

Cyfrowy Polsat IR Newsletter

27 October – 2 November 2014



The press about us

Date

The press about TMT market in Poland

27.10

Rzeczpospolita: Greek to head T-Mobile Polska instead of Czech

Miroslav Rakowski, who was to remain CEO of T-Mobile Polska until the end of this year, resigned and starting from November will be replaced by Greek Zacharias Piperidis. The reasons behind the accelerated change in the position of CEO are formal: the company wants to maintain continuity of its representation during the 800/2600 MHz frequency auction and the process of integration with the recently acquired fixed-line operator GTS.

Piperidis is a member of the management board of the Greek telecom OTE, controlled by Deutsche Telekom, where he holds the position of operating director since 2011. Earlier he worked i.a. for Vodafone Greece, O2 Germany, Romtelecom and Wind Greece. He joined the supervisory board of T-Mobile Polska in January 2014.

Rzeczpospolita: Deutsche Bank on telecoms

Analysts at Deutsche Bank reduced their recommendations for TVN and Cyfrowy Polsat to 'hold' from 'buy'. The target price of TVN is PLN 16.5 (shares traded at PLN 15.05) and of Cyfrowy Polsat – PLN 28 (shares traded at PLN 27.1).

28.10

29.10

Puls Biznesu: Paid YouTube coming soon

The world's largest video platform wants to introduce a paid subscription model, free from advertising. Susan Wojcicki, the platform's CEO, said that the new service is to be implemented soon. YouTube wants to attract especially large partners with its new offer, ones who use the portal as an additional means of distribution of their commercial content, such as music distributors.

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Rzeczpospolita: Netia before a choice

Analysts expect that in its strategy Netia will put more pressure on development in the B2C segment. One of the telecom's scenarios includes the sale of its B2B business. Vectra, who failed to purchase a 33% stake in Netia, claims to have closed that project and is now focused on other investment options. Orange Polska is very interested in Netia's individual customer business.

According to Konrad Książopolski, analyst at BESI, Netia could sell part of its business for PLN 526m, excluding the cable network of Aster and assuming that the investor buys both users of Netia's own infrastructure as well as those connected via Orange's network. That totals to 1.3m households who use 1.8m services. They generate ca. PLN 1bn of Netia's revenue and ca. PLN 290m of its EBITDA profit.

Puls Biznesu: T-Mobile already opened 100 thousand accounts

T-Mobile informed that as at the end of the third quarter of 2014 it gained over 100 thousand customers, 80% of which are T-Mobile clients, within the framework of its joint banking project with Alior – T-Mobile Usługi Bankowe (T-MUB). T-MUB has 350 thousand accounts, 250 thousand of which constitute accounts acquired together with Sync. Grzegorz Bors, responsible for the banking project, emphasizes that the main force attracting new customers is a free account without any asterisks or conditions. He also explains that T-MUB is still at a start-up phase. Next year the offer will be expanded to include new credit products and an offer for business clients will also be ready. T-MUB's strategy assumes that within 12 months from the launch of the project the number of clients will exceed 500 thousand. Grzegorz Bors says that this goal remains unthreatened.

The press about us

Parkiet: End of Libicki’s era

CEO Dominik Libicki, the person who has been building Cyfrowy Polsat’s strong position for many years, resigned with immediate effect during the Supervisory Board meeting on Tuesday. The Supervisory Board appointed Tomasz Gillner-Gorywoda, current general director at Polkomtel, for the seat of CEO. The share price fell by 6% in reaction to the personal changes in the management board.

Parkiet: Unexpected change of CEO of Cyfrowy Polsat

In an interview for the daily ‘Parkiet’, Zygmunt Solorz-Żak assured that there is no hidden agenda behind Libicki’s resignation.

– *The strategic goals of Polsat Group remain unchanged and will continue to be implemented. The way I conduct my ownership policy will also remain unchanged. Dominik Libicki’s decision to resign is in no way connected with the field of mergers and acquisitions, transactions or corporate governance in the broad sense* – emphasizes the chairman of Cyfrowy Polsat’s supervisory board and the company’s main shareholder.

– *I have been investing for many years and I know how important investors’ trust is. That is why I can assure them that nothing will change – in the field of information disclosure policy as well. We have worked long and hard to gain the position of a trustworthy company and it will stay this way. Tomasz Gillner-Gorywoda has been appointed by the supervisory board as CEO and I am convinced that under his leadership Cyfrowy Polsat Group will continue, with success, all its hitherto plans and tasks* – assures Solorz-Żak.

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The press about TMT market in Poland

Rzeczpospolita: UOKiK criticizes UKE for the LTE frequency auction

On Wednesday the Office of Protection of Competition and Consumers (UOKiK) once again voiced its opinion concerning the 800/2600 MHz frequency auction, announced on October 10, 2014 by the president of the Office of Electronic Communication (UKE). UOKiK emphasizes that the scope and rules of the announced auction do not protect competition and consumer interests sufficiently.

UOKiK says that an auction is a procedure that does not favor upholding competitive conditions (UOKiK cannot assess offers submitted by entities competing for spectrum). Furthermore, the procedure adopted by UKE allows for the participation in the auction of entities without market experience or without the status of entrepreneur. UOKiK also believes that UKE should impose conditions under which operators will provide services: define their quality and diversity. According to UOKiK, the lack of such provisions may lead to ineffective use of the spectrum and lower quality of services in the future. Additionally, UOKiK thinks that the auction is not a guarantee of the implementation of the goals stated in the European Digital Agenda.

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Rzeczpospolita: More free TV

Under pressure from private broadcasters the National Broadcasting Council (KRRiT) modified its plan of utilization of the eighth multiplex. In a resolution sent to the Office of Electronic Communication (UKE) on October 28, 2014, KRRiT proposes that the eighth multiplex comprise 3 TVP or TV Polonia channels and 4 channels of other broadcasters licensed by KRRiT. The resolution states that channels present on the eighth multiplex shall be offered to viewers free of charge.

In order for the new multiplex to be launched UKE must decide on whether to announce a new consultations process or not. Following that, a competition for the technical operator of the multiplex must be announced. The new stations would increase the offer of digital terrestrial television from the current 24 to at least 28 channels.

Puls Biznesu: UKE has no luck with LTE

Anna Streżyńska, former president of the Office of Electronic Communication (UKE), has doubts as to whether the 800/2600 MHz frequency auction, announced on October 10, 2014, can take place. In a commentary published by Telko.in, she points out that UKE miscalculated the deadline of submission of offers, as the 45-day term from the day of announcement of the auction falls on November 25, not November 24, as announced by the regulator. According to Streżyńska, this may lead to the cancellation of the auction due to 'concern for ensuring stability and legal certainty'. These were the reasons behind the cancellation of the auction in February this year, when UKE employees published attachments to the auction documentation several hours after the statutory deadline.

Latest events

Current report no. 67
October 28, 2014

Change in the composition of the Management Board of Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (the 'Company') informs that Mr. Dominik Libicki, President of the Management Board, after twenty years of employment with the Polsat Group, has resigned from his position in the Management Board of the Company, effective on October 28, 2014.

The reason for the resignation placed by Mr. Dominik Libicki is lack of consensus regarding the ways of implementation of the Cyfrowy Polsat Group's strategy.

At a meeting dated on October 28, 2014, the Supervisory Board accepted the resignation placed by Dominik Libicki, and appointed Mr. Tomasz Gillner-Gorywoda for the position of President of the Management Board of the Company.

Mr. Tomasz Gillner-Gorywoda is 56 years old. He is a graduate of the Law Faculty of the Warsaw University and postgraduate studies in management of Monash University in Melbourne. For many years involved in the management bodies of companies controlled by Elektrim S.A. Since 2011, he served as Proxy and General Director of Polkomtel Sp. o.o.

Mr. Tomasz Gillner-Gorywoda does not run a business competitive to the business of Cyfrowy Polsat S.A. and is not entered into the Registry of insolvent Debtors held by the Registry Court.

Press release
October 27, 2014

smartFIRMA program with a special Plus offer for businesses

Starting today business customers of Plus network can participate in the smartFIRMA program, which allows to combine different services and ensures tangible savings. Customers can combine services such as mobile telephony, LTE Internet and fixed-line telephony. The program also includes PlusBank products, electric energy from Plus as well as a wide portfolio of additional services that support and enhance business.

smartFIRMA offers:

- a choice of up to 5 products;
- discounts on 4 of those products;
- mobile telephony and Internet always as the first and second product (interchangeable);
- a 50% reduction on the second product;
- fixed-line telephony for PLN 1 as the third product;
- additional mobile telephony cards with discounts of PLN 10 and PLN 20;
- all discounts throughout the entire term of the contract.

Latest events

Press release, cont'd
October 27, 2014

smartFIRMA program with a special Plus offer for businesses, cont'd

smartFIRMA is addressed to existing customers, who own a product (Internet or mobile telephony) with a minimum net subscription fee of PLN 39 and to new customers who purchase at least one mobile telephony or Internet for firms activation with a minimum net subscription fee of PLN 39 (without equipment) or PLN 49 (with equipment).

Press release
October 29, 2014

Changes in the Management Board of Cyfrowy Polsat S.A. Group

After twenty years of working for Polsat Group, CEO Dominik Libicki tendered his resignation from the functions of the President of the Management Board of Cyfrowy Polsat S.A. and the Vice-President of the Management Board of Polkomtel Sp. z o.o. Dominik Libicki justified his decision by difference of opinions as regards the methods of implementation of Cyfrowy Polsat S.A. Group's strategy.

The Supervisory Board of Cyfrowy Polsat S.A. accepted Dominik Libicki's resignation and expressed its thanks for his work. At the same time it acknowledged that the Group's goals and strategy have remained unchanged while the differences only concerned the methods of their accomplishment and implementation.

After the Supervisory Board meeting Zygmunt Solorz-Żak said:

"I would like to thank Dominik Libicki for all the years that we have spent working together. Dominik has been with me nearly since the very beginning. He was with me in all the most important moments of my business history. He is one of the best managers that I have worked with and I hope that despite the difference of opinions in the area of implementation of our joint strategy, Polsat Group, which we have created together, will continue to develop successfully. Dominik Libicki devoted many years of his life to Polsat Group. He was one of the persons who created the group and one of the authors of Cyfrowy Polsat's success, in particular. Thanks to the work that has been done so far, the future of our Group is secure and there exists enormous potential for further development."

Dominik Libicki has been working for Polsat Group since 1995. He is one of the people behind Polsat Group's success and its current position on the media and telecommunications market.

Dominik Libicki:

"I am proud that I had the opportunity of being involved in the project of building the position, the power and the success of Polsat Group. I became the CEO of Cyfrowy Polsat in 2001 when no one on the media market gave us any chances of success. Thanks to hard work, determination and enormous involvement of numerous people we have been able to survive despite many difficult moments and create the biggest media-and-telecommunications group in Poland which is also one of the biggest groups of this type in Europe. I am glad about all the challenges that we faced as well as the projects and the goals that we accomplished during these nearly 20 years that I spent with Polsat Group."

Latest events

Press release, cont'd
October 29, 2014

Changes in the Management Board of Cyfrowy Polsat S.A. Group, cont'd

Dominik Libicki managed Cyfrowy Polsat Group S.A. as a CEO since 2001. He was also the Vice-President of the Management Board of Polkomtel Sp. z o.o., a member of Telewizja Polsat S.A. Supervisory Board and the CEO of INFO-TV-FM Sp. z o.o. For over 13 years he consistently built the market of position of Cyfrowy Polsat – the biggest media-and-telecommunication group on Polish market. Earlier he was a Director of PAI Film and also run his own production firm called Studio Meg. Since February 2005 he has been the Vice President of the Association of Private Media Employers, which is a part of "Lewiatan" Polish Confederation of Private Employers. In the years 2005-2006 he was a Member, and then in the years 2006–2008 the Vice Chairman, of the Supervisory Board of Polska Telefonia Cyfrowa Sp. z o.o. (the operator of Era mobile network, now T-Mobile). From 1999 to 2011 he was a member of the Supervisory Board of Polskie Media, a company being the broadcaster of TV4 and TV6 television channels. He is a graduate of the Faculty of Environmental Engineering of Wrocław University of Technology. He completed the training for members of supervisory boards of companies with State Treasury holdings that are organized by the Ministry of Economy.

Dominik Libicki's business achievements and his style of management gained him recognition of opinion-makers on many occasions. He was a nominee for Dariusz Fikus Award presented by Rzeczpospolita daily in the Media Creator category. Three times he was among the 50 most outstanding managers in pay-TV sector in Europe, named by Digital TV Europe magazine in its Euro 50 ranking. He was awarded the title of the Most Efficient CEO by Home and Market business monthly. Since the time when Cyfrowy Polsat was floated on Warsaw Stock Exchange in 2008, the company, led by Dominik Libicki, held high spots in business rankings and received numerous prestigious awards and titles, including Spółka Wysokiej Reputacji (Highly Reputable Company), Orzeł Rzeczpospolitej (Rzeczpospolita Daily's Eagle Award), Perła Polskiej Gospodarki (Pearl of Polish Economy) awarded by the Polish Market magazine, Bulls and Bears Award of Gazeta Giełdy Parkiet periodical dealing with the stock exchange, Virtual Phone award of Mobile Internet magazine, Lokomotywa Polskiej Gospodarki (The Motor of Polish Economy) award of Home&Market magazine, the Crystal Antenna of Świat Mediów (The Media World) periodical, the Golden Antenna of Świat Telekomunikacji (The Telecommunication World) magazine, Master of Business title awarded by „Businessman.pl” and the Best Managed Companies in Central & Eastern Europe award received from a British magazine Euromoney. The company is regularly highly appreciated by the capital market in the prestigious ranking of the Best Listed Companies of the Year organized by Puls Biznesu daily. It is a ranking in which Cyfrowy Polsat has many times won in such categories as Investor Relationships and Board's Competence.

In accordance with the Supervisory Board's statement, the goals and the strategy of Cyfrowy Polsat S.A. Group remain unchanged.

Tomasz Gillner-Gorywoda, the present General Director of Polkomtel Sp. z o.o., has been appointed the CEO by the Supervisory Board.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
27-10-2014	27.29	26.86	27.10	-0.55%	7 707
28-10-2014	27.35	26.90	26.90	-0.74%	4 703
29-10-2014	26.28	25.13	25.20	-6.32%	136 200
30-10-2014	25.66	25.23	25.66	1.83%	65 419
31-10-2014	25.94	25.60	25.77	0.43%	21 700



Investor's calendar

October 30 – November 13, 2014	Closed period prior to the publication of Q3 2014 results
November 13, 2014	Publication of the quarterly report for Q3 2014 Schedule of publication: 7:00 a.m. Publication of the quarterly report in ESPI (WSE publishing system) 8:00 a.m. Publication of the quarterly report on our website: www.cyfrowypolsat.pl/investor-relations 10:00 a.m. Meeting with investors and analysts 12:00 p.m. Meeting with journalists 4:00 p.m. (CET) Conference call with investors and analysts Conference call details: Date: November 13, 2014 Time: 4:00 p.m. (Warsaw), 3:00 p.m. (London), 10:00 a.m. (New York) Phone numbers: +44 (0) 1452 555 566 (international); 22 307 0118 or 00 800 121 2655 (Poland) Conference ID: 27763101