

Cyfrowy Polsat IR Newsletter

3 - 9 February 2014

The press about us

Date

The press about TMT market in Poland

03.02

Parkiet: Kino Polska Group wants to expand abroad

The Group Kino Polska TV found, after the merger of platforms n and Cyfra+, that the Polish pay TV market is saturated. In the third quarter of 2013 the broadcaster's revenue from transmission services fell by 7.4% year-to-year. That is why the Group looks to improve sales of its channels on foreign markets, where it is already present. Except for the channels Kino Polska, which broadcasts Polish films, and Kino Polska Muzyka, since the end of last year the Group owns thematic FilmBox channels. These are the channels on which the Group pins its hopes. Kino Polska TV is considering expanding its business on new markets, such as Africa, South America and Eastern Europe. By the end of April 2104 the company, together with Agora, is to launch a new digital terrestrial television channel - Stopklatka TV. The company anticipates that in time the channel will gain a 2-2.5% market share.

Puls Biznesu: TVP fights for a lot of cash

On February 15, 2014 viewers of TVP ABC, a digital terrestrial television channel dedicated to children, will view the first show broadcast by the channel. The game is worth the gamble for the management of public television, given that a well-managed terrestrial TV channel can generate between PLN 30 – 40 million in revenue per percentage point in audience share. Main children channels on cable and satellite platforms have a technical range between 59% (Cartoon Network) and 22 % (CBeebies) and audience shares in the 4-12 years of age group at the levels of 1 to 4,7%. TVP ABC will challenge leading positions in the children channels segment. From the start TVP ABC has granted access to 30% of households, who receive only digital terrestrial television. Moreover, the station offers a unique programming. Puls 2, the leader of children's channels in Poland will be the most threatened by TVP ABC's debut.

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Parkiet: Polkomtel hesitates whether to participate in LTE auction

The deadline for the submission of preliminary offers for the 800 and 2600 MHz frequency bands auction is February 13. It remains unknown whether Midas, entity controlled by Zygmunt Solorz-Żak, will participate. The company submitted a request to the Office of Electronic Communications (UKE) asking for explanations concerning the content of the auction documentation. The decision on the participation in the auction will be made after receiving UKE's answer. Also, Polkomtel informed that it is considering its participation in the auction due to the fact that it has significant issues with the conditions of the auction. Companies from Solorz-Żak's capital group may only bid on one of five 800 MHz frequency blocks, because they already own a large number of frequencies from nearby 800 and 900 MHz bands.

04.02

Dziennik Gazeta Prawna: Mobile operators and lawyers will fight hard for LTE

It seems telecoms will put up a tough fight for the LTE frequencies. Companies will bid surrounded by lawyers. According to information gathered by DGP, apart from the largest mobile operators, also several law firms purchased the auction documentation necessary to submit preliminary offers. Operators do not disclose whether or not they will be using their services during the auction. Midas spokesperson admits that should any subsidiaries of Zygmunt Solorz-Żak's capital group participate in the auction, it is possible that they will work with an independent law firm. Emitel will participate in the auction and declared that law and consulting firms will support Emitel throughout the whole auction process.

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Rzeczpospolita: New TV programming schedule coming up

In January the nationwide audience share of the four largest TV channels - TVP1, Polsat, TVN and TVP2 – declined once again compared to the previous year. According to Nielsen Audience Measurement, their total market share fell to 46.71% from 50.74% in the previous year. TVP1 had the largest nationwide audience share (in the audience group above 4 years of age) – 13.75%, followed by Polsat (11.71%), TVN (11.32%) and TVP2 (9.93%). In January Polsat had the largest audience share (13.3%) in the group 16-49 years, which is the most valuable for advertisers.

Despite the fact, that, according to specialists, the downward trend among the leading stations will persist, the largest TV groups continue to invest heavily in novelties, that are likely to encourage people to watch TV.

Dziennik Gazeta Prawna: Smartphone and tablet sales move to supermarkets

This year, for the first time in many years, sales of smartphones and tablets by mobile operator networks will clearly decrease. Final users are more willing to buy these devices in supermarkets, due to lower prices and to avoid signing long-term agreements with operators. The new trend is unfavorable for producers, because it signifies a drop in margins. Agreements with mobile operators guarantee stable margins of approximately 20%. Supermarkets allow a margin between 15-20%, and the rates are declining. Cooperation with operators offers additional advantages for producers, such as better business predictability and advertising of the devices by mobile networks. This is the reason why every debuting producer wants to be included in the operators’ offers. In January the company NTT informed that it had signed a cooperation agreement with Plus. It will be selling smartphones produced under the brand N-phone through the operator’s network.

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Rzeczpospolita: P4, operator of Play network, appealed to the Office of Electronic Communications (UKE) to cancel the up-coming action of frequencies in the 800 and 2600MHz band

Despite consultations of the auction documentation, which lasted several months, meetings of operators with officials and explanations, P4 still believes that certain provisions of the document entail legal risk, and that the auction can easily be undermined. UKE has no intention of calling off the auction. – *The documentation complies with applicable law. Soon we will publish answers to questions that we received after the announcement of the auction. We hope that they will dispel all doubts* – said Jacek Strzałkowski, UKE spokesperson.

06.02

Rzeczpospolita: New digital stations after March 15

TVP1 and TVP2 will continue to be broadcast via the so called first multiplex only until March 15, after which they will be replaced by Stopklatka TV and Focus TV. A problem is likely to arise then – although Stopklatka is ready for launch, Focus TV plans on beginning broadcasting not sooner than April. This may lead to queries, who will pay Emitel for unused frequencies. On February 15, TVP Info will disappear from the first multiplex, making room for TV Trwam and the new children's channel TVP ABC.

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Rzeczpospolita: Tobias Solorz the new president of Polkomtel

The current president of the company, Zygmunt Solorz-Żak, and Management Board member, Wojciech Pytel will go over to the Supervisory Board. Commenting on these changes, Zygmunt Solorz-Żak emphasized that the most difficult phase of the restructuring of Polkomtel is completed. – *I can calmly transfer the management of the company to the new president. Of course, I am very happy that my son will assume this position. During our work together in the Management Board Tobias has learned a lot and gained necessary experience, which I am sure will now profit* – he said. He added that as a result of the tightening of cooperation between Polkomtel and Cyfrowy Polsat, he will recommend Dominik Libicki, CEO of Cyfrowy Polsat, for the position of vice-president of Polkomtel.

Parkiet: Brokerage houses optimistic
08-09.02

Attitudes towards Cyfrowy Polsat are optimistic. –*The company seems cheap in relation to the dynamics and perspectives it offers. I approve of the transaction on the acquisition of Polkomtel. I see a large potential of revenue synergies, and I also see potential for savings* – comments Konrad Księżopolski, analyst at Espirito Santo. He also emphasizes that the advertising market, to which Cyfrowy is still exposed, is on the eve of revival. –*This revival will fuel television EBIDTA growth above market dynamics* – underlines Księżopolski. Maciej Bobrowski, head of the analysis department at DM BDM, does not expect Cyfrowy Polsat's securities to behave better than the market. –*After several quarters of readings of the results of the joint entity, it will be possible to reassess assumptions concerning the extent to which the risks of this transactions will have materialized and to what degree the announced synergies are being successfully realized* – he says.



Latest events

Press release
February 3, 2014

Polsat News HD in Cyfrowy Polsat

Starting February 3, 2014 Cyfrowy Polsat platform offers a new channel of Telewizja Polsat – Polsat News HD, the twin of the information station Polsat News, broadcast in high definition.

Polsat News HD is the 117th position on the list of channels offered by Cyfrowy Polsat. It is available in the Familijny HD and Familijny Max HD packages, which, including the new channel, offer respectively 73 and 95 thematically diversified channels for the whole family (including 12 and 19 channels in HD standard respectively). Polsat News HD is the 5th channel of Polsat Group broadcast in HD, following Polsat HD, Polsat Sport HD, Polsat Sport Extra HD and Polsat Film HD.

Press release
February 3, 2014

TVP Sport HD in Cyfrowy Polsat

Right before the start of the 2014 Olympic Games, Cyfrowy Polsat introduces the channel TVP Sport HD, which will soon transmit, in high definition, the competitors' struggle for medals in Sochi. The new channel is available within the additional package Sport HD, which grants access to 11 unique sports stations. TVP Sport HD is the 122nd position on the list of channels offered by Cyfrowy Polsat.

TVP Sport HD transmits not only football world championships and Olympic games, which are the most popular among viewers, but also other sports, such as athletics, ski jumping, football as well as world and European championships in many non-commercial sports.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
03-02-2014	20.09	19.71	19.76	0.30%	5 617
04-02-2014	19.88	19.51	19.77	0.05%	15 495
05-02-2014	20.08	18.91	19.85	0.40%	28 189
06-02-2014	20.20	19.82	20.12	1.36%	15 309
07-02-2014	20.12	19.91	19.98	-0.70%	8 358



Investor's calendar

February 12 – 26, 2014	Closed period prior to the publication of 2013 results
February 26, 2014	Publication of the annual report and consolidated annual report for 2013