



Cyfrowy Polsat IR Newsletter

December 28, 2015 – January 3, 2016



Media about us	Date	Media about the TMT market in Poland
<p>Rzeczpospolita: The consequences of LTE action will be setting the pace for telecom operators <i>by Urszula Zielińska</i></p> <p>If the doubts surrounding the electronic auction are resolved, then we should be able to witness first LTE 800 MHz implementations in 2016. For the time being it seems that the topic will continue to be hot in the new year. Zygmunt Solorz-Żak officially contested the prices that the authorities obtained in the auction. On Christmas Eve, Midas, a listed company, announced that it was not interested in cooperation with any of the parties who obtained the spectrum in the auction, due to the high prices. Midas also informed that via Aero2 it acquired a 51-percent stake in Sferia, a company which obtained a block of the 800 MHz spectrum still before the auction.</p> <p>2016 will be a year during which the operators will be preparing for abolishing of roaming charges. A transition period, when the fees will be reduced, will start from April 30th.</p> <p>Next year may be also interesting from the point of view of mergers and acquisitions. Cyfrowy Polsat has already announced acquisition of Midas. T-Mobile Polska, who strives to build an integrated operator company, may also go shopping as it lacks a fixed-line network for serving the residential market and – in contrast to Plus or Orange Poland – a pay TV service. This could make T-Mobile interested in acquiring Netia or UPC cable TV operator.</p>	<p>28.12</p>	<p>Rzeczpospolita: A year of changes is coming to TV <i>by Magdalena Lemańska</i></p> <p>The new year will certainly be very intensive on TV market. Sometime around the middle of the year a new packet of DVB-T channels will be launched.</p> <p>Important issues associated with public media will be decided in Q1 2016. Announcements made by PiS (Law and Justice) ruling party regarding transformation of the public media into national media, which will no longer be commercial companies, may lead to reduction of the advertising capabilities of such new media. However, the consequences of such a move will also affect the private media: according to PiS representatives, plans are contemplated to charge fees for funding public stations to private media companies.</p> <p>2016 can also see the decision regarding upgrade by broadcasters of the free digital terrestrial TV offer to HD format. Such an intention was already indicated by Emitel, the operator of digital terrestrial channels, when filing for MUX5 channels with UKE (Office of Electronic Communications).</p> <p>February will see naming of the successor to the Megapanel survey, provided for the Internet industry by Gemius. The new survey, called PLaNET, will be provided by GfK.</p> <p>A small revolution, associated with the expected launch of Netflix in Poland, is expected in the area combining the Internet and TV.</p>

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<p>Puls Biznesu: Cyfrowy Polsat plays with spectrum <i>by Marcel Zatoński</i></p> <p>Polkomtel, a company from Zygmunt Solorz-Żak group, will not be rolling out the network with the use of expensive 800 MHz spectrum. Further moves of NetNet, a company associated with Cyfrowy Polsat Group who bid over PLN 2 bn in the auction for one 800 MHz spectrum block, remain a mystery. NetNet filed a protest against the procedure used in the auction and it is unclear whether the company will collect its spectrum reservation decision. The situation is even more complicated due to the fact that Zygmunt Solorz-Żak group is the only party on the market who already holds 800 MHz spectrum. By virtue of arrangements with the Ministry of Digitization, the Group has been granted one 800 MHz spectrum block which it can use till 2018. Last week control over this block of spectrum was taken over by Midas, another company controlled by Zygmunt Solorz.</p> <p>- (...) <i>The most recent press release, together with the earlier information regarding acquisition of Sferia by Midas, who in turn will probably be taken over by Cyfrowy Polsat next year, logically falls into place. Companies controlled by Zygmunt Solorz-Żak have enough spectrum to develop LTE network, and in addition they can increase network capacity thanks to new technologies, and do not intend to buy the expensive data packs for the 800 MHz band from anyone. There has been no straightforward statement about this but if such a scenario is</i></p>	29.12	

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<p><i>pursued, then one could presume that NetNet will not decide to pay over PLN 2 bn for the spectrum block it got in the auction,”</i> said Konrad Księżopolski, the head of analytics at Haitong Bank.</p>		
<p>Rzeczpospolita: Polsat scores against competitors on TV market <i>by Barbara Sowa</i></p> <p>The passing year was the year of Polish national football team. It is not just because they qualified for the Euro 2016.</p> <p><i>“Polsat, who for years has been consistently investing into sports, is the biggest winner of last year. And new areas are opening for the TV station. It is not just image-building, because the station owned by Zygmunt Solorz-Żak has long ceased to associated with the coarse disco polo music. It is rather about the business opportunities. In connection with coverage of the Euro football championship matches, Polsat will be able to launch sale of STB’s and additional services. Loss by TVP state TV of the race for broadcasting rights at such a time is particularly painful,”</i> says Piotr Piętka, the CEO of Starcom MediaVest Group</p>	<p>30.12</p>	<p>Rzeczpospolita: Poles are getting rid of TV sets <i>by Magdalena Lemańska</i></p> <p>The updated variables used by Nielsen for telemetric surveys, which Rzeczpospolita daily was able to obtain, indicate that the share of households with no TV set increased in Poland from 3.8% to 4.1% in 2015. It is a universal trend which is not only present in Poland. It is associated with abandoning of the traditional pay TV in favor of web-based counterparts, like Netflix, Hulu, or Apple TV.</p> <p>As Nielsen’s estimates indicate, the drive towards free-to-air terrestrial TV as the only source of TV has cooled down now. Households using this form of TV constitute 34% of the households and the percentage has not changed from a year earlier. The biggest number of households use satellite TV platforms (36%) and their share has increased. 30% of households have access to cable TV services and their percentage has decreased slightly from last year.</p>

Current report no. 52

December 28, 2015

Decision regarding investments in further network development

The Management Board of Cyfrowy Polsat S.A. (the "**Company**") hereby informs that on December 28, 2015 it became aware of resolutions adopted by the Management Board and Supervisory Board of Polkomtel Sp. z o.o. ("**Polkomtel**"), a wholly owned subsidiary of the Company, regarding further network development, pursuant to which Polkomtel will invest in further development of its network based on frequencies currently owned and utilized by Polkomtel. Based on internal analyses, the Management Board of Polkomtel decided that potential cooperation with entities, who won 800 MHz frequency blocks in the auction for frequency licenses in the 800 MHz and 2600 MHz bands, announced by the President of the Office of Electronic Communications on October 10, 2014, would be financially inviable and irrational, both for the Company's Capital Group as well as for its customers.

The Management Board of Polkomtel expects that investments in the 1800 MHz network rollout relying on the state-of-the-art ODU-IDU technology (Outdoor Unit Indoor Unit) will allow for achieving network coverage similar to that of the 800 MHz frequency band. Refarming of the 900 MHz and 2100 MHz spectrum constitutes another important solution. As a result, higher quality of Internet access services than in the case of 800 MHz network is expected at significantly lower capital expenditures. Ultimately, this may translate into more attractive services and prices for customers than in the case of a network rollout based on the 800 MHz frequency band. In view of the above, Polkomtel is developing a network rollout model based on 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz frequency bands.

Current report no. 53

December 30, 2015

The release by Eileme 2 AB (publ) of a conditional notice of redemption of EUR 542.5 million and USD 500 million senior notes due 2020

Notice is hereby given by the Management Board of Cyfrowy Polsat S.A. (**the Company**) that on 30 December 2015 its subsidiary Eileme 2 AB (publ) (**Eileme 2**) filed a notice of redemption of all the Senior Notes issued by Eileme 2 with the aggregate nominal value of EUR 542.5 million and USD 500 million due 2020, bearing interest at 11¾% for the EUR tranche and 11½% for the USD tranche respectively (**HY Notes**).

The redemption of the HY Notes is to take place on 1 February 2016 (the **Redemption Date**).

The redemption of the HY Notes will be possible upon the satisfaction (or waiver by Eileme 2, at its sole discretion) of a condition consisting in the receipt by Polkomtel sp. z o.o. (**Polkomtel**) of net cash proceeds,

following currency translation and adding costs and expenses, sufficient for Eileme 2 to make all the payments in connection with the redemption of HY Notes, pursuant to the senior facilities agreement executed by, among others, Eileme 2, Polkomtel, UniCredit Bank AG, London Branch as the agent and Citicorp Trustee Company Limited as the security agent, on 21 September 2015 (Facilities Agreement). The Company gave notice of the execution of the Facilities Agreement and the possibility of using part of the funds made available pursuant to it for the repayment of the HY Notes in its current report No. 42 of 21 September 2015.

The HY Notes will be redeemed for a price equal to, respectively, 105.875% of the nominal value of the EUR tranche of the HY Notes and 105.813% of the nominal value of the USD tranche of the HY Notes, increased by the due and accrued interest in the aggregate amount of EUR 177,065.97 for the EUR tranche and USD 161,458.33 for the USD tranche.

Press release
December 28, 2015

Decision regarding investments in further network development

When analyzing cost models of further development of the network and services for the customers, Polkomtel (a company belonging to Cyfrowy Polsat Capital Group) decided that it would be more profitable and effective, while at the same time ensuring the highest quality of services, to roll out the network on other frequencies than 800 MHz band.

Since the beginning of 2014, Polkomtel has promoted a concept of one common network for all the operators as the only rational and profitable option for the utilization of 800 MHz spectrum. Polkomtel has taken the view that one common network, ensuring the best quality and highest data transfer, would be the best solution for Poland and Poles. Two networks with the maximum of legally permissible 15 MHz (2x15 MHz) were supposed to be a transition phase toward one network of 1x30 MHz. In this context, however, it was surprising when Orange and T-Mobile, which cooperate with each other and share their radio frequencies, bid for 10 MHz each (20 MHz in total).

Polkomtel withdrew from the active bidding for 800 MHz blocks in March 2015 at the level of approximately PLN 360m per one frequency block. Polkomtel announced that this way it had created an opportunity for other participants to quickly finalize the auction at the rational pricing levels from the business point of view and that the company was interested in cooperating with them in order to accomplish the above mentioned goal.

[More>> http://www.grupapolsat.pl/en/archive/decision-regarding-investments-further-network-development-0](http://www.grupapolsat.pl/en/archive/decision-regarding-investments-further-network-development-0)

Press release
December 28, 2015

POLSAT was unmatched on Christmas Eve and during Christmas

On Christmas Eve POLSAT TV was definitely number 1! Nearly 1 out of 5 viewers chose the station on that day. In the commercial group of viewers, POLSAT had market share of 19% and surpassed its competitors. Nearly 3 million viewers celebrated the Christmas Eve supper to the tune of the most beautiful Polish Christmas carols, performed by top Polish artists, that POLSAT TV broadcast on that night. "The Grand Carrol-Singing with POLSAT – Cracow 2015," a concert from the Cracow's St. Francis of Assisi Church, gave POLSAT a leader spot with the share of 29.5% of all viewers and 28% in the commercial group. "Home Alone" is an absolute must for half of the kids at Christmas. On Christmas Eve the adventures of this naughty boy attracted nearly 4.1 million viewers. During the time when the film was shown on TV, POLSAT was the most willingly watched TV station in both viewer groups, noting record shares of nearly 40% in the 16-49 age bracket and 31% among viewers aged 4+. In the case of children aged 4-12, the share reached 45.5%! It is worth saying that during the three Christmas time days the station recorded average share of 13.5% in the commercial viewer group, which means that it was POLSAT TV that viewers aged 16-49 watched most willingly during these holidays.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade valu (kPLN)
2015-12-28	22.43	21.97	22.00	-1.30%	10 805
2015-12-29	22.35	21.58	21.65	-1.59%	80 048
2015-12-30	21.90	20.88	20.88	-3.56%	14 122
2015-12-31	-	-	-	-	-
2016-01-01	-	-	-	-	-



Investor's calendar



January 20 – 21, 2016	dbAccess CEEMEA Conference, London
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

