



Cyfrowy Polsat IR Newsletter

March 29 – April 10, 2016



Media about us	Date	Media about the TMT market in Poland
	5.04	<p>Rzeczpospolita: Mobile Internet will allow telecoms to earn profits <i>by Urszula Zielińska</i></p> <p>Authors of the latest PMR Report “Mobile Internet and value added services market in Poland 2016” expect the growth of the mobile data transmission market within the next 6 years. However, it will grow at a slower rate due to the growing saturation with this service. According to the Report, last year mobile operators in Poland recorded 16.4% growth of revenue from data transmission services and mobile VAS, up to the total of PLN 5.8bn.</p> <p>The number of mobile Internet users is growing systematically, which results from the growth of network coverage in LTE technology and improvement of the quality of the service, as well as the growing popularity of smartphones. PMR estimates that in 2018 mobile Internet services will be as popular as fixed-line Internet services , that is ca. 8 million households will use them.</p> <p>In the opinion of Konrad Książopolski, TMT analyst at Haitong Bank, mobile Internet is a strategic service of mobile operators, because this market segment is still poorly saturated in Poland. He expects that starting next year, thanks to mobile Internet the mobile telephony sector will not record a decrease of revenues.</p>

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	5.04	<p>Dziennik Gazeta Prawna: Who will pay for the auction of discord <i>by Barbara Sowa</i></p> <p>The President of the Office of Electronic Communications (UKE), Magdalena Gaj, assures that the decisions regarding the last frequencies for mobile LTE Internet will be issued by May 15 at the latest. The process is hindered not only by legal doubts but also business interests of telecoms.</p> <p>Following the withdrawal of NetNet from the process, T-Mobile Polska has eventually received two blocks in 800 MHz band. T-Mobile has already paid for the first block, whereas now the game is on regarding the actual location of the second block. According to the initial version, T-Mobile blocks are separated by the block owned by Play. In experts' opinions this is an ineffective allocation of the frequency band, which may lead to the deterioration of the service quality and problems with connections.</p> <p>UKE is currently considering three options. In all of them two 5 MHz blocks won by Orange will not change their position (1 and 2), only positions of T-Mobile and Play blocks vary. T-Mobile believes that the most effective option is the one, in which 2 T-Mobile blocks are adjacent to the two blocks owned by Orange, and Play moves to the last block. If this happens, Orange and T-Mobile would have a band of the total width of 20 MHz, which – even when accounting for the legal limitations of such cooperation – is not the best solution from the competitive point of view. This would enable the cooperating companies to offer</p>

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	5.04	<p>the highest quality of services, but also to share masts and avoid costs of building and extending base stations.</p> <p>According to information acquired by “Dziennik Gazeta Prawna” daily, the most realistic scenario assumes that T-Mobile will have 2 adjacent blocks, but it will be separated from Orange with the block belonging to P4.</p>
<p>Rzeczpospolita: “Hold” Cyfrowy Polsat <i>by JMYS</i></p> <p>Erste Securities analysts reduced the target price of Cyfrowy Polsat’s shares to PLN 26 from PLN 26.80. At the same time they changed the recommendation for the company to “hold” from “accumulate”. At the closing of Wednesday’s session, the company’s shares traded on the stock exchange at PLN 23.58.</p>	7.04	<p>Rzeczpospolita: May holidays in EU with a smartphone <i>by Urszula Zielińska</i></p> <p>Different rates for calls, text messages or mobile Internet services in roaming will come into force on April 30, 2016. The reason for diverse prices of these services is on the one hand the large number of tariffs used by the subscribers of telecoms in Poland and on the other – a new EU regulation which envisages that the price of a service in a given country is the basis for determining prices of services in roaming in EU member states.</p> <p>Irrespective of the above, starting April 30, the majority of users will pay less for services in roaming in the EU, which may have a negative impact on operators’ revenues from active roaming. Play’s CEO admits that the decrease will be “considerable”. Whereas, Polkomtel indicates that already now nearly half of the roaming traffic in EU is performed under special packs and promotions and this share is growing rapidly. The company reminds that the reduction of rates in roaming applies only to EU and also anticipates that as a result of the reduction, the usage of services will grow.</p>

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<p>Parkiet: Investors dream of a higher price of Midas shares in the tender offer</p> <p><i>by Urszula Zielińska</i></p> <p>In the correspondence addressed to “Parkiet” daily, a minor shareholder criticizes the tender offer for shares of Midas, announced by Polkomtel. In his opinion the terms of the tender offer in which Plus offers PLN 0.81 per share do not take into account the interest of minority long-term shareholders.</p> <p>The Association of Individual Investors has not received any formalized concerns or demands regarding the tender offer for shares of Midas. Similarly, no correspondence in this respect has been sent to Cyfrowy Polsat and Polkomtel.</p> <p>The Management Board of Midas assessed the price in the tender offer as fair. It informed that the price met the requirement of the statutory minimum price in this type of offers (Polkomtel offered a premium vs. the share price for six-months and for the quarter weighted with the turnover volume in the amount of 28.6% and 22.7%, respectively). The Management Board of Midas also analyzed the recommendations issued for the company, the lowest of which was PLN 0.73 per share.</p>	8.04	

Press review



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<p>Rzeczpospolita: "Buy" Cyfrowy Polsat</p> <p>Analysts at Raiffeisen increased the valuation of Cyfrowy Polsat shares to PLN 27.7 (up from PLN 26.5). At the same time they maintained their "Buy" recommendation for the company. During the most recent session, the shares of the company were traded on the market for ca. PLN 23. Brokers admitted that they still have a positive outlook regarding Cyfrowy Polsat as a solid defensive company with exposure to the cyclic, dynamically developing advertising market. They expect that the low demand for CAPEX (no expenditures for frequencies in the 800 MHz band) should translate into a quick process of reducing the company's debt and a possibility of paying the first dividend in 2017 or 2018. Analysts pointed out that Cyfrowy Polsat, which announced the tender offer for shares of Midas, acquires this entity with EV at the level of PLN 1.8bn, which should lead to an increase of annual EBITDA by ca. PLN 400m in a long term.</p>	8.04	

Current report no. 9 March 30, 2016

Cyfrowy Polsat S.A. acquires assets of significant value (capital increase in Polkomtel sp. z o.o., an indirect subsidiary of Cyfrowy Polsat S.A.)

The Management Board of Cyfrowy Polsat S.A. (the “**Company**” or “**Issuer**”) announces that on March 30, 2016 the Company received a decision of the District Court for the Capital City of Warsaw, 13th Business Division of the National Court Register confirming the registration on March 10, 2016 of a share capital increase in Polkomtel sp. z o.o. (“**Polkomtel**”), an indirect subsidiary of the Company. The share capital of Polkomtel was increased by PLN 15,000,000.00 (fifteen million), from PLN 3,510,300,000.00 (three billion five hundred and ten million three hundred thousand) up to PLN 3,525,300,000.00 (three billion five hundred and twenty five million three hundred thousand) through the creation of up to 150,000 (one hundred fifty thousand) new equal and indivisible shares with a nominal value of PLN 100.00 (one hundred) each, and the total nominal value of PLN 15,000,000.00 (fifteen million) (the “**New Shares**”) (the “**Registration**”) pursuant to Resolution No. 1 of the Extraordinary Shareholders' Meeting of Polkomtel of February 17, 2016 on the share capital increase in Polkomtel and related amendments to Polkomtel’s Deed of Incorporation.

The new shares represent approximately 0.4% of the share capital of Polkomtel and approximately 0.4% of votes at the Shareholders' Meeting of Polkomtel and they have been acquired by Eileme 4 AB (publ) (“**Eileme 4**”), the sole shareholder of Polkomtel. Polkomtel and Eileme 4 are both wholly-owned subsidiaries of the Issuer.

The New Shares have been covered with cash paid to Polkomtel’s bank account in US dollars, in the amount of USD 362,439,000.00 (three hundred and sixty two million, four hundred and thirty nine thousand), i.e. the issue price of PLN 9,532.87 (nine thousand five hundred and thirty two and 87/100) per share, that is the total issue price of PLN 1,429,930,586.70 (one billion four hundred and twenty nine million nine hundred and thirty thousand five hundred and eighty six and 70/100). Following the Registration, the share capital of Polkomtel is divided into 35,253,000 (thirty five million two hundred and fifty three thousand) equal and indivisible shares with a nominal value of PLN 100.00 (one hundred) each. The premium paid for the New Shares has been transferred to Polkomtel’s supplementary capital.

The capital increase in Polkomtel has been effected in relation to the finalization of a refinancing process for the Polkomtel group which involved a repayment of intra-group debt instruments issued by Spartan Capital Holdings sp. z o.o. (“**Spartan**”) (a legal predecessor of Polkomtel), Eileme 3 AB (publ) (“**Eileme 3**”), Eileme 2 AB (publ) (“**Eileme 2**”) and Eileme 1 AB (publ)

Current report no. 9
March 30, 2016

(“Eileme 1”) in order for Spartan to obtain funds from the issuance of USD-denominated PIK Notes issued by Eileme 1, with a total nominal value of USD 201,000,000.00 (two hundred and one million) under the Indenture of February 17, 2012 between, among others, Eileme 1 as the Issuer, Ortholuck Limited, Citibank, N.A., London Branch as Trustee, Principal Paying Agent and Transfer Agent (London), Citibank, N.A., New York Branch as the U.S. Registrar, Paying Agent and Transfer Agent (New York), and Citigroup Global Markets Deutschland AG as the Registrar. Part of the funds obtained in repayment of the said intra-group instruments was used as contribution against the capital of Eileme 1, Eileme 2, Eileme 3 and Eileme 4 and the capital increase in Polkomtel.

The Company classifies the New Shares as a long-term investment. The New Shares qualify as assets of significant value because their total issue price exceeds 10% of the Company’s equity.

Press release
March 31, 2016

Water Planet and Novela TV in Cyfrowy Polsat

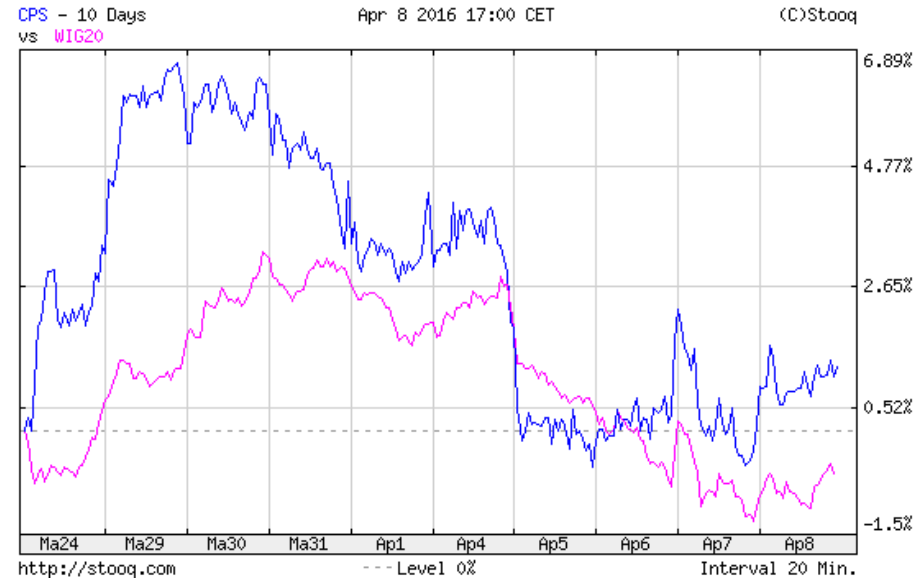
On March 31, the programming offer of Cyfrowy Polsat was expanded to include two new thematic channels: Water Planet and Novela TV. Both channels are available in one of the most popular packages - Familijny Max HD. The popular science channel Water Planet is addressed to viewers interested in the world of water, tourism and active lifestyle. The offer of Novela TV comprises first and foremost series.

The offer of Cyfrowy Polsat provides access to 174 channels, including 65 in the HD standard. Subscribers of the platform can choose among 14 general channels, 53 channels dedicated to films and series, 13 sports channels, 35 lifestyle channels, 28 education channels, 12 children’s channels and 18 news channels.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016-03-29	24.90	23.74	24.65	2.75%	30 346
2016-03-30	24.78	24.39	24.70	0.20%	18 301
2016-03-31	24.68	23.91	24.27	-1.74%	15 574
2016-04-01	24.25	23.76	24.22	-0.21%	4 534
2016-04-04	24.32	23.66	23.66	-2.31%	7 272
2016-04-05	23.66	23.05	23.05	-2.58%	7 633
2016-04-06	23.59	23.14	23.58	2.30%	5 887
2016-04-07	23.73	23.05	23.22	-1.53%	7 400
2016-04-08	23.57	23.21	23.47	1.08%	4 192



Investor's calendar



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
May 16, 2016	Ipopema/WSE/Auerbach Grayson: Poland Capital Markets Day, NY