

Cyfrowy Polsat IR Newsletter

24 – 30 November 2014

The press about us

Date

The press about TMT market in Poland

24.11

Rzeczpospolita: Winter boom for online TV

New services offering films and series online, available not only on a TV screen but also on tablets and smartphones, are being launched. This is a reaction to Netflix's potential plans to enter the Polish market next year as well as a response to the changing preferences of viewers, who want to consume content without limits related to time and place.

Cable operator UPC Polska will launch a new service of this type – My Prime – on December 1. Referring to the expected entrance of Netflix on the Polish market, UPC representatives emphasize that the company does not perceive Netflix as competition, because it is a first and foremost a broadcaster and producer of content. My Prime's catalogue will include over 1000 films and series, available both via the set-top box as well as tablets and smartphones. In the beginning of December, TVN and T-Mobile plan to launch their new video service.

26.11

Puls Biznesu: Six will fight for frequencies

The Office of Electronic Communications (UKE) announced that six companies submitted preliminary offers in the auction of frequencies in the 800 MHz and 2600 MHz bands: four main mobile operators (Orange, T-Mobile, Polkomtel and P4), NetNet and Hubb Investments. UKE will now verify their correctness.

Hubb Investments is a subsidiary of Allford Investments, whose entire capital is controlled by Emitel, i.e. the radio operator and owner of radio masts, who cooperates with all telecoms. The owner of Emitel is the infrastructural fund Alinda.

The sole partner of NetNet is Szymon Ruta, son of Heronim Ruta, a large shareholder of Cyfrowy Polsat and long-term associate of Zygmunt Solorz-Żak. The company is not related by capital to Solorz-Żak's companies. According to the statement published by the

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company: *'if NetNet wins the auction, it is prepared to cooperate with any potential holder of frequencies in the 800 MHz or 2600 MHz bands. The submission of an offer in the auction constitutes the first phase of Mr. Szymon Ruta's investment plans related to the telecommunication market'*.

27.11

Parkiet: Companies lay off employees or encourage voluntary redundancy

The cost optimization plan prepared by the new management of Netia in response to the difficult situation on the fixed-line telephony market will bring about significant redundancy in the telecom, currently employing 1.8 thousand people. According to 'Parkiet' daily, Netia is facing group layoffs of a couple of hundred employees, depending on how many of them agree to lowered salaries. Netia's spokesperson, Karol Wieczorek, informed that the company is analyzing where cost optimization should be implemented. The company does not exclude a reduction of employment but at this point is unable to determine whether the scale of redundancies will qualify as group layoffs. Wieczorek added that the management plans to finalize this part of restructuring as quickly as possible.

28.11

Parkiet: The fourth quarter will be important

Midas will enter into negotiations with Polkomtel and Cyfrowy Polsat regarding a final price for mobile data transfer in the LTE and HSPA technologies, which the two other companies purchase from Midas on a wholesale basis. The market is anticipating a reduction of the price per 1 MB, which translated into a fall in the price of Midas securities. Paweł Puchalski, analyst at DM BZ WBK, underlines however, that a significant increase in the volume of the purchased service can be expected.

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Parkiet: Intial offers for TK Telekom submitted

The deadline for the submission of preliminary offers to PKP was November 26. The company had not published a report regarding this issue. Earlier, Hwé did not exclude the possibility of participating in the privatization of TK Telekom. Exatel and Netia were also mentioned among interested parties. According to 'Parkiet' none of the companies belonging to Cyfrowy Polsat group submitted offers, neither has GTS.

Parkiet: Small shareholders of TVN worried about premium

Minority shareholders of TVN are worried that they might not profit from potential changes in ownership of the company, a 52% stake in which was put up for sale. There is a risk that the investor will acquire TVN from ITI and Canal+ Group indirectly, by purchasing an entity holding the controlling stake.

This is a key issue in determining the price in the call for shares that the investor, in compliance with applicable regulations, will be obliged to announce. The call will be for at least 14% of shares (so as to increase the investor's stake to 66%). The minimum price in the call for shares is the average share price for the last 6 months or the highest price, at which the investor bought securities during 12 months preceding the call. In case of a direct acquisition the latter provision does not apply.

Latest events

Current report no. 70 November 25, 2014

Disclosure of delayed inside information

The Management Board of Cyfrowy Polsat S.A. (the '**Company**') hereby announces that it has decided to disclose the content of inside information delayed on November 19, 2014 (the delay occurred on the basis of Article 57.1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29, 2005 and Paragraph 2.1 (1) of the Regulation of Ministry of Finance of April 13, 2006 on type of information, which might violate the legitimate interest of the issuer and the procedure for the issuer with respect to delaying the disclosure of inside information to the public).

The delayed inside information concerned the adoption by the Management Board of Polkomtel Sp. z o.o., a wholly owned subsidiary of the Company, of a resolution regarding the intention to submit offers in the auction for frequency licenses in the 791-816 MHz and 832-857 MHz bands, as well as the 2500-2570 MHz and 2620-2690 MHz bands, announced by the President of the Office of Electronic Communications on October 10, 2014.

Current report no. 71 November 25, 2014

Decision regarding the intention to submit offers in the auction for frequency licenses in the 800 MHz and 2600 MHz bands

The Management Board of Cyfrowy Polsat S.A. (the '**Company**') hereby informs that in connection with the resolution adopted on November 19, 2014 by the Management Board of Polkomtel Sp. z o.o. ('**Polkomtel**'), a wholly owned subsidiary of the Company, regarding the intention to submit offers in the auction for frequency licenses in the 791-816 MHz and 832-857 MHz bands, and the 2500-2570 MHz and 2620-2690 MHz bands, each on the territory of the entire country, allocated for the provision of telecommunications services in the mobile or fixed radiocommunication service ('**Auction**'), announced by the President of the Office of Electronic Communications on October 10, 2014, Polkomtel submitted an initial bid in accordance with the auction documentation at the seat of the Office of Electronic Communications on November 24, 2014.

The Company informed the Polish Financial Supervisions Authority of the abovementioned resolution of the Management Board of Polkomtel and disclosed this information to the public in current report no. 70/2014 dated November 25, 2014.

The decision regarding the submission of offers in the Auction results from Polkomtel's aim to acquire access to key frequencies allowing to improve the quality of telecommunication services provided in the LTE technology and to expand the coverage of its LTE network.

Latest events

Current report no. 70 November 25, 2014

Entering into negotiations regarding new terms of cooperation in the scope of telecommunication services regarding data transmission

The Management Board of Cyfrowy Polsat S.A. (the '**Company**') hereby announces that, the Company and Polkomtel Sp. z o.o. ('**Polkomtel**'), a wholly owned subsidiary of the Company, entered into negotiations with companies belonging to Midas capital group regarding new terms of cooperation in the scope of telecommunication services regarding data transmission.

The intent of the Company is that the new terms will come into effect on January 1, 2015 and that, inter alia, they will be applicable to data packages purchased within the framework of earlier agreements, about which the Company informed in current reports No. 19/2014 of March 27, 2014 and No. 34/2014 of December 16, 2010, as well as potential new data packages, which the company may purchase in the future.

In light of the dynamic rate of growth of the number of users of the mobile Internet service as well as of the consumption of the hitherto purchased data packages, the aim of the Management Board of the Company is to secure a data package reserve that will allow unrestrained development of Internet access services in the medium-term. More favorable terms of obtaining data packages may translate into a more attractive and competitive offer for our customers, thus contributing to a faster rate of acquisition of mobile Internet service users or improving margins generated from telecommunications services.

Press release November 28, 2014

5 years of Cyfrowy Polsat's VOD Home Movie Rental

Cyfrowy Polsat's VOD Home Movie Rental is celebrating its 5th birthday. On this occasion, Poland's largest satellite platform prepared a gift for its clients. Only on November 30 this year all movies are available 50% off.

On November 30, 2009, Cyfrowy Polsat launched its video on demand service – VOD Home Movie Rental – based on 15 satellite channels which broadcast movies in rotating cycles. During these 5 years the service offered almost 3 thousand movies of various genres and ca. 3.5m rentals were made. The total viewing time of all the titles amounted to 35m minutes.

VOD Home Movie Rental is being successively developed – the number of channels on which the service is available increased to 18, two separate positions with adult movies were introduced, and the number of content providers increased. The service is available through every HD set-top box of the platform, which offers access to 50 movies hits and about 40 titles for adults each month.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
24-11-2014	24.52	24.21	24.52	0.91%	7 641
25-11-2014	25.13	24.45	25.13	2.49%	12 500
26-11-2014	25.19	24.61	24.70	-1.71%	11 710
27-11-2014	24.89	24.71	24.80	0.40%	12 045
28-11-2014	24.95	24.70	24.70	-0.40%	15 187

