

Cyfrowy Polsat IR Newsletter

6 – 12 October 2014

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Dziennik Gazeta Prawna: Free minutes, messages and bank transfers

Orange and its strategic partner mBank joined Plus Bank launched in January and T-Mobile Usługi Bankowe (T-Mobile Banking Services) created together with Alior Bank in May. The offers proposed by telecom banks are very similar. They all offer a free account. Orange Finanse (Orange Finance) and Plus Bank charge fees for cash withdrawal from domestic ATM machines, while Plus Bank charges for cards. However, if non-cash transactions for a determined amount are executed, those fees are reduced to 0. Plus Bank has the highest loan limit of PLN 2,000 – twice as much as its competitors.

The second component of the joint offer of banks and telecoms is the possibility to save on expenses on telephone and Internet bills.

Puls Biznesu: Revolutionary patent for fast internet

The Ministry of Administration and Digitization (MAiC) prepared an analysis entitled 'Effective use of the 800 MHz band to provide common broadband Internet access in Poland', which is to be the basis of the government strategy in this respect. As the best solution, both economically and technically, the ministry recommends that the four operators build one common network and recommends a tender rather than an auction. – *The document analyses various scenarios. The choice of specific recommendations will depend on the goals that the government and president of the Office of Electronic Communications want to achieve: network coverage of the whole country thus implementing the European Digital Agenda, acquiring funds for the budget or the development of coverage networks – says Igor Ostrowski, chairman of the digitization committee.*

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In the scenarios analyzed by MAiC the cost of construction of a nationwide network by one operator may range from PLN 360m to PLN 6.6bn. These are theoretical calculations but they give an idea of potential savings to be gained thanks to cooperation and reflect a pronounced tendency in Europe to merge telecommunication infrastructure.

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Dziennik Gazeta Prawna: Stronger radiation from telecommunications towers

Mobile operators want norms on electromagnetic radiation from transmitters to be relaxed. The initiative has the support of the Ministry of Administration and Digitization, the Polish Chamber of Information Technology and Communications as well as the Office of Electronic Communications. Current regulations in force are one of the most strict in Europe – in the frequency range 300 MHz – 300 GHz the maximum permitted level is 0.1 W/sqm. In EU countries these limits are several times higher – for the 900 MHz band the limit is 4.5 W/sqm, for the 1800 MHz band - 9 W/sqm, and for the 2100 MHz band - 10 W/sqm.

- A majority of Member States apply norms recommended by the European Union which are accepted by the WHO. Equalizing the permitted norms with those in force in most EU countries will allow for better quality of services, reduction of 'blind spots' and counteracting digital exclusion – says Cezary Albrecht, director of the Department of Strategy and Regulatory Affairs at T-Mobile.

The final decision regarding the norms of electromagnetic radiation will be made by the minister of environment.

Rzeczpospolita: Change in T-Mobile management

With the end of the year Grzegorz Bors will resign from the management board of T-Mobile Polska. Until now, he was responsible for marketing on the so called private market, i.e. for the



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offer for individual customers. This is yet another significant change in the company's management. With the end of this year Miroslav Rakowski will resign from the position of CEO, which he has held for four years.

Parkiet: 10 favorites of the coming results season

Analysts indicated companies which are likely to positively surprise investors with their 3Q results.

According to Dominik Niszczyński, analyst at DM Raiffeisen, Cyfrowy Polsat will most probably present good 3Q results.

– Thanks to the success of the smartDOM program, the company should show very good data on acquired mobile Internet customers, and in the broadcasting segment there is a good chance of another quarter with advertising revenue growing faster than the market. The first cost synergies following the acquisition of Polkomtel will also positively impact the company's results – he says.

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Rzeczpospolita: Pay television doesn't want to be like Netflix

Large broadcasters are not interested in broadcasting productions of their channels on the Internet independently of pay TV packages. According to them, in Europe 96-98% of time spent on watching TV materials is spent in front of traditional linear television. Aleksander Kutela, CEO at HBO Europe, states that despite numerous downloads of the HBO Go application on smartphones and tablets, HBO Go content is seldom viewed on small screen devices.

That is why providing TV content in the advertising model, free of charge for end users or through cooperation with pay TV operators remains the main revenue source for large broadcasters. They do not want to distribute their series via the Internet without the necessity to pay subscription fees to traditional operators. *– We focus on how to improve cooperation within new partnerships rather than completely change our business models. Of course, we also test various new forms of distribution – says Kutela.*

Parkiet: Deregulation of Orange a fact

The President of the Office of Electronic Communications, Magdalena Gaj, signed the decision on partially deregulating Orange Polska in 76 municipalities thus liberating the broadband Internet market on those areas.

Orange announced that it will present a new offer for individual customers in the deregulated regions shortly and a new investment plan focused on fiber optic Internet access within the next few months.

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Polska Agencja Prasowa: Office of Electronic Communications announced auction of digital dividend frequencies

On Friday the Office of Electronic Communications announced the auction of 19 frequency reservations in the 800 MHz and 2.6 GHz bands. Interested parties can submitted preliminary offers until November 24. All major telecommunications operators in Poland expressed interest in participating in the auction. They plan to use the frequency resources in LTE networks currently under construction.

The auction concerns 5 frequency reservations in the 800 MHz band and 14 in the 2.6 GHz band. As a result of the auction, each participant will be able to obtain a maximum of 2 reservations in the 800 MHz band, i.e. up to a total of 20 MHz of this spectrum. In the case of the 2.6 GHz band, the total can reach a maximum of 40 MHz, which translates into 4 reservations.

The only assessment criterion will be the price declared by participants. The opening bid price of the 10 MHz block in the 800 MHz band is PLN 250m. The price of a single reservation of a 10 MHz block in the 2.6 GHz band will start from PLN 25m.

Parkiet: How many shares does Sisu have in total?

One of the funds managed by Sisu Capital, Sisu Capital Master Fund Ltd. informed that on September 30 it acquired 5.2m shares in Netia and therefore now holds 10.18% of Netia's shares. The total number of Netia shares held by the whole Sisu group was not disclosed.

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Rzeczpospolita: Internet didn't pull kids away from TV

In Europe, television stations dedicated to children hold a strong position and their number increases each year with the development of digital terrestrial television.

In Poland, two children's channels are broadcast via DTT – TVP ABC and Junior TV, owned by Puls 2. They constitute serious competition on the thematic channels market for pay TV operators (according to Nielsen Audience Measurement in the period from January to August 2014 Puls 2 had almost a 5% audience share in the group aged 4-12, while TVP ABC – 2.4%).

Although children use tablets and computers to view videos online on a daily basis, the Internet does not constitute a threat to children's channels on traditional television. For several years time spent by kids on watching TV has been stable and reached ca. 3 hours, while in the case of children from households without access to pay TV – it clearly increased this year. This is the effect of introducing an offer dedicated to kids on digital terrestrial television. Moreover, children spend more and more time watching content on television and mobile devices simultaneously. As a result, the amount of time spent by kids on watching movies increased in total and television is not affected negatively.

Gazeta Wyborcza: Canal+ wants to meet TVN and Polsat head-on

Julien Verley, CEO at NC+, announced a big change for Canal+ in Poland. It is to be a general channel in the premium segment and will be similar to Poland's 4 largest public channels: TVN, Polsat, TVP1 and TVP2. The offer will comprise films and series, entertainment programs, documentaries, interviews and discussions. NC+ declared that it will fight to take over customers from other pay TV operators.



Latest events

Press release
October 8, 2014

Qualifiers to the UEFA EURO 2016 in IPLA

Users of the largest internet television IPLA can follow the UEFA EURO 2016 qualifiers on their tablets, smartphones and laptops. All matches of the Polish team will be available in IPLA free of charge.

IPLA users will be able to follow the matches of the best European teams by purchasing:

- the IPLA EUROPEAN QUALIFIERS package (PLN 99.90) comprising the entire season and ensuring access to all 256 matches in the qualifying rounds and 8 play-offs, or
- the IPLA EUROPEAN QUALIFIERS DZIEŃ package (PLN 9.90) which allows to view all meetings held on a given day.

Cyfrowy Polsat and Plus customers have access to all the matches free of charge.

In IPLA, live transmissions will also be available on channels Polsat Sport, Polsat Sport Extra and Polsat Sport News, which are included in the IPLA SPORT and IPLA MAX packages.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
06-10-2014	27.95	27.23	27.80	0.94%	5 987
07-10-2014	27.99	27.37	27.80	0.00%	5 192
08-10-2014	27.70	26.62	26.62	-4.24%	10 559
09-10-2014	27.10	26.76	26.83	0.79%	7 543
10-10-2014	26.98	26.16	26.16	-2.50%	3 488



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