

Cyfrowy Polsat IR Newsletter

11 – 17 August 2014

The press about us

Date

The press about TMT market in Poland

11.08

Rzeczpospolita: Pay TV loses tempo in Europe

According to the latest Research and Markets report, there will be 171.6 million pay TV clients by the end of this year, 82% of which will have subscribed to a digital package. This year revenue from clients will grow by only 0.6%, to slightly over USD 40 million, which indicates that the TV services market is saturated. As a consequence, in order to increase ARPU operators expand their packages by adding additional features, which in turn leads to a decrease in the ARPU component responsible for pay TV. According to experts, revenue of satellite platforms will consistently decrease due to falling prices in a highly competitive market environment. Revenue of cable networks and IPTV operators is increasing thanks to consistent development of their digital offers.

Parkiet: Netia and other cable operators will buy channels

Various pay TV operators will show the September Volleyball Men's World Championship. The first operator, who decided to include the new channels Polsat Volleyball in its offer, is Netia. It is likely that the operator will offer access to those channels for an additional fee. The price is not yet known.

12.08

Dziennik Gazeta Prawna: Saturated tablet market

The number of sold tablets is falling in Europe – in June sales were 3% lower compared to the previous year. In Poland, sales grew in the second quarter by 5%, however, the dynamics was visibly weaker. During the corresponding period of 2013, the growth rate was equal to 250%. Experts believe that the market is saturated and expect that the number of devices sold will continue to decrease. Because of the difficult situation on the tablet market, producers are implementing more and more aggressive pricing policies.

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Rzeczpospolita: DM PKO BP on telecoms

In their report dated July 31, 2014, analysts at DM PKO BP raised their recommendation for Orange Polska from “sell” to “hold”. The target price of the national operator’s shares also increased to PLN 10.4 from PLN 8. The stock traded at PLN 9.91 on the WSE on Tuesday. *“The sale of Wirtualna Polska and improved cost efficiency allowed us to raise our forecast of the company’s EBIDTA for this year. Assuming a 4.3% fall in the telecom’s revenue (...) we forecast a 3.1% increase in EBIDTA (earlier, we forecast a 4.9% decrease)”* – the report says.

The valuation of Netia’s stock increased to PLN 6.2 from PLN 5.6, which is 11.7% more than current market valuation (PLN 5.55). Experts still recommend buying the telecom’s securities. They upheld their free cash flow predictions in 2014 for Netia at the level of PLN 280 million. In their opinion, dividend payments in 2014 will amount to PLN 145 million and in 2015 – to PLN 162 million.

Rzeczpospolita: UOKiK will look into price increase at T-Mobile

The Office of Competition and Consumers Protection (UOKiK) has initiated explanatory proceedings in response to complaints from clients of mobile operator T-Mobile Polska, who proposed to its subscribers with an “only SIM” tariff dated before June 2014 or with a tariff older than Blueconnect LTE that they switch to a Jump! tariff or pay a higher subscription fee (PLN 5 monthly). UOKiK will investigate whether the telecom acted in accordance with the law and whether or not its practices have infringed the collective interest of consumers. If UOKiK finds that T-Mobile has abused the law, it can mandate a change of practice and impose a financial penalty of up to 10% of revenue for 2013. The potential penalty can amount to PLN 660 million.



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Rzeczpospolita: Terrestrial television growing stronger

According to the latest data by media house Starlink, television advertising revenue increased YoY by 5%, to PLN 1.91 billion. However, joint advertising revenue of the largest players: TVN, Polsat, TVP1 and TVP2, fell during the first half of 2014 by 5.6% compared to the corresponding period of 2013, while revenue of small channels distributed via terrestrial television increased by 38.4% YoY. In consequence, their TV advertising market share exceeded 16.5% compared to 12.5% in the first half of 2013. The reason behind this is that large players demand higher prices, thereby making the offer of thematic channels and DTT channels very attractive.

Analysts at Starlink expect that the Polish TV advertising market will increase by 5% in 2014 to PLN 3.71 billion at the end of December 2014 (ZenithOptimedia media house estimates annual market growth at only 2.1%).



Latest events

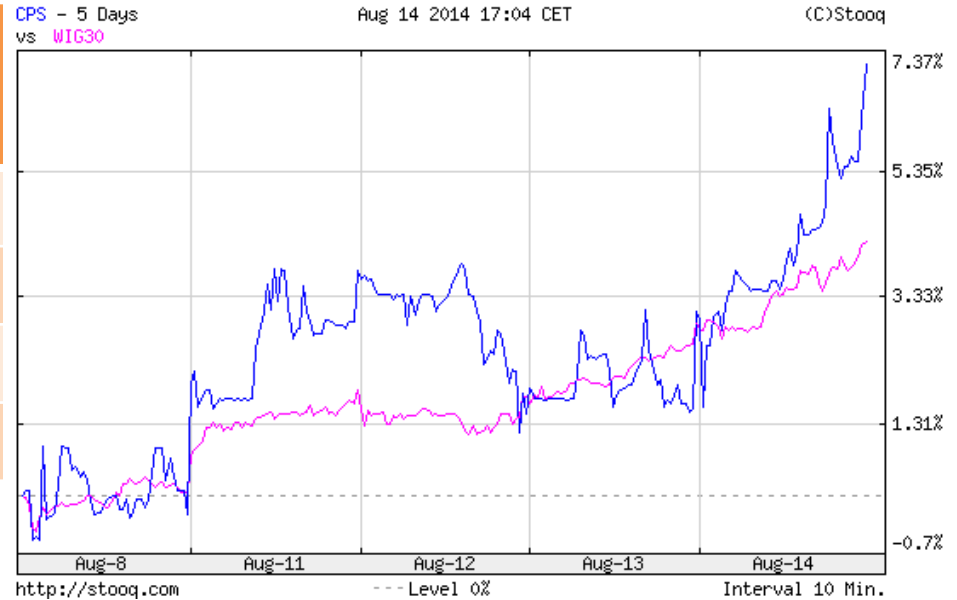
Press release
August 14, 2014

smartDOM offers new possibilities

With the FIVB Volleyball World Championship Poland 2014 coming up, Cyfrowy Polsat launched a special promotion within the smartDOM program, which allows to purchase the package Rodzinny HD offering 53 encoded channels, including 7 in HD standard, for only PLN 9.90 monthly and the client will be exempt from the subscription fee for the first three months. The promotion is available to anyone, who purchases, or already owns, one of the services offered by Plus of Cyfrowy Polsat with a subscription fee of at least PLN 49.90: Plus Abonament, Plus Mix or Internet Power LTE. Within the subscription fee for the TV package, the client gains access to all matches of the Volleyball World Championship.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
11-08-2014	23.80	23.10	23.64	4.10%	4 436
12-08-2014	23.67	23.02	23.09	-2.33%	3 394
13-08-2014	23.50	23.06	23.48	1.69%	3 510
14-08-2014	24.46	23.12	24.46	4.17%	6 832



Investor's calendar

August 14 – 28, 2014	Closed period prior to the publication of H1 2014 results
August 28, 2014	<p>Publication of the interim report for H1 2014</p> <p>Schedule of publication:</p> <p>7:00 a.m. Publication of the interim report in ESPI (WSE publishing system)</p> <p>8:00 a.m. Publication of the interim report on our website: www.cyfrowypolsat.pl/investor-relations</p> <p>10:00 a.m. Meeting with investors and analysts</p> <p>12:00 p.m. Meeting with journalists</p> <p>4:00 p.m. (CET) Conference call with investors and analysts</p> <p>Conference call details:</p> <p>Date: August 28, 2014</p> <p>Time: 4:00 p.m. (Warsaw), 3:00 p.m. (London), 10:00 a.m. (New York)</p> <p>Phone numbers: +44 (0) 1452 555 566 (international); 22 307 0118 or 00 800 121 2655 (Poland)</p> <p>Conference ID: 84427405</p>