tracz, a Network Development Consultant from Ericsson, instant messaging will be further marginalized as compared to Wi-Fi Calling. Plus makes further work on the service dependent on the results of tests.	29.09	
	30.09	<p>Gazeta Wyborcza: Clash of television and the Internet <i>by Martin Stysiak</i></p> <p>The report prepared by KPMG for IAA Polska of the International Advertising Association, shows that the strong position of television worldwide will be maintained in the forthcoming years. The forecasts indicate that global spending on TV advertising will grow from USD 195bn in 2014 to ca. USD 250bn in 2018 and will constitute nearly 38% of all advertising spending. At the same time, the highest growth will be observed in the segment of the online advertising spending which will equalize in terms of value with television advertising spending in 2018.</p> <p>In the last two years, the Polish economy and with it the advertising market in Poland are recovering after a few years of decline. However, the authors of the report also point to the risks for further growth of the advertising market in Poland – they include, among others, economic slowdown or additional regulatory requirements. Media houses need to face new phenomena, such as simultaneous use of a few media or screens. These phenomena and the growth of expenditures on online advertising may affect the transfer of advertising budgets from the television to other media in the future.</p>

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	30.09	<p>Rzeczpospolita: Orange defends the business <i>by Urszula Zielińska</i></p> <p>Orange has reduced rates for access to its infrastructure for alternative operators. The telecom emphasized that the reduction of the price for the service (the so-called WLR) will be offered only to those operators who, thanks to the reduction of the retail price, will maintain their customer base. By the end of August 2017 each operator who serviced customers in the WLR model in 2014 and who commits to reduce the number of customers leaving their network, will receive a discount in the amount of 25% on the monthly access fee. The discount will be charged for an unlimited time, until a given service is active with the given operator.</p> <p>Rzeczpospolita: Poland's net lagging far behind the leaders <i>by Urszula Zielińska</i></p> <p>The report prepared under the auspices of UNESCO and the International Telecommunication Union (ITU) „Broadband Internet 2015: broadband as the basis for stable growth” shows that at the end of 2014, 43% of the population of the Earth used the Internet. Forecasts indicate that this year the number of users of the global Internet will exceed 3bn for the first time in history and will reach the level of 3.2bn in December 2015. In the UNESCO and ITU statistics, Poland is ranked 42nd, as regards the use of fixed-line Internet access (23.8 lines per 100 inhabitants last year) and 44th as regards the use of mobile Internet access (62.3 lines per 100 inhabitants).</p>

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	30.09	Mobile Internet lines dominate because mobile networks develop faster and they acquire customers much easier. Based on the estimations presented in the report, in December this year the inhabitants of the globe will use 3.5bn mobile Internet access services, i.e. 4 times more than fixed-line Internet access.
	1.10	Rzeczpospolita: Telecoms vs. "Lex Halicki" <i>by ziu</i> Three mobile networks: Plus, Play and T-Mobile, appealed to the Prime Minister Ewa Kopacz for the annulment by the Council of Ministers of the Regulation of the Head of the Administration and Digitization Ministry.
	2.10	Parkiet: Concerns about investments <i>by ziu</i> On Thursday, Orange started selling services based on the fiber-optic network. The operator announced that its FTTH network already covers 400 thousand households and will grow to 720 thousand by the end of the year. The telecom announced that it would invest PLN 450m in FTTH networks this year. Orange also presented a new Internet access offer which enables data transfer with the speed of up to 600 Mb/s. Bruno Duthoit, CEO of Orange Polska, said that the telecom was interested in the participation in the contest for supporting the projects of broadband Internet access from the "Digital Poland" Operational Program. The group may acquire a maximum amount of PLN 25m in financing.

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September 28, 2015

Security interests established over assets of significant value

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby gives notice of certain agreements having been concluded and actions performed in relation to establishing security interests related to the Senior Facilities Agreement entered into by the Company on September 21, 2015 (the “**Facilities Agreement**”), which was reported by the Company in the current report No. 42/2015 of September 21, 2015. Pursuant to the Facilities Agreement, the Company was granted the Term Facility Loan up to PLN 1,200,000,000.00 (one billion two hundred million) and a Revolving Facility Loan up to the equivalent of PLN 300,000,000.00 (three hundred million).

On September 28, 2015, the Company, other companies from the Company’s group enumerated below and UniCredit Bank AG, London Branch, executed and concluded certain agreements and other documents concerning the establishment of the following security interests:

- (i) registered pledges over variable collections of movable property and rights comprised in the enterprises of the Company, Cyfrowy Polsat Trade Marks sp. z o.o., Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością sp.k. and Telewizja Polsat sp. z o.o.;
- (ii) financial and registered pledges on shares in Cyfrowy Polsat Trade Marks sp. z o.o. (with an aggregate nominal value of PLN 615,445) and Telewizja Polsat sp. z o.o. (with an aggregate nominal value of PLN 236,946,700), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said companies; the pledged shares represent 100% of the share capital of each company and are held by the Company as a long-term capital investment. The Company holds 100% of shares in Cyfrowy Polsat Trade Marks sp. z o.o. and Telewizja Polsat sp. z o.o., representing 100% of votes at the general meetings of shareholders of the said companies;
- (iii) financial and registered pledges on receivables under bank account agreements of the Company, Cyfrowy Polsat Trade Marks sp. z o.o., Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością sp.k. and Telewizja Polsat sp. z o.o., governed by Polish law;
- (iv) powers of attorney to bank accounts of the Company, Cyfrowy Polsat Trade Marks sp. z o.o., Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością sp.k. and Telewizja Polsat sp. z o.o., governed by Polish law;

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- (v) ordinary and registered pledges on protection rights to trademarks vested in Polsat Brands (einfache Gesellschaft), governed by Polish law;
- (vi) assignment for security of certain property rights in Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością sp.k., governed by Polish law;
- (vii) contractual joint mortgage under Polish law on the following real properties owned by the Company: (a) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00102149/9, (b) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00136943/2, (c) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00102615/7, (d) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00101039/8, (e) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00132063/1, (f) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00104992/7, (g) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00100109/3, (h) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00103400/4, (i) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00100110/3, (j) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00131411/9;
- (viii) assignment for security of receivables under hedge agreements of the Company, governed by English law;
- (ix) assignment for security of rights under insurance agreements covering the property referred to in item (i) and item (vii) above;
- (x) pledge on shares in Polsat License Ltd. (with an aggregate nominal value of CHF 1,000,000), governed by the Swiss law; the pledged shares represent 100% of the company's share capital and are held by the Company as a long-term capital investment; the Company holds 100% of shares in Polsat License Ltd. representing 100% votes at the general meeting of the shareholders of this company;
- (xi) assignment for security of: (a) receivables due from various debtors, (b) receivables and rights to and in bank accounts; and (c) rights under insurance agreements of Polsat License Ltd., governed by the Swiss law;

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- (xii) assignment for security of rights under a license agreement between Polsat Brands (einfache Gesellschaft) and Polsat License Ltd. and rights under bank account agreements, governed by the Swiss law;
- (xiii) pledge on interests and property rights in Polsat Brands (einfache Gesellschaft), governed by the Swiss law; and
- (xiv) statements of the Company, Cyfrowy Polsat Trade Marks sp. z o.o., Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością sp.k. and Telewizja Polsat sp. z o.o. on 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 Title and Mortgage Register. The security interests have been established in favor of Unicredit Bank AG, London Branch, acting as security agent.

The aggregate book value of the assets encumbered with the said security interests in the Company's and its subsidiaries' books of account is PLN 14,846.4 million.

There are no connections between the Company, its management or supervisory persons and Unicredit Bank AG, London Branch and the management persons of Unicredit Bank AG, London Branch.

The encumbered assets are deemed to constitute significant assets as their value exceeds 10% of the revenue for the last four financial quarters.

Press release September 27, 2015

Position regarding the decision of the Minister of Administration and Digitization

Polkomtel sustains its appeal to all the governing bodies in Poland for submitting to the Constitutional Tribunal an application regarding the unconstitutional and illegal Regulation of Minister Halicki.

Minister Andrzej Halicki signed the Regulation regarding an illegal termination of the auction. This means that the Minister of the Polish government disregarded the voice and opinions of the market to which the introduced regulations apply. This is an unprecedented situation in which the Minister imposes the regulation while totally ignoring those to whom this regulation applies.

Press release
September 29, 2015

Cyfrowy Polsat only with HD set-top boxes and as many as 16 additional HD channels

In connection with switching over to state-of-the-art MPEG-4 compression system, starting on October 1, 2015 the subscribers of Cyfrowy Polsat will receive even better quality of services and as many as 16 additional channels in HD quality, which will increase the total number of HD channels available on the platform to 60.

Cyfrowy Polsat, as a technological leader using state-of-the-art solutions, will provide its television services only in the MPEG-4 compression standard. MPEG-4 allows not only for more effective utilization of the satellite capacity, but most of all for broadcasting the signal in a much better quality.

Press release
September 30, 2015

An application to the Prime Minister Ewa Kopacz for the annulment of the Regulation of Minister Andrzej Halicki

In connection with signing by Minister Andrzej Halicki, on September 23, 2015 of the Regulation amending the Regulation on the tender, auction and contest for the reservation of frequency or orbital resources, Polkomtel (Plus network operator) applied to the Prime Minister Ewa Kopacz for considering a possibility of using an institution of law, set out in art 149 item 2 sentence 2 of the Constitution of the Republic of Poland, and presenting to the Council of Ministers an application for the annulment of the said Regulation.

Press release
September 30, 2015

New offer JA+ Rodzina in Plus. A return of the promotion „second product for half price, a third one even for PLN 1”

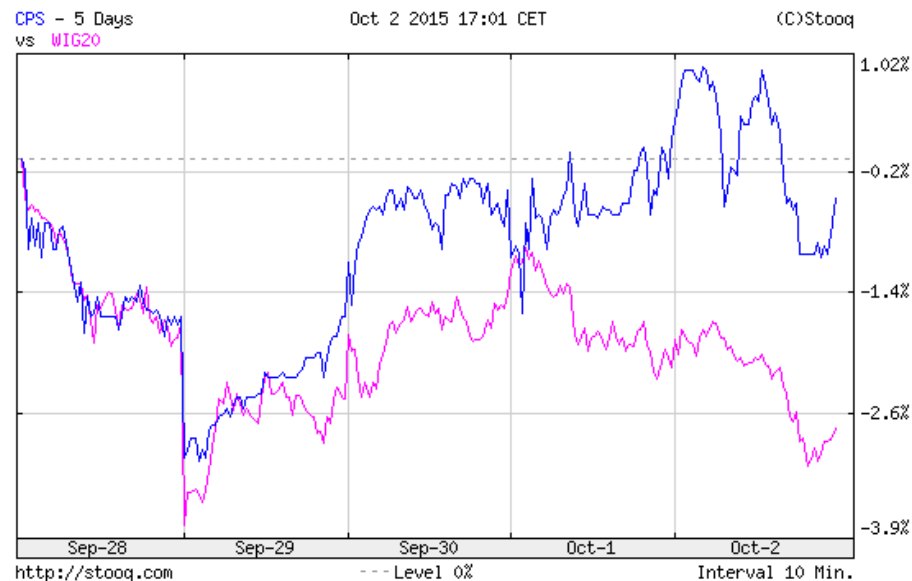
A new offer of Plus JA+ Rodzina (I+ Family) will be available from October 7, 2015. This offer allows for sharing services by a few users under one monthly access fee. I+ Family means unlimited calls to mobile and fixed-line numbers, unlimited SMS and MMS, big shared Internet packs with LTE services without data limit, as well as a package of services available in roaming on the territory of the European Union. All these services are available at the price of one monthly subscription fee and three people may use them, while as many as 6 other users may be added against an additional payment.

Also starting October 7, under the smartDOM program a promotion “second product for half price, a third one even for PLN 1” will be available again. The customer just needs to have one of Plus or Cyfrowy Polsat services (Internet, telephone or television) with the monthly subscription fee of at least PLN 49.90 or purchase it with the minimum monthly subscription fee of PLN 39.90 in the SIM-only offer or at least PLN 59.90 in the offer including equipment, to be able to get a 50% discount for the second service, and receive the third service even for PLN 1 (with the discount of PLN 18.99) and all this for the entire duration of the contract.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2015-09-28	23.45	22.81	23.05	-1.71%	8 760
2015-09-29	23.05	22.65	23.05	0.00%	12 702
2015-09-30	23.40	23.08	23.37	1.39%	18 789
2015-10-01	23.51	23.02	23.50	0.56%	10 371
2015-10-02	23.70	23.20	23.35	-0.64%	8 292



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