

Cyfrowy Polsat IR Newsletter

29 September – 5 October 2014



The press about us

Date

The press about TMT market in Poland

29.09

Parkiet: Orange's higher capital expenditure

In connection with the decision of the Office of Electronic Communications to partially deregulate Orange in 76 municipalities, Bruno Duthoit, CEO at Orange Polska, already promised investments in optic fiber networks. He announced that if the company decides on additional investments in optic fiber networks, total CAPEX may increase in 2015. According to forecasts, capital expenditure in 2014 should not exceed PLN 1.8bn (excluding radio frequency license renewal). After two quarters CAPEX amounted to almost PLN 780m (excluding PLN 300m for the renewal of the 900 MHz frequency reservation), which constitutes a decrease of 8.7% y-o-y.

According to Przemysław Sawala-Uryasz, analyst at UniCredit CAIB, the rate of investment in optic fiber networks will be important. – *If they are carried out gradually in areas that are justified from the business point of view, then I expect that their costs should partially correspond to savings from the termination of other projects, such as Networks!* – says Sawala-Uryasz. He also expects that Orange's expenditure on optic fiber networks could be several times higher than the PLN 40m planned for this year. The telecom does not exclude the possibility of exclude cooperation with other companies on building such a network, however it is looking for long-term cooperation agreements of at least 15 years.

02.10

Rzeczpospolita: TVP will test 4K next week

4K technology refers to an image displayed in 4096x2160 resolution. TVP wants to test this technology during the industry fair organized by the Polish Chamber of Electronic Communication (PIKE).

Costs of broadcasting in 4K are high and there are still few television sets on the market capable of receiving images in such a high resolution, although forecasts indicate that their number is expected to grow.



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Parkiet: Only Play and Plus will grow next year

Analysts at Standard & Poor's Rating Services assess that the number of ratings with a stable perspective is increasing in the EMEA region.

According to S&P, prices for telecommunication services will remain significantly lower in Poland compared to Western Europe. However, the agency expects the stabilization of telecoms' revenues. In S&P's opinion Orange Polska revenue should decline in 2015 while EBITDA margin should increase to the level of 33% next year. Play's revenue is expected to increase at a one-digit rate and corrected EBITDA margin should grow gradually to over 27% from 22% in 2013. Also, Polkomtel's revenue is expected to increase by 1% in 2015.

Rzeczpospolita: Internet video on growth path

According to the latest forecasts by Digital TV Research, revenue from television services provided via broadband Internet will reach USD 42.34bn in 2020, while this year it will amount to USD 19.03bn.

The largest sources of revenue will include advertising revenue from OTT services (this year it will reach the level of USD 8.3bn and in 2020 – USD 18.1bn) and subscription fees from viewers (USD 16.77 in 2020, over twice as much as this year). Less significant sources of revenue comprise online movie rental in the pay-per-view system (USD 2.8bn in 2020) and downloading movies (USD 4.6bn in 2020).

The planned rapid development of the American platform Netflix is crucial to these forecasts. According to Digital TV Research analysts, in 2020 Netflix wants to have 104m clients outside of the US (currently it has 50m clients worldwide).

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Rzeczpospolita: Bank and energy via mobile phone

After Plus and T-Mobile, it is Orange's turn to present a mobile banking offer. The mobile banking project prepared by mBank – Orange Finance – was launched this Thursday. mBank invested PLN 15m in this project, Orange is responsible for marketing and acts as the bank's agent. Cezary Szypułkowski, CEO at mBank, declared that the bank will attract 1m new clients in three years and adds that if clients acquired by Orange generate similar revenue as current mBank clients, in three years' time additional revenue may amount to several million PLN.

Bruno Duthoit, CEO at Orange Polska, did not reveal the telecom's exact financial expectations in connection with the project. He announced that in three years revenue expected from this project will range from 1 to 5% of total income. What is more, in three years Orange wants to generate ca. 10% of total revenue from sources other than telecommunication services. A day earlier Orange launched a pilot offer of electricity sales. Already Polkomtel, T-Mobile and cable network Multimedia have introduced electricity into their offers. Orange did not disclose how many subscribers to the electricity offer it wants to gain.

Rzeczpospolita: Orange downgraded

In their latest report experts at ING downgraded their recommendation for Orange Polska to 'hold' from 'buy'. On Thursday the telecom's shares traded at PLN 11.71 on the WSE.

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04-05.10

Parkiet: Ministry of Administration and Digitization gathered opinions

In its analysis 'Effective use of the 800 MHz band for the provision of universal, broadband Internet access in Poland' the Ministry of Administration and Digitization suggests the construction of one or four cooperating networks within the 800 MHz band. Due to the personal change on the position of minister it is uncertain whether this will be the final version submitted to general consultations.

Operators have differing opinions. Orange Polska and T-Mobile prefer an auction while Polkomtel and Play opt for equal access to the net.

Latest events

Press release
September 30, 2014

smartDOM program with super offer now also for new customers of Plus and Cyfrowy Polsat

On September 30, 2014 all customers seeking an attractive bundled offer can benefit from a special promotion offered by Plus and Cyfrowy Polsat allowing to buy a second product half off and a third for even PLN 1.

The first edition of the offer was launched in May 2014 and was available only to those who have been customers of Plus and Cyfrowy Polsat for at least 60 days. Now, the promotion 'Second product half off, third product for PLN 1' is also available to new customers, who do not have any services of those operators. All they need to do is purchase a TV package from Cyfrowy Polsat, Power LTE Internet from either Plus or Cyfrowy Polsat or a mobile voice service from Plus – with a minimum monthly subscription fee of PLN 39.90 (SIM only) or PLN 59.90 (including equipment). On the same day or at any point during the promotion period they can purchase a second service with a 50% rebate for the whole term of the contract and, within the next 10 days, a third service for even PLN 1 for the whole term of the contract (the maximum discount for the third product is PLN 28.90).

The new possibilities offered within the smartDOM program are promoted by an advertising campaign on television, radio, Internet and outdoor in Poland's 8 largest cities.

Press release
October 3, 2014

Polsat News nominated to Eutelsat TV Awards 2014

The news channel Polsat News was nominated to the international award Eutelsat TV Awards 2014. Henryk Sobierajski is the channel director. Polsat News has been broadcast for 6 years.

This year the Eutelsat TV Awards jury focused on strengthening and developing the TV channel – view relation. The jury debated in Paris on September 26-27. The jury, comprised of industry experts and headed by award-winning RAI journalist Duilio Giammaria, assessed the quality, level of innovation, and creativity of over 100 channels from 20 countries.

The Eutelsat TV Awards, organized for the 17th time, is a unique event that identifies and distinguishes excellence in satellite broadcasting.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
29-09-2014	26.95	26.05	26.78	0.64%	5 090
30-09-2014	27.69	26.70	27.66	3.29%	10 114
01-10-2014	27.66	27.00	27.00	-2.39%	8 345
02-10-2014	27.30	26.41	26.71	-1.07%	10 367
03-10-2014	27.90	26.73	27.54	3.11%	8 209



Investor's calendar

October 30 – November 13, 2014	Closed period prior to the publication of Q3 2014 results
November 13, 2014	Publication of Q3 2014 results