



Cyfrowy Polsat IR Newsletter

November 28 – December 4, 2016



Media about us	Date	Media about the TMT market in Poland
	28.11	<p>Dziennik Gazeta Prawna: We will offer a 4K set-top box in half a year <i>An interview with Jean-François Fallacher, the CEO of Orange Polska by Barbara Sowa</i></p> <p>Jean-François Fallacher is not afraid of the competition from the merged UPC and Multimedia Polska. Orange Polska will remain the broadband market leader, though a strong no. 2 will emerge on the market. He stresses that a fiber-optic network is the key investment for Orange Polska now. At the end of September the company had 57K customers using fiber-optic lines with an upward trend.</p> <p>When asked about the TV segment, Fallacher says that Orange is in talks with all VOD providers, including Netflix, however it has been strengthening its cooperation with Canal Plus and HBO. Work is underway on a 4K set-top box, with plans to introduce it to the market it in the first half of 2017. There are also plans to launch the Orange TV GO offer, which will replace Telewizja Tu i Tam (TV Here and There) offer.</p> <p>Orange is promoting early registration of prepaid SIM cards. According to Fallacher, the majority of customers are aware of the necessity of registering their prepaid phone numbers but 5-10% of them do not intend to do it at all. So far as many as 70% of those buying prepaid cards used them only once, and this is the group that will decrease substantially. Orange has been observing a favorable “side-effect” of SIM card registration – customers who visit points of sale to register their cards often decide to go for a postpaid offer.</p> <p>Jean-François Fallacher informed that Orange had not been in any negotiations with the Office of Electronic Communications (UKE) as</p>

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	28.11	<p>regards the 450 MHz spectrum. Talks are only going on with respect to the method of valuation of this spectrum. The company is prepared both for an extension of the existing license, as well as abandoning it.</p> <p>The CEO of Orange Polska is of the opinion that postponing the auction for the 700 MHz spectrum is a reasonable decision. Interest in this auction in the years 2017 or 2018 would not be substantial due to the high expenditures incurred by operators related to the 800 MHz auction. In his opinion, more than in the 700 MHz auction the market is now interested in the outcome of the talks between the regulator and Cyfrowy Polsat who will soon have to decide whether or not it wants to keep its 800 MHz spectrum block and pay the price calculated as the average from the most recent auction.</p>
	29.11	<p>Telko.in: UOKiK comments on UKE's decision regarding the 450 MHz spectrum <i>by Łukasz Dec</i></p> <p>The President of the Office for Competition and Consumer Protection (UOKiK) presented his opinion on the extension of the 450 MHz spectrum reservation for Orange Polska for another 15 years. UOKiK questioned the methodology of analysis of radio spectrum concentration included in the draft decision issued by the Office of Electronic Communications (UKE) and the fact that UKE's analysis disregards currently functioning, as well as possible future spectrum sharing agreements.</p> <p>UKE presented the draft decision regarding the spectrum reservation</p>

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	29.11	<p>in October 2016. Orange protested, above all, against the PLN 115.5m one-off reservation fee. The valuation was performed on the basis of an opinion issued by the consulting firm Audytel. In its opinion UOKiK did not directly address the issue of valuation of the spectrum. Orange's right to use the spectrum from the 450 MHz band ends on December 31, 2016.</p> <p>Puls Biznesu: Magna Polonia files a lawsuit against telecoms <i>by Marcel Zatoński</i></p> <p>The WSE-listed company Magna Polonia filed a lawsuit against Orange, T-Mobile Polska, Polkomtel and P4. It demands that the four companies jointly pay nearly PLN 618m in damages. Magna Polonia is of the opinion that the operators are guilty of unfair competition, as a result of which Magna Polonia's shares in its subsidiary, Info-TV-FM, failed to reach the value that they could have had.</p> <p>In 2009 Info-TV-FM won a contest for the reservation of spectrum dedicated for mobile TV. The company wanted to provide services to mobile operators, who however, did not sign the agreement. In 2011, the Office for Competition and Consumer Protection (UOKiK) ruled that the four operators entered into an agreement which restricted competition and fined the companies with penalties ranging from PLN 10m (P4) to over PLN 30m (the remaining operators). The operators appealed and in mid-2015 the Court for Competition and Consumer Protection (SOKiK) revoked the decision of the President of UOKiK. UOKiK appealed against this decision. The hearing before the court of second instance will be held in January 2017.</p>

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	30.11	<p>Dziennik Gazeta Prawna: The Big Four are losing viewers <i>by Barbara Sowa</i></p> <p>The data collected by Nielsen for “Dziennik Gazeta Prawna” daily show that the biggest players on the TV market are losing market shares. A year ago, in the period September through November, the so-called “big four” had a market share of 44.5% in total, while now it is only 42.1%. Experts emphasize a significant decrease of the audience share of TVP1 (-14% YoY). During the same period TVP2 and Polsat recorded a decrease in the audience share by 3%, which resulted from the natural outflow of viewers towards thematic channels. TVN is doing best in this situation and maintained the no. 2 position in terms of audience shares recording just a minimal loss.</p> <p>Experts have been stressing that in spite of big investments the major players have no chance for growth though the downward trend should slow down. The big four are offering their viewers high-budget shows produced in Poland, which is their strength. Thematic channels are gaining importance systematically, and the number of competitors in the field of digital terrestrial television continues to grow. The offer of free-to-air DVB-T channels expanded by four players this year. Experts believe that in the years to come it will be difficult to threaten the position of the three biggest TV players since they are not only developing and expanding their own thematic channels but they are also investing in the development of non-linear platforms.</p>

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	1.12	<p>Rzeczpospolita: Roaming: new arrangements <i>by Urszula Zielińska</i></p> <p>European Parliament MP's, who are members of the Committee on Industry, Research and Energy (ITRE), have reached an agreement on the maximum wholesale rates for mobile operators' interworking settlements on account of roaming services in the European Union. Implementing a mechanism for settlements between operators has become necessary so that from June 2017 the consumers travelling in EU countries will be able to use mobile services on the price terms valid in their home networks (roam like at home).</p> <p>ITRE members agreed that the wholesale interconnect rate charged per-minute of a voice call should be reduced to 0.03 euro and the rate per short text message - to 0.01 euro. The new proposal concerning mobile Internet access assumes that the wholesale rate will be subject to gradual reduction from 4 euro per gigabyte to 1 euro per gigabyte. The price is intended to glide down by 1 euro per year. The present rates are: 5 eurocents per minute of a voice call, 2 eurocents per short text message and 5 eurocents per megabyte of Internet access. 4 euros per 1 GB of Internet access is at least by half less than what the European Commission proposed earlier: in June the Commission proposed 8.7 euros per 1 GB.</p> <p>Acceptance by the European Council and by the entire European Parliament is required for ITRE's proposals to take effect.</p>

Press release
December 2, 2016

Polsat is the viewership leader in both audience groups after 11 months of 2016

After 11 months of 2016 Polsat is unmatched among all the surveyed TV broadcasters, both in the commercial viewer group and in the total audience. The channel has beaten its competitors by achieving a market share of 13.2% in the 16-49 audience group, versus 12.82% achieved by the runner-up - TVN. In the 4+ audience group Polsat's result was 11.46% SHR, also ahead of TVN. In November Polsat proved to be the most willingly watched TV station in the 4+ group and recorded 11.77% SHR.

Since the beginning of 2016 Polsat has been the no. 1 choice for both audience groups. It is primarily the result of the rich programming offer. In November Polsat was the best TV station in the 4+ age group while the entire Polsat Group was the leader in both audience groups, recording audience shares of, respectively, 25.03% in the commercial group and 23.51% in the total audience.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016-11-28	24.35	23.55	23.57	-1.79%	6 417
2016-11-29	23.80	23.20	23.74	0.72%	10 970
2016-11-30	24.39	23.68	24.15	1.73%	19 839
2016-12-01	23.93	23.50	23.50	-2.69%	8 028
2016-12-02	23.79	23.28	23.56	0.26%	11 077

