



# Cyfrowy Polsat IR Newsletter

February 29 – March 6, 2016



Media about us	Date	Media about the TMT market in Poland
<p><b>Parkiet: A way to build the network</b> <i>by ziu</i></p> <p>A subsidiary of Cyfrowy Polsat – Polkomtel, the operator of Plus network – informed about the launch of the roll-out of a mobile Internet access network with higher speed – up to 300 Mb/s. Plus will achieve better network parameters by aggregating two bands of radio spectrum: 1800 (owned by Midas Group) and 2600 MHz (won by Polkomtel during the LTE auction). The company provided no information about the cost it will incur in connection with the next stage of the LTE network roll-out.</p>	<p>29.02</p>	<p><b>Parkiet: The future of cooperation between Netia and Orange Polska</b> <i>by ziu</i></p> <p>Within two weeks the Office of Electronic Communications (UKE) plans to start consultations of the draft decision regarding the intention to release Orange Polska from the obligation of granting access to its infrastructure to alternative operators in the LLU model, which allows for providing several services on one line.</p> <p>Netia will most likely object to the plan of deregulation of Orange. The company is the biggest wholesale buyer of lines.</p> <p>In 2014, UKE released Orange from the obligation to grant access to its network in the BSA model. Netia claims that in the case of LLU the situation of the alternative operator is more difficult than during the deregulation of the BSA market. When UKE deregulated the BSA market, it pointed out that the LLU model remains an alternative, now Netia does not have such an alternative.</p> <p><b>Dziennik Gazeta Prawna: Statistical mobile reshuffle</b> <i>by Krzysztof Majdan</i></p> <p>In terms of the number of SIM cards, Orange leads the race with ca. 15.9m SIM cards and, thanks to the highest growth of the customer base, Play came second. In 2015, Play exceeded 14m cards, half of which were post-paid cards. Play acquired over 600k cards in the last quarter alone. With 12m cards, T-Mobile</p>

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	29.02	<p>landed on the last place, due to eliminating inactive cards, which do not generate any revenue, from its customer base.</p> <p>In 2015, Play generated PLN 5.3bn of revenue and EBITDA profit exceeding PLN 1.5bn (up by 44%). T-Mobile's revenue was higher by over PLN 800m than Play's, and EBITDA profit amounted to PLN 2.42bn. Orange ended the quarter with a net loss of PLN 150m. Taking into account the revenue for the entire 2015 in the amount of PLN 11.8bn, Orange reported PLN 3.5bn of EBITDA profit and PLN 254m of net profit, i.e. half the profit generated in 2014. Orange's results were affected by the results of the LTE auction, under which the operator spent over PLN 3bn, and aggressive investments into fiber optic lines.</p>
<p><b>Parkiet: Cyfrowy Polsat returns to dividend payments</b>  <i>by Urszula Zielińska</i></p> <p>Polkomtel, a company from the Cyfrowy Polsat group, announced a tender offer for shares of Midas, the owner of valuable mobile radio frequencies (800, 900, 1800 and 2600 MHz) and offers PLN 0.81 per share. On Monday, Cyfrowy Polsat group, via Polkomtel, purchased nearly 66% of Midas' shares. The operator of Plus network signed an agreement for the purchase of a special purpose entity - Litenite for EUR 1, whereas Cyfrowy Polsat group acquired liabilities in the amount of PLN 1.47bn together with Litenite and Midas. Tomasz Szelaż, member of the Management Board and CFO of Cyfrowy Polsat, said that it was the most expensive debt in the group and announced its reduction.</p>	1.03	

# Press review



Media about us	Date	Media about the TMT market in Poland
<p>Szeląg assured that the group would be able to reconcile the reduction of debt, network roll-out and dividend payment. The more so, as investments should not exceed 10% of revenues, and expenditure on network roll-out should reach the level of PLN 1bn within the next 3 years.</p> <p>Cyfrowy Polsat will present a dividend policy by the end of the year and does not rule out the possibility that it would share profits with investors already in 2017. This year the group's free cash flows should reach PLN 1.2-1.4bn.</p> <p>In Q4 2015, Cyfrowy Polsat group's revenue amounted to PLN 2.61bn, with EBITDA of PLN 881m and net profit of PLN 186m. This means growth by 4%, 5% and 1227%, respectively, while growth of net profit results from foreign exchange differences and is of accounting nature. The results turned out to be slightly better than the average of forecasts of brokerage houses. In the entire 2015, CP Group reported PLN 9.82bn of revenue, PLN 3.68bn of EBITDA and PLN 1.16bn of net profit. Competition in the voice services segment continued last year. The Group managed to partially compensate the decrease of revenue from these services with higher revenue from mobile Internet access. It has been the first quarter for quite a long time in which the Group managed to increase the number of voice service subscribers (by 12k), and the total statistics of postpaid telecommunication services (RGUs) by 89k to the level of 8.1m. This ranked the Group in second place behind Orange from this point of view.</p>	1.03	

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	3.03	<p><b>Parkiet: Management board of Netia does not rule out buyback of shares</b> <i>by ziu</i></p> <p>The proposal of the management board of Netia to cut dividends by half (from PLN 0.42 to PLN 0.20 per share) in connection with the new investment plan resulted in a considerable decline of the price of the company's shares. The new investment plan assumes that within the next 5 years, the fixed-line telecom will replace its own Internet access network with fiber optic technology for the total sum of PLN 417m. The management board of Netia did not rule out a buyback of shares of the telecom. Zbigniew Jakubas, chairman of the supervisory board of Netia, declared his support for this proposal.</p> <p>The management board of the telecom claims that the payment of a lower dividend will ensure higher flexibility for the company. According to the data of the management board, Netia currently reaches 792k households with Internet access with transmission speed exceeding 100 Mb/s. Within 5 years Netia wants to upgrade 1.6m households to this standard, that is its entire remaining access infrastructure. According to Tomasz Szopa, CEO of Netia, in 2016 the company's investments will be higher by 20% than in the previous year and the highest expenditures will be incurred in the years 2017-2018. Netia hopes that thanks to the technological change, it would be able to offer pay TV services to all its subscribers.</p>

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	4.03	<p><b>Parkiet: Haitong Bank advises against participation in the buyback</b> <i>by ziu</i></p> <p>The management board of Netia informed that on Wednesday it had obtained the consent of the supervisory board to spend PLN 50m on the buyback at the maximum price of PLN 4.5 per share. Tomasz Szopa, CEO of Netia, informed that both the management and supervisory boards passed resolutions urgently in consequence of the conducted analysis of the market's violent reaction to information disclosed by the company. Two days earlier, the management board recommended that this year's dividend should amount to PLN 0.2 per share instead of PLN 0.42 in connection with the investment program.</p> <p>In the opinion of Konrad Książopolski from Haitong Bank, recent actions of the management board of Netia are not in the best interest of shareholders. He advises against participation in the buyback and suggests presenting a motion for a much higher dividend payment at the General Meeting of Shareholders. In the opinion of Jakub Viscardi from the Brokerage House DM BOŚ, shares of Netia are worth more than PLN 4.5.</p>

## Current report no. 5 February 29, 2016

### Postponed information disclosure – commencing negotiations with Ortholuck Limited

The Management Board of Cyfrowy Polsat S.A. (the “Company”) announces that a decision has been made to publish the confidential information retained pursuant to the Company’s decision to postpone its disclosure made on 13 January 2016. The decision to postpone the disclosure was made pursuant to Article 57 Section 1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29 July 2005 and § 2 Section 1 item 1 of the Ordinance of the Minister of Finance of 13 April 2006 on the kind of information that may prejudice issuer’s legitimate interests and the issuer’s manner of conduct in postponing the public disclosure of confidential information.

The confidential information, the disclosure of which was postponed, was the fact that on 13 January 2016 the Management Board of Polkomtel sp. z o.o. (“Polkomtel”), an indirect subsidiary of the Company, resolved to: (i) initiate actions related to a contemplated acquisition by Polkomtel from Ortholuck Limited, a Cypriot company (“Ortholuck”) 100% of shares in Litenite Limited, a Cypriot company (“Litenite”) that directly owns 976,542,690 shares of Midas S.A. (“Midas”) representing 65.9975% of the total number of votes and share capital of Midas and (ii) commence negotiations with Ortholuck aimed at Polkomtel acquiring 100% of shares of Litenite. The adoption of the said resolution resulted in the initiation of negotiations between Polkomtel and Ortholuck.

## Current report no. 6 February 29, 2016

### Postponed information disclosure – commencing negotiations with Midas S.A.

The Management Board of Cyfrowy Polsat S.A. (the “Company”) announces that a decision has been made to publish the confidential information retained pursuant to the Company’s decision to postpone its disclosure made on 19 January 2016. The decision to postpone the disclosure was made pursuant to Article 57 Section 1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29 July 2005 and § 2 Section 1 item 1 of the Ordinance of the Minister of Finance of 13 April 2006 on the kind of information that may prejudice issuer’s legitimate interests and the issuer’s manner of conduct in postponing the public disclosure of confidential information.

The confidential information, the disclosure of which was postponed, was the fact that on 18 January 2016 the Company concluded an agreement with Polkomtel sp. z o.o. (“Polkomtel”), an indirect subsidiary of the Company, and with Midas S.A. (“Midas”), concerning the commencement of cooperation and negotiations with a view to expanding the previous forms of cooperation between the parties, including by way of a contemplated indirect acquisition by Polkomtel of

## Current report no. 6 February 29, 2016

976,542,690 shares of Midas representing 65.9975% of the total number of votes and share capital of Midas. Additionally, Midas committed in the agreement to make available to the Company and Polkomtel, among others, such information and documents as may be necessary to conduct a legal and financial due diligence review of Midas and its selected subsidiaries. Additionally, the Company and Polkomtel agreed to provide Midas with such information and documents concerning the Company and Polkomtel as Midas may reasonably request.

## Current report no. 7 February 29, 2016

### **Indirect acquisition of shares in Litenite Limited and shares in Midas S.A.**

The Management Board of Cyfrowy Polsat S.A. (the “Company”) announces that on 29 February 2016 Polkomtel sp. z o.o. (“Polkomtel”), an indirect subsidiary of the Company, and Ortholuck Limited with its registered office in Cyprus (“Ortholuck”) concluded a share purchase agreement (“SPA”), whereby Polkomtel purchased from Ortholuck 100% of shares in Litenite Limited, a company with its registered office in Cyprus (“Litenite”), a direct owner of 976,542,690 shares of Midas S.A. (“Midas”), representing 65.9975% of the total number of votes and the share capital of the Company (“Midas Shares”).

In consequence, on 29 February 2016, among others, the Company and Polkomtel, indirectly acquired the aforesaid block of Midas Shares, thus becoming indirect dominant entities of the Midas group which includes, in addition to Midas, the companies: Aero 2 sp. z o.o., Altalog sp. z o.o. and Sferia S.A. Since both the Company and Polkomtel (the indirect purchasers of the Midas Shares) and Ortholuck (the indirect seller of the Midas Shares) are indirect subsidiaries of Mr. Zygmunt Solorz–Żak, all entities participating in this transaction are members of the same capital group.

According to the SPA, the consideration for 100% of the shares in Litenite acquired by Polkomtel under the SPA was EUR 1 (one). The calculation of the consideration reflects the fact that as the net indebtedness of Litenite, calculated as the difference between the value of net liabilities and cash, was approximately PLN 788 million as at 31 January 2016, and the only assets of this company, other than cash, were the Midas Shares of a similar value.

The indirect acquisition of the Midas Shares by the Company is considered a strategic long-term investment of the Company’s group. It is planned to continue the cooperation between the Midas group and the Company’s group, and to integrate the Midas group into the corporate structure of the Company’s group. This process may generate additional synergies and translate to improved transparency of the ownership structure of the Company’s group.



**Current report no. 8**  
**February 29, 2016**

## **Announcement by the indirect subsidiary of the tender offer to purchase shares in Midas S.A.**

The Management Board of Cyfrowy Polsat S.A. (the “Company”) announces that on 29 February 2016 Polkomtel sp. z o.o. (“Polkomtel”), an indirect subsidiary of the Company, announced a tender offer to purchase 503,124,060 shares of Midas S.A. (“Midas”), representing up to 34.0025% of the total number of votes and the share capital of Midas (the “Tender Offer”). The Tender Offer was announced pursuant to Article 74 Section 1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29 July 2005. The Tender Offer is not subject to any conditions. The price of the Midas shares in the Tender Offer has been set for PLN 0.81 (eighty one grosz) for one share of Midas. Unless extended or abbreviated, the subscription period for the Midas shares in the Tender Offer will last from 21 March 2016 to 19 April 2016.

The full text of the Tender Offer was published on the PAP website.

**Press release**  
**February 26, 2016**

## **Polkomtel is rolling out the first in Poland LTE-Advanced network, offering data transfer rates of up to 300 Mbps**

Plus aggregated two frequency bands in LTE-Advanced standard, which enables Internet access at speeds of up to 300 Mbps. The speed has been accomplished by aggregating the spectrum from two carrier frequencies, 1800 MHz and 2600 MHz, with 20 MHz of spectrum in LTE FDD standard used in each frequency band. LTE-Advanced Carrier Aggregation software has been used for the purpose of aggregation.

Plus already offers smartphones and routers which support LTE-Advanced technology. The operator’s customers already own over 70 thousand devices which enable Internet access at speeds of up to 300 Mbps.

**More>>**<http://www.grupapolsat.pl/en/archive/polkomtel-rolling-out-first-poland-lte-advanced-network-offering-data-transfer-rates-300>

Press release  
February 29, 2016

## Cyfrowy Polsat summarizes the year 2015: over one million customers of the smartDOM program, nearly 97% of Poles within the LTE coverage

Cyfrowy Polsat Group published very good operating and financial results for 2015. The Group's revenue exceeded PLN 9.8bn, with EBITDA of nearly PLN 3.7bn, and strong EBITDA margin at the level of 37.5%. The Group recorded growth of the total number of contract services in the segment of services provided to individual and business customers, which had a positive impact on the level of ARPU per customer. In the broadcasting and television production segment, Polsat Group's channels increased their viewership results, still holding the leading position, while observing a very dynamic growth of advertising revenue. The Group maintained high margins, reduced its debt and improved the level of free cash flow. In accordance with previous assumptions, most of the anticipated operating and financial synergies have been achieved.

[More>><http://www.grupapolsat.pl/en/archive/cyfrowy-polsat-summarizes-year-2015-over-one-million-customers-smartdom-program-nearly-97>](http://www.grupapolsat.pl/en/archive/cyfrowy-polsat-summarizes-year-2015-over-one-million-customers-smartdom-program-nearly-97)

Press release  
February 29, 2016

## Cyfrowy Polsat Group acquires Midas Group

Cyfrowy Polsat Group, through Polkomtel, acquired Litenite - a company controlling 66% of shares in Midas Group. Under the second stage of the transaction a tender offer for shares was announced to buy back the remaining 34% of shares of Midas Group. The transaction will be financed from Cyfrowy Polsat Group's own resources.

As a result of the agreement to acquire Litenite from Ortholuck concluded by Polkomtel, Cyfrowy Polsat Group acquires 66% of shares in Midas Group. The transaction involves the acquisition of Litenite's net liabilities in the amount of PLN 788 million and EUR 1 payment to Ortholuck for equity (value of net liabilities as at 31 January 2016). The equity value of Midas Group was thereby set at PLN 0.81 per share.

Benefits of the Midas Group's acquisition

- Securing the key frequencies:
  - securing the key frequencies –1800 MHz band fully dedicated to LTE services, 900 MHz band for HSPA+ services and 800 MHz band based on which the first LTE800 network in Poland will be launched,

**Press release**  
**February 29, 2016**

thanks to the continuous 19.6Mhz bandwidth block in the 1800 MHz spectrum, only customers of Cyfrowy Polsat Group will be able to achieve transfer speed of up to 150 Mb/s in the LTE service,

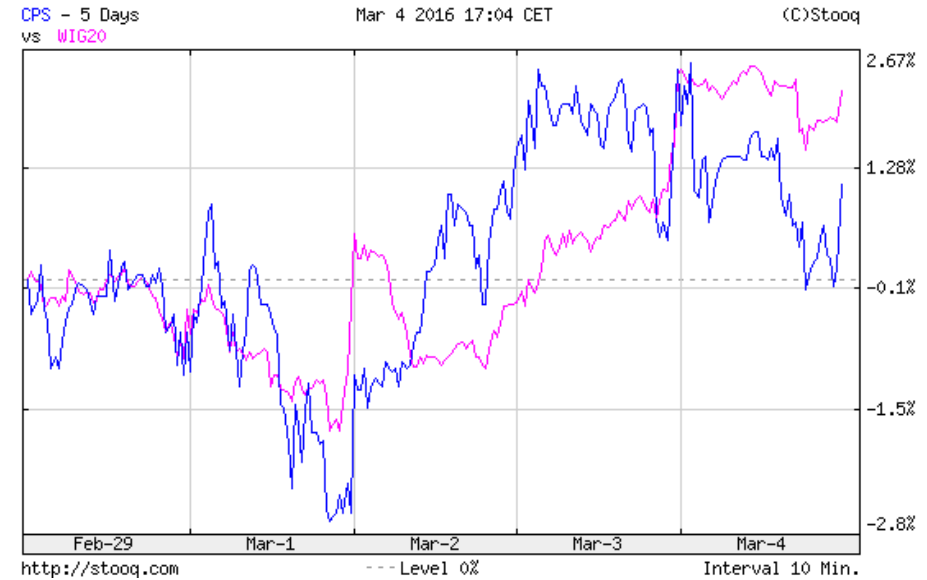
- securing access to the infrastructure used by Cyfrowy Polsat Group in providing mobile Internet access services, a key element of the multi-play strategy,
- the existing infrastructure ensures 96.8% LTE outdoor population coverage and 99% HSPA+ outdoor population coverage.
- Higher flexibility – adding flexibility in creating sales policy and both single play as well as multiplay tariffs, which is essential for the Group's strategy.
- Low costs of data transmission – elimination of internal costs that the Group incurs as network inherent effect of successful sales of services based on data transmission.
- Transparency – improved transparency of the shareholding structure of the Group and key assets ownership, which is essential for more transparent dialogue with our shareholders.

[More>><http://www.grupapolsat.pl/en/archive/cyfrowy-polsat-group-acquires-midas-group>](http://www.grupapolsat.pl/en/archive/cyfrowy-polsat-group-acquires-midas-group)

# Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016-02-29	23.27	22.80	23.00	-1.16%	10 608
2016-03-01	23.36	22.40	22.50	-2.17%	16 756
2016-03-02	23.50	22.75	23.44	4.18%	13 905
2016-03-03	23.75	23.22	23.75	1.32%	11 714
2016-03-04	23.79	23.12	23.42	-1.39%	8 420



# Investor's calendar



March 16, 2016	PKO BP: CEE Capital Markets Conference – London 2016
March 17, 2016	Citi 16th Annual European & EM Telecoms Conference, London
April 12-13, 2016	RCB Investor Conference, Zürs 2016
April 28 – May 12, 2016	Closed period prior to the publication of Q1 2016 results
May 12, 2016	Quarterly report for Q1 2016