

Cyfrowy Polsat IR Newsletter

28 July – 3 August 2014

The press about us

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The press about TMT market in Poland

29.07

Dziennik Gazeta Prawna: Where Orange gains, there Netia loses

Within the next few days the European Commission will decide whether to deregulate the broadband connection market in 76 municipalities in Poland.

Przemysław Sawala-Uryasz, analyst at UniCredit CAIB, says that a green light for the deregulation will not only allow Orange Polska to diversify prices across locations thus making it more competitive with respect to cable television operators, but it may also induce the company to intensify investments in new infrastructure. Konrad Książopolski, head of the equity analysis department at Espirito Santo Investment Bank also believes that the deregulation of the BSA market will most likely accelerate Orange's investments in optic fiber networks, which would result in regaining a better market position with respect to cable operators.

After the implementation of the deregulation decision Netia would find itself in an especially difficult position. As at the end of the first quarter of 2014 the BSA base had 330 thousand links, 255 thousand of which were used by Netia. Analysts estimate that migrating to its own network would cost Netia PLN 42m-52m of annual revenue (3% of the total) and PLN 4m-5m of EBIDTA profit (1% of the total).

31.07

Dziennik Gazeta Prawna: Fast internet still in the planning phase

The construction of the broadband internet network, financed by the European Union is supposed to be settled in 1.5 years. Meanwhile, according to data obtained by the daily "DGP", by the end of June 2014 5,900 km of broadband internet network were completed. That is only 26.6% of the plan based on signed contracts for EU financing, although investments have accelerated compared to the first half of last year, when 2.2% of the plan was completed.

According to Aleksander Kwiatkowski, partner at IT firm Softax, the problem lies in the indolence of officials, flawed, until recently, law

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obliging to chose the cheapest offer, protracted appeals and the lack of penalties for investors, who underestimate prices during tenders. If the EU funds are not used, it will be necessary to give the subsidy back.

Rzeczpospolita: Play issues new debt to pay dividend

P4, Play network operator, wants to place securities worth EUR 415m (PLN 1,74bn) through Play Topco. The aim of the issue is to transfer cash to P4 owners.

In the beginning of 2014 P4 issued senior notes worth EUR 900m (PLN 3.68bn), PLN 1.3bn of which was transferred to owners. If the second issue is successful, Novator (controlled by the Icelandic billionaire Thor Bjorgolfsson) and Tollerton (belonging to the Greek billionaire Panos Germanos) will receive a total of PLN 3bn from the Polish company. That is the equivalent of what they invested over the past 7 years (PLN 2,6bn) plus 15%.

Following the second issue of debt securities P4's liabilities on this account will increase to ca. PLN 5.5bn, i.e. 5.5 times the EBIDTA planned for this year. According to Konrad Książopolski, analyst at BESI, the telecom's indebtedness will be very high with respect to European standards (according to recent data the average for the industry is 1.8-2).

Gazeta Wyborcza: Volleyball encoded

World Championships in men's volleyball, held this year in Poland, will be transmitted only on encoded channels. Only the match opening the tournament, Poland – Serbia, will be aired on the open channel. The remaining meetings will be transmitted on specially prepared channels Polsat Volleyball. Offers for the purchase of these channels were distributed to all digital platforms and cable operators.

1.08

Latest events

Current report no. 60 July 31, 2014

Appointment of a new Member of the Management Board of Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (the "**Company**") hereby informs that on July 30, 2014 the Supervisory Board adopted a resolution appointing Mr. Tobias Solorz to the position of Member of the Management Board as of September 1, 2014. Following the registration of amendments to the Articles of association of the Company by the appropriate Court, Mr. Tobias Solorz will take up the position of Vice-president of the Management Board.

Since February 2014 Mr. Tobias Solorz holds the position of President of the Management Board of Polkomtel Sp. z o.o. Since November 2011 he was a Member of the Management Board of Polkomtel S.A. (currently: Polkomtel Sp. z o.o.).

He has many years of professional experience in the telecommunications, financial and controlling sectors. He began his career in 2003 at Telewizja Polsat S.A. (currently Telewizja Polsat Sp. z o.o.). Between 2007 and 2008 he held the position of Promotion Manager at Cyfrowy Polsat S.A. Between 2008 and 2010 he was a Member of the Management Board of Sferia S.A., where he then continued as Marketing, Advertisement, Sales and Operations Director until March 2011. Mr. Tobias Solorz is a graduate of the Faculty of Management and Marketing at the University of Warsaw.

Mr. Tobias Solorz 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.

Current report no. 61 August 1, 2014

Conclusion of Interest Rate Swap transactions

The Management Board of Cyfrowy Polsat S.A. (the "**Company**", "**Cyfrowy Polsat**") informs that on July 31, 2014 and August 1, 2014 it executed Interest Rate Swap (IRS) transactions ("**Transactions**") consisting in exchanging interest payments based on the floating rate WIBOR 3M for interest payments based on an average fixed rate of 2.50% with the following banks: ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Société Générale Spółka Akcyjna, Oddział w Polsce, Bank Zachodni WBK S.A., BNP Paribas SA and Bank Polska Kasa Opieki SA.

The Transactions were concluded to hedge the Company's liabilities relating to the term facility loan granted to the Company, of which the Company informed in current report No. 26/2014 of April 11, 2014.

The Transactions were concluded for the period from September 30, 2014 until December 31, 2016 and the total nominal value of the loan being hedged is PLN 1,136,502,000. The purpose of the IRS Transactions is to limit the exposure to unfavorable interest rate fluctuations, and thus to achieve the stability of debt financing costs.

The hedging Transactions described above were deemed as significant since their aggregate notional principal amount exceeds 10% of the revenues of the Company's capital group for the last four financial quarters.

Latest events

Press release
July 31, 2014

All Polsat Group clients will see the 2014 Men's Volleyball World Championships in Poland free of any additional charges

Due to the withdrawal of sponsors of the transmission in open television, the lack of serious interest of other broadcasters in the purchase of transmission rights and the lack of coordination of such an important event by government institutions, Telewizja Polsat was forced to make the decision that the only way to air the 2014 World Championships in Poland is to offer them live in pay television.

Paid access to the World Championships in men's volleyball Poland 2014 will be offered to all satellite and cable operators on identical terms.

Polsat Group decided that all its clients will be able to watch the World Championships without any additional charges.

Press release
August 1, 2014

Hit series 'House of Cards' available in Poland's largest online television IPLA

Starting today IPLA users can legally watch one of the world's most popular series 'House of Cards'. The first season of this hit series is now available in chosen IPLA packages. IPLA users who have subscribed to either IPLA FILMY I SERIALE, IPLA MAX, IPLA MIX (package dedicated to clients of Cyfrowy Polsat and Plus network) or IPLA SUPER PLUS (package dedicated to clients of PLUS network). 'House of cards' is yet another award winning series to be introduced on the IPLA platform over the last few weeks.

Viewers can watch the series via the website www.ipla.tv and via dedicated IPLA applications for Windows, Smart TV (LG, Samsung, Panasonic, Philips, TLC, Thompson), mobile devices with Android and IOS and as well as Cyfrowy Polsat and Netia Player set-top-boxes.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
28-07-2014	23.95	23.73	23.90	0.42%	7 952
29-07-2014	23.99	22.99	23.21	-2.89%	7 186
30-07-2014	23.50	22.53	23.00	-0.90%	9 211
31-07-2014	23.54	22.91	23.40	1.74%	8 705
01-08-2014	23.50	22.96	23.17	-0.98%	5 063



Investor's calendar

August 14 - 28, 2014	Closed period prior to the publication of H1 2014 results
August 28, 2014	Publication of the semi-annual report for H1 2014